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10/21/1981-10/23/1981 Cancun, Mexico)

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WHSR
ROUTE SLIP

Time Stamp

81 OCT 20 P 4: 26

STAFF C/O

Allen	
Nance	C
Colson	C
Poindexter	C
DARMAN	C
FULLER	C
NAU	C
NSC S/S	C

WHITE HOUSE
SITUATION ROOM

C = Copy

O = Original

[Handwritten signature]

DEPARTMENT OF STATE

**WASHFAX RECEIPT
DEPARTMENT OF STATE**

B

S/S #

White House
SITUATION ROOM

81 OCT 20 P 4: 23

RECEIVED

MESSAGE NO. 000607 CLASSIFICATION UNCLASSIFIED No. Pages 5

FROM: Al Adams S/S 28448 7224
(Officer name) (Office symbol) (Extension) (Room number)

MESSAGE DESCRIPTION Cancun

<u>TO: (Agency)</u>	<u>DELIVER TO:</u>	<u>Extension</u>	<u>Room No.</u>
<u>WH</u>	<u>Mr. R. Darman</u>	<u>456-2702</u>	<u> </u>
<u>WH</u>	<u>Mr. G. Fuller</u>	<u>456-2823</u>	<u> </u>
<u>NSC</u>	<u>Mr. H. Nau</u>	<u>395-6961</u>	<u> </u>
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FOR: CLEARANCE INFORMATION PER REQUEST COMMENT

REMARKS: _____

S/S Officer: Al Adams
[Handwritten signature: B. Stuckler]

REC'D. CA OCT 20 1981



DEPARTMENT OF STATE

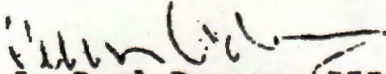
Washington, D.C. 20520

October 20, 1981

MEMORANDUM FOR MR. RICHARD DARMAN
THE WHITE HOUSE

Subject: Revised Matrices for Cancun

Per our telephone conversation earlier today, attached are the revised matrices for use by the President and his staff at the Cancun Summit.


L. Paul Bremer, III
Executive Secretary

Attachment: as stated

cc:
Mr. Fuller

Cancun Participants Aid and Trade Levels - 1980

	(1) Total Aid-ODA (Bilateral and Multilateral) (\$ billion)	(2) ODA as a percent of donors GNP	(3) Total Imports from the Non-oil LDCs (\$ billion)	(4) Imports From Non-oil LDCs as a percent of Total Imports (\$ billion)	(5) Imports From Non-oil LDCs as a Percent of Importers GNP
United States	7.1	0.27	64	25	2.4
United Kingdom	1.8	0.34	17	14	3.3
Germany	3.5	0.43	24	13	2.9
France	4.0	0.62	15	11	2.3
Japan	3.3	0.32	31	22	3.0
Sweden	0.9	0.76	2.5	8	2.1
Austria	0.2	0.23	1.6	7	2.1

Sources: IMF, Direction of Trade; DAC Chairman's Report for 1981, Statistical Annex

Economic Relations With Developing Country Participants

	Total U.S. Bilateral Economic Assistance ^{1/} 1980 Actual (Mill. \$)	Total U.S. Bilateral Economic Assistance 1981 Est. (Mill. \$)	MDB Assistance Imputed to be from U.S. ^{3/} (1979-80 Avg.) (Mill. \$)	Total Dev. Country Exports to World 1980 (Bill. \$)	% of Total Exports Sent to U.S. 1980	U.S. Direct Investment Position in Participating Countries ^{4/} (Mill. \$)
Algeria	-	-	31.7	13.0	48	48 ^{2/}
Bangladesh	175	155	100.1	.9	10	n/a
Brazil	2	1	284.4	18.4	20	7546
China	1	-	0	17.3	6	n/a
Guyana	5	7	7.4	.4	31	24 ^{2/}
India	232	244	414.9	9.0	12	396
Ivory Coast	2	2	9.4	2.9	10	37 ^{2/}
Mexico	7	9	189.4	15.3	63	5940
Nigeria	-	-	51.5	25.1	46	27
Philippines	85	92	123.8	5.7	28	1244
Saudi Arabia	-	-	0	100.6	14	n/a
Tanzania	29	27	34.4	.6	5	18 ^{2/}
Venezuela	-	-	0	16.8	30	1897
Yugoslavia	-	-	80.5	9.0	4	18

Sources:

/ Includes: Development Assistance, ESF, PL-480, Peace Corps and International Narcotics Control AID Congressional Presentation FY 1982.

/ 1978 Preliminary

/ Derived from U.S. share in respective multilateral institutions and the assistance commitments of these institutions to these countries. U.S. share based on most recent replenishments and includes as part of imputed contribution portion of lending attributable to U.S. callable capital.

/ The net book value of U.S. direct investors' equity in and outstanding loans to their foreign affiliates. From the Survey of Current Business and the Department of Commerce.

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OPENING REMARKS FOR THE PRESIDENT AT CANCUN SUMMIT (DRAFT #6)

I am honored to be with all of you on this historic occasion. In many ways, this summit is not ours alone. It belongs to the millions who look to us for help and for hope. If they could speak to us today, I believe they might tell us that words are cheap, that cooperative action is needed -- and needed now. In their name, let us join together and move forward. Let us meet the challenge of charting a strategic course for global economic growth and development for all nations.

Each of us comes to Cancun from a different domestic setting where our major responsibilities are found. My own Government has devoted much of the past year to developing a plan of action to strengthen our economy. For years our Government had overspent, overtaxed and overregulated, causing our growth rates to decline and our inflation and interest rates to rise.

We have taken bold measures to correct these problems and we are confident they will succeed -- not tomorrow, nor next week, but over the months and years ahead.

We believe restoring sound economic policies at home represents one of the most important contributions the United States can make to greater growth and development abroad. The actions we are taking will renew confidence in the dollar, strengthen our demand for imports, hold down inflation, reduce interest rates and the cost of borrowing, and increase resources for foreign investment.

I have also had a chance to study and discuss with various leaders the domestic problems you face. I know how diverse and serious they are. For the poorest countries, more food and energy are urgently needed, while raising productivity through education, better health and nutrition, and the acquisition of basic facilities such as roads and ports represent longer-term goals.

Middle-income countries need foreign capital, technical assistance and the development of basic skills to improve their economic climate and credit worthiness in international capital markets. The more advanced developing nations which already benefit from the international economy need increasing access to markets to sustain their development.

And across the income spectrum, many among you who are oil importers face acute financial difficulties from the large debt burdens resulting from the oil price shocks of the 1970's. High interest rates are exacerbating these problems, such that debt servicing and energy costs are making excessive claims on your foreign exchange earnings.

We recognize that each nation's approach to development should reflect its own cultural, political and economic heritage. That is the way it should be. The great thing about our international system is that it respects diversity, and promotes creativity.

Certain economic factors, of course, apply across cultural and political lines. We are mutually interdependent, but above all, we are individually responsible.

We must respect both diversity and economic realities when discussing grand ideas. As I said last week in Philadelphia, we do not seek an ideological debate; we seek to build upon what we already know will work.

History demonstrates that time and again, in place after place, economic growth and human progress make their greatest strides in countries that encourage economic freedom.

Government has an important role in helping develop a country's economic foundation. But the critical test is whether government is genuinely working to liberate individuals by creating incentives to work, save, invest and succeed.

Individual farmers, laborers, owners, traders and managers -- they are the heart and soul of development. Trust them. Because whenever they are allowed to create and build, wherever they are given a personal stake in deciding economic policies and benefitting from their success, then societies become more dynamic, prosperous, progressive and free.

With sound understanding of our domestic freedom and responsibilities, we can construct effective international cooperation. Without it, no amount of international good will and action can produce prosperity.

In examining our collective experience with development, let us remember that international economic institutions have also done much to improve the world economy. Under their auspices, the benefits of international commerce have flowed increasingly to all countries. From 1950 to 1980,

GNP per capita in 60 middle-income countries increased twice as fast as in the industrial countries when real purchasing power is taking into account.

Despite the mid-70's recession, we were able to liberalize the international trading system under the leadership of the GATT. This created new trading opportunities for a number of developed and developing countries.

The IMF remains the centerpiece of the international financial system. It has adjusted its programs and increased its resources to deal with the major pressures and problems of our era. The World Bank and other multilateral development banks have dramatically increased their resources and their overall support for development.

Much remains to be done to help low-income countries develop domestic markets and strengthen their exports. We recognize that. But we are just as convinced that the way to do this is not to weaken the very system that has served us so well, but to continue working together to make it better.

I am puzzled by suspicions that the United States might ignore the developing world. The contribution America has made to development -- and will continue to make -- is enormous.

We have provided \$57 billion to the developing countries in the last decade -- \$43 billion in development assistance and \$14 billion in contributions to the multilateral development banks. Each year, the United States provides more food

assistance to developing nations than all other nations combined. Last year we extended almost twice as much official development assistance as any other nation.

Even more significant is the United States' contribution in trade. Far too little world attention has been given to the importance of trade as a key to development.

The United States absorbs about one-half of all manufactured goods that non-OPEC developing countries export to the industrialized world, even though our market is only one-third the total industrialized world market. Last year alone, we imported \$60 billion worth of goods from non-OPEC developing countries. That is more than twice the official development assistance from all OECD countries. Our trade and capital markets are among the most open in the world.

The range and breadth of America's commitment extend far beyond concessional assistance. We believe in promoting development by maximizing every asset we have.

As the world's largest single market, we can be a powerful conductor for economic progress and well-being. We come to Cancun offering our hand in friendship as your partner in prosperity. Together, we can identify the roadblocks to development, and decide the best ways to stimulate greater growth everywhere we can. We have yet to unleash the full potential for growth in a world of open markets.

The United States is here to listen and learn. And when we leave Cancun, our search for progress will continue. The dialogue will go on. The bonds of our common resolve will not disappear with our jet trails.

We are prepared to carry out the commitment in the Ottawa Summit declaration to conduct a more formal dialogue -- bilaterally, with regional groups, in the United Nations and in specialized international agencies. We take seriously the commitment at Ottawa "to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress."

It is our view that "circumstances offering the prospect of meaningful progress" are future talks based upon four essential understandings among the participants:

- The talks should have a practical orientation toward identifying, on a case by case basis, specific potential for or obstacles to development which cooperative efforts may enhance or remove. We will suggest an agenda composed of trade liberalization, energy and food resource development, and improvement in the investment climate.
- The talks should respect the competence, functions and powers of the specialized international agencies upon which we all depend, with the understanding that the decisions reached by these agencies within respective areas of competence are final. We should not seek to create new institutions.
- The general orientation of the talks must be toward sustaining or achieving greater levels of mutually beneficial international growth and development, taking into account domestic economic policies; and

-- The talks should take place in an atmosphere of cooperative spirit similar to that which has brought us together in Cancun -- rather than one in which views become polarized and changes for agreement are needlessly sacrificed.

If these understandings are accepted, then the U.S. would be willing to engage in a new preparatory process to see what may be achieved.

But our main purpose in coming to Cancun is to focus on specific questions of substance, not procedural matters. In this spirit, we bring a positive program of action for development concentrated around these principles:

- Stimulating international trade by opening up markets, both within individual countries and among countries.
- Tailoring particular development strategies to the specific needs and potential of individual countries and regions.
- Guiding our assistance toward the development of self-sustaining productive activities, particularly in food and energy.
- Improving the climate for private capital flows, particularly private investment.
- And creating a political atmosphere in which practical solutions can move forward, rather than founder on a reef of misguided policies that restrain and interfere with the international marketplace or foster inflation.

In our conversations, we will be elaborating on the specifics of this program.

The program deals not in flashy new gimmicks, but in substantive fundamentals with a track record of success. It rests on a coherent view of what's essential to development -- namely political freedom and economic opportunity.

Yes, we believe in freedom. We know it works. It's just as exciting, successful and revolutionary today as it was 200 years ago.

I want to thank our hosts for arranging this historic opportunity. Let us join together and proceed together. Economic development is an exercise in mutual cooperation for the common good. We can and must grasp this opportunity for our peoples, and together take a step for mankind.

THE WHITE HOUSE
WASHINGTON

SUMMARY SCHEDULE OF THE PRESIDENT

CANCUN, MEXICO

OCTOBER 22 - 24, 1981

R E V I S E D

TO INCLUDE BILATERALS

NOTE: All notes and Guest and Staff
Instructions on prior schedule are still
applicable.

10/21/81 8:05 pm

THURSDAY, OCTOBER 22, 1981

- 8:30 am Possible breakfast in suite.
- 9:15 am Bilateral meeting with President Kraigher of Yugoslavia in suite.
- 9:35 am Meeting concludes.
- 9:40 am Bilateral meeting with Foreign Minister Willibald Pahr of Austria in suite.
- 9:55 am Meeting concludes.
- 10:00 am THE PRESIDENT proceeds to Inaugural Session.
- 10:30 am Inaugural Session concludes and First Plenary Session begins.
- There will be a break midway in session during which THE PRESIDENT may return to suite.
- This applies for all Plenary sessions.
- 1:30 pm First Plenary Session concludes.
- 1:30 pm Bilateral meeting with President Marcos of the Philippines in suite.
- 1:45 pm Meeting concludes.
- 2:00 pm Lunch in suite.
- 3:15 pm Bilateral meeting with Foreign Minister Hans-Dietrich Genscher of the Federal Republic of Germany in suite.
- 3:45 pm Meeting concludes.
- 4:00 pm Second plenary session begins.
- 7:00 pm Second plenary session concludes.
- 8:30 pm Cocktail reception for Heads of State and Government and Foreign Ministers.
- 9:00 pm Dinner hosted by President Lopez Portillo for Heads of State and Government and Foreign Ministers.
- 10:30 pm Dinner concludes.

FRIDAY, OCTOBER 23, 1981

- 8:30 am Bilateral meeting with Prime Minister Shah Azizur Rahman of Bangladesh in suite.
- 8:45 am Meeting concludes.
- 8:55 am Bilateral meeting with President Bendjedid of Algeria.
- 9:10 am Meeting concludes.
- 9:15 am Bilateral meeting with President Nyerere of Tanzania in suite.
- 9:30 am Meeting concludes.
- 9:35 am Official Photo and Honor Book signing on patio area.
- 10:05 am Bilateral meeting with President Burnham of Guyana in suite.
- 10:20 am Meeting concludes.
- 10:30 am Third Plenary Session begins.
- 1:30 pm Third Plenary Session concludes.
- 2:00 pm Bilateral meeting and luncheon with Crown Prince Fahd of Saudi Arabia in suite.
- 3:00 pm Meeting concludes.
- 4:00 pm Fourth Plenary Session begins.
- 7:00 pm Fourth Plenary Session concludes.
- 9:00 pm Farewell dinner in honor of President Lopez Portillo, to be held on the Sheraton lawn.
- 11:00 pm Dinner concludes and THE PRESIDENT returns to suite.

RON

SATURDAY, OCTOBER 24, 1981

- 8:30 am Breakfast in suite or site to be determined.
- 9:30 am NOT CONFIRMED. . . Bilateral meeting with United Nations Secretary General Kurt Waldheim in suite.
- 10:20 am THE PRESIDENT departs the suite enroute helicopter landing zone and boards.
- 10:25 am Marine One departs Sheraton Hotel enroute Cancun International Airport.
- 10:35 am Marine One arrives Cancun International Airport.
- 10:55 am Departure ceremony concludes and THE PRESIDENT boards Air Force One
- 11:00 am Air Force One departs Cancun enroute Andrews Air Force Base.
- 4:20 pm Air Force One arrives Andrews Air (EDT) Force Base.
- 4:25 pm THE PRESIDENT deplanes and boards Marine One.
- 4:35 pm Marine One arrives the South Lawn.

THE WHITE HOUSE

Office of the Press Secretary
(Cancun, Mexico)

For Immediate Release

October 22, 1981

PRESS BRIEFING

BY

SECRETARY OF STATE ALEXANDER HAIG
AND SECRETARY OF THE TREASURY DONALD REGAN

The Calinda Hotel
The Terrace Level
Cancun, Mexico

3:07 P.M. CDT

SECRETARY HAIG: Ladies and gentlemen, we've had a very extended opening plenary session which commenced with introductory remarks by the two honorary hosts -- President Lopez-Portillo and Prime Minister Trudeau who made introductory statements, most of which, I think, were covered by the media.

The session was then closed and a series of interventions took place. In alphabetical order, in Spanish, and the entire 22 participants have had an opportunity to express themselves on the subject of the conference and, in addition, the Secretary General of the United Nations, Kurt Waldheim, was the last speaker.

The next session today will commence at 5:00 p.m. and I think the first item on the agenda will be the discussion of food and agriculture in the context of international development.

Now, I would like at the outset to make a comment. As I came in the door, someone yelled at me what about the President being late this morning. Yes, and let me tell you he wasn't late at all. We're living in a hotel with very limited elevators and some 22 delegations and those of you who have been other there probably understand that you -- if you're on the top floor, as the President -- the U.S. delegation is, at 10:00 a.m. there were two delegations or so in the room. And there was a massive set of confusions at the elevator as the delegations were trying to arrive. In addition to that, the President conducted two bilaterals this morning which ran right up until one minute to 10:00 a.m. and had there been an elevator ready, he would have been not only on time but the first in the room.

Q Somebody was saying the Mexicans were very upset --

SECRETARY HAIG: That would be as a result of misunderstanding and confusion. I think anyone's that been in the hotel -- yesterday we had to walk the six flights to get to our suites because of the elevator problem.

Q Did they express their unhappiness --

SECRETARY HAIG: No, not at all. I haven't heard anything at all except as I came here and I was rather surprised to hear it so I thought I'd dispose of it at the outset.

Now, the President made his intervention -- I think he was number eight, alphabetically, and I think he made a very important statement which is available to you and I know you have looked at, but I'd like to touch upon some of the high-lights of that statement.

The President did stress at the outset the importance

MORE

of chartering a strategic course for global economic growth and development for all nations. He stressed that cooperative action is needed and needed now. To this end he proposed a positive program of action for development concentrated around five principles: Stimulating international trade; tailoring development strategies to the needs and potential of individual countries and regions -- we talked about that the other day -- guiding assistance toward the development of self-sustaining productive activities particularly in food and in energy, both of which have had such a horrendous impact on the current economic dilemmas facing us; guiding assistance towards the development of self-sustaining productive activities particularly in food and energy and -- I say guiding assistance so that you understand that part of the President's program is public-sector financing and aid; improving the climate for private capital flow, particularly private investment; and finally creating a political atmosphere in which practical solutions can move forward.

He stressed in his comments that the program deals with substantive fundamentals with a track record of success and rests on a coherent view of what is essential to development -- namely, political freedom and economic opportunity. The details of this positive program of action were spelled out in far greater detail in his recent Philadelphia speech. This program is a direct response to the diverse and serious problems of the developing countries -- to the needs of the poorest for food and energy and increases in productivity, through education, better health, and nutrition -- to the needs of middle-income countries for capital and for technology -- and to the needs of the more advanced developing countries for markets.

The President recognizes that every nation's approach to development reflects its own cultural, political and economic heritage and that the international system reflects diversity and promotes creativity. And indeed it is the theme of diversity that I think is going to have to underline the successful outcome of this Cancun summit.

The President's approach builds upon what we already know as Americans after 200 years of economic growth actually works. It recognizes the necessity of creating incentives to work, to save, and to invest.

Now, our program stresses that the international economic institutions -- the IMF, the GATT, the World Bank and other multilateral banks have done much to improve the world economy and to support the development process. He further stressed the importance of continuing to work together to make the international economic system work better.

Now, I think it's very important to note that the President stressed that we take very seriously our commitment in Ottawa to "participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress consistent with this commitment and as a further flushing out of that commitment."

The President took the lead in spelling out the four practical understandings he believes necessary for meaningful progress in the hope that they would serve as the basis for a new preparatory process.

These essential understandings would consist of the following: a practical orientation in the direction of such preparatory talks, respect for the competence, functions and the powers of the long established and already functioning specialized agencies. And that means no creation of new structures. Orientation towards mutually beneficial international growth and development.

In other words, we're looking to growth not redistribution, but growth.

And finally, and perhaps most importantly of all, that such preparatory talks would be conducted in a cooperative spirit between the developing and the developed. And that's the kind of a spirit that we've witnessed thus far here at Cancun and I think it offers great hope and a justification for optimism.

Now, I've summarized very quickly the President's intervention. There are a number of other interventions that ranged in character from those which are somewhat more strident to those which are expectedly characterized by the cooperative spirit which is the basic consensus we've seen here thus far.

And I'd like to now ask Secretary Regan to say a word or two about some of the particular economic aspects of this intervention.

SECRETARY REGAN: From the point of view of economics, the President, of course, was stressing action, not words, as being the thing that's needed to chart a course for global economic growth and development.

He stated that the United States has been working on a plan of action to strengthen its own economy. And the most important contribution that we can make to greater growth and development abroad is sound economic policies at home.

And a sound economic system will strengthen our demand for imports, will hold down inflation, reduce interest rates and increase resources for foreign investment.

All of these things are desirable items for less developed countries as well as for the developed countries and the good of global growth.

He pointed out the interdependence of all participants but stressed that each country is individually responsible for its own development.

The President said that we must build on what by observation we know will work.

MORE

For countries to succeed, they need incentives to work, to save and to invest.

And then he went on to emphasize the role of existing international economic institutions, such as GATT, the IMF and the World Bank.

He pointed out the strong United States record in aid, in trade, in food assistance and in investment.

He stated that we are without a doubt the world's largest single market and as such the United States can be a powerful conductor for the economic progress and the well being of developed countries and developing countries.

On the subject of global negotiations, as Secretary Haig has said, the President reaffirmed the commitment at Ottawa to participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress and then went on to list the four understandings that he felt would be circumstances offering the prospect for meaningful progress and suggested that officials of the government informally confer in the next months ahead as to the appropriate procedures for any new preparatory process that might offer a prospect for meaningful progress.

Think I should pause here, see what questions we have.

Q Can I ask a question of both you and Secretary?

Haig?

The first point, it's on page four of the President's speech and refers to stimulating international trade by opening up markets.

Does that mean that the United States is prepared to support a liberalization of the Multi-Fiber Agreement, which limits the importation of textiles?

SECRETARY REGAN: We are prepared to discuss the Multi-Fiber Agreement further as time goes on.

As it stands now there are many developing nations who might have to graduate within the confines of the Multi-Fiber Agreement in order to make room for others who would like in.

Right now I think we're taking about 50 percent of all the textiles in the world. I think that together with our other partners among the developed nations, this is something we might be able to achieve to try to help the less developed countries.

NIRE

Sched

7:30 - Staff meeting

Fri

8:29 - photo of Staff

8:30 Algeria

9:00 Tanzania
9:15

Photo of

9:35 official photo

10:30 3rd Planning

(Mr) Trade

(Mr) Energy

(Mr) Investment
Finance

Sat

Guyana

Bangladesh

Sri Lanka

Am

- GW

- free wheeling

This is a great reason for cutting back on the number of people in these trips -

Q What was the reaction to the President's approach to his speech and who were the strident nations and who were the cooperative ones?

SECRETARY HAIG: I had better answer that since I am the one who led into it. First, with respect to the --

Q Question?

SECRETARY HAIG: What was the reaction to the President's speech and I would say that cautious optimism is probably a good term. I think most of the participants felt that the American intervention was responsive to their concerns and represented a constant evolution of the American position on this nettling issue, which was first stated at Ottawa. And then we fleshed out a number of the agenda items that we felt were required to make a meaningful and practical set of preparatory talks leading towards global negotiations.

Q Is it evolutionary? Is it a further step?

SECRETARY HAIG: Absolutely. It is evolutionary, Helen, and I want to point out that first the United States agreed to participate in this Conference. That in itself represented a substantial shift in long-standing policy. Secondly, the United States went to Ottawa with a prepared position to take on this subject, which was reflected largely in the agreed communique, the language of which I quoted a few minutes ago. That was followed by my United Nations speech and the speeches made by Secretary Regan and the President at the World Bank and most particularly, as I pointed out at the United Nations, we would have a programmatic fleshing out of the broad principles that I laid out in that speech. They were laid out specifically by the President at Philadelphia. Now all of this was designed to bring our movement towards a growing recognition that I think all responsible developed nations have today for the anguishing economic dilemmas facing developed and developing leaders worldwide.

Q What type of negotiations specifically -- what type of global negotiations is the President prepared to enter in to?

*Staff
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SECRETARY HAIG: You are not at that point yet. We are at the point where we have laid down some assumptions that we would visualize now perhaps as a follow-up of this Cancun Summit, representatives of the member states here sitting down joining with the established international institutions or specialized institutions and looking at specific functional areas, not only those that we have outlined ourselves, at great length in the President's speech in Philadelphia, but also based on the contributions of the other participants in this Conference with a view towards seeing whether a good solid practical and structured agenda can be realized which is going to provide practical means for improvement in global economic growth.

Q If the one billion human beings who live in poverty on this globe were watching you now and the one billion who suffer from chronic hunger and malnutrition, what can you say by way of specific hope that can be offered as a result of what you have seen so far? What can you tell the hungry and the impoverished of this world this is going to do for them?

SECRETARY HAIG: I think no one could have --

Q Question?

SECRETARY HAIG: What hope do you see now for the anguishing one billion poverty-stricken people world wide from the Conference thus far? I would like to emphasize that the Conference thus far has been exclusively confined to the formal interventions of the 22 participants and the Secretary General. Now very detailed discussions will take place in exchange of views

and I anticipate that they will be generally in the four areas that we talked about -- trade, energy, food, and finance. Now the first item on the agenda this afternoon will be agriculture and food. I would say that every intervention that took place today, every single intervention highlighted the great challenge and the great burden of making immediate progress in the agricultural sector as there are billions of people -- 8 billion -- who are categorized as hungry, and hundreds of thousands who are starving each year. As you know, we Americans have been perennially sensitive to this. We are the largest exporter of agricultural food aid to needy nations.

Q Do you see more hope for them? Will there be fewer people starving five years from now as a result of this meeting?

SECRETARY HAIG: I would anticipate yes because I think that a number of the countries have already developed their own agendas for grappling with this anguishing task in specific practical ways. I know that we

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Americans have and we will make those suggestions at this afternoon's discussion.

Q Which of the leaders criticized the President's approach, particularly the limits that he replaced in preparation to global negotiations?

SECRETARY HAIG: I wouldn't say that any did. I did not sense that at all, and that gets back to Helen's question which I didn't answer and which I'm not going to and that is to label or characterize any of the particular interventions of any of the particular members.

Q You brought it up.

SECRETARY HAIG: I merely pointed out that there was a broad spectrum of views and approaches, but in general they were all underlined by a very cooperative, and I think, give-and-take spirit.

Q Just to follow up -- you described cautious optimism. If you will give us that characterization, will you not give us whatever -- however you can characterize whatever criticism there was?

SECRETARY HAIG: Well, no, there was no criticism. And I don't want to be in the -- not at all, quite to the contrary. Quite to the contrary. I think as best as I could ascertain walking around the room during the coffee break and talking to a number of heads of state and foreign ministers, from both the developing and the developed world, there was a great enthusiasm for the President's intervention.

Q What did you mean when you said some were strident?

SECRETARY HAIG: I meant -- now remember, everyone came here with a set piece and those set pieces were not necessarily, and I think in most instances, were not influenced by the American intervention, but rather a --

Q But the Philadelphia speech --

SECRETARY HAIG: Perhaps no, but these are traditional perennial views. You can go back a number of years and find what certain nations have been saying on this subject. I would say there was more change in the direction of moderation here than what has existed heretofore and that's another basis for optimism.

Q Secretary Haig, could you explain please, what are the American apprehensions about global negotiations or about getting into them too soon?

SECRETARY HAIG: It's not a question about getting into them too soon or anything else. The question has always been, on our part, whether or not they are going to be productive or they're going to lead to sterile debate and perhaps confrontation at philosophic levels, rather than to come up with specific, practical solutions to a number of anguishing problems. And we have developed our own agenda, a set of assumptions that we feel must contribute to such a constructive set of talks and we've been very specific and frank about laying them out. And we did do so here today in the President's intervention.

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Q Why would conflict occur in that kind of a forum, more so than in the other agencies and avenues that we pursue?

SECRETARY HAIG: Well, I don't think that's necessarily the question. The question is -- we have always felt through our existing specialized institutions which have made such a tremendous contribution to worldwide economic growth and today are intimately involved in the details of this problem, must be at the core of the actions that we take. And we do not feel, above all, that the creation of a super structure of some kind, an additional appendage, the very creation of which begins to consume the assets which we are hopeful will be put into solving problems, is far more important. We have enough international appendages today and I think one can look through the telephone books in New York or in Paris or in Brussels and be rather mind boggled at the extent of it all.

Q Secretary Regan, point four talks about improving the climate for private investment. Is there any elaboration, or would you care to elaborate on exactly what that means?

SECRETARY REGAN: Well, what we mean by improving the climate is obviously there has to be some type of understanding by the less-developed countries that if private investment goes in there, under what ground rules. Now, the World Bank, for example, has suggested that perhaps there should be some type of insurance feature. We think that's rather an ingenious suggestion -- to guard against expropriation of some type if private investment goes in there

Traditionally, private investment has not flourished in climates where they're not welcome and what we're suggesting there is that if a country thinks that private investment is in its best interests, and we certainly agree with that, then they have to look to see what impediments there might be within their own laws or rules that might hurt that.

Q I want to ask Secretary Regan whether what you've heard here in the past couple of days is changing your view about the World Bank energy lending affiliate?

SECRETARY REGAN: I do know that most of the interventions this morning mentioned that they would like to see a World Bank energy affiliate. I still do not see that and the United States position is still that we do not see the need for this. We think that the 27 percent of the World Bank's funds that are now going into energy, and this is not just petroleum. This is hydro, it's wood fuels, biomass, things of that nature -- we think that probably could be upped

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somewhat and the same purpose accomplished. After all, the World Bank does have specialists in this field. It's competent to do it without a new hierarchy or bureaucracy and we think that's the proper way to go.

Q Can I follow up on something you said earlier about (inaudible) perhaps the developing countries or the border countries among them to provide a new opportunity for investment? Now will you be able to link this in any concrete way with your strategy in the IMF? For example, in reference to India, the five billion SBR loan that is up for -- very close to decision. Now would you, for example, be able to say that -- accept this as part of a concrete indication of what you are talking about, the need to accept private investment?

SECRETARY REGAN: As far as the Indian loan is concerned, we've just got our first look at that last week. It's under study by our staffs at this point, both at State and in Treasury. We have reached no conclusion on the Indian loan in any way. That we are suggesting is that the World Bank, as you know, has an affiliate, the IFC, and that so far has been able to lend about three billion dollars using the private sector. We think that that probably can be developed more in that area with some type of co-financing between the World Bank and private industry.

Q Secretary Haig, are the Saudis out to make any kind of concession tomorrow at this meeting between the President and Prince Fahd? Have you gotten any signals? Is there an indication that perhaps they might moderate their view on the security and control of the AWACS --

SECRETARY HAIG: I think -- I addressed this before we left Washington. I do not anticipate that subject will come up. That's not the purpose of this conference and our discussions with the Crown Prince will probably not involve AWACS. It's certainly not our position to take it up. We have discussed this issue intensely with Saudi Arabia for an extended period and I think we know where we stand and we feel that we stand on a position where the concerns of every reasonable opponent to the sale are more than met.

Q And you're saying the United States will not even broach the whole question or mention it?

SECRETARY HAIG: I'm saying the question has been broached to the limits of toleration on both sides and I think it's now our role to get on with these very unusual conditions already arrived at which are a substantial imposition on Saudi Arabian sovereignty and patience and we intend to go on with what we have which we think is a very substantial package in the way of reassurances.

Q Secretary Haig, what do you expect as far as the discussion tomorrow with the Saudis? What are you expecting to get out of it?

SECRETARY HAIG: We've been discussing in all of our bilaterals, I think you know, we've been in the process of talking to all of the heads of state here in attendance and Saudi Arabia is -- the Crown Prince is, of course, a very substantial figure in their government and we'll be talking to him about the conference, about the situation perhaps and probably in the Middle East, the peace process, the Lebanon situation in which they have been so actively

engaged in, the help that they have been giving to shore up many of the moderate Arab states in the region who have been threatened.

Q -- ask them to get further involved in the Middle East peace process now in view of President Sadat's assassination? Are you out to broach that subject and that is to say, a greater sign from the Saudis to sign on Camp David, either officially or unofficially?

SECRETARY HAIG: We have been dealing with them on the Lebanon problem. We know their position on the Camp David process and we hope to have more help in the period ahead on the difficulties associated with the Lebanon situation.

THE PRESS: Thank you.

END

3:35 P.M. CDT

What do you
think the Ⓟ

will say when asked
whether he'd like to
do this again in
January.