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(Foreign Affairs: Twenty-Two Nation Summit, 10/21/1981-10/23/1981 Cancun, Mexico)

Case file Number(s): 018876 (1 of 7) **Box:** 15

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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name WHITE HOUSE OFFICE OF RECORDS MANAGEMENT:

WHITE HOUSE OFFICE OF RECORDS MANAGEMEN

Withdrawer

SUBJECT FILE

DLB 11/18/2019

File Folder

FO006-02 (018876) (1 OF 7)

FOIA

F16-0011/01

Box Number

BIERGANNS

NO NO	Doc Type	Document Description	No of Pages	Doc Date R	estrictions
1	FORM	TRAVEL SCHEDULE, P.1-3 018876	3	10/12/1981	B7(C) B7(E) B7(E)
2	FORM	TRAVEL SCHEDULE, P.7-9 018876	3	10/12/1981	B7(C) B7(E) B7(F)

Freedom of information Act - [5 U.S.C. 552(b)]

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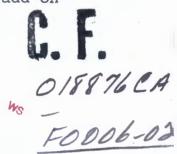
C. Closed in accordance with restrictions contained in donor's deed of gift.

5716 add-on

THE WHITE HOUSE

WASHINGTON

October 17, 1981



MEMORANDUM FOR MIKE DEAVER

FROM:

DICK ALLEN

SUBJECT:

Follow-Up re Cancun Bilaterals

Confirmation has been received from State Department that:

- President Houphouet-Boigney of the Ivory Coast will not be attending the Summit because of ill health.
- Chancellor Kreisky of Austria, co-host of the Summit, will not be attending because of illness.
- Prime Minister Indira Gandhi of India accepts our invitation to a bilateral meeting on Wednesday, October 21, at 2 p.m.
- Prince Fahd accepts our invitation to a bilateral meeting and luncheon on Friday, October 23, at 2 p.m.

Prime Minister Indira Gandhi has extended an invitation to all Summit participants to a luncheon on Thursday, October 22. It is anticipated State will not respond to this invitation prior to arrival in Cancun -- and I concur in withholding a response until then.

cc: Joe Canzeri

NSC # 8105716

THE WHITE HOUSE

WASHINGTON

Octobet 16, 1981

ACTION

MEMORANDUM FOR RICHARD V. ALLEN

FROM:

CHARLES P. TYSON

SUBJECT:

Follow-Up re Cancun Bilaterals

Attached at Tab A is a memo to Mike Deaver relaying the following information:

- o President Houphouet-Boigney of the Ivory Coast will not be attending the Summit because of ill health.
- ° Chancellor Kreisky of Austria (co-host of the Summit) will not be attending because of illness.
- Prime Minister Indira Gandhi of India accepts our invitation to a bilateral meeting on Wednesday, October 21, at 2 p.m.
- Prince Fahd accepts our invitation to a bilateral meeting and luncheon on Friday, October 23, at 2 p.m.

Prime Minister Indira Gandhi has extended an invitation to all Summit participants to a luncheon on Thursday, October 22. It is anticipated that State will not respond to this invitation prior to arrival in Cancun -- and I recommend that you concur in withholding a response until then.

RECOMMENDATION

That you sign the memo to Deaver forwarding the above information and concurring that a response to Prime Minister Gandhi's luncheon invitation be withheld until arrival in Cancun.

Approve

Disapprove

5716 add-on

THE WHITE HOUSE

WASHINGTON

October 16, 1981

INFORMATION

MEMORANDUM FOR RICHARD V. ALLEN

FROM:

CHARLES P. TYSON

SUBJECT:

Bilaterals at Cancun

For your information, I received a telephone call late last night from Steve Studdert who relayed a message from the advance party (Hugh O'Neill) on the subject of the bilateral with President Lopez Portillo.

O'Neill was formally asked by Ambassador Andres Rosental (Coordinator of the Summit, and Colonel Arellano, Estado Mayor) to pass on a request from Lopez Portillo for a 30-minute bilateral meeting with President Reagan upon arrival at the airport at Cancun (10:30 a.m., Wednesday, October 21).

The invitation was extended because of "the close personal friendship of the two Presidents and as a result of President Reagan's request for a bilateral with Lopez Portillo. The meeting would provide an opportunity to discuss the two Presidents' desire for a successful Cancun Summit." If agreed upon, this bilateral meeting would take the place of the one scheduled at 7:30 p.m. on Wednesday, October 21, as noted on the proposed bilateral schedule attached at Tab A.

This information has been relayed to State.

We have just received word from State that President Houphouet-Boigny of the Ivory Coast will not be attending the Summit because of ill health -- therefore no bilateral.

cc: R. Fontaine

N. Bailey

H. Nau

BILATERAL SCHEDULE FOR CANCUN

Wednesday,	October	21

	1030	Arrive Cancun Greeted by President Lopez Portillo at Airport
	1130-1200	Bilateral with Chancellor Kreisky of Austria (Co-Host of Summit)
	1230-1330	Bilateral Meeting and Luncheon with Premier Zhao Ziyang of China
	1400-1430	Bilateral with Prime Minister Indira Gandhi of India
	1445-1500	Bilateral with President Houphouet-Boigny of Ivory Coast
	1700-1720	Bilateral with President Kraigher of Yugoslavia
	1730-1800	Bilateral with President Shagari of Nigeria
* *	1815-1845	Bilateral with President Herrera Campins of Venezuela
	1930-2015	Bilateral with President Lopez-Portillo of Mexico
	2015	Dinner - Private

Thursday, October 22

0930	Coffee in Delegates' Lounge
1000-1330	First Plenary Session
1330-1345	Bilateral with President Marcos of the Philippines
1345-1600	Luncheon - Private Time
1600-1630	Coffee in Delegates' Lounge
1630-1900	Second Plenary Session
2000	Cocktails
2030	Dinner hosted by President Lopez-Portillo for Heads of State/Government and probably Foreign Ministers
2200	Dinner concludes

Friday, October 23

0830-0845	Bilateral with Head of Bangladesh Delegation (the Bangladeshis have not yet determined whether their President or Prime Minister will lead their party to Cancun)		
0855-0910	Bilateral Meeting with President Benjedid of Algeria		
0915-0930	Bilateral Meeting with President Nyerere of Tanzania		
0935-0950	Bilateral Meeting with President Burnham of Guyana		
1000-1330	Third Plenary Session		
1330-1400	Free Time		
1400-1500	Bilateral Meeting and Luncheon with Prince Fahd of Saudi Arabia		
1500-1630	Free Time		
1630-1900	Fourth Plenary Session		
1900	Joint Press Conference		
2030-2200	Dinner Details Unknown		

Saturday, October 24

0845 - 0	930
Tentat	<u>ive</u>

- *Breakfast hosted by President Reagan with
 - Prime Minister Pierre Trudeau of Canada
 - Prime Minister Margaret Thatcher of the UK
 - President Francois Mitterrand of France
 - Chancellor Helmut Schmidt of the FRG
 - Prime Minister Zenko Suzuki of Japan
 - Prime Minister Thorbjorn Falldin of Sweden

^{*}Please note this is tentative. No invitations should be extended until it has been agreed upon after arrival at Cancun.

THE WHITE HOUSE

5716

WASHINGTON

October 15, 1981

MEMORANDUM FOR L. PAUL BREMER, III

Executive Secretary
The Department of State

SUBJECT:

Bilateral Schedule for Cancun

The attached bilateral schedule for Cancun has been approved by the White House. Please proceed with implementation of the schedule.

It is recognized that there may be difficulty in coordinating this number of meetings. Should problems arise, please clear any proposed changes through us.

Many thanks.

Charles P. Tyson

Charlung 2

Deputy Assistant to the President for National Security Affairs

(Coordination)

BILATERAL SCHEDULE FOR CANCUN

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^{*}Please note this is tentative. No invitations should be extended until it has been agreed upon after arrival at Cancun.

THE WHITE HOUSE WASHINGTON

October 13, 1981

INFORMATION

MEMORANDUM FOR RICHARD V. ALLEN

FROM:

CHARLES P. TYSON

SUBJECT:

Cancun

Attached at Tab A is copy of most recent Cancun travel schedule -- and at Tab B the Cancun bilateral schedule which has been tentatively approved by Mike Deaver.

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FO006-02 (018876) (1 OF 7)

F16-0011/01

BIERGANNS

Box Number

11

	Document Type	No of	Doc Date	Restric-
NO I	Document Description	pages		tions

1 FORM

3 10/12/1981 B7(C)

TRAVEL SCHEDULE, P.1-3

B7(E)

B7(E)

018876

Freedom of Information Act - [5 U.S.C. 552(b)]

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C. Closed in accordance with restrictions contained in donor's deed of gift.

THE PRESIDENT deplanes and proceeds inside.

Staff time:

7:30 pm Buffet dinner for all Sheraton Hotel residents, Duna Restaurant.

NOTE: No formalities, no interpreters.

RON

THURSDAY, OCTOBER 22, 1981

8:30 am Possible breakfast in suite.

9:25 am Breakfast meeting concludes and THE PRESIDENT departs suite enroute First Plenary Session.

9:30 am THE PRESIDENT arrives Delegate Lounge for coffee with Heads of State and Government and those delegates attending First Plenary Session.

NOTE: No interpreters, common language is English.

10:00 am Coffee concludes and participants proceed to Inaugural Session.

Welcoming remarks by President Lopez Portillo and Chancellor Kreisky.

NOTE: Simultaneous translation

See Tab B for seating diagram

10:30 am Inaugural Session concludes and Final Plenary Session begins.

NOTE: Simultaneous translation

NOTE: There will be a break about noon.

10/12/81 01:05 pm 1:30 pm First Plenary Session concludes.

Lunch & Staff time: 2 hrs, 30 mins.

3:45 pm Coffee with Heads of State and Government and delegates attending Second Plenary Session, Delegates Lounge.

NOTE: No interpreters, common language is English.

4:00 pm Coffee concludes and participants proceed to Second Plenary Session.

NOTE: There will be a break midway through.

7:00 pm Second Plenary Session concludes.

Staff time: 1 hr., 30 mins.

8:30 pm Cocktail reception for Heads of State and Government and Foreign Ministers. Location to be determined in the Sheraton.

NOTE: One interpreter, same as at 9:00 pm dinner.

9:00 pm Dinner "offered" by President Lopez
Portillo for Heads of State and
Government and Foreign Ministers or
other designated attendees. Location
to be determined in the Sheraton.

NOTE: One whisper interpreter. One designated attendee if not the Foreign Ministers.

See Tab C for seating diagram.

POOL PHOTO COVERAGE AT BEGINNING

9:00 pm Dinner for 12 members of each delegation. Location to be determined.

NOTE: No interpreters.

10:30 pm Dinner concludes

RON

FRIDAY, OCTOBER 23, 1981

9:30 am Official photo and Honor Book signing on patio area.

10:00 am Coffee for Heads of State and Government and Third Plenary Session attendees, Delegate Lounge.

10:30 pm Third Plenary Session begins.

Lunch and siesta: 2 hrs., 15 mins.

3:45 pm Coffee for Heads of State and Government and Fourth Plenary Session attendees, Delegate Lounge.

4:00 pm Fourth Plenary Session begins.

7:00 pm Fourth Plenary Session concludes.

Staff time: 2 hrs.

NOTE: President Lopez Portillo and Chancellor Kreisky will hold a joint press conference. Remarks can be telephoned to the Sheraton.

9:00 pm Farewell dinner in honor of President Lopez Portillo, to be held outside.

NOTE: One Head of State or Government will be selected to make remarks to President Lopez Portillo.

Ten rounds of ten, three additional members per delegation

Music and fireworks.

11:00 pm Dinner concludes and THE PRESIDENT returns to suite.

RON

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2 FORM

3 10/12/1981 B7(C)

TRAVEL SCHEDULE, P.7-9

B7(E)

B7(F)

018876

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1930-2015	Bilateral with President Lopez-Portillo of Mexico		
2015	Dinner - Private		

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1900	Joint Press Conference
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Saturday, October 24

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Tentative	- Prime Minister Pierre Trudeau of Canada
	- Prime Minister Margaret Thatcher of the UK
	- President Francois Mitterrand of France
	- Chancellor Helmut Schmidt of the FRG

- Prime Minister Zenko Suzuki of Japan - Prime Minister Thorbjorn Falldin of Sweden

CONFIDENTIAL 8126946

THE SECRETARY OF STATE WASHINGTON

September 25, 1981

MEMORANDUM FOR: THE PRESIDENT

FROM:

Alexander M. Haig, Jr.

SUBJECT:

Cancun Economic Summit

The Cancun Economic Summit provides a unique opportunity for you to set a positive tone for our economic relations with the world's key developing nations and to advance our relationships with China, Yugoslavia and India. It also offers us an important chance to exploit Soviet vulnerabilities in the Third World. To maximize these opportunities, you should use your time at the Summit for substantive bilateral meetings with as many developing country leaders as possible. In addition, you should meet separately with Austrian Chancellor Kreisky and Mexican President Lopez Portillo, who are co-chairing the Summit. I therefore recommend that you limit your participation in the Summit plenary sessions (six hours of plenaries are scheduled each day) using the majority of your time for bilateral meetings, preferably in the following priority and sequence:

Mexican President Lopez Portillo: A 30-35 minute meeting early in the Cancun proceedings, perhaps on October 21 before the plenary sessions begin. Lopez Portillo's special relationship with you and his arrangement of Summit procedures will be crucial to securing our objectives.

Austrian Chancellor Kreisky: 20 minutes in the Summit's early stages. Summit co-host Kreisky should understand U.S. positions at the outset.

Chinese Premier Zhao Ziyang: One hour. Your first meeting with a senior PRC official will be one of Cancun's media highlights. The Chinese will read this meeting for the key to the Administration's intentions in Sino-American relations. It is the most important meeting you will have.

Nigerian President Shagari: 20-30 minutes. Besides persuading Shagari of our commitment to economic development, you should reassure him on our southern African policies, where Nigeria's moderation has in effect helped our efforts to achieve a Namibia settlement.

CONFIDENTIAL GDS 9/25/87 Authority State Waiver

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Venezuelan President Herrera-Campines: 15 minutes.

Venezuela supports our Salvador policy, is part of the
Caribbean Basin Initiative and is generally an important
regional friend. Venezuela's petroleum reserves hold
clear strategic importance for us. (Herrera-Campines will
come to Washington on a state visit im November.)

Indian Prime Minister Gandhi: 30-35 minutes. You can engage Mrs. Gandhi on the Summit's multilateral issues, seeking India's support for our positions. This initial meeting with Mrs. Gandhi will allow you to stress our desire for strengthened ties with India and to allay Indian concerns about our security relationship with Pakistan.

Saudi Prince Fahd: 30-35 minutes. Oil wealth has given the Saudis a pivotal role in financing economic development, making the Prince a valuable partner in implementing our own policies. Although Fahd will visit Washington in December, your meeting with him at Cancun can allow a timely review of Middle East peace efforts, regional security and other bilateral issues.

Brazilian President Figuerido: 15 minutes. Another likely 1982 visitor to the United States, Figuerido should be extended a courtesy meeting in Cancun. With Brazil's economy a Latin American powerhouse, Figuerido speaks with influence among his developing nation colleagues.

Yugoslav President Kraigher: 20-30 minutes. This session will enable you to continue the personal dialogue between U.S. Presidents and Yugoslav leaders just as American support for Yugoslavia has become more critical to that nation's survival. Your meeting with Kraigher would also, of course, underscore our strategic interest in the country and, for Cancun purposes, give us a valuable intermediary with non-aligned and developing nations.

Philippine President Marcos: 15 minutes. This is essentially a courtesy meeting; you have invited Marcos to visit the U.S. next year. While we have special bilateral interests in the Philippines, Marcos will be the only ASEAN leader at Cancun and should be reminded of our commitment to Southeast Asia's security and peaceful growth.

CONFIDENTIAL

CONFIDENTIAL

-3-

Algerian President Benjedid: 20-30 minutes. Your meeting with Benjedid would recall Algerian cooperation in securing the release of our hostages from Tehran, a cooperation we now wish to encourage in Libya and on broader Middle East and African issues. The meeting also could give impetus to Algeria's withdrawal from its close relationship with the Soviets.

Tanzanian President Nyerere: 15 minutes. The preeminent intellectual figure and articulator of African views, Nyerere has played a key role in negotiations between the West and black Africa on Zimbabwe and Namibian independence.

Bangladesh Head of Delegation: 15 minutes. The Bangladeshis have not yet determined whether their President or Prime Minister will lead their party to Cancun, but your meeting with either would dramatize our commitment to the poorest of the poor developing nations.

Guyanan President Burnham: 15 minutes. This will be the first meeting of an American President and a Guyanan head of government in more than a decade. Guyana will probably be the next tenant of the Latin American seat on the UN Security Council.

Ivory Coast President Houphouet-Boigny: 15 minutes. More symbol than substance, this meeting will signal our support for stalwart African friends and the Western-oriented market economy that Houphouet leads.

In addition to conducting these individual bilateral meetings, you should, if time permits, find an opportunity to consult with the familiar developed country leaders who will be at Cancun: Canadian Prime Minister Trudeau, British Prime Minister Thatcher, French President Mitterand, German Prime Minister Schmidt and Japanese Prime Minister Suzuki. A few extra minutes with Swedish Prime Minister Falldin, whom you have never met, would be well invested. But all these consultations should take a distinct second priority to your efforts to establish personal ties with developing country leaders.



5716 Add-07

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BUD NANCE	V		
DICK ALLEN		EEN	
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UNCLASSIFIED UPON REMOVAN. OF CLASSIFIED ENCLOSUNE(S)

RECEIVED 26 SEP 81 10

de 11/15/2013

PRES

FROM HAIG, A

DOCDATE 25 SEP 81

TYSON

13 OCT 81

KEYWORDS: CANCUN SUMMIT

AP

PEREZ LLORCA, JOSE

MEXICO

AUSTRALIA

KREISKY, BRUNO

CHINA PR

NIGERIA

ZHAO ZIYANG

SUBJECT: PROPOSED BILATERAL PRES MTGS W/ WORLD LEADERS AT CANCUN SUMMIT

ACTION: PREPARE MEMO FOR PRES

DUE:

STATUS IX FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

NAU

TANTER

FONTAINE

TYSON

GREGG

LILLEY

FEITH

WETTERING

KEMP

PIPES

STEARMAN

RENTSCHLER

COMMENTS **3 HOUR TURN AROUND ON CABINET CORRESPONDENCE*

REF# 8126946

LOG

NSCIFID

(B/)

ACTION OFFICER (S)

ASSIGNED

ACTION REQUIRED

DUE COPIES TO

DISPATCH

W/ATTCH FILE

NOTES FOR FILE



SUBJECT: Cancun planning group meeting, October 8, 1981

Comments by the President:

We need to develop a plan whereby industrial nations will do everything they can to find what is blocking development and determine what potential there is for growth and trade. Then the developed countries must find out how to remove roadblocks that may stand in the way of economic development for the developing countries. But, developing countries must also look internally to determine what roadblocks exist within their own countries.

Don't say no ... say yes to a cooperative strategy for global growth.

We ought to make it clear that we are in Cancun because we are a country that is consistently tried to help the developing nations. We are speaking from a perspective that involves a long history of helping the developing nations. We believe it's time for the less developed countries to identify their problems and begin working together, the developing and the developed countries, to determine what is necessary to bring about economic development. We need to discuss what we can do in a common effort. I am willing to sit down with each of you and talk about what we can do together.

10/15

THE POSITIVE POINTS IN SUMMARY BY CO-CHAIRMEN

Re Comain sur mit

- 1. The spirit was extremely constructive and positive.
- We believe that together we succeeded in creating a spirit of genuine confidence and trust.
- 3. The document reaffirmed the use of existing institutions in stating that heads of state and government were clearly determined to attack the problems on an urgent basis in the international institutions existing for this purpose.
- 4. Dealing with food security the emphasis was placed on the eradication of hunger. It was pointed out that substantive and long-term <u>internal</u> effort on the part of developing countries to attain increasing self-sufficiency in food production is the basic element in obtaining the real answer to the problem of hunger.

As pointed out in the Philadelphia speech, timely and sufficient international technical financial support is needed in coordination with international policies and strategies.

The stress is therefore put on the internal policies of the individual countries rather than simply on external assistance

as a temporary tool in emergency situations which should not be used as a permanent replacement for the necessary development of the required food production in developing countries themselves.

5. The co-chairmen recognize that one must take a look at producing the number of international institutions which are necessary and that in the area of international agricultural food organizations within the framework of the UN there needs to be a review in order to avoid duplication of work and to use available resources more effectively. The co-chairmen adopted the President's suggestion made in the plenary session that task forces should be sent from developed to developing countries in order to assist developing countries in developing and implementing agricultural programs and effectively disseminating high productivity and agricultural techniques.

- 6. We recognize trade barriers against agricultural products

 hinder the growth of agricultural activities and the achievement

 in

 of food security objectives./ areas of trade the recognition

 of the need on the parts of all governments to resist protectionist

 pressures.
- 7. There was a stress on the importance of the proposed GATT

 As ministerial meeting in discussing energy. was stressed in Philadelphia, there is a need for increased energy investment from private as well as official sources.
- 8. In discussing multilateral/financial issues, he stressed, as the President did at the IMF World Bank meetings and in Philadelphia, the role of the relevant multilateral institutions and particularly the IMF and the World Bank in light of the current economic and financial problems facing the governments of developing countries.

II. SUBSTANTIVE ELEMENTS OF U.S. DEVELOPMENT POLICY FOR CANCUN

Long-term, non-inflationary growth depends upon:

- a) adoption of appropriate domestic policies by developed and developing countries,
- b) mobilization of internal (private sector) resources,
- c) recognition that external resources generated by trade and investment are more important than development assistance.

Emphasis must shift from "resource transfer" proposals which have characterized the dialogue with developing countries to "resource generation" measures. Our approach requires an integrated policy approach across economic sectors, specifically, investment, trade, agriculture and energy.

INVESTMENT

It is essential to create an overall economic and political environment conducive to both domestic and foreign investors.

Proposals

- Increase co-financing and other private financing with the multilateral development banks.
- 2. Enhance the International Finance Corporation activities -- the IFC fosters private sector debt and equity financing of investments in the developing countries. Its program is increasing in both size and diversity. The bulk of the IFC projects (about \$3.3 billion) are privately financed in the LDCs from domestic and external sources.
- 3. Multilateral investment insurance guarantees should be arranged through an "International Investment Insurance Agency" (within the framework of the IBRD).
- 4. Create a mechanism to promote general agreement on investment, similar to the GATT, allowing countries to harmonize investment policies and negotiate mutually beneficial improvements.
- 5. Tax measures -- An effort will be made to identify tax measures which might increase market-oriented investment from both external and domestic sources in the LDCs.

CANCUN TRADE OPTIONS

The U.S. is committed to an open world trading system which will provide all countries an opportunity to strengthen and diversify their economies.

Proposals

- 1. Establish strong safeguard actions for the LDCs.
- 2. Encourage further trade liberalization, especially with the advanced developing countries -- use GATT.
- Launch extensive rounds of consultations with all countries, including developing countries, in preparation for the GATT ministerial.
- 4. Announce that the U.S. will support extension of the generalized system of preferences (GSP) beyond its scheduled termination date of 1985.

AGRICULTURE

Emphasis will be on the importance of market-oriented policies, fostering greater reliance on markets and entrepreneurship. It is expected that this approach will create rising agricultural productivity, self-sustaining capacity for research and innovation, and stimulation of employment-creating entrepreneurship in rural areas.

Proposals

- Encourage LDC economic policies which: (a) reduce or eliminate subsidies to food consumers; and (b) provide adequate and stable price incentives to the agricultural sector to increase production.
- 2. Emphasize innovative joint research and development activities undertaken through U.S. and LDC institutions.
- 3. Encourage rural credit, improved storage and distribution facilities, and roads to facilitate marketing and education.
- 4. Insist that recipient countries adopt a marketoriented agriculture policy, which permits prices to find their own levels without production or consumption subsidies.

ENERGY

The U.S. will increase funding for energy-related activities in the years ahead, with emphasis on a mix of public and private efforts and the mobilization of LDC resources.

Proposals

- 1. U.S. bilateral assistance program in energy must stress technical assistance rather than resource transfers. The U.S. will support energy lending by multilateral institutions provided projects are economically viable. Such lending should accelerate LDC energy development by encouraging private investment in energy development.

 (Note: U.S. opposed to new Energy Affiliate.)
- Greater private sector support will be sought in the energy area.
- 3. The U.S. will support selected elements of the program of action of the U.N. Conference on New and Renewable Resources of Energy.
- 4. Intensified energy training programs for technicians from developing countries will be considered.

NOTE: The foregoing proposals are elaborated upon in a set of papers developed through the Cabinet Council on Economic Affairs. In addition to detailed papers on the above, there are also papers which elaborate upon contributions already made by the U.S. -- to be interwoven as appropriate.



US Approach to Development Policy at Cancon

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- a) adoption of appropriate domestic policies by developing countries
- b) institization of internal (private sector) resources
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THE WHITE HOUSE

WASHINGTON

NOTE FOR MIKE DEAVER

SUBJECT: Cancun Planning Meeting

Attached is the material developed by Treasury, State and USTR. Since we have two meetings today (10 a.m. and 3 p.m.), it is recommended that we review the work of the interagency group this morning and present final options to the President this afternoon.

What you have, in summary, is:

GLOBAL NEGOTIATIONS PAPER

Options:

- 1. Emphasize the specialized institutions -- decline to participate in global negotiations.
- Emphasize the specialized institutions (as in I), but agree to return to process for global negotiations provided unknown conditions are met.
- 3. Emphasize the specialized agencies and design a work program for them which would be supervised by a Cancun follow-up group. Delay on global negotiations.

INVESTMENT OS APPROACH AT CANCUN

under this heading, the paper addresses a series of recommendations which should either be approved, rejected or amended.

It is essential to create an overall economic and political environment Recommendations: conducine to both domestiz and foreign investors.

Proposals

- Increase co-financing and other private financing with the multilateral development banks.
- 2. Enhance the International Finance Corporation activities -- the IFC fosters private sector debt and equity financing of investments in the developing

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countries. Its program is increasing in both size and diversity. The bulk of the IFC projects (about \$3.3 billion) are privately financed in the LDCs from domestic and external sources.

- 3. Investment insurance guarantees should be arranged through an International Investment Ensurance Agency.
- 4. Create a mechanism to promote general agreement on investment, Similar to the GATT, of allowing countries to hermonize must be constructed improvement
- 5. Tax measures -- An effort will be made to identify tax measures which might increase market-oriented investment from both external and domestic sources in the LDCs.

CANCUN TRADE OPTIONS

The US is committed to an open world trading System which will provide all countries an opportunity to strongthen and diversify their economies.

1. Establish strong safeguard actions for the LDCs.

- 2. Engage in reciprocal, multilateral negotiations within GATT.
- Encourage further trade liberalization, especially with the advanced developing countries -- use GATT.
- 4. Launch extensive rounds of consultations with all countries, including developing countries, in preparation for the GATT ministerial.
- Announce that the U.S. will support extension of the generalized system of preferences (GSP) beyond its scheduled termination date of 1985.
- 6. Do not make pledges at Cancun which would be impossible to fulfill at home.
- Encourage complementary private investment, development assistance and technology sharing.

AGRICULTURE (This section has been revised.)

EMERGY

This section consists of a series of statements upon which we should agree

AGRICULTURE

Emphasis will be on the importance of market-ornented policies, creating greater relience on markets and antrepreneurship. To It is expected that the this approach will create rising agricultural productivity, self-sustaining capacity for research and innovation, and strumlation of comployment-creating entrepreneurship in wral areas.

Proposals:

- Food and agricultural production must be profitable. We would therefore encourage LDC economic policies which: (4) reduce or eliminate subsidies to food consumers; and (2) provide adequate and stable price incentives to the agricultural sector to increase production.
- -- 2. New emphasia will be placed on innovative joint research and development activities undertaken through U.S. and LDC institutions.
- -- 3. Creater emphasis will be given to rural credit, improved storage and distribution facilities, and roads to facilitate marketing and education.
- --

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ENERGY

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- 4. Intensified energy training programs for technicians from developing countries will be considered.

Proposeds:

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BACKGROUND POINTS ON CONFERENCE STATEMENTS FOR GLOBAL NEGOTIATIONS

The conference language is consistent with the language

of the Ottawa Summit Communique. The conference statement

indicates that in order to have Global Negotiations, they must be

"on a basis to be mutually agreed." Note that the President in

his opening address at Cancun referred to the understandings necessary

for the United States to participate in Global Negotiations.

Clearly there could not be mutual agreement by all parties

unless the US understandings are met. Our objective is to

work with other countries to obtain support for the understandings

set forth by the President which will in turn permit resumptions

of the preparatory process.

Question: By agreeing to the conference language, has the US gone beyond the Ottawa Summit commitment?

Answer: There was no further commitment to Global Negotiations in Cancun. However, there was an elaboration of understandings

necessary for the US to enter into Global Negotiations. In addition, the US was the only country which laid out understandings it felt must be met before it could participate in Global Negotiations.

Question: Does this mean you are now going to the UN for Global Negotiations?

Answer: We have only agreed to go to Global Negotiations
on the basis of the four understandings set out by the President
in his Cancun speech. We are now/to work together in various
ways bilaterally and multilaterally to see if we can gain
acceptance of these understandings.

Office of the Press Secretary (Cancun, Mexico)

FOR IMMEDIATE RELEASE

OCTOBER 22, 1981

STATEMENT BY THE PRESIDENT
AT THE OPENING OF THE
INTERNATIONAL MEETING ON COOPERATION
AND DEVELOPMENT

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 has 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 U.S. 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 ene 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 internation, 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, where—ever 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 taken 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 U.S. 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 U.S. 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 U.S. contribution in trade. Far too little world attention has been given to the importance of trade as a key to development.

The U.S. 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 belive 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 U.S. 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 chances 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. I suggest that officials of our governments informally confer in the months ahead as to appropriate procedures.

But our main purpose ir 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 selfsustaining 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 people and together take a step for mankind.

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