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

Case File Number(s): 018895-033699 **Box:** 16

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FOIA

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B-1 National security classified information [(b)(1) of the FOIA]

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B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA] B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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WHITE HOUSE CORRESPONDENCE TRACKING WORKSHEET

F0006-02

□ O - OUTGOING				
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n - 4 - Dutch n - 5 - Ron Reagan			H - Handcarried L - Letter	
n - 6 - Ronald			M - Mailgram O - Memo	
n - 7 - Ronnie			P - Photo	
CLn - First Lady's Cor			R - Report S - Sealed	
n - 1 - Nancy Reag n - 2 - Nancy	an		T - Telegram	
n - 3 -			V - Telephone X - Miscellaneous	
CBn - Presidential & F	First Lady's Correspondence		Y - Study	
	gan - Nancy Reagan			

Dear Congressman Livingston:

Max Friedersdorf has forwarded to me your July 6 letter and Charles J. Pisano's June 16 letter in which he generously offess his condominium and assistance for the President's use in October.

We are dealing directly with the Government of Mexico on the arrangements for the Cancun trip and therefore will not be able to accept Mr. Pisano's hospitality. Please let him know how much was kindness was appreciated.

Best regards.

Sincerely,

Joseph W. Canzeri Deputy Assistant to the President

The Honorable Robert L. Livingston House of Representatives Washington, D.C. 20515

cc: Max Friedersdorf

Dear Bob:

Let me apologize for the delay in responding to your July 6 letter forwarding a copy of Mr. Charles J. Pisano's correspondence in which he offers his residence in Cancun, Mexico for the President's use in October.

Please be assured that the President deeply appreciated knowing of Mr. Pisano's kind offer. I have taken the liberty of directing your constituent's correspondence to the apprepriate White House office for further consideration.

Thank you very much for your interest in writing on behalf of Mr. Pisano.

With cordial regard, I am

Sincerely,

Max L. Friedersdorf Assistant to the President

The Honorable Robert L. Livingston House of Representatives Washington, D.C. 20515

MLF/CMP/ASR/las --

cc: w/copy of inc, Steve Studdert (Advance) for appropriate handling

ROBERT L. LIVINGSTON
1ST DISTRICT, LOUISIANA

APPROPRIATIONS COMMITTEE

SUBCOMMITTEES:

FOREIGN OPERATIONS

LABOR, HEALTH, HUMAN SERVICES, AND EDUCATION



Congress of the United States House of Representatives

Washington, D.C. 20515

July 6, 1981

WASHINGTON OFFICE:

ROOM 206

CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515

(202) 225-3015 DISTRICT OFFICE:

642 F. EDWARD HEBERT BUILDING 610 SOUTH STREET NEW ORLEANS, LOUISIANA 70130 (504) 589-2753

031324

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

Enclosed please find a copy of a letter from Charles J. Pisano who has offered his residence in Cancun, Mexico for your use during the North-South Conference of World Leaders in October. It is a generous offer that I am sure you will appreciate.

Sincerely

ROBERT L. LIVINGSTON Member of Congress

RLL:jb Enclosure Charles J. Pisano
Attorney and Counselor at Law
901 First National Bank of Commerce Building
New Orleans, Louisiana 70112
Telephone A/C (504) 581-9137



MARCO A. ROSAMANO

OF COUNSEL EUGENE C. PISANO

June 16, 1981

Honorable Robert Livingston United States Representative Hale Boggs Federal Building 500 Camp Street New Orleans, Louisiana 70130

JUN 2.51981

Re: North -South Conference
of World Leaders

Dear Sir:

I understand that President Reagan will attend a North South Conference of World Leaders in Cancun, Mexico October 22nd, and 23rd, 1981. I think I can be of great assistance in making the necessary arrangements for the President and his party in Cancun. I own a condominium which happens to be just a few residences away from President Portillo's on the beach of Cancun. I own one unit in the Casa Maya Condominium complex and serve on the Board or Owners Committee as Vice President. I can make my unit at the Casa Maya available for the President and/or his parties, and am sure could arrange to have as many rooms in the Hotel secured for the President's use. I am also familiar with the island of Cancun, it's people and Geography. I can assist not only in the Hotel Accomodations but in Security and Transportation as well.

If I can be of any assistance in this matter, please contact me immediately, for it will take time to make the necessary arrangements.

Thank you, with kind regards, I remain,

Charles J. Pisano



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MEMORANDUM

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THE WHITE HOUSE

WASHINGTON

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July 10, 1981

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ACTION

MEMORANDUM FOR RICHARD V. ALLEN

FROM:

CHARLES P. TYSON CAN

SUBJECT:

Cancun Summit

Background

The Cancun Summit will take place from Wednesday, October 21, through Friday, October 23. As you know it will be co-hosted by Mexican President Lopez Portillo and Austrian Chancellor Kreisky. Lopez Portillo is placing a great deal of his stock as a pre-eminent world leader in the successful outcome of the Summit. He has the direction of the Summit in the hands of Ambassador Andres Rosental, who is a very gifted and able administrator and negotiator.

The entire 22-nation Heads of State will be housed in the Cancun Sheraton, along with an additional ten rooms allocated to staff, which includes security. An additional hotel is available to the American delegation for support staff.

Many of the decisions with respect to the agenda and its structure will be left to the meeting of the Foreign Ministers on August 1 and 2, which will take place in Cancun and be a dry run of the Summit. The planning is very detailed, well organized, and very well thought out to the smallest detail. There will be four meeting sessions and it is anticipated that each session will be devoted to a single topic (Trade, Energy, Food, Debt).

Following is a schedule that will be proposed to the Foreign Ministers:

- Wed, Oct 21 Day of arrival for all Heads of State.

 President Lopez Portillo tentatively scheduled to greet each Head of State at the Cancun Airport with appropriate arrival ceremony.
 - 2030 Dinner at Gaviotas hosted by President Lopez
 Portillo for Heads of State only (informal,
 with brief remarks by President Lopez Portillo);
 no agenda. (Buffet for staffs of Heads of State
 staying at the Sheraton in Conference Rooms.)

N5C#8104203

Thu, Oct 22

- 0930 Heads of State and two staff members per Head of State gather in the Delegates Lounge.
- Opening Session -- Heads of State seated around circular table, with two staff members each seated behind. Interpretation in five languages will be provided by the Mexicans -- and each Head of State will be allowed his own interpreter.
- 1330-1630 Open time for luncheon, meetings, etc.
- 1630-1900 Second session, same arrangements as opening session.
 - 1900 Dinner open.

Fri, Oct 23

- 0930 Heads of State and two staff members per Head of State gather in the Delegates Lounge.
- 1000-1330 Third session, same arrangements as opening session.
- 1330-1630 Open time for luncheon, meetings, etc.
- 1630-1900 Fourth session, same arrangements as opening session.

Departure

As you will note from the above schedule, the sessions will be very informal and unstructured -- no coats and ties -- and a substantial amount of time for private meetings with Summiteers.

Press Arrangements

The press will probably be allowed a photo opportunity at the beginning of the first session. No press will have access to the Sheraton Hotel after the photo opportunity until the conclusion of the Summit.

US, Japan, and Germany press will have separate press facilities at their hotels, and a general press facility will be headquartered at the Cancun Convention Center with all appropriate communication facilities to respective countries.

It is anticipated that the three major networks will originate, probably morning and evening shows, from Cancun. The Mexican Government will provide at agreed-upon times a pool television coverage of the session. The Mexicans anticipate that a Head of State, probably President Lopez Portillo, will be designated by the other Heads of State as spokesman for at least one review of the Summit to take place at 8 p.m. on Friday, October 23, at the conclusion of the Summit. Other Heads of State and staff will be free to brief the press outside of the Sheraton anytime desired.

Communication Facilities

The Mexican Government will have installed two satellite communication systems in Cancun with private direct lines to each Summit country capital. In addition, WHCA will have installed the normal complement of communication facilities. A 24-hour communication system will be set up at the Convention Center and at the Sheraton Hotel for hard copy and voice, provided by the Mexican Government.

ACTION

1. Andres Rosental will be in Washington mid-July and is scheduled to meet with Myer Rashish the afternoon of Thursday, July 16. The purpose of the meeting is to discuss the schedule and substance. Henry Nau and I will attend the meeting, which will help to avoid the obvious problems that developed, from a scheduling and substantive standpoint, with the Ottawa Summit.

Recommendation

That you approve Henry Nau's and my attendance at the above-mentioned meeting.

	/	<i>'</i>	
Approve	1/	Disapprov	e
Approve		DIBUPPIOV	<u> </u>

Note: I expressed to Andres that the White House will take a much greater role in the Cancun Summit preparations than it has at the Ottawa Summit. He expressed his appreciation, and commented that his relationship with the White House has been extremely positive in Ciudad Juarez through the early San Diego briefings -- and the Camp David meetings.

2. Andres Rosental has requested a meeting with you on Thursday, October 16 -- to which I would like to respond affirmatively when I talk with him tomorrow. It would be an opportunity not only to discuss Cancun, but to discuss the Caribbean Basin plan on which he obliquely indicates his government is very soft.

Recor	nmen	dation:	<i>+</i> .
That	you	schedule a meeting	July with Rosental on October 16.
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RECEIVED 13 JUL 81 16

TO ALLEN

FROM TYSON

DOCDATE 10 JUL 81

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KEYWORDS: MEXICO

SUMMIT

SUBJECT: BACKGROUND PAPER FOR CANCUN SUMMIT

DUE: STATUS C FILES WH ACTION: NOTED BY ALLEN

FOR ACTION FOR COMMENT

FOR INFO

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TYSON

COMMENTS

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THE WHITE HOUSE

WASHINGTON

July 27, 1981

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MEMORANDUM FOR:

RAYMOND G. H. SEITZ

FROM:

RICHARD G. DARMAN

SUBJECT:

White House Participants in Cancun Visit

Per conversation, the following members of the White House and

NSC staff will participate in the Cancun visit:

Michael K. Deaver

and Deputy Chief of Staff
Richard G. Darman

Assistant to the President

Deputy Assistant to the President and Deputy to the Chief of Staff

Craig L. Fuller
Deputy Assistant to the President
and Director of Cabinet Administration

Joseph W. Canzeri
Deputy Assistant to the President
and Assistant to Deputy Chief of Staff

Henry R. Nau Senior Staff Member, National Security Council

Attached are relevant details \underline{re} rank, passport numbers, etc. Thank you for your help.

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Ronald Reagan Library

Collection Name

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

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Name	Rank	Passport No. & Issue Date	DOB	POB	SS#
Michael K. Deaver	Executive Level II	X 155 822 2/13/81	4/11/38	Bakersfield, California	565-50-7363
Richard G. Darman	Executive Level III	X 156 074 3/6/81	5/10/43	Charlotte, North Carolina	015-32-1882
Craig L. Fuller	Executive Level III	X 156 083 3/6/81			
Joseph W. Canzeri	Executive Level III	X 155 823 2/13/81	5/16/30	Schuylerville, New York	063-26-4171
Henry R. Nau	Executive Level IV	Y 170 8085 3/10/81			

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THE WHITE HOUSE

DEPARTMENT OF STATE 7

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FROM

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REMARKS:			

REMARKS:

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

15 October 1981

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FGD10-02

MEMORANDUM FOR THE PRESIDENT

FROM:

EDWIN MEESE III and JAMES A BAKER III

SUBJECT:

Global Negotiations Strategy for Cancun

Attached (Tab A) is a memorandum from Al Haig concerning our "global negotiations" strategy for Cancun. As Al discussed with you on the telephone yesterday, he is concerned that we not take a public position which would be unnecessarily contentious on this subject and suggests that the original strategy memorandum, which had been approved by all parties, be changed.

We believe these differences can be resolved as follows:

- -- the original strategy memorandum, dated 13 October 1981, Subject: Cancun -- Development Policy (Tab B), continue to be the basic document for internal use within the Administration.
- -- the language contained in Al Haig's suggested revision be incorporated in any future <u>public</u> statements or guidance for <u>external</u> <u>use</u>.

We have discussed this with Al Haig and he concurs in this resolution of the matter.

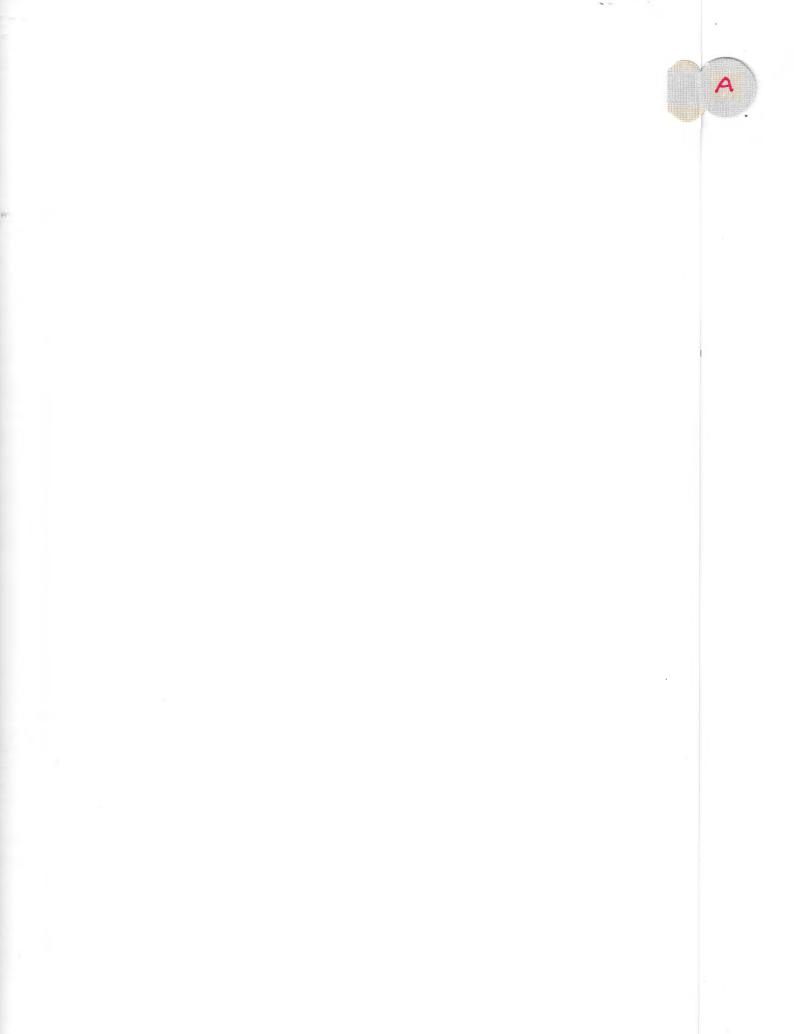
CONFIDENTIAL ATTACHMENTS

CLASSIFIED ENCLOSURES 2019

10/13/81 memo from Richard Darmon and Craig Fuller attached

'81 001 15 P7:20

'81 OCT 15 P7:20



THE SECRETARY OF STATE WASHINGTON



October 14, 1981

MEMORANDUM FOR: THE PRESIDENT

From: Alexander M. Haig, Jr.

Subject: Global Negotiations Strategy for Cancun

In the last several days we have received a considerable amount of intelligence on what to expect at Cancun. It is increasingly clear that the issue of global negotiations will be the centerpiece of the discussions. Our developed country colleagues appear to feel as strongly about this as the developing countries. A recent letter to me from German Foreign Minister Genscher stresses this point, and indicates that we would have an ample opportunity to pursue our strategy for global growth under the heading of global negotiations.

In light of this, I have taken another look at the guidance memo summarizing the results of our discussion last Thursday on global negotiations. As presently written, the memo is needlessly contentious in attacking UN Resolution 34/138. If we stand on that negative ground, it will completely undercut the positive program you have developed and, despite our efforts, we will find ourselves on the defensive and isolated in Cancun.

We can easily avoid this self-inflicted wound by presenting our position on the negotiations — with which I am in complete agreement — in more positive terms. Attached is a suggested rewrite of that part of the memo which does the trick. The guidance states that we would be willing to participate in preparatory talks in the United Nations provided that the four conditions on which we insist are met. On an if-asked basis, we would note that we have proposed a set of conditions for our returning to the preparatory table and would not do so if the talks were conducted on the basis of UN Resolution 34/138. Our stress would be on our hope that others would agree to put aside the substance of that resolution and begin afresh to work out a procedural basis and agenda that would offer the prospect of meaningful progress.

CONFIDENTIAL

GDS 10/14/87



This approach serves precisely the same interests we all have in avoiding preparatory discussions or negotiations under UN Resolution 34/138, but enables us to do so in a way which puts you in a leadership position. I recommend you approve this more positively phrased guidance.

Attachment:

Revised Guidance.





- (1) We have said that we would be willing to "participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress." (Note emphasis.)
- (2) We would indicate that we are now, and would continue to be, willing to participate in talks with individual countries, with regional groups and with other interested parties, and that we would be willing to return to preparatory talks in the United Nations provided that:
 - (a) the talks must have a practical orientation toward identifying, case-by-case, the specific potential for and obstacles to development obstacles which a cooperative effort might remove;
 - (b) the talks must proceed on a basis that would respect and preserve the competence, functions, powers, voting arrangements, and charters of the specialized international institutions and not seek to create new international institutions;
 - (c) the general objective of such talks must be the identification of conditions necessary to increase economic development (rather than a restructuring of the international economic system); and
 - (d) such talks must be entered into in a cooperative spirit rather than one in which views become polarized and chances for agreement are needlessly sacrificed.

If we were asked whether we would be willing to return to preparatory talks if they were to be conducted on the basis of U.N Res. 34/138, we would indicate that—as our previous statement implies—we would not, but that we should begin afresh to work out a procedural basis and agenda that would offer the prospect of meaningful progress and that we would hope other countries at Cancun could instruct their delegations to join us in this effort.

(3) We believe these conditions provide the only basis on which practical progress can be made. We would, therefore, take the initiative in laying down our conditions

Actioning State Waiver 18 AV 18015



THE WHITE HOUSE

WASHINGTON

October 13, 1981

NOTE FOR:

THE VICE PRESIDENT SECRETARY HAIG SECRETARY REGAN EDWIN MEESE III

AMBASSADOR BROCK
AMBASSADOR KIRKPATRICK
JAMES A. BAKER III
MICHAEL K. DEAVER
RICHARD V. ALLEN

MARTIN ANDERSON DAVID R. GERGEN

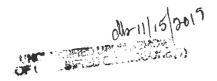
FROM:

CRAIG L. FULLER C

SUBJECT:

Cancun -- Development Policy

Attached is a revision of the "Cancun/Development Policy" memo previously circulated on October 9. It reflects modifications made through discussion at today's meeting of the Cabinet Council on Economic Affairs, and previously approved Presidential guidance. It is our understanding that this now represents fully agreed quidance for internal use within the Administration.







U.S. POLICY RE
"GLOBAL NEGOTIATIONS"
AND
DEVELOPMENT

Hotel ME Waver of No. 115/2019

This formulation is in two parts:

- (I) a question and answer <u>re</u> the procedural issues raised by the phrase "Global Negotiations"; and
- (II) a summary of substantive themes and initiatives that comprise the Reagan administration's approach to development.
- (I) Q. & A. RE "GLOBAL NEGOTIATIONS"
- Q. The Ottawa Summit Declaration committed the summit members to "participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress." The co-chairmen's press statement following the Cancun Ministerial Preparatory Meeting (in which the U.S. participated) stated that a purpose of the Cancun Summit is to "facilitate global negotiations." Is the U.S. now willing to return to the U.N. preparatory disucssions on global negotiations?
- A. (1) The United States strongly favors the development of a cooperative strategy for global growth. We believe that experience -- including our own development experience -- confirms the importance of:
 - (a) opening up markets, both within individual countries and among countries;
 - (b) improving the climate for private investment, and the transfer of technology that comes with such investment;
 - (c) orienting assistance toward the development of self-sustaining productive capacities;
 - (d) tailoring particular development strategies to the specific needs and potential of individual countries and regions; and
 - (e) creating a political climate in which practical solutions can move forward -- rather than founder on naive or contentious rhetorical debate.
 - (2) With this general framework as our guide, we are prepared to examine the specific needs and potential of particular countries and regions -- while at the same time we examine how a common effort might best overcome identified obstacles and promote desired development.

- We have said that we would be willing to "participate (3) in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress. (Note emphasis.) We do not believe that Global Negotiations as contemplated and defined in U.N. Res. 34/138 (December 1979) would offer the prospect of meaningful progress. The agenda is at once too general and too far-reaching to provide a practical basis for proceeding. And references to the "New International Economic Order" and the "restructuring of international economic relations" are undesirable reminders of the type of contentious ideological environment in which cooperative solutions are unlikely to be found. We therefore would not return to preparatory talks if they were to be conducted on the basis of U.N. Res. 34/138. We would ask the Cancun countries to agree to instruct their delegations and encourage others to put aside the substance and agenda of U.N. Res. 34/138 and begin afresh to work out a procedural basis and agenda that would offer the prospect of meaningful progress.
- (4) We are now, and would continue to be, willing to participate in talks with individual countries, with regional groups, with other interested parties -- and even with all countries simultaneously -- provided that:
 - (a) the talks must have a practical orientation toward identifying, case-by-case, the specific potential for and obstacles to development -obstacles which a cooperative effort might remove;
 - (b) the talks must proceed on a basis that would respect and preserve the competence, functions, powers, voting arrangements, and charters of the specialized international institutions -and not seek to create new international institutions;
 - (c) the general objective of such talks must be the identification of conditions necessary to increase economic development (rather than a restructuring of the international economic system); and
 - (d) such talks must be entered into in a cooperative spirit rather than one in which views become polarized and chances for agreement are needlessly sacrificed.
- (5) We believe these conditions provide the only basis on which practical progress can be made. Preparatory talks conducted on the basis of U.N. Res. 34/138 have not and could not meet these conditions. But if talks at the U.N. could, on a new basis, meet these conditions, we would be willing to participate in them.

(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 investment.

Proposals

- (1) 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) Explore the further development of multilateral investment insurance guarantees, arranged through an "International Investment Insurance Agency" (within the framework of the IBRD), and building on the successful bi-lateral experience with OPIC.
- (4) Attempt to promote a general agreement on investment allowing countries to harmonize investment policies and to negotiate mutually beneficial improvements in the climate for investment.
- (5) Tax measures -- an effort will be made to identify developed and developing country tax measures which might increase market-oriented investment from both external and domestic sources in the LDCs.

TRADE

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) The U.S. will join with LDCs in working out an effective safeguards code that reflects mutual concerns and interests.
- (2) Encourage further trade liberalization, especially with the advanced developing countries -- use GATT.
- (3) Launch extensive rounds of consultations with all countries, including developing countries, in preparation for the GATT ministerial.
- (4) Announce that the U.S. will continue to support the generalized system of preferences and will take the lead in urging other developed countries to match us in expanding developing nations' access to markets.

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

- (1) Encourage LDC economic polcies which: (a) reduce or eliminate subsidies to food consumers; and (b) provide adequate and stable price incentives to their 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) Urge that recipient countries more toward 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 resources 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.)
- (2) 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, along with increased emphasis on helping LDCs assess and more efficiently utilize their resources.

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.

NOTE:

DATE 10/11/81 CLASSIFIED MATERIAL V 2096339
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TO: Director S/8-I 7241

RECEIVED: Signature of Addressee)

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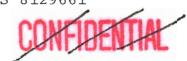
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DEPARTMENT OF STATE

Washington, D.C. 20520

October 11, 1981



MEMORANDUM FOR RICHARD G. DARMAN THE WHITE HOUSE

SUBJECT: Cancun -- Development Policy (your memo of

October 9)

I have cabled a copy of your memo to Secretary Haig in Cairo but have not yet gotten his comments. Pending receipt of these, we have a few suggestions:

- -- on page 3 we would suggest modifying "c" to read "recognition that trade and investment generate far more resources for development than concessional assistance"; and we would suggest adding a "d" to read "recognition of the need for providing adequate concessional assistance to the poorer nations who cannot attract investment and compete in the international trading system because they lack the necessary human and physical infrastructure."
- -- on page 3, number 5 we need to make clear that this involves US and developing country tax measures.
- -- on page 4 we suggest trade proposal number 1 be modified to read "establish an approach to the safequards issue which reflects the concerns of the LDCs."
- -- on page 5 suggest changing number 4 to read "...technicians from developing countries, increased emphasis on helping LDCs to assess and efficiently utilize their energy resources, and increased support for feasibility studies, will be considered."

After hearing from Secretary Haig, we may have additional comments.

L. Paul Bremer, ILI

Executive Secretary

cc - Richard Allen Martin Anderson Craig Fuller

GDS 10/10/87

CONFIDENTIAL

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CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

of CLASSIFICATION AND THE POOL

October 9, 1981

NOTE FOR:

THE VICE PRESIDENT SECRETARY HAIG SECRETARY REGAN EDWIN MEESE III AMBASSADOR BROCK

AMBASSADOR KIRKPATRICK JAMES A. BAKER III MICHAEL K. DEAVER

FROM:

RICHARD V. ALLEN MARTIN ANDERSON RICHARD G. DARMAN CRAIG L. FULLER

SUBJECT:

Cancun -- Development Policy

At the end of yesterday's meeting, we were asked to prepare a memo that would summarize such agreement as was reached. The attached memo represents our effort to formulate what seemed to be the final consensus, consistent with the President's guidance, on the subject of "global negotiations." It also summarizes the set of substantive proposals that have been under development -- but which have not yet been finally agreed in detail. On Tuesday, these proposals will be finally reviewed in the Cabinet Council on Economic Affairs -- and any unresolved issues will then be presented to the President for decision (prior to the Thursday speech).

If you have any comments on the attached, will you please inform Darman/Fuller's office at your earliest convenience.

Thank you.





U.S. POLICY RE "GLOBAL NEGOTIATIONS"

DEVELOPMENT



This formulation is in two parts:

- a question and answer re the procedural issues raised by the phrase "Global Negotiations"; and
- (II) a summary of substantive themes and initiatives that comprise the Reagan administration's approach to development.
- Q. & A. RE "GLOBAL NEGOTIATIONS" (I)
- The Ottawa Summit Declaration committed the summit members Q. to "participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress." The co-chairmen's press statement following the Cancun Ministerial Preparatory Meeting (in which the U.S. participated) stated that a purpose of the Cancun Summit is to "facilitate global negotiations." Is the U.S. now willing to return to the U.N. preparatory disucssions on global negotiations?
- The United States strongly favors the development of Α. (1)a cooperative strategy for global growth. We believe that experience -- including our own development experience -- confirms the importance of:
 - (a) opening up markets, both within individual countries and among countries;
 - (b) improving the climate for private investment, and the transfer of technology that comes with such investment;
 - (c) orienting assistance toward the development of self-sustaining productive capacities;
 - tailoring particular development strategies (d) to the specific needs and potential of individual countries and regions; and
 - (e) creating a political climate in which practical solutions can move forward -- rather than founder on naive or contentious rhetorical debate.
 - With this general framework as our guide, we are (2) prepared to examine the specific needs and potential of particular countries and regions -- while at the same time we examine how a common effort might best overcome identified obstacles and promote desired development.

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- We have said that we would be willing to "participate (3) in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress. (Note emphasis.) We do not believe that Global Negotiations as contemplated and defined in U.N. Res. 34/138 (December 1979) would offer the prospect of meaningful progress. The agenda is at once too general and too far-reaching to provide a practical basis for proceeding. And references to the "New International Economic Order" and the "restructuring of international economic relations" are undesirable reminders of the type of contentious ideological environment in which cooperative solutions are unlikely to be found. We therefore would not return to preparatory talks if they were to be conducted on the basis of U.N. Res. 34/138.
- (4) On the other hand, we are now, and would continue to be, happy to participate in talks with individual countries, with regional groups, with other interested parties -and even with all countries simultaneously -provided that:
 - (a) the talks must have a practical orientation toward identifying, case-by-case, the specific potential for and obstacles to development -obstacles which a cooperative effort might remove;
 - (b) the talks must proceed on a basis that would respect and preserve the competence, functions, powers, voting arrangements, and charters of the specialized international institutions -and not seek to create new international institutions;
 - (c) the general objective of such talks must be the identification of conditions necessary to increase economic development (rather than a restructuring of the international economic system); and
 - (d) such talks must be entered upon in a cooperative spirit rather than an adversarial one.
- (5) We believe these conditions provide the only basis on which practical progress can be made. Preparatory talks conducted on the basis of U.N. Res. 34/138 have not and could not meet these conditions. But if talks at the U.N. could, on a new basis, meet these conditions, we would be willing to participate in them.

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.

- 1. 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.
- 3. 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.

- 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.
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ENERGY

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- 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.)
- 2. 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.
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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.

UNCLASSIFIED UPC" REMOVE OF CLASSIFIED ENICLOSUS Mrs 11/15/20 THE WHITE HOUSE

WASHINGTON

October 9, 1981

NOTE FOR:

THE VICE PRESIDENT SECRETARY HAIG SECRETARY REGAN EDWIN MEESE III AMBASSADOR BROCK

AMBASSADOR KIRKPATRICK JAMES A. BAKER III

MICHAEL K. DEAVER

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SUBJECT:

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U.S. POLICY RE "GLOBAL NEGOTIATIONS" AND DEVELOPMENT



This formulation is in two parts:

- (I) a question and answer <u>re</u> the procedural issues raised by the phrase "Global Negotiations"; and
- (II) a summary of substantive themes and initiatives that comprise the Reagan administration's approach to development.
- (I) Q. & A. RE "GLOBAL NEGOTIATIONS"
- Q. The Ottawa Summit Declaration committed the summit members to "participate in preparations for a mutually acceptable process of global negotiations in circumstances offering the prospect of meaningful progress." The co-chairmen's press statement following the Cancun Ministerial Preparatory Meeting (in which the U.S. participated) stated that a purpose of the Cancun Summit is to "facilitate global negotiations." Is the U.S. now willing to return to the U.N. preparatory disucssions on global negotiations?
- A. (1) The United States strongly favors the development of a cooperative strategy for global growth. We believe that experience -- including our own development experience -- confirms the importance of:
 - (a) opening up markets, both within individual countries and among countries;
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(5)

- (4) On the other hand, we are now, and would continue to be, happy to participate in talks with individual countries, with regional groups, with other interested parties -and even with all countries simultaneously -provided that:
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DEPARTMENT OF STATE VERY URGENT VERY URGENT S/S # 000388 CLASSIFICATION MESSAGE NO. No. Pages _ S/S 22540 7224 Jerry Bremer FROM: . (Officer name) (Office symbol) (Extension) (Room number) Cancun -- Development Policy MESSAGE DESCRIPTION. TO: (Agency) DELIVER TO: Extension Room No. 456-2702 White House Mr. Richard Darman INFORMATION X PER REQUEST CLEARANCE COMMENT FOR: REMARKS:

WASHFAX RECEIPT

S/S Officer: Jerry Bremer/lcd

MEMORANDUM FOR:

The Honorable

Richard G. Darman The White House

FROM:

17 PER 1

L. Paul Bremer, III Executive Secretary Department of State

SUBJECT:

Cancun -- Development Posts

The Secretary has read your memo of October 9 on Cancun and asked me to convey to you his reactions.

He is in complete agreement with the substance of the memo. However, he believes that the way the position is stated in the paper would, if stated in public or even if used in private conversations, be seen as needlessly contentious.

He suggests instead that the last sentence of paragraph 3 on page 2 be modified to add after the phrase "on the basis of UN Res. 34/138", "The President would ask the Cancun countries to agree to instruct their delegations and Tobby with the others to put aside the substance and agenda of UN Res. 34/138, and begin afresh to work out a procedural basis and agenda which would offer the prospect of meaningful progress." If this were the case we would then be prepared to resume preparatory talks."

In paragraph 4, Secretary Haig suggests that letter "d" be modified to read "such talks must be entered into in a cooperative spirit rather than one in which views become polarized and thus chances for compromise are needlessly sacrificed."

CONFIDENTIAL

TO ALLEN

FROM DARMAN, R

RECEIVED 13 OCT 81 18

DOCDATE 13 OCT 81

FULLER, C

13 OCT 81

KEYWORDS: CANCUN SUMMIT

ECONOMICS

ENERGY

SUBJECT: CANCUN SUMMIT DEVELOPMENT POLICY

ACTION: FOR RECORD PURPOSES DUE: STATUS C FILE WH

FOR ACTION

FOR CONCURRENCE

FOR INFO

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