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

Case File Number(s): 040332 (4 of 9)

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File Folder FO006-02 (040332) (4 OF 9)

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DLB 11/19/2019

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F16-011

BIERGANNIS

83

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
243693	REPORT		2	3/2/1981	B1
243694	REPORT		2	7/21/1981	B1
243695	RE[PRT		1	4/29/1981	B1

The above documents were not referred for declassification review at time of processing

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

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

DEPARTMENT OF STATE
OFFICE OF THE SECRETARY

CONFIDENTIAL

FRG FOREIGN MINISTER GENSCHER
AUGUST 1, CANCUN

MAIN OBJECTIVES

1. Determine whether Schmidt will make any special proposals at Cancun Summit, what issues he plans to emphasize, and his views on any follow-up to the Summit.
2. Express concern about delay in FRG aid to Turkey.
3. Press Germans to provide greater economic assistance to Poland.
4. Indicate our satisfaction that, as result of Ottawa talks, Contact Group is back in action as a group.
5. Seek German political support for Caribbean Basin initiative.

BEAR IN MIND

1. The major importance to the Alliance of prompt FRG aid to Turkey, and the urgent requirement for additional FRG aid to Poland to help avoid a collapse of the Polish economy.

CHECKLIST

1. As appropriate, stress the importance of reaffirming the agreement to have no agenda and no communique at the Cancun Summit, and express our hope that it will change the tone of multilateral consultations.

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GDS 7/29/87

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Authority State Waiver
BY dh NARA DATE 11/18/2019



DEPARTMENT OF STATE
BRIEFING MEMORANDUM

8122568

S/S

JUL 29 1981

~~CONFIDENTIAL~~

TO: The Secretary

FROM: EUR - Lawrence S. Eagleburger

SUBJECT: Your Meeting with FRG Foreign Minister
Hans-Dietrich Genscher at Cancun

SUMMARY

You have just seen Genscher in Ottawa and cleared the decks of most current issues. This meeting offers an opportunity for last minute coordination for the Cancun Summit, as well as discussion of lesser issues not already resolved. Although U.S. and German views on the mechanics at Cancun largely coincide, divergences in our broader views on North-South and economic development issues could cause some friction. I will be seeing Genscher at Dulles Airport on July 30, and this meeting should serve to surface any new issues which Genscher will raise with you at Cancun.

I. OBJECTIVES

1. To prepare for the Cancun Summit by determining whether Schmidt will make any special proposals, what issues he plans to emphasize, and his views on any follow-up to the Cancun Summit.
2. To express concern about delay in FRG economic and military assistance to Turkey and appreciation for Genscher's help on this issue.
3. To press the Germans to provide greater economic assistance to Poland.
4. To indicate that we are pleased that, as a result of the Ottawa talks, the Contact Group is back in action as a group and that we look forward to the proposals now being considered by experts.
5. To seek German political support for the Caribbean Basin initiative.

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RDS-3 7/28/01

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BY db NND/DATE 11/18/2017

II. PARTICIPANTS

U.S.

The Secretary

FRG

Foreign Minister Genscher
State Secretary Lautenschlager
North-South Ambassador Sulimma

III. SETTING

Although FRG views on the mechanics of Cancun are very similar to ours, philosophical differences in our approaches to the Developing World and North-South economic relations may cause our policies to diverge. Since the Summit was inspired by the Brandt Commission, and the FRG is more sensitive to these issues than we have been, the FRG will be inclined to be sympathetic to Third World positions. Some Germans are concerned that Washington views the globe through an East-vs-West perspective, which downplays the aspirations of the developing world, avoids a North-South dialogue and emphasizes military increases. For example, FRG's Development Aid Minister Offergeld has recently been quoted as saying "The West's (U.S.'s) North-South policy prompts concern...Development policy must in no event degenerate into an instrument in the East-West conflict." This distorted image hampers our broader security objectives (e.g. TNF) in the Federal Republic. Adroit press play highlighting your participation in the August preparatory meeting and the President's role in the October Summit will be part of our effort to play a useful role in managing the FRG's domestic opposition to NATO military programs.

IV. DISCUSSION OF OBJECTIVES:

Key objectives and talking points follow on separate pages.

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1. To prepare for the Cancun Summit by determining whether Schmidt will make any special proposals, what issues he plans to emphasize, and his views on any follow-up to the Cancun Summit.

The Germans see the main focus of the August 1 and 2 meeting as establishing the procedures for October and agreeing on the main discussion topics. They oppose any change in number, or composition by region, of the participants. They want no common papers developed for October, no personal representatives appointed for preparations, and no final communique. They desire an informal interchange and an atmosphere conducive to discussions. They also hope that public expectations are not built up for some dramatic breakthrough in North-South relations. Although the FRG supports the concept of Global Negotiations (GN), they want no link between Cancun and GN and they oppose the idea that GN should be the center of Cancun considerations.

TALKING POINTS

- OUR APPROACHES TO CANCUN SEEM VERY CLOSE.
- DOES CHANCELLOR SCHMIDT PLAN TO MAKE ANY SPECIAL PROPOSALS AT CANCUN?
- DOES THE FRG HAVE ANY THOUGHTS ABOUT ANY POSSIBLE FOLLOW-UP TO CANCUN?

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-4-

2. To express concern about delay in FRG economic and military assistance to Turkey and appreciation for Genscher's help on this issue.

The FRG informed the Turks on July 24 that disbursement of economic and military aid would be delayed until at least September. Last month, the Bundestag Foreign Affairs Committee voted to defer consideration of military aid until after the summer break. Given sentiment in the Committee and in the Coalition caucuses, Aid Minister Offergeld decided not to disburse economic aid until the Bundestag resolved the question of military aid. We have prepared a direct appeal from you to Genscher in an attempt to break the impasse. However, it may be too late to convene a special Bundestag session. If in fact the Germans cannot disburse economic aid before the fall, it is vital that they assure the Turks and the other donors, preferably in public, that this delay is temporary and does not in any way betoken diminished support for Turkey.

TALKING POINTS

-- WE ARE DEEPLY CONCERNED BY THE BUNDESTAG'S DECISION TO DELAY CONSIDERATION OF MILITARY AID AND BY THE DELAY IN DISBURSEMENT OF YOUR GOVERNMENT'S 1981 ECONOMIC ASSISTANCE.

-- WE STRONGLY BELIEVE THAT THE EVREN GOVERNMENT WILL STAND BY ITS PUBLIC COMMITMENT TO RETURN TO DEMOCRATIC RULE. WE HAVE NOTED THE GERMAN CONCERN ABOUT POLITICAL DEVELOPMENTS IN TURKEY AND HAVE DISCUSSED THIS MATTER CANDIDLY WITH THE GOVERNMENT OF TURKEY.

-- IF YOUR GOVERNMENT FALTERS NOW IN ITS SUPPORT FOR TURKEY'S ECONOMIC RECOVERY, THE OECD MULTILATERAL EFFORT MAY BE THREATENED. WE HOPE THAT YOUR GOVERNMENT WILL MAKE EVERY EFFORT TO CONCLUDE THE 1981 ECONOMIC AID

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~~CONFIDENTIAL~~

-5-

AGREEMENT WITH TURKEY AS SOON AS POSSIBLE AND TO GIVE QUICK, FAVORABLE CONSIDERATION TO MILITARY ASSISTANCE TO TURKEY WHEN THE BUNDESTAG RECONVENES IN SEPTEMBER.

-- IF YOU CANNOT DISBURSE ECONOMIC AID BEFORE SEPTEMBER, IT IS VITAL THAT YOU ASSURE THE TURKS AND OTHER OECD DONORS THAT THE DELAY IS TEMPORARY AND DOES NOT IN ANY WAY BETOKEN A LESSENING OF SUPPORT FOR TURKEY.

-- NOT TO PROVIDE AID MAY REDUCE INCENTIVES TO RETURN TO DEMOCRACY.

-- THE POLITICAL SITUATION COULD WORSEN IF THE ECONOMY'S PERFORMANCE DOES NOT IMPROVE. AID IS ESSENTIAL.

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3. To press the Germans to provide greater economic assistance to Poland.

The Germans are split in their assessment of the advisability of further financial assistance to the Poles. Finance Minister Matthoeffler takes a dim view of further FRG aid in light of unsatisfactory contributions from other donors. The Foreign Ministry, however, strongly favors increased aid while Economic Minister Lambsdorff is somewhere in the middle.

TALKING POINTS

-- POLAND STANDS AT A MAJOR CROSSROADS. IF THE UNPRECEDENTED PLURALISTIC MODEL OF COMMUNISM EVIDENT AT THE RECENTLY CONCLUDED PARTY CONGRESS IS TO BE INSTITUTIONALIZED, POLITICAL-ECONOMIC STABILITY IN THE COUNTRY IS VITAL.

-- THE ECONOMIC SITUATION IN POLAND, HOWEVER, IS CATASTROPHIC. WE ARE CONVINCED THAT POLAND'S ECONOMY WILL CONTINUE TO CRUMBLE WITHOUT A COMPREHENSIVE ECONOMIC STABILIZATION AND REFORM PROGRAM. BUT THE SUCCESS OF SUCH A PROGRAM WILL BE QUESTIONABLE WITHOUT CONSIDERABLE EXTERNAL ECONOMIC ASSISTANCE.

-- IN ADDITION TO THE OTHER STEPS WE HAVE TAKEN, WE ARE PROVIDING POLAND WITH 400,000 TONS OF CORN ON CONCESSIONARY CREDIT TERMS.

-- IN OUR VIEW, MANY OF POLAND'S OTHER WESTERN CREDITORS HAVE NOT DONE ENOUGH IN PROPORTION TO THEIR MEANS AND TO THE STRONG WESTERN INTEREST IN HELPING MAINTAIN POLISH STABILITY.

~~CONFIDENTIAL~~

-7-

-- WE HOPE THAT THE FRG WILL TAKE A LEADING ROLE
IN BOTH PROVIDING ASSISTANCE TO THE POLES AND IN URGING
OTHER WESTERN CREDITORS TO MAKE A SIGNIFICANT CONTRIBUTION
TO WARSAW'S ECONOMIC RECOVERY.

CONFIDENTIAL

4. To indicate that we are pleased that, as a result of the Ottawa talks, the Contact Group is back in action as a group and that we look forward to the proposals now being considered by experts.

The CG is meeting in Paris at the Chet Crocker level on July 30-31 and at the Political Director level on August 4 to draw up plans on how to proceed on Namibia and a common agenda on Angola.

TALKING POINTS

-- WE ARE HAPPY THAT, AS A RESULT OF OTTAWA, THE CG IS BACK IN ACTION AS A GROUP.

-- WE LOOK FORWARD TO THE OUTCOME OF THE EXPERTS' SESSIONS IN PARIS.

-- I REALIZE WE ARE ALL TIRED OF THE NAMIBIA PROBLEM, BUT THE ONLY WAY TO GET IT OFF THE INTERNATIONAL AGENDA IS TO SOLVE IT.

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-9-

5. To seek German political support for the Caribbean Basin initiative.

The FRG bureaucracy is losing enthusiasm for this initiative, while the entire Government is concerned about increased budgetary outlays. We want to regain German political support for, and participation in, devising a Caribbean economic program. Asking for money at this stage would kill any hopes of FRG participation. The Germans currently have a relatively modest (75 million DM annually) aid program for the area; there is no chance in the near term that this figure can be increased.

TALKING POINTS

-- I MET JULY 11 IN NASSAU WITH THE FOREIGN MINISTERS OF CANADA, MEXICO AND VENEZUELA, AND WE AGREED TO WORK TOGETHER TO DEVELOP A MULTILATERAL FRAMEWORK FOR THE PROGRAM.

-- WE WILL NEED YOUR POLITICAL SUPPORT THROUGH PARTICIPATION IN THIS EFFORT. AT THIS POINT WE WOULD ESPECIALLY NEED YOUR IDEAS REGARDING THE BEST WAYS TO ATTACK THE BASIN'S DIFFICULT SOCIAL AND ECONOMIC PROBLEMS.

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FM CASTANEDA
MEXICO

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DEPARTMENT OF STATE

THE SECRETARY

MEXICAN FOREIGN SECRETARY CASTANEDA
AUGUST 1. CANCUN, MEXICO

MAIN OBJECTIVES

1. Remind Secretary Castaneda of your conversation on the return of the Cuban excludables.
2. Probe for Mexican assistance in bringing about talks about elections in El Salvador.
3. Reaffirm our interest in fishing talks and a quick release of the seized tuna boats.
4. Ask about Mexican arrangements for Caribbean Basin meeting between donors and Central Americans.
5. Respond to other bilateral issues which Castaneda may raise.

BEAR IN MIND

1. Difficulties in resuming bilateral fisheries talks.
2. The Mexicans wish to keep the spirit of Camp David meeting alive.

CHECKLIST

1. Stress our desire to maintain the collaborative tone set at Camp David for both bilateral and regional matters.
2. Stress the importance of reaffirming the agreement to have no agenda and no communique at the Cancun Summit, and express our hope that it will change the tone of multilateral consultations.

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GDS 7/30/87

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BY AW DATE 11/18/2019



DEPARTMENT OF STATE
BRIEFING MEMORANDUM

S/S

JUL 30 1981

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TO: The Secretary

FROM: ARA - Tom Enders *Tom 07/30*

SUBJECT: Your Meeting with Mexican Foreign Secretary
Castaneda August 1, at Cancun, Mexico

SUMMARY:

Your trip to Cancun provides an opportunity to discuss with Secretary Castaneda two important matters which have arisen since the Nassau meeting--possible Mexican assistance in returning to Cuba the excludable Cubans who came from Mariel and possible Mexican help in searching for a peaceful political solution to problems in El Salvador through elections. You should also cover several important bilateral issues discussed at Camp David in June, in order to maintain forward movement and build on the collaborative tone set there. These include the stalled fisheries talks, now further complicated by Mexico's seizure of two US tuna boats; regional consultations on the Caribbean Basin initiative; and possible oil purchases for the Strategic Reserve.

For his part, Castaneda may mention budgetary problems which have forced Mexico to cut back its spending on opium poppy eradication (we may be able to help take up the slack); and the Senate's delay in ratifying the Maritime Boundaries Treaty (still under review by the Executive Branch). While Castaneda has been less effusive than President Lopez Portillo in praising the cordiality which emerged from Camp David, we believe he will want to keep that positive mood alive and avoid any serious clash over bilateral issues.

I. OBJECTIVES

1. To follow up on your conversation with Castaneda at Nassau regarding the return of Cuban excludables to Cuba.
2. To remind Castaneda of our recent statement supporting elections in El Salvador as the quickest means to resolve its problems and ask how Mexico can assist.
3. To reaffirm our desire to get fishing talks resumed and tuna boat seizures resolved quickly.

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4. To trade notes on Caribbean Basin consultations and get a meeting scheduled between the four donors and the Central Americans.
5. To note our hope for a mutually beneficial arrangement to buy Mexican oil for the Strategic Reserve.
6. (If asked) To assure the Mexicans we hope to be helpful in maintaining the opium eradication program at its present level.
7. (If asked) To explain that the Administration's study of the Maritime Boundaries Treaty is continuing.

II. PARTICIPANTS

U.S.

Secretary Haig
Ambassador Gavin

MEXICO

Secretary Castaneda
Undersecretary Rosenzweig-Diaz

III. SETTING

In the aftermath of Camp David, we have moved ahead on several outstanding issues. We signed an agreement establishing a Trade Commission, scheduled a plenary meeting for September, and met at the technical level in Washington on July 29 to fix an agenda. We consulted further on immigration policy and briefed the Mexicans on the President's proposed reforms. You met with Castaneda (and the Canadians and Venezuelans) at Nassau to chart a program of economic and social aid for Caribbean nations to deal with the roots of unrest in the region. And on our side, we have begun preparations for setting up the binational commission mandated by the Presidents to study the structure of our overall relationship. (Gavin is in touch with the Mexicans on this.)

Although the Presidents also called at Camp David for resumption of fisheries talks, our plans to get together were set back by internal GOM jurisdictional feuding. Mexico's seizure of two US tuna boats inside its 200-mile "economic zone" (still not released) further clouded the picture. On the other hand, talks are progressing nicely between DOE and PEMEX on a possible purchase of Mexican crude for the Strategic Petroleum Reserve. With the oil glut seriously compounding Mexico's economic problems and private purchasers refusing to accept liftings at the current Mexican price, the USG interest in an oil deal won appreciation from President Lopez Portillo. Both he and Secretary Castaneda have spoken of a new climate of respect in our relations enabling both sides to work toward solutions of existing problems.

IV. DISCUSSION OF OBJECTIVES

1. To follow up on your conversation with Castaneda at Nassau regarding the return of Cuban excludables to Cuba.

During the Nassau meeting you raised with Castaneda the possibility of the Mexican Government passing on to Havana the urgency of taking back the 1200 excludables. Castaneda promised to look into the problem and to report back to you as soon as possible. We believe he has since been to Cuba (don't reveal).

TALKING POINTS

-- REMIND CASTANEDA OF YOUR CONVERSATION IN NASSAU AND ASK HIM IF HE HAS ANYTHING TO REPORT ON THIS PROBLEM.

2. To remind Castaneda of our willingness to facilitate contacts among Salvadoran political groups in the context of elections and to ask Mexico to make a similar offer of good offices.

In our talks with Mexicans at Dallas and again at Nassau, We stressed that countries interested in a political resolution could best help bring this about by associating themselves with the electoral process and within this context, by facilitating contacts among political parties willing to renounce violence. We then went public with this theme in my July 17 speech, in which the US offered to assist in promoting these contacts.

Mexico (Undersecretary Rosenzweig-Diaz) did not reject the idea of making an offer parallel to ours--at Nassau, Rosenzweig-Diaz promised to think about it--but so far it has not responded. We should point out to Castaneda that we have now taken a public position in favor of political contacts and would be pleased to have Mexico's company.

TALKING POINTS

--WE HAVE GENERALLY AGREED THAT POLITICAL CONTACTS AMONG NON-VIOLENT GROUPS IN EL SALVADOR WOULD BE A HEALTHY THING, AND WE BELIEVE SUCH CONTACTS SHOULD TAKE PLACE IN THE CONTEXT OF PREPARING FOR ELECTIONS.

--WE HAVE STATED PUBLICLY OUR WILLINGNESS TO FACILITATE THESE CONTACTS. WE WOULD BE GRATIFIED IF MEXICO WERE TO DO THE SAME.

--UNDERSECRETARY ROSENZWEIG-DIAZ TOLD ENDERS PREVIOUSLY THAT MEXICO WOULD CONSIDER TAKING A PARALLEL POSITION TO OURS BY MAKING AVAILABLE ITS GOOD OFFICES FOR SUCH CONTACTS. CAN WE LOOK FORWARD TO SUCH AN OFFER FROM MEXICO?

3. To reaffirm our desire to get fishing talks resumed and tuna boat seizures resolved quickly.

Although the GOM fisheries authorities agreed to hold exploratory talks in San Diego late in July, Castaneda's people at Foreign Relations balked saying they lacked time to prepare. Chances for a successful meeting were further impaired by Mexico's seizure of two US tuna boats, levy of fines, and confiscation of their nets and catches in Mazatlan (the boats still have not been released). President Lopez Portillo and Ambassador Gavin finally agreed the talks should be postponed; we hope the delay will not be lengthy. Our industry is very agitated by the Mexican handling of the seizures and is pressing for decisive action by the Administration.

TALKING POINTS

-- WE HOPE THE TALKS WILL RESUME SOON, AS OUR FISHERIES PROBLEMS, WHICH HAVE BEEN RAISED TO THE HIGHEST LEVEL OF OUR GOVERNMENT AS WELL AS YOURS, REQUIRE URGENT ATTENTION.

-- PROMPT MEXICAN ACTION TO RELEASE THE TWO BOATS NOW HELD AT MAZATLAN WITH MINIMUM PENALTIES IS REALLY ESSENTIAL AT THIS POINT TO AVOID A CONTENTIOUS AND POTENTIALLY DAMAGING PUBLIC ISSUE.

-- THERE IS ALREADY CONSIDERABLE PRESSURE TO IMPOSE A SECONDARY EMBARGO ON MEXICAN FISHERIES PRODUCTS. IN THE ABSENCE OF SWIFT, SATISFACTORY RESOLUTION OF THE SEIZURE ISSUE THAT PRESSURE WILL GREATLY INCREASE.

4. To trade notes on Caribbean Basin consultations and get a meeting scheduled between the four donors and the Central Americans.

At Nassau on July 11, the GOM volunteered to take the lead in organizing a Caribbean Basin meeting between the donors and the Central Americans. We have heard nothing further from Mexico and have consequently instructed our Ambassadors in Central America to stimulate a request for the meeting through host governments.

TALKING POINTS

-- HAS MEXICO MADE ANY HEADWAY IN LINING UP THE CENTRAL AMERICANS TO MEET WITH THE FOUR DONOR NATIONS? ARE THERE POLITICAL OBSTACLES WE MIGHT HELP OVERCOME?

5. To note our hope for a mutually beneficial arrangement to buy Mexican oil for the Strategic Reserve.

Department of Energy officials have been discussing a possible purchase of Mexican crude for the Strategic Petroleum Reserve with GOM and PEMEX officials, and they estimate chances for a successful deal at about 50-50. Anxious over declining oil revenues, the Mexicans have expressed appreciation over US interest, but a number of technical questions remain to be resolved before the transaction can be completed. Mexico cut its oil prices by \$4 per barrel June 1, but the move backfired politically and the PEMEX director was forced to quit. The price was raised again by \$2, leading several US and foreign buyers to halt lifting.

TALKING POINTS

-- WE ARE PLEASED THAT DISCUSSIONS ARE GOING FORWARD WITH RESPECT TO POSSIBLE PURCHASES FOR OUR STRATEGIC RESERVE. WE HOPE THAT A MUTUALLY SATISFACTORY DEAL CAN BE CONCLUDED.

-- (IF ASKED) THE USG HAS NOT BEEN INVOLVED IN PRIVATE U.S. COMPANIES' DEALING WITH PEMEX AND WOULD BE RELUCTANT TO PRESSURE THEM TO RESUME THEIR PURCHASES.

6. (If asked) To assure the Mexicans we hope to be helpful in maintaining the opium poppy eradication program at its present level.

A successful eradication program jointly financed by the U.S. and Mexico has sharply reduced the amount of Mexican heroin entering the U.S. The U.S. contribution has totaled some \$95 million to date. Last year, the GOM advised us that it intended to finance the program on its own, but recent budget problems have forced it to look to us again for help. We are disposed to provide the funding needed to keep the program operating at its present level and are looking for ways to do so.

TALKING POINTS

-- WE SHARE MEXICO'S DESIRE TO AVOID CUTS IN THE PROGRAM,
ONE WHICH WE REGARD AS A MODEL FOR OTHERS. WE ARE STUDYING
WAYS WE MIGHT BE HELPFUL AND WILL CONTINUE TO KEEP THE
GOM INFORMED.

7. (If asked) To explain that the Administration's study of the Maritime Boundaries treaty is continuing.

The US-Mexico Maritime Boundaries Treaty is stalled in the Senate, which deferred action last year because of assertions that the proposed treaty does not protect US hydrocarbon interests in the deep seabed of the Gulf of Mexico. Meanwhile, a 1976 Executive Agreement setting the same boundaries as the treaty remains in force. The GOM has ratified the treaty. The Senate will reconsider the treaty if the Administration so requests, and our position is now under review. Without real Administration support, however, ratification is unlikely.

TALKING POINTS

-- THE TREATY IS UNDER ACTIVE AND SERIOUS STUDY WITHIN THE EXECUTIVE BRANCH. WE CANNOT BE SURE AT THIS TIME WHEN TO EXPECT FURTHER ACTION IN THE SENATE.

Briefing Memo to the Secretary from Ambassador Enders

Subject: Your Meeting with Mexican Foreign Secretary
Castaneda August 1, 1981 at Cancun, Mexico

Drafted by: ARA/MEX: GDugan:mje
7/30/81 X: 21881

Clearances: ARA/MEX - T.F.Crigler
ARA - E.E.Briggs
P - K.Brill (substance)
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OES - T.Kronmiller
EB - R.Fichte (substance)
ARA/CEN - R.Braibant

FM GUERREIRO
BRAZIL

DEPARTMENT OF STATE

CONFIDENTIAL

THE SECRETARY
BRAZILIAN FOREIGN MINISTER RAMIRO SARAIVA
GUERREIRO, CANCUN

MAIN OBJECTIVE

1. To reaffirm our close and friendly relations with Brazil and dispel the Foreign Minister's impression that we ignore the Brazilians except when we need them.

BEAR IN MIND

1. We want to avoid letting a bilateral nuclear supply problem damage our relationship.
2. Guerreiro will expect you to raise the matter of the outstanding invitation to President Figueiredo to visit the U.S.
3. We would like to elicit Brazilian understanding and/or cooperation in Central America, the Caribbean Basin and in Law of the Sea negotiations.
4. Though it identifies ideologically with the West, Brazil adopts a Third World posture in its foreign policy.

CHECKLIST

1. Stress the need to continue the high level dialogue between the U.S. and Brazil.
2. Express appreciation for the exchange of substantive correspondence with Guerreiro.
3. Emphasize the positive aspects of our relationship and the overall mutuality of our interests.
4. As appropriate, stress importance of reaffirming agreement to have no agenda and no communique at the Cancun Summit. Express our hope that it will change tone of multilateral consultations.

GDS 7/29/87

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Authority State Waiver

BY Dr. NARA DATE 11/18/2017

8122281



DEPARTMENT OF STATE
BRIEFING MEMORANDUM
S/S

JUL 29 1981

CONFIDENTIAL

TO: The Secretary
FROM: ARA - Tom Enders
SUBJECT: Your Meeting with Brazilian Foreign
Minister Ramiro Saraiva GUERREIRO, Cancun

SUMMARY:

The purpose of this meeting is to engage Guerreiro in dialogue on bilateral and global issues in which Brazil has particular interest or influence, and to head off a misunderstanding that could arise from a pernicious nuclear fuel supply problem.

In addition to the substantive exchange. Guerreiro will be looking for reassurance that the United States seeks a closer bilateral relationship with Brazil. He will be particularly anxious to know whether President Figueiredo's outstanding invitation to make a state visit to the United States will be renewed for 1982.

I. OBJECTIVES:

1. To assure Guerreiro of U.S. interest in a closer official relationship with Brazil.
2. To defuse a potential problem arising from failure to agree on nuclear supply arrangements.
3. To elicit Brazilian understanding of U.S. objectives in Central America and Brazilian support of the Caribbean Basin Initiative.
4. To solicit the cooperation of Brazil at the August session of the Conference on Law of the Sea.

~~CONFIDENTIAL~~

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State Waiver -
BY: dlr DATE: 11/16/2019

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-2-

II. PARTICIPANTS:

U.S.

The Secretary

Myer Rashish (tentative)

James Fox, Special Ass't,
E (tentative)

Robert Hormats,
Assistant Secretary, EB
(tentative)

Brazil

Ramiro Saraiva GUERREIRO,
Foreign Minister

Amb. Carlos Augusto de
PROENCA ROSA, Chief, Economic
Department, Ministry of
Foreign Relations (tentative)

III. SETTING:

This is your first meeting with Foreign Minister Guerreiro. It follows an exchange of substantive correspondence which was initiated by Guerreiro. He last wrote to you in May.

Your meeting takes place at a time when Brazil is well down the path of the political liberalization process on which it embarked in the mid-1970's. The next all-important milestone will be the direct municipal, gubernatorial, and congressional elections scheduled for November, 1982.

The current economic situation bears importantly on the pre-electoral situation. An enormous foreign debt, a widening current account deficit, and an inflation rate in excess of 100% led the government to adopt a stabilization program last year which has resulted in slower economic growth. The slowdown, combined with already serious social problems, is generating pressures to back away from the program but to date the government has refused to do so. The program has succeeded in averting the balance of payments crisis toward which Brazil appeared to be heading a year ago.

Brazilian foreign policy over the past decade has emphasized a diversification of political and economic relationships and a Third World identification. Figueiredo's most notable successes have occurred in South America where he has brought about major improvements in bilateral relations with Brazil's continental neighbors while eschewing any national pretensions to continental hegemony.

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IV. DISCUSSION OF OBJECTIVES:

1. To assure Guerreiro of U.S. interest in a closer official relationship with Brazil.

The U.S.-Brazilian relationship has improved considerably since the sharp downswing of 1977. Nevertheless, even while there are few serious problems directly between us at this point, we stand considerably apart on a broad range of foreign policy issues. Brazil's Third World-focussed policy emphasizes independence from the United States and pays only rhetorical attention to Brazil's underlying sense of identification with the West.

There are valid economic reasons for Brazil to reach out to the Third World. Brazil's dependency on imported petroleum and her sharply-growing need to develop new export markets almost forces a set of short-term political interests and relationships that differ from our own. Yet the divergences in our respective policies mask our shared cultural and political values and our mutuality of interest in long-term political, economic, and security cooperation.

We have few levers to use with Brazil at this point. What we can do is to stress the positive elements in the relationship, reassure Brazil of our interest in working together, and increase substantive exchanges and symbolic visits to generate some momentum in the relationship.

Talking Points:

-- I REGRET THAT IT HAS TAKEN US SO LONG TO GET TOGETHER. I APPRECIATED YOUR VERY THOUGHTFUL LETTERS BUT THERE IS NO SUBSTITUTE FOR PERSONAL MEETINGS.

-- THE U.S. AND BRAZIL HAVE MUCH IN COMMON. WE ARE OLD FRIENDS AND ALLIES. EVEN THOUGH OUR POLICIES DIFFER SOMETIMES, OUR BASIC INTERESTS AND FUNDAMENTAL OBJECTIVES ARE THE SAME.

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-- I WOULD BE INTERESTED IN YOUR VIEWS ON HOW OUR TWO COUNTRIES CAN EXPAND THE AREAS OF COOPERATION AND CONSULTATION. THE TRADE TALKS ARE A VERY HELPFUL DEVICE IN CONTAINING TRADE PROBLEMS, AND THE ANNUAL POLICY PLANNING TALKS HELP US TO UNDERSTAND EACH OTHER BETTER. BUT WE NEED TO DO MORE.

-- ASSISTANT SECRETARY ENDERS WILL VISIT YOU LATER THIS MONTH, AND I HOPE HE WILL RETURN WITH SOME THOUGHTS ALONG THIS LINE.

-- WE ALSO HAVE BEEN CONSIDERING THE POSSIBILITY OF A VISIT TO BRAZIL OF VICE PRESIDENT BUSH, PERHAPS IN SEPTEMBER OR OCTOBER. WOULD THAT WORK OUT?

-- WE ARE VERY INTERESTED IN EXPLORING THE POSSIBILITY OF A STATE VISIT BY PRESIDENT FIGUEREIDO. THE WHITE HOUSE IS NOW WORKING OUT PRESIDENT REAGAN'S CALENDAR FOR NEXT YEAR. I HOPE WE'LL BE ABLE TO SUGGEST SPECIFIC DATES SOON.

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2. To defuse a potential problem arising from failure to agree on nuclear supply arrangements.

Brazil's first power reactor (Angra I), supplied by Westinghouse, is expected on line later this year. An export license application is pending for low-enriched fuel reload, but we have been unable to come to agreement on the terms.

The principal remaining issue relates to IAEA safeguards. One of our legislatively mandated export criteria is that IAEA safeguards be maintained on all Brazilian nuclear activities at the time the export occurs. Since Brazil is not party to the NPT we consider that formal confirmation that IAEA safeguards are being maintained, and will be in effect at the time of export, is the minimum we need to obtain NRC approval of an export license.

Although it contends that all significant nuclear activities are safeguarded, Brazil has declined to offer bilateral assurances on activities developed indigenously or with other foreign suppliers. The GOB points out that the assurances we are seeking to satisfy the requirements of the 1978 NNPA go beyond the terms of our 1972 bilateral agreement. (In fact, there may also be a problem of unsafeguarded activities which we are not in a position to discuss with the GOB.) In the background is the 1977 effort of the U.S. to force modification of the Brazil-FRG nuclear program, which the GOB viewed as an attempt to maintain Brazil in a state of nuclear energy dependence.

In May 1981, Brazil offered an assurance relating only to materials supplied by the U.S., and asked for our response before July 31, arguing that it would then need to seek another source of supply for the fuel reload.

A complicating factor is that under its enrichment services contract with DOE, the utility operating the reactor is liable for termination charges of about \$15 million if it obtains fuel from another source. If we cannot agree on the assurances necessary for the export license, Brazil asks that we suspend or waive those charges. DOE asserts that a waiver would create a potentially damaging precedent with respect to hundreds of other domestic and foreign enrichment customers.

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Talking Points:

-- WE REGRET THAT WE HAVE NOT YET BEEN ABLE TO AGREE UPON ASSURANCES THAT WE MUST HAVE FOR THE NRC TO ISSUE AN EXPORT LICENSE.

-- AS YOU KNOW, NRC IS A REGULATORY BODY INDEPENDENT OF THE EXECUTIVE BRANCH, AND MUST INDEPENDENTLY JUDGE WHETHER THE CRITERIA SPECIFIED IN OUR ATOMIC ENERGY ACT ARE MET BEFORE APPROVING AN EXPORT LICENSE.

-- WE ARE CONSULTING WITH DOE REGARDING THE POSSIBILITY OF WAIVING THE PENALTY CLAUSE IN YOUR REACTOR OPERATOR'S CONTRACT IF WE CANNOT COME TO AGREEMENT. HOWEVER, DOE HAS HUNDREDS OF SUCH CONTRACTS, AND FINDS DEVIATING FROM THEIR TERMS A MATTER OF EXTREME DIFFICULTY.

-- I HOPE OUR GOVERNMENTS CAN FIND SOME ARRANGEMENT THAT SATISFIES YOUR POLICY IMPERATIVES AND OUR LEGAL LIMITATIONS ON SUCH LICENSES.

-- IN ANY EVENT, I TRUST THAT ANY DIFFERENCES WE MAY HAVE ON THIS VERY TECHNICAL ISSUE WILL NOT AFFECT CONTINUED DEVELOPMENT OF THE CLOSE AND HARMONIOUS RELATIONS BETWEEN OUR COUNTRIES.

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3. To elicit Brazilian understanding of U.S. objectives in Central America and Brazilian support of the Caribbean Basin Initiative.

Brazil has been more critical than supportive of U.S. actions in Central America and particularly El Salvador. Some part of the Brazilian position is simple posturing on the principles of non-intervention and national sovereignty in which Brazil is playing to Latin and Third World audiences. Part may also derive from a genuine fear that U.S. involvement could escalate to the point of military intervention and in the process destabilize political and security relationships throughout the Americas. A third factor flows from the general foreign policy line that East-West tensions should not be played out in the Southern Hemisphere. At the same time, Brazil does not consider itself to be a major actor in Central America, recognizes that instability in Central America bears directly on important U.S. interests, and is opposed to any expansion of Cuban influence in the area.

With respect to the greater Caribbean Basin, Brazil perceives a somewhat larger but still indirect national interest in political stabilization, except for neighboring Suriname and Guyana where Brazilian security interests could be directly affected. Brazil contributed \$5 million to the Caribbean Development Fund, participates as an observer in the Caribbean Consultative Group, and also provides some bilateral assistance to Guyana and Suriname. Foreign Minister Guerreiro, who has been briefed on the Caribbean Basin Initiative by Ambassador Sayre, has acknowledged that Brazil could do more in Guyana and Suriname.

Talking Points:

Central America:

-- WE SHARE THE BRAZILIAN VIEW THAT THE PROBLEM IN EL SALVADOR IS NOT CAPABLE OF A MILITARY SOLUTION.
AT THE SAME TIME, THERE IS AN UNDENIABLE MILITARY COMPONENT TO THE PROBLEM.

-- OUR ASSISTANCE TO THE GOVERNMENT OF EL SALVADOR, AND OUR MORAL SUPPORT OF THAT GOVERNMENT'S REFORM

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EFFORTS, REFLECT OUR UNDERSTANDING THAT THE BASIC INSTABILITY HAS STRUCTURAL SOCIAL, ECONOMIC, AND POLITICAL CAUSES.

-- OUR MILITARY ASSISTANCE IS ESSENTIAL TO THE SURVIVAL OF THE SALVADORAN GOVERNMENT IN THE FACE OF CONTINUING VIOLENCE FROM THE RIGHT AND THE LEFT. HOWEVER, IT IS STILL ONLY A SMALL PART OF OUR BROAD EFFORT.

-- WE ARE HOPEFUL THAT OUR EFFORTS TO ASSIST THE GOVERNMENT OF EL SALVADOR TO RESIST EXTERNALLY-SUPPORTED AGGRESSION AND TO BRING ABOUT STRUCTURAL CHANGE WILL DRAW SOME MEASURE OF UNDERSTANDING AND SUPPORT FROM OUR FRIENDS.

CARIBBEAN BASIN INITIATIVE:

-- YOU ARE AWARE OF THE GENERAL THRUST OF THE INITIATIVE AND OF THE PROGRESS MADE SO FAR IN CONSULTATIONS AMONG OTHER DONORS AND WITH POTENTIAL RECIPIENTS. THIS MAJOR EFFORT CAN SUCCEED ONLY AS A SHARED EFFORT OF ALL OF THE MAJOR COUNTRIES WITH INTERESTS IN THE AREA.

-- BRAZILIAN PARTICIPATION, OR COMPLEMENTARY ASSISTANCE TO SURINAME AND GUYANA, WOULD CONTRIBUTE IMPORTANTLY TO THE OBJECTIVES OF THE INITIATIVE.

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4. To solicit the cooperation of Brazil at the August session of the Conference on Law of the Sea.

Since the beginning of the LOS negotiations, Brazil has been a leader both in the Latin American Group and the G-77 generally. Brazil has led efforts in the seabed mining negotiations to maximize the NIEO tilt of the text, of which the so-called "Brazil Clause" is the most prominent example. This provision allows developing states to exercise the same rights with respect to transfer of technology as are given to the Enterprise, though with some additional restrictions. The proposed U.S. Delegation instructions seek removal not only of the Brazil Clause but also of any obligation to transfer technology to the Enterprise.

At the last session, Brazil asked for changes in the text to restrict military operations in the 200-mile exclusive economic zone, and joined those delegations calling for notification and authorization for warship passage through the 12-mile territorial sea. Both these proposals, if adopted, would be setbacks for the U.S.

Foreign Minister Guerreiro formerly headed the Brazilian LOS delegation and is closely identified with the positions taken by the GOB on various issues. He was particularly disturbed over the U.S. decision in March to review the entire issue.

Assistant Secretary Malone met with Guerreiro in Brasilia in May and received assurances of Brazilian cooperation, although not support, at the Geneva session.

Talking Points:

-- THE U.S. WILL BE PREPARED TO DISCUSS IN DETAIL AT THE AUGUST SESSION OUR CONCERNS ABOUT THE CURRENT TEXT AND POSSIBLE APPROACHES TO RESOLVING THEM.

-- THE U.S. POLICY REVIEW WILL CULMINATE IN THE FALL WITH THE PRESIDENT CHOOSING AMONG OPTIONS

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FOR PROTECTING OUR OCEAN INTERESTS. ONE OPTION WILL BE CONTINUATION OF NEGOTIATIONS AT UNCLOS III. THE REACTIONS OF OTHER DELEGATIONS TO OUR CONCERNS AT THE AUGUST SESSION WILL BE AN IMPORTANT FACTOR IN THE CHOICE THAT HE MAKES.

-- IT WOULD BE UNFORTUNATE IF CHANGES WERE MADE IN THE DRAFT CONVENTION THAT ARE CONTRARY TO U.S. INTERESTS OR IF IT WERE FORMALIZED IN AUGUST.

-- I GREATLY APPRECIATE YOUR STATEMENT TO ASSISTANT SECRETARY MALONE THAT THE GOB IS PREPARED TO COOPERATE WITH THE USG AT THE AUGUST SESSION.

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