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FROM UKDEL CANCUN 230550Z OCT 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 30 OF 23 OCTOBER 1981.

INFO PRIORITY UKMIS NEW YORK WASHINGTON UKREP BRUSSELS ROUTINE
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CANCUN SUMMIT: FIRST DAY.

1. OVER DINNER ON 21 OCTOBER TRUDEAU WAS CHOSEN AS CO-CHAIRMAN TO REPLACE THE ABSENT KREISKY.
2. THE FIRST SESSION ON 22 OCTOBER WAS DEVOTED TO A GENERAL DEBATE, COMPOSED OF A SERIES OF PREPARED STATEMENTS. THIS WAS PROLONGED TILL 3 PM, SO AS TO COMPLETE THE GENERAL DEBATE IN ONE SESSION.
3. THE GENERAL DEBATE WAS ON PREDICTABLE LINES, THOUGH SPEAKERS TRIED TO AVOID CONFRONTATION, AND THERE WAS NO HOSTILITY. ALGERIA, FOR EXAMPLE, FOLLOWED THE TRADITIONAL G77 APPROACH IN ADVOCATING STRUCTURAL CHANGES WHILE BRAZIL AND INDIA ADOPTED A MORE MODERATE AND PRACTICAL APPROACH. ALL SPEAKERS (EXCEPT THE UNITED STATES - SEE BELOW) SUPPORTED GLOBAL NEGOTIATIONS AND WANTED THE SUMMIT TO HELP IN LAUNCHING THEM.
4. PRESIDENT REAGAN GAVE A SYMPATHETIC PRESENTATION OF THE LINE SET OUT IN HIS PHILADELPHIA SPEECH, ARGUING FOR ECONOMIC FREEDOM AND OPEN MARKETS. THE UNITED STATES STOOD BY THE FORMULA IN THE OTTAWA DECLARATION ON GLOBAL NEGOTIATIONS. THEY WERE NOW READY TO ENGAGE IN NEW PREPARATORY TALKS TO SEE WHAT COULD EMERGE AND THOUGHT IT MIGHT BE USEFUL IF OFFICIALS COULD MEET TO EXPLORE THIS WAY FORWARD IN THE COMING MONTHS.
5. THE AMERICANS HAVE EXPLAINED TO US PRIVATELY THAT THEY ENVISAGE A LIMITED GROUP OF OFFICIALS (NOT NECESSARILY FROM THE CANCUN COUNTRIES) MEETING TO DEFINE A PROGRAMME OF WORK WHICH WOULD BE PURSUED IN THE COMPETENT SPECIALIST BODIES. THERE WOULD, IN PRACTICE, BE NO ROLE FOR THE UN GENERAL ASSEMBLY. NO OTHER DELEGATION HAS YET RESPONDED TO THIS SUGGESTION IN PRESIDENT REAGAN'S STATEMENT FOR A FOLLOW-UP TO CANCUN.
6. THE PRIME MINISTER MADE CLEAR THAT WE WERE VERY MUCH AWARE OF THE PROBLEMS FACING DEVELOPING COUNTRIES AND WANTED TO HELP AS MUCH AS WE COULD. IT WAS NECESSARY TO HELP COUNTRIES TO DEVELOP THEIR POTENTIAL: WE BELIEVED THAT THOSE WHO ADOPTED OPEN SYSTEMS HAD DONE BEST. ON GLOBAL NEGOTIATIONS, SHE SUGGESTED THAT ALL COULD AGREE THAT WE NEEDED GLOBAL DISCUSSIONS AND GLOBAL UNDERSTANDINGS, COVERING ALL SUBJECTS IN THE ORIGINAL UN RESOLUTION. WE WERE READY TO ENTER A NEW ROUND OF PREPARATIONS WHICH COULD BE A POSITIVE PRACTICAL LEAD EMERGING FROM THIS MEETING.

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7. THE SECOND SESSION WAS DEVOTED TO FOOD, WHERE SKILFUL CHAIRMANSHIP BY TRUDEAU STIMULATED SOME GENIUNE DEBATE.

8 THE MAIN POINTS WERE:-

(A) THE PROMOTION OF LOCAL FOOD PRODUCTION SHOULD HAVE FIRST PRIORITY. FOOD AID, THOUGH IMPORTANT AT TIMES, WAS A SECONDARY ISSUE.

(B) FINANCIAL INCENTIVES FOR FARMERS WERE IMPORTANT WHILE CONSUMER SUBSIDIES COULD BE UNHELPFUL.

(C) TECHNICAL TRAINING AND TECHNICAL ASSISTANCE MADE A VITAL CONTRIBUTION.

(D) PRESIDENT REAGAN OFFERED TASK FORCES OF VOLUNTEER FARMERS TO HELP IN PREPARING FOOD STRATEGIES. WALDHEIM POINTED OUT THAT THE U N WAS ALREADY DEEPLY ENGAGED IN THIS, BUT LACKED FUNDS.

(E) THE MANY INTERNATIONAL AGENCIES DEALING WITH FOOD QUESTIONS SHOULD BE RATIONALISED.

9. THIS DEBATE WELL REFLECTED POINTS MADE ON FOOD BY THE PRIME MINISTER IN HER OPENING STATEMENT. SHE ALSO MADE CLEAR THAT WE WERE READY TO DEVOTE A GREATER SHARE OF OUR AID TO AGRICULTURE TO COUNTIRES WHICH WANTED THIS.

10. DEBATE WILL RESUME TOMORROW ON TRADE, ENERGY AND FINANCE.

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