PREM 19/2213

MT

Confidential Filing

~~Possible~~ Call by ~~Prime Minister~~ President Burnham.

AND PRESIDENT HOYTE

GUYANA

January 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
		15.9.86.					
14.1.80		25.4.88					
22.2.80		11.5.88.					
30.7.81							
8.9.81							
6.11.81							
9.11.81							
25.11.81							
26.11.81							
24.11.82							
7.12.82							
24.12.82							
6.1.83							
14.1.83							
16.3.83							
23.3.83							
24.6.83							
12.7.83							
15.7.83							
26.7.83							
21.8.86							
15.9.86							

CLOSED

PREM 19/2213

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T70A/88

File

EGL

cc FCO.

SUBJECT
cc Maste
ops

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

11 May 1988

Dear Mr. President,

Thank you very much for the two figures. They have a marvellously elegant and flowing line. It was a most kind and generous thought on your part to send them.

I greatly enjoyed our talk yesterday and it was heartening to hear of the progress which Guyana has made under your leadership. I hope that your visit to Brussels was successful.

With warm good wishes,

Yours sincerely

Margaret Thatcher

His Excellency Comrade H. Desmond Hoyte, S.C., M.P.

Sent c/o High Commission of Guyana.

SRW

MEETING RECORD

Subject
cc Master

FILE
DA

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

10 May 1988

Dear Bob,

PRIME MINISTER'S MEETING WITH THE PRESIDENT OF GUYANA

The Prime Minister had a talk this evening with President Hoyte of Guyana. The President was accompanied by the Guyanan High Commissioner in London (or at least I assume it was him). The talk was very general. The President appeared to have no particular points to raise, indeed the Prime Minister had to work pretty hard to keep the conversation going.

Guyanan Economy

The Prime Minister said that she understood that Guyana was on the verge of reaching agreement with the IMF on a policy framework paper. Once there was agreement with the IMF we would be prepared to contribute to the balance of payments support which would be needed. We would also be ready to reschedule Guyana's aid and ECGD debts through the Paris Club. President Hoyte confirmed that the policy framework paper was settled. His officials were in Washington trying to reach agreement on numbers but he hoped these would be settled by early next week. He could not conceal that the negotiations had been difficult and he was rather disappointed that there would be a considerable gap between last year's substantial devaluation and implementation of the IMF programme. This would mean that some of the value of the devaluation would be lost. The Prime Minister said that she was sure the President would be very skilful in explaining the need for the programme to his people. President Hoyte confirmed that he was already doing a lot, although the opposition would try to make capital out of the situation.

President Hoyte said that sugar remained Guyana's main export crop but the industry faced very serious difficulties. It was becoming progressively harder to recruit people willing to cut cane. They were experimenting with mechanical harvesting but had not yet had much success. Their main problems stemmed from the United States which had been a lucrative market in the early 1970s, granting Guyana a quota of 130,000 tonnes. This had now been reduced to 10,000 tonnes and might well disappear altogether next year. As a result Guyana was having to sell much more of its crop on the world

market at very low prices. They had taken a decision to stabilise the industry at an annual production level of 250,000 tonnes. The Sugar Protocol associated with the Lomé Convention remained essential to them.

President Hoyte said there was now more interest on the part of foreign companies in investing in Guyana, in particular in the minerals sector. Nine foreign companies were now prospecting for gold and he hoped that one or two of them would be in production by late next year. There was also some offshore drilling in progress.

In reply to the Prime Minister's question, the President said that Guyana had not so far developed tourism but was now beginning to do so with help from the European Community. They were recruiting a tourist consultant and would try to avoid the mistakes made by some of the Caribbean states.

The President continued that he welcomed technical co-operation with the United Kingdom. He hoped that the British Airports Authority would have a continuing role in airport administration in Guyana. Both Cable & Wireless and British Telecom were involved in Guyana's telecommunications. Cambridge Education Consultants were involved in a major IDB-financed programme to restructure Guyana's education system.

The Prime Minister complimented the President on the progress which had been made since their last meeting in November 1986, both on the economic front and in terms of political stability. The President said that the progress had indeed been heartening. At the same time relations with the United States had improved greatly and Guyana was back in the mainstream of CARICOM. He attached the greatest importance to re-establishing the traditional connection with the United Kingdom. The Prime Minister said that we shared that wish.

Drugs

The Prime Minister congratulated the President on Guyana's efforts to deal with the drug problem. President Hoyte said that his Government was indeed taking a very firm position and had introduced tough legislation. They now had good co-operation with Guyana's neighbours and with the United Kingdom. But the problem in neighbouring countries was still very serious, particularly Colombia, from where it was spreading into Venezuela. There had recently been fighting between Colombian drug producers and the Venezuelan armed forces.

Regional Issues

The Prime Minister asked about Guyana's relations with Venezuela. President Hoyte said that they had improved enormously over the past year or so. He himself had visited Venezuela and President Lusinchi had visited Guyana. Lusinchi was not a hawk on the border issue. Indeed on the intellectual level he felt the Venezuelan claim was nonsense,

even though as a politician he could not say so publicly. Moreover when the border issue had been prominent in the past so had the role of the military in Venezuela, and this was something which Lusinchi wanted to avoid. They had agreed to concentrate on economic co-operation and cultural exchanges and Venezuela had started to buy bauxite from Guyana. The Prime Minister welcomed the progress which had been made which was a great improvement on the situation as it used to be.

The Prime Minister and President Hoyte also covered developments in Brazil, Jamaica, Dominica and a number of other countries in the region. Nothing was said which warrants recording.

I am copying this letter to Alex Allan (HM Treasury), Shirley Stagg (MAFF), Stephen Ratcliffe (Department of Trade and Industry) and Myles Wickstead (Overseas Development Administration).

yours sincerely,

(C.D. POWELL)

R.N. Peirce, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER

MEETING WITH THE PRESIDENT OF GUYANA

You are to have a brief talk tomorrow afternoon with President Hoyte. You last saw him in September 1986. A note of that meeting is in the folder.

Since that time President Hoyte has pursued sensible economic reforms, has strengthened Guyana's ties with the West and reduced its dependence on the Soviet bloc. He is apparently close to agreement with the IMF.

President Hoyte is here on a private visit and we do not know exactly what he proposes to raise with you. But it will almost certainly be the subject of Guyana's economic peformance and his contacts with the IMF. The points you might make are:

- You welcome the good progress made with the IMF. You would be happy to support Guyana's case with them and the World Bank, subject to satisfaction on the technical details.

- If agreement is achieved with the IMF and the World Bank, we would be prepared to contribute some 10 per cent of the balance of payments support needed (but not to take part in the bridging loan).

- We shall also be ready to reschedule aid and ECGD debts through the Paris Club.

- (if asked)
  We would be prepared to consider writing off old aid debts under the Retrospective Terms Adjustment scheme.

- When agreement with the IMF is reached, our earlier offer (dating from 1982) to allow Guyana to use the unspent part of the 1978 loan to pay off commercial debts would also still be valid.

On other points which might come up:

- You might congratulate him on Guyana's new drugs legislation, which includes measures for confiscation of assets.

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4) OF THE PUBLIC RECORDS ACT

Temporarily retained
15/5/16

- We take note of the request for a place at the Royal College of Defence Studies although there are very few openings.

- We hope that, in line with Guyana's more middle of the road economic policies, she might reconsider some of the decisions she has taken on international problems, for instance her abstention on the UN Resolution calling for the withdrawal of foreign forces from Cambodia and her vote in favour of the Falklands Resolution.

C.D.P

CHARLES POWELL

MT

9 May 1988

VC2ATW

cc PS
Sup

Foreign and Commonwealth Office

London SW1A 2AH

9 May 1988

Dear Charles

Call on the Prime Minister by President Desmond Hoyte of Guyana on Tuesday, 10 May 1988, at 6pm

The Prime Minister has agreed to receive President Desmond Hoyte of Guyana on Tuesday, 10 May 1988, at 6pm, during his private visit to London. Mr Hoyte previously called on the Prime Minister in September 1986.

Relations with Guyana are friendly. President Hoyte has pressed ahead with economic and industrial reforms since coming to power in 1985. He has also worked for improved ties with the West, considerably weakening his predecessor's strong links with the Soviet Bloc. In so doing he has needed to out-manoeuvre strong opposition from within his own Cabinet as well as Oppositon parties. We welcome and wish to encourage further such moves and are pleased that Mr Hoyte has made major progress in his relations with the IMF and the World Bank, and to note that agreement on a policy framework paper is close.

President Hoyte has not indicated the subjects he wishes to raise during his call, but we believe he will tell the Prime Minister of his progress in putting Guyana firmly on a course for political and economic reforms.

President Hoyte needs to reverse a decade of economic stagnation and mismanagement in Guyana. He has clearly grasped the message which we and our Western partners have regularly given that agreement with the IMF is a prerequisite for renewed assistance. An IMF IBRD team recently visited Georgetown and we were told in confidence that agreement is near on a Policy Framework Paper. This would form the basis for new loans from the IMF and World Bank and open the way for wider bilateral rescheduling. The main elements of the package will be further substantial devaluation, removal of price controls and the restructuring of public sector enterprises. All are politicaly difficult for Mr Hoyte to market and he must show quickly that there are tangible prospects of Western support. We wish to provide this as far as possible.

Guyana has been ineligible for IMF borrowing since 1985. Before it can get new loans, Guyana must clear arrears to the IMF and the World Bank and secure sufficient new finance to meet a total financing requirement of some US$1.7 billion over three years, according to the latest estimate by the IMF and the World Bank. This would need to be met by a combination of debt rescheduling and new money. The new money would include about US$200 million of balance of payments support from traditional and new aid donors, eg Japan, Canada, US, The Netherlands and Italy. A donors' Consultative Group meeting is planned for June.

The Prime Minister may wish to welcome Guyana's good progress with the IMF and urge President Hoyte to keep to the reform programme for Guyana's own long-term interests. She could offer Britain's support in the IMF and World Bank, subject to our usual requirement to study the technical papers. On the assumption that an agreement is achieved with the IMF and World Bank, we would be prepared to contrbute some 10% (ie £12 million) of the balance of payments support needed but not to take part in the bridging loan, to which Canada is contributing generously. The Prime Minister could add that we are ready to reschedule both aid and ECGD debts through the Paris Club, though she will not wish to hold out hope of special treatment, since, under the Chancellor's debt initiative, this is confined to certain sub-Saharan countries.

If asked whether the UK might write off old aid debts under the Retrospective Terms Adjustment scheme, she could say that we would consider the matter. Guyana's per capita income has almost certainly fallen below US$425, the ceiling for our application of RTA, ie writing of debts. We would probably not want to write off all of Guyana's aid debt in one go given its poor economic reform record under President Forbes Burnham. Though the UK could not provide aid directly as bridging finance to help clear arrears, new balance of payments aid should free other resources to help debt repayment overall.

The Prime Minister agreed in 1982 to a request from Forbes Burnham that the unspent part of an existing 1978 loan amounting to £3.3 million, could be used to help pay off Guyana's commercial debt to certain British firms for work done in Guyana, when an IMF agreement had been reached. So far as we know, the firms standing to benefit are Taylor Woodrow, who are owed £2.3 million and are pressing us to act, and Rice and Malik, who are owed

some £2 million. Mr Hoyte was told of the offer when he met the Prime Minister in 1986.

Guyana's debt for past payments by ECGD on export insurance claims is some £25million.

The country also has debts to the Caribbean Development Bank exceeding US$18 million. No repayments of capital or interest have been made since 1982 and the arrears represent more than 70% of total arrears by all borrowers. In the context of the CDB, President Hoyte may raise the election of a new President to the Bank, which take place on 11-12 May. Four candidates have been nominated, including a Guyanese, Dr Kenneth King. The latter's chances are slim because of Guyana's debt arrears and his inadequate experience. As a board member, our decision will be based on the best interests of the Bank and the wishes of the regional borrowing members.

As a member of the Inter-American Development Bank, Guyana has however managed to meet her obligations and can negotiate new loans and draw on more than US$70 million available from existing loans.

The Prime Minister may wish to congratulate President Hoyte on Guyana's tough new drugs legislation. This includes measures for confiscation of assets from illegal drugs activity. We have proposed negotiations for a reciprocal agreement to trace, freeze and confiscate traffickers' assets under our Drug Trafficking Offences Act. The Guyanese sent a delegation to the Caribbean Drugs Law Enforcement Conference, held in Barbados in March and co-sponsored by the UK and US. This aimed to strengthen drugs law enforcement by promoting closer regional cooperation and by exchanging information to enhance in-country anti-drugs programmes. Guyana is an important cocaine trans-shipment area and grows marijuana.

We are cooperating with Guyana to increase its efforts to combat drug misuse and illicit trafficking in accordance with the recommendations of the Barbados Conference.

President Hoyte may seek the Prime Minister's help to arrange the provision of historic papers about Venezuelan claims to about half the territory of Guyana. In 1984 the two countries referred the dispute to the UN Secretary-General, who is still studying the matter. Britain's position since Guyanese independence is that

this is a matter for Venezuela and Guyana. Relations between the two countries have improved recently and neither side seems keen to pursue the dispute.

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (-) OF THE PUBLIC RECORDS ACT

temporarily retained
15/5/16

The President may ask about the possibility of securing a place at the Royal College of Defence Studies. Guyana was rejected for a place on the current course on security grounds, the objections being based on its close past relationship with the Soviet Union and its allies. We note these ties are loosening and keep the position under review, though few places are available each year.

We are also keen to encourage Guyana to soften still further its stance on some controversial international issues. The country is an active member of the Non-Aligned Movement, but has tended to adopt a more radical position than most NAM members, including other Commonwealth Caribbean States. At last year's UN General Assembly, for example, Guyana voted in favour of a heavily defeated Soviet propaganda Resolution on a Comprehensive System of International Peace and Security, and abstained on the Resolution calling for the withdrawal of foreign forces from Kampuchea which was adopted 117-21 (Soviet Bloc)-16. Guyana voted in favour of the Argentine-inspired Falklands resolution.

While in Europe, President Hoyte will also visit Brussels, we believe for discussions about the Presidency of the ACP states, which Guyana assumes later this year, and about future Lomé negotiations. Within the Caribbean, Guyana is the headquarters of the Caribbean Community and Common Market (CARICOM). The agency has enjoyed greater unity since Mr Hoyte assumed power and has sought to resolve Guyana's past difficulties, mainly economic, with its neighbours.

Our High Commissioner in Georgetown is Mr David Small.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

25 April 1988

Visit of the President of Guyana

Thank you for your letter of 21 April about the visit of President Hoyte. It is a very busy time for the Prime Minister but she could see President Hoyte at 6.00 pm on Tuesday 10 May for just 30 minutes.

BF

(CHARLES POWELL)

R.N. Culshaw, Esq., MVO,
Foreign and Commonwealth Office.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH
21 April 1988

Dear Charles

Proposed visit to London by the President of Guyana, Mr Hugh Desmond Hoyte

President Hoyte has advised our High Commissioner in Georgetown that he wishes to make a private three-day visit to the UK during the period 6-16 May and would like if possible to call on the Prime Minister. The visit will be targetted on business and City audiences to pursue President Hoyte's wish for greater foreign investment in Guyana.

This is timely as an IMF/IBRD mission is currently due in Guyana and is, we understand, on the point of concluding agreement for an IMF programme to assist the country's economic recovery. We welcome this prospect having sought for some time to encourage Guyana to reach an understanding with the IMF. The need for an agreement with the IMF was underlined by the Prime Minister when President Hoyte called on her during his last visit in September 1986. Her support and encouragement now could be beneficial as President Hoyte approaches politically difficult economic decisions.

President Hoyte became President in August 1985 on the death in office of his predecessor Forbes Burnham. He had previously served as Prime Minister. Since assuming office he has made important moves to challenge Burnham's left-wing ideology. At a recent party conference he consolidated his position, promoting changes to many policies. He nonetheless faces strong resistance to change from Burnhamite members of his administration, including Viola Burnham, widow of the former President.

In these circumstances, could the Prime Minister spare 30 minutes in the period 9-13 May?

The Foreign Secretary has agreed to meet President Hoyte on 12 May at 4.45 pm.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

SUBJECT
cc master.

FILE

CONFIDENTIAL

FCO 3BJO

bc: Sir P. Cradock

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

15 September 1986

Dear Robin,

PRIME MINISTER'S MEETING WITH THE PRESIDENT OF GUYANA

The Prime Minister received President Hoyte of Guyana for a talk this morning. The President was accompanied by Mr. Joseph and the Acting High Commissioner. Mr. Fearn was also present.

The Prime Minister asked about Mrs. Hoyte's recovery from her injuries. The President said that she was progressing.

Non-Aligned Movement

The President gave a brief account of the NAM summit and his subsequent visits to Tanzania and Botswana. The NAM had been preoccupied with South Africa and with finding ways to support to the front line states. He had found the meeting modestly useful, principally as a means of making a number of bilateral contacts. No-one deceived themselves about the problems facing the NAM or their ability to take effective action. He had been impressed by President Mwinyi although Tanzania faced some difficult problems. He judged that Botswana's economic prospects were bright. The Prime Minister commented that the NAM covered very disparate countries some of which were very far from non-aligned. A good many of Tanzania's problems - particularly her agricultural difficulties - were self-inflicted.

Guyana political

President Hoyte said that the political situation in and around Guyana was stable, much more so than for many years. Venezuela was friendly and was not pressing its territorial claim. There had been useful progress in strengthening commercial links. Brazil also continued to be friendly and although there were problems in Surinam, its relations with Guyana were good. More importantly a good rapport had been re-established within CARICOM. He had met with CARICOM colleagues in February and the annual conference had been held in Guyana in July. There was now much better understanding between Guyana and her Caribbean neighbours than had been the case for a long time, and they were determined to work together. Relations with the United States had also improved, with regular contacts taking place. As a result, the US had reactivated the PL 480 programme for Guyana. The overall climate was, therefore, a good one in which to tackle Guyana's economic problems which were his overriding priority.

CONFIDENTIAL

DSG

Guyana economy

The Prime Minister commented that Guyana had a lot of economic problems which had persisted for a long time. President Hoyte agreed. He was trying to tackle them rationally and vigorously, using the services of a number of professional advisers including Warburgs. Steps were being taken to reorganise the public sector, giving public corporations greater autonomy and flexibility and allowing managers to reach their decisions on the basis of commercial judgment without political interference. A number of unprofitable concerns were being shut down. The Guyanan Government had made clear that it had no objection in principle to foreign investment. The public transportation system had been, in effect, privatised. A private sector advisory committee had been established which had come forward with useful policy proposals. All in all, there was an optimistic mood in the country.

President Hoyte continued that an IMF team was currently in Guyana for the first time since 1983. The Guyanan Government had drawn up a programme for medium term economic adjustment. The main problem was how to unify the various exchange rates, and in what time scale. He hoped that it might be possible to conclude an agreement with the IMF within a year. He did not expect to face any significant political difficulties in implementing a programme agreed with the Fund. He was also, with help from Barbados, seeking to deal with Guyana's indebtedness to the CDB, in a way which would avoid provisioning and liquidate Guyana's debts within 18 months.

The Prime Minister complimented President Hoyte on the way in which he was tackling Guyana's undoubtedly serious problems. Agreement with the IMF was the key. It was often better to take very tough measures for a short time than to draw out the agony. We would be prepared to help with the IMF. She recalled the offer which she had made to President Burnham in 1983, which would have allowed use of residual aid funds to pay for Guyana's debts, provided agreement was reached with the IMF. It was a great pity that the necessary steps had not been taken then. But she was heartened by the account which President Hoyte had given her of his own Government's intentions.

I am copying this letter to Alex Allan (H.M. Treasury), Timothy Walker (Department of Trade and Industry) and Michael Stark (Cabinet Office).

Yours sincerely,

Charles Powell

CHARLES POWELL

Robert Culshaw, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER

MEETING WITH PRESIDENT HOYTE OF GUYANA

You have a short meeting on Monday with President Hoyte of Guyana - the country which gave the world Sonny Ramphal.! The most that can be said about him is that he is better than his predecessor Forbes Burnham - but that's not difficult.

Hoyte is said to be implementing saner economic policies. We shall see. The results are not yet apparent and the Guyana economy remains a disaster area (for which Hoyte has a large share of the blame). He is also said to want to downgrade links with the Soviet Union and Cuba, certainly to be encouraged if it's true. He is visiting London briefly on the way back from the NAM summit and state visits to Zambia, Tanzania and Botswana.

You will want to ask him about the NAM summit and make the point that some of the front-line states are at last beginning to realise what sanctions against South Africa would do to them.

But the main item is bound to be the Guyana economy. We can't give him any more aid or credit until Guyana repays its debts, and reaches agreement with the IMF on reforms. You can welcome the fact that he has started out in the right direction. But he has a long way to travel. You will recall that you agreed with President Burnham in 1983 that Guyana could use unspent aid funds to meet commercial debts to British companies subject to Guyana reaching agreement with the IMF. They still haven't, so the idea has never come to fruition.

He may raise one or two EC issues. We strongly support the Lomé Convention Sugar Protocol. But you cannot get involved in discussion of Tate & Lyle's bid for S&W Berisford, since it is under consideration by the Monopolies Commission. The reason why we have not supported aid for Guyana under the EC

Sysmin scheme (help for countries dependent on mineral exports) is that we see no point in giving aid unless sensible economic policies are adopted.

President Hoyte's two daughters were killed in a car crash last year and his wife severely injured. The Foreign Minister - who will also be present - is married to a British communist.

CDP

CHARLES POWELL

13 September 1986

VCAJA

cc PC
VBU

Foreign and Commonwealth Office

London SW1A 2AH

12 September 1986

Dear Charles

Visit of the President of Guyana, 14-18 September 1986

I enclose briefing for the Prime Minister's meeting with President Hoyte on Monday 15 September at 10.45 am. President Hoyte will be paying a brief private visit to London on his way home after paying State Visits to Zambia, Tanzania and Botswana and attending the Non-Aligned Movement Summit in Harare.

President Hoyte will be accompanied to the meeting by his Foreign Minister, Mr Rashleigh Jackson and by Guyana's Acting High Commissioner in London, Mr Cresswell Barker. Leading Personality Reports (LPRs) on all three are enclosed. Mr Robin Fearn, AUS, will represent the FCO at the meeting.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
10 Downing Street

PRIME MINISTER'S MEETING WITH MR DESMOND HOYTE, SC, PRESIDENT OF GUYANA, 15 SEPTEMBER 1986

Our Objectives

(a) Political Relations

To assure President Hoyte of Britain's sympathy and understanding for his efforts to resolve Guyana's appalling economic problems.

To encourage him in his efforts to downgrade Guyana's relations with the Soviet Bloc, and achieve a more balanced foreign policy.

To confirm HMG's commitment to the maintenance of good relations with the Commonwealth Caribbean generally.

To offer help where possible, eg on police training.

(b) Bilateral Aid

To regret no further British capital aid possible until agreement reached on repayment of outstanding debts to HMG.

(c) Export Credits

To regret ECGD unable to relax cover arrangements at present.

To press for settlement of long overdue debts covered by ECGD.

/(d)

(d) IMF/IBRD/Caribbean Development Bank (CDB)

To encourage President Hoyte to implement substantial reforms of the Guyanese economy acceptable to IMF/IBRD.

To persuade him to seek early reconciliation with creditors.

To encourage Guyana to make early repayment of debt arrears to CDB.

To resist any request for an undertaking now of financial help towards arrears repayment.

(e) Non Aligned Movement

To seek President Hoyte's impressions of the NAM Summit.

(f) South Africa

To emphasise Britain's commitment to working for the end of apartheid and for peaceful and fundamental change in South Africa.

To explain our opposition to general economic sanctions.

(g) Lomé Convention

To take note of any representations on behalf of Guyana/Caribbean Community and Common Market (CARICOM).

(h) Guyana/Venezuela Border Dispute

To make it clear that HMG will not be drawn into substance of the dispute.

Arguments

Arguments to Use

(a) Political Relations

Pleased to welcome you to London. Conscious that there has been a steady improvement in bilateral relations over the last year. Wish to see it maintained.

Impressed by your obvious determination to effect Guyana's economic recovery and introduce a more balanced political course.

(b) Bilateral Aid

Guyana is in default on past British government aid loans. Arrears total £13 million. Know you will give this early attention, otherwise it will inhibit any resumption of capital aid.

(c) Export Credits

Important that agreement on debt settlement reached as soon as possible. Money owed to ECGD on bad business now £32.4 million.

Agreement with the IMF a pre-requisite for any ECGD relaxation in cover arrangements.

(d) IMF/IBRD/Carribean Development Bank (CDB)

Recognise severity of economic problems. Welcome initial steps towards reform. But the deeper the crisis, the more radical the remedies required. International financial community looking for concrete signs of progress.

Essential to restore relations with IMF/IBRD and Caribbean Development Bank. Realise all arrears cannot be paid at once. But important to make a start. IMF programme would open way to funds

/from

from bilateral donors (subject to agreement on individual debts) and rescheduling.

Essential to repay arrears to CDB if its credit standing is not to be damaged. This could have adverse effect for other Caribbean countries, as well as Guyana.

Understand Barbados ready to sponsor scheme to cover repayment with help from HMG and others. Will study details carefully.

(e) Non Aligned Movement

Would be interested in your views on NAM Summit.

(f) South Africa

At one with rest of Commonwealth in wishing to see end to apartheid by peaceful means. Non-racial society, with democratic, representative government and proper safeguards for all minorities can only come from negotiation between the SAG and true leaders of non-white communities. This will take time.

Essential to maintain dialogue with the SAG in order to urge it towards reform and negotiation and not drive it into laager.

A co-ordinated approach on measures (Commonwealth, EC, US and Japan) most effective signal to SAG.

(g) Lomé Convention

Britain plays full and active role through Lomé in furthering Commonwealth Caribbean interests.

/(h)

(h) Guyana/Venezuela Border Dispute

-

His Objectives

(a) Political Relations

To emphasise the change from his predecessor's political and economic style.

(b) Bilateral Aid

To obtain release of frozen British aid funds.

(c) Export Credits

To seek restitution of improved export insurance cover.

(d) IMF/IBRD/Caribbean Development Bank

Secure UK support in international financial institutions, and, possibly, help to clear Guyanese arrears.

Regret UK abstention on IDA Bauxite Project.

To persuade HMG to support Barbadian proposals for liquidating Guyanese arrears to Caribbean Development Bank.

(e) Non Aligned Movement

To promote NAM's views on apartheid and mandatory sanctions.

/(f)

(f) South Africa

To emphasise strong feelings about South Africa expressed in NAM Summit, at the Commonwealth mini-summit and by the Eminent Persons Group and to assert Britain is out of step in resisting calls for general economic sanctions.

(g) Lomé Convention

To test strength of HMG's commitment to preferential trading arrangements set out in Lomé Convention.

To lobby in support of Tate and Lyle's bid for S & W Berisford plc (owners of British Sugar).

To complain about UK opposition to Guyanese application for EC "SYSMIN" aid and press for more positive attitude in future.

(h) Guyana/Venezuela Border Dispute

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4) OF THE PUBLIC RECORDS ACT

Temporarily Retained
15/5/16

Our Response

(a) Political Relations

You have made excellent start but friends need to be convinced that further concrete measures will be taken to overcome internal problems.

/(b)

(b) Bilateral Aid

Cannot consider any new capital aid commitments until agreement is reached on outstanding debts, probably as part of a rescheduling agreement following an accommodation with IMF.

(c) Export Credits

We are bound by Paris Club agreements. Change in cover arrangements difficult without agreement on outstanding debts.

(d) IMF/IBRD/Caribbean Development Bank (CDB)

Want to see results of reforms already announced and further measures first. Pleased Guyana negotiating with IMF/IBRD. If content with proposed programmes and projects, UK would support in Boards. IMF agreement essential for Paris Club rescheduling.

Appreciate importance of IDA Bauxite Project, but abstained because not convinced sufficient reforms implemented to ensure economic success of project.

Will look sympathetically at any detailed proposals from Barbados but cannot give immediate agreement.

CDB must in prudence make provision for any debts still outstanding at end of 1986, not least since any rescue operation could take time. Should not be seen as step hostile to Guyana.

(e) Non Aligned Movement

Britain's views well known. We totally abhor apartheid and have made this clear.

/(f)

(f) South Africa

Understand your deep concern over South Africa. But comprehensive mandatory sanctions would exacerbate the present conflict, and reduce the chances for progress towards peaceful change.

What evidence that they would promote reconciliation/dialogue?

Would severely damage an economy on which so many in Southern Africa depend and damage UK interests/jobs.

(g) Lomé Convention

UK has consistently supported proposals for improved access for African, Caribbean and Pacific (ACP) products to EC, notably during negotiation of third Lomé Convention.

Remain firmly committed to arrangements for imports of ACP sugar under Lomé Convention Sugar Protocol.

Wrong to comment on merits of competing bids for S & W Berisford while these under consideration by Monopolies and Mergers Commission: understand Guyana Sugar Corporation has commented directly to Monopolies Commission.

Important that Guyana should put in place appropriate macro-economic policies before SYSMIN aid can be effective.

Background

(a) Political Relations

1. Following the death of Forbes Burnham in August 1985 Hoyte began a process of change which includes a less accommodating

/approach

approach to Cuba and the Soviet Bloc and cautious moves to repairing relations with the West and with Britain, Canada and the US in particular. Burnham's "cooperative socialist" policies, general mis-management and world recession reduced Guyana to virtual bankruptcy. Hoyte has initiated policies designed to stimulate the economy and promote export-led growth. Observers are waiting for him to add more flesh to the bones of his rhetoric.

2. As current Chairman of CARICOM, Hoyte has some influence over the rest of the Commonwealth Caribbean, especially on South Africa.

3. Military sales to Guyana were suspended in 1979 pending Guyana's return to democracy. Resumption of sales is subject to Ministerial decision. Judgement is reserved until the stability of Hoyte's Government is clearer.

4. Regional Police Adviser (RPA) paid useful first visit to Georgetown in August when he held discussion with Police Commissioner. In order to assess ways in which UK could help, Guyanese would need to arrange full programme involving inspection of existing training facilities, for follow-up visit by RPA.

(b) Bilateral Aid

5. Guyana in default on servicing British aid loans dating from 1968. HMG's last capital aid loan commitment was £10 million in 1978. Of this £3.3 million is unspent.

6. In July 1983 the late President Burnham asked the Prime Minister to allow the unspent funds to be used to meet commercial debt to British companies for work done in Guyana. The Prime Minister agreed in principle subject to Guyana reaching agreement with the IMF and resolving outstanding debts, probably by rescheduling. This is still awaited.

7. HMG continues to finance training of Guyanese and provide other technical help. Cost of £350,000 in 1985.

/8.

8. A representative of DEVDIV Barbados will shortly visit Guyana to assess prospects for future technical cooperation. Viable proposals will be sympathetically examined for future TC programmes.

(c) Export Credits

9. ECGD has been paying claims on business with Guyanese since 1982. At present £32.4 million is outstanding for recovery. Further payment claims amounting to £4 million are expected by 1990.

10. ECGD arrangements for new businesses since 1982 cover short-term business only, with payment secured by irrevocable letter of credit confirmed before shipment by an acceptable bank outside Guyana.

11. For the majority of debts covered by ECGD, local currency deposits have been made by the Guyanese clients in the Central Bank. Delay in settling debts is due solely to the shortage of foreign exchange. Some small recoveries have been made, averaging £0.4 million a year since 1982.

12. Guyana has not sought Paris Club rescheduling but has in the past approached ECGD to discuss settlement on a bilateral basis. This is unacceptable.

(d) IMF/IBRD/Caribbean Development Bank (CDB)

13. Guyanese economic performance in 1980's disastrous: real GDP fell 19% from 1981-83, up 2% in 1984 and 1% in 1985. Value of exports and imports down 42% from 1980-85. Non-financial public sector deficit 61% of GDP in 1985. External arrears $750 million in 1985; reserves only $6.5 million. Economy badly affected by weak prices. But main problem economic mis-management: over-valued exchange rate, large inefficient public sector, uncontrolled government expenditure.

/14.

14. In 1986 budget, Finance Minister Greenidge announced encouraging changes: streamlining State enterprises, encouraging foreign investment in gold, energy, tourism. He estimated 4% increase in GDP and 10% in exports in 1986, but arrears to creditors still expected to rise. Guyanese beginning to implement reforms but few concrete results so far.

15. Guyana declared ineligible by IMF on 15 May 1985 after failure to pay arrears of SDR 38.7 million. No significant payments since. Hoyte has said Guyana will honour its debts. Joint IBRD/IMF Article IV mission now visiting Guyana. Board will review Guyana's position in about three months.

16. IDA loan for technical cooperation for bauxite industry approved on 5 August with UK and US abstaining. We did not believe sufficient progress made in economy overall to ensure project success, despite importance of bauxite to Guyanese economy. No other IDA projects in pipeline.

17. IBRD suspended disbursements to Guyana on 15 August when arrears totalled $2.8 million of which $1.4 million overdue by more than 60 days. Bauxite project also in suspense.

18. Guyanese arrears to CDB now about $13 million, and loans outstanding $33 million. Sound accounting practice requires provision for amounts outstanding when there is doubt about a borrower's capacity to repay. Failure to do this would lead to auditors qualifying the 1986 accounts, and damage the Bank's credit standing. In May, Governors of Bank agreed to leave action aside till September on promise of Guyana's best efforts to settle quickly.

19. Barbados Government has asked informally to join other CDB members in lending money to help. We await a detailed formal approach.

20. German membership of CDB as a non-regional donor awaits solution of Guyanese arrears problem.

/(e)

(e) Non Aligned Movement

21. The Non Aligned Movement Summit in Harare ended on 7 September.

22. President Hoyte kept a low profile but had bilateral meetings with African leaders (especially Mr Mugabe). He also met with President Alfonsin and other South American leaders.

23. Guyana was unexpectedly beaten for the chairmanship of the Economic Committee by Peru.

24. The section on Southern Africa of the NAM final Political Declaration is not too critical by NAM standards. The UK is named. But there is no call for retaliation against Britain over sanctions. The Front Line States managed (against Indian pressure) to ensure there were no new commitments on sanctions: their vulnerability to South African retaliation being a major topic of concern. Declarations reiterated NAM's belief in comprehensive mandatory sanctions as the only peaceful way to bring an end to apartheid. Selected Foreign Ministers were mandated to visit key industrialised countries, including the UK, to press for mandatory sanctions.

25. References to the Falklands were routine, unhelpful and predictable. Stock language also applied to other issues of direct interest to the United Kingdom (Diego Garcia, Law of the Sea).

(f) South Africa

26. Prime Minister will be familiar with the background.

(g) Lomé Convention

27. Lomé Convention governs trade and aid relations between EC and 66 African, Caribbean and Pacific (ACP) states. Third Lomé

/Convention

Convention (1986-90) of 1 May 1986 provides for:

- unrestricted duty free access to EC for all industrial products and vast majority of agricultural products from ACP states;

- EC aid worth 8,500 million ECU (£5,000 million), of which majority allocated to individual country programmes and remainder held back for "horizontal" schemes eg STABEX (Stabilisation of Export Earnings), SYSMIN (see para .... below), emergency aid, etc.

Under Third Lomé Convention, Guyana to receive 20.5 million ECU (£13 million) grant aid for use primarily in rehabilitating economic infrastructre.

28. Under Lomé Convention Sugar Protocol, EC undertakes to purchase and import, at guaranteed prices, 1.3 million tonnes of ACP cane sugar. (Guyanese quota for 1986/87: 158,935 tonnes). These arrangements particularly important for sugar producers in depressed world market.

29. Over 90% ACP cane sugar exports to EC refined and marketed by Tate and Lyle in UK where they compete with UK produced beet sugar marketed by British Sugar (wholly-owned subsidiary of S & W Berisford plc, commodity brokers). Tate and Lyle's bid for S & W Berisford would give Tate and Lyle 94% of sugar market. Monopolies Commission to report later this year.

30. Caribbean Basin sugar exporting states have lobbied extensively in favour of Tate and Lyle's bid. They argue that this is only way of preserving outlet for cane sugar in UK, thereby fulfilling, on commercial basis, EC import obligation in Lomé Convention Sugar Protocol.

31. Lomé Convention SYSMIN (Systeme Minerale) scheme provides assistance to ACP states heavily dependent on mineral production to help offset effects of short-term falls in production or export earnings. Guyana's eligibility agreed by EC in July 1984, despite

/UK

UK abstention. (Other Member States at first reluctant, but gave way). UK also abstained when 3 million ECU subsequently approved to prevent deterioration of plant. EC Commission now considering substantial rehabilitation project (maybe over £25 million). Consistent with approach at IMF and World Bank, UK has argued that SYSMIN aid cannot be used effectively without reform of macro-economic policies, including substantial exchange rate adjustment.

(h) Guyana/Venezuela Border Dispute

32. Guyana and Venezuela have a long-standing dispute over the Essequibo region, two-thirds of Guyanese territory to which Venezuela lays claim. The territory was awarded to British Guiana by an International Tribunal in 1899. Before Guyanese independence in 1966, Britain and Venezuela concluded the Geneva Agreement, to which Guyana became a party on achieving independence. The Agreement provided for a Mixed Commission to be set up, and, if this failed to find a solution, the dispute was to be referred to an international organisation or the Secretary-General of the UN.

33. The Secretary-General of the UN has actively sought a solution since March 1983. Internal political pressures in Venezuela have hitherto impeded progress but economic cooperation between the two countries is increasing with Venezuela recently agreeing to supply Guyana's vital oil needs. The setting up of a five-man commission to include members from both sides, is now under discussion and there are encouraging signs for a possible solution.

34. HMG's policy is not to be drawn back into the substance of the dispute.

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4) OF THE PUBLIC RECORDS ACT

Temporarily retained
Roy S
15/5/16

FOREIGN AND COMMONWEALTH OFFICE

11 SEPTEMBER 1986

Press Line

President Hoyte's first visit to London since assuming the Presidency. It provided a welcome opportunity to discuss policies of his government. Friendly talks covered a wide range of bilateral and multilateral political and economic issues, particularly in light of President Hoyte's recent visits to various African countries and in his role as current Chairman of the Caribbean Community and Common Market (CARICOM).

HOYTE, CDE HUGH DESMOND, SC

Elected President, leader of the PNC and President General of the Guyana Labour Union, 1985.

Born 1929. Educated at University of London (BA: LL.B) and Middle Temple. Taught at a boy's school in Grenada before going to London in 1957. On his return, became a prominent barrister and People's National Congress (PNC) supporter, and was PNC member of the Elections Commission. Minister of Home Affairs 1968-70. Minister of Finance 1971-72. Minister of Works and Communications 1972-74. Minister of Economic Development and Co-operatives 1974-80. Appointed as one of five Vice-Presidents in 1981. Redesignated Vice-President Administration in May 1983 and Vice-President Production in October 1983. Appointed Prime Minister in August 1984.

Hoyte is hardworking and serious, but somewhat abrupt in manner and can lose his temper. He showed signs of strain and poor judgement in his earlier Ministerial appointments. He suffers from diabetes and some say from mental troubles. But he was one of Burnham's closet associates and was one of the main ideological driving forces behind the drafting of Guyana's "socialist" constitution. After his appointment as Prime Minister he became considerably more active politically, and more pragmatic in his views on economic policy.

A man of scholarly interest, he seldom sparkles except within his own small group. He is a voracious reader of Catholic taste. His two daughters were killed in a car accident in 1985. His wife Joyce suffered severe injuries from which she has still not recovered.

JACKSON, CDE RASHLEIGH, E, MP

Senior Minister, Foreign Affairs.

Born 1929. Educated at Queen's College, where he taught 1955-57 before going to Leicester University (BA 1959). On return to Guyana, resumed teaching at Queen's College until 1963, when he attended a diploma course in Barbados and joined the embryonic Ministry of External Affairs. Permanent Secretary 1967-71 he then had a variety of appointments until his appointment as Guyana's Permanent Representative to UN in early 1973. Was appointed Minister on resignation of F W Wills in February 1978. Upgraded to Senior Minister on 27 December 1985.

Highly articulate, Jackson has a slightly disorganised air but has a good grasp of the complexities of international affairs. He was a strong advocate for Burnham's non-aligned policies and for the new international economic order, but he is aware of the Soviet and Cuban threat in the Caribbean. Before Burnham's death he did not carry much political weight inside Guyana, appeared disillusioned and tired and was said to yearn for an overseas appointment. UnderHoyte he has cast off his aloof attitude to party work and took an active part (which he claims to have enjoyed) in the PNC's 1985 election campaign by nursing a volatile area on the coast.

His English wife, who is considerably younger, is a former member of the Young Communist League in the United Kingdom, and remains rather left wing. She worked in the State Planning Commission.

BARKER, MR CRESSWELL JOSEPH EARL

Acting High Commissioner for Guyana in London since February 1986.

Deputy High Commissioner in London since 1979.

Married.

The new High Commissioner for Guyana, Mr Cecil Pilgrim, presently Guyana's Ambassador to Cuba, is expected to take up his appointment shortly.

FEARN, MR (PATRICK) ROBIN, CMG

Assistant Under Secretary FCO since August 1986

Born 5.9.34

1961	FCO
1962	Caracas
1965	FCO
1966	Budapest
1969	FCO
1972	Vientiane
1975	FCO
1976	Islamabad
1979	Head of South America Department, FCO
1983	Royal College of Defence Studies
1984	HM Ambassador, Havana

Married 1961 Sorren Mary Lynne Thomas (3 sons, 1962; 1964; 1976; 1 daughter 1975).

6

epc

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

21 August 1986

VISIT BY THE PRESIDENT OF GUYANA

Thank you for your letter of 20 August. The Prime Minister has agreed to see President Hoyte for a brief meeting on Monday 15 September, between 1045 and 1115.

Mark Addison

Colin Budd Esq
Foreign and Commonwealth Office.

Prime Minister.
Agree to see President Hoyte?
You could do so for half an hour on the morning of Monday 15 September.
MEPT 20/8

CCPC

010

Foreign and Commonwealth Office
London SW1A 2AH

20 August 1986

Dear Mark,

Yes

Visit by the President of Guyana

President Hoyte of Guyana will be in London between 14-17 September, for a brief private visit on his way home after attending the Non-Aligned Movement Summit in Harare. This will be President Hoyte's first visit to Britain since he assumed office. He has asked whether he may pay a courtesy call on the Prime Minister. I understand that the Prime Minister may be free to receive him on Monday 15 September.

Following the death of Forbes Burnham in August last year President Hoyte assumed charge as Executive President, and began a process of change which, we have been glad to note, has included a less accommodating approach to Cuba and the Soviet Bloc. Other Commonwealth Caribbean countries, long suspicious of Guyana under Burnham, have reacted favourably to the changes in both policy and style now emanating from Georgetown.

It was the "cooperative socialist" policies of Forbes Burnham, general mis-management and world recession which reduced Guyana to virtual bankruptcy. The UK capital aid programme was suspended in 1984 and the IMF suspended drawing rights in 1985. President Hoyte, in the short time that he has been in office, has initiated policies designed to stimulate the economy and promote export led growth. A greater role is

/envisaged

envisaged for the private sector which had all but disappeared under Burnham. An important World Bank/ IMF mission is due to visit Guyana next month. The challenge is formidable but we believe that President Hoyte is determined to preside over the economic recovery of his country.

President Hoyte is also moving, albeit cautiously in the face of muted left wing opposition, towards repairing relations with the West and with Britain, Canada and the United States in particular. It is important for the future of democracy in the Commonwealth Caribbean that we encourage him further along this path. A meeting with the Prime Minister would be an important step in this process. As current Chairman of CARICOM President Hoyte has some influence over the rest of the Commonwealth Caribbean countries on matters transcending regional issues. This could have implications for us in the South African context, and it would therefore be useful to expose President Hoyte to the Prime Minister's thinking on this and other important current issues.

Yours Sincerely,

Colin Budd

(C R Budd)
Private Secretary

M Addison Esq
No 10 Downing St

CONFIDENTIAL

OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE
STAG PLACE LONDON SW1E 5DH
Telephone 01-213 5409

N.B. P.R.

From the Minister

21 July 1983

Dear John,

CALL ON PRESIDENT BURNHAM OF GUYANA ON 12 JULY 1983

In your letter of 12 July to Roger Bone you noted the Prime Minister's undertaking to look into one or two of the points which President Burnham raised. One of these points concerned alleged delays on the irrigation and sea defence schemes, where work has been funded from ODA loans.

The position is that work on both schemes is still continuing and is not at present held up for lack of aid funds. However, the agreements under which these projects are funded end on 30 September. While Guyana remains in arrears on loan repayments, and until she reaches agreement with the IMF, we are not able to commit any new capital aid. There is also the question of what form our future capital aid programme should take following an agreement with the IMF and in the light of the Prime Minister's agreement in principle to President Burnham's request that the uncommitted loan balances be used for the payment of debts owing to British firms. So far as the Sea Defences Project is concerned there is sufficient material on site for several months work after September and we are currently considering whether to retain the UK management consultants under our technical cooperation programme so that work can continue and be properly supervised until the longer term future of the Project and our involvement with it is clearer.

Our High Commissioner in Georgetown is already in touch with Guyanese officials about this.

Yours ever,

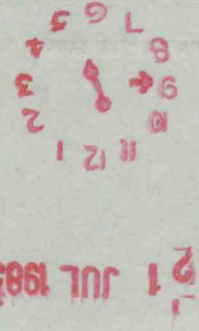
Michael Power.

(M A Power)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

Guyana: Call by Pres. Burnham 1/80



Guyana

Foreign and Commonwealth Office

London SW1A 2AH

15 July 1983

A. J. C. 15/7

h.a.

Dear John,

Call by President Burnham of Guyana, 12 July

Thank you for your letter of 12 July enclosing the record of this meeting. I have already written about the question of payment for MOD surplus Landrovers and Bedford trucks. We informed the Guyana High Commissioner of our decision on 13 July and the FCO had detailed discussions with him on 15 July about implementing the local currency payment arrangements.

The ODA are considering urgently the question of British loan funds and will let you know the outcome through their Private Office.

The enquiry about supply of 9mm ammunition was discussed today with the Guyana High Commissioner by a representative of MOD Defence Sales and the MOD Private Office will be letting you know the position.

I am copying this letter to Jane Ridley (MOD) and Michael Power (ODA).

Yours ever

Roger Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

Guyana Jan 80
Call by Pres Burnham

CONFIDENTIAL FILE

da

cc Master

10 DOWNING STREET

From the Private Secretary

12 July 1983

Dear Roger,

Call by the President of Guyana

President Forbes Burnham called on the Prime Minister this morning. I enclose a record of the conversation.

You will note that the Prime Minister undertook that one or two points would be examined. In particular, she said that we would attempt to decide in the next 48 hours whether we could meet the Guyanan request that they should be allowed to pay in local currency for the surplus MOD vehicles which we have offered. I should be grateful if you could inform the Guyanan High Commissioner, who was present, of the outcome. The Prime Minister hopes that we can help on this matter so perhaps you would inform me if you see difficulty.

I am copying this letter and enclosure to Richard Mottram (Ministry of Defence).

Yours ever

John Coles.

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

da

SUBJECT

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT OF GUYANA AT 1145 ON TUESDAY 12 JULY 1983 AT 10 DOWNING STREET

Present:

Prime Minister	President Burnham
Mr. Coles	Mr. Joseph

* * * * * * * * *

After congratulating the Prime Minister on the election result, President Burnham said that he wished to raise the question of the 1983/84 ACP sugar price. The ACP had been offered a 4% increase which was the same as that given to European producers. There had been no semblance of negotiation, as required by the Lomé Convention. Nor did the offer take into account certain factors which were applicable to ACP countries but not to other countries. In particular, no account had been taken of ACP shipping costs. These had been badly affected by rising freight rates.

At the Caricom meeting last week he had persuaded Barbados, Trinidad and Jamaica that if they did not meet their US quotas Guyana could take up the shortfall, provided the US agreed.

The Prime Minister said that she thought that the 4% offer was a reasonable one. This provided a guaranteed price which was one and a half times the current world price.

President Burnham said that he also wished to raise the question of the new loan agreement which he had discussed with the Prime Minister last November. Guyana was continuing discussions with the IMF whose first set of proposals had not been acceptable. An IMF team would be returning to Guyana on 20 July but with the best will in the world it would not be possible to reach agreement until at least September. Meanwhile the irrigation and sea defence schemes,

/ for

for which part of the British loan will be used, were delayed.

The Prime Minister recalled that after her meeting with the President last November she had sent him a letter making it clear that while we could agree in principle that a portion of our 1978 loan might be used to repay money owing to British firms and to purchase spares for British equipment, implementation of this understanding must wait until Guyana had reached an agreement with the IMF. Would it not be possible at least to agree a letter of intent with the IMF team who would shortly be visiting? President Burnham said that he thought this was unlikely. The Prime Minister said that if negotiations with the IMF were unduly drawn out, people were bound to think that Guyana was refusing to agree to the necessary terms. President Burnham said that Guyana had already accepted certain IMF recommendations. For example, the public sector had shed 6,000 jobs last year and a further 1,200 were now envisaged. He could not go further than this. Guyana did not spend aid money on consumption but on developmental objectives.

The Prime Minister said that she would look into this matter but that she could not promise anything. It would undoubtedly help if Guyana could make some considerable movement towards the IMF.

President Burnham said that, in relation to our offer to supply surplus Bedford trucks and Landrovers, he hoped that it would be possible for Guyana to pay in local currency to the British High Commission in Georgetown. Payment could be spread over a period of about 6 months. Since the Guyanans had been asked to take delivery of the equipment by Friday of this week, the matter was urgent. The Prime Minister said that we would look into the question at once and would hope to let the Guyanan High Commissioner have a reply in the next 48 hours.

President Burnham enquired whether we had any difficulty in supplying ammunition to Guyana. A request had recently been made for half a million rounds of 9mm ammunition for weapons supplied

/ earlier

earlier. The Prime Minister said that she was not aware of any problem about this and the matter would be examined.

The discussion ended at 1215 hours.

A.J.C.

12 July 1983

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

11 July, 1983

Dear John,

Visit of President Forbes Burnham of Guyana: 9-14 July 1983

I enclose two sets of briefs for the Prime Minister's meeting with President Burnham at 11.45 am on Tuesday 12 July.

President Burnham has indicated that he wishes to pay a courtesy call only and there are no particular subjects he would wish to raise. We have been warned, however, that he may refer to British aid and the possibility of additional help over second-hand Vosper patrol boats and Defence Sales. President Burnham may also mention the negotiatons on the 1983/84 ACP sugar price: his Vice President, Mr Hoyte, has recently protested to our High Commissioner about the way the EC has negotiated their recent offer of a 4% price increase.

President Burnham will be accompanied by the High Commissioner, Mr Cedric Joseph. We should be grateful to know if you wish an FCO official to attend the meeting.

President Burnham last called on the Prime Minister on 15 March when the conversation was of a general nature (your letter of 16 March - copy attached).

Yours ever,

(B J P Fall)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

CONFIDENTIAL

CONFIDENTIAL

Mr Attenborough 17.3
Mr Pawsey
Mr Coghlan

WI AD
cc PS
PS/Mr Onslow
PS/PUS
Sir J. Graham
Mr Ure
MED
ESSD
16/3

(26)

Please cc. to
POSD(3)
LACPD, ODA (Mr. Goth)
Def. Dept.
Defence Sales, MOD (Mr. Waddingham)
FID
MCAD
EESD(E)

Glrl

10 DOWNING STREET

From the Private Secretary

I have sent cc to Georgetown and to Stn D. 17/3

16 March, 1983

FLWY 027/1
18 MAR 1983
DESK
INDEX
25/3

Dear [illegible],

Visit of President Forbes Burnham of Guyana

Thank you for your letter of 15 March. President Burnham duly called on the Prime Minister for 45 minutes at 0900 hours today. He was accompanied by his High Commissioner and John Ure was also present.

The bulk of the conversation was of a general nature and I am therefore not doing a detailed record.

There was no reference to bilateral matters, apart from an expression of gratitude by President Burnham for the help that we had been able to give since his last visit.

He told the Prime Minister that an IMF team would arrive in Guyana on 5 April. This led to a discussion of the financial problems of a number of South American countries and a brief exchange about the recent OPEC agreement.

President Burnham gave the Prime Minister his impressions of the prospects for resolving the Iran/Iraq conflict, based on conversations which he had had at the recent Non-aligned Summit. He believed that the war would end next year, partly because Iran was thinking in terms of one final assault which would either succeed or fail but which would, in any event, lead to the end of the conflict. His information suggested that morale in Iran was sinking fast, partly because of the indifference shown by the Iranian regime to the massive loss of lives. A frequent tactic for clearing minefields was to send in waves of young soldiers. Khomeini had virtually ceased to take decisions and there was a succession problem. The feeling was growing that it was time the Iranian revolution ended and stability returned. By next year Iran would be exhausted and Iraq would be bankrupt.

The Prime Minister said that we had recently seen extremely high estimates of casualties in the war. President Burnham said

/that

CONFIDENTIAL

that the Iraqi Deputy Foreign Minister has told him that he believed over half a million lives had been lost.

President Burnham was critical of the expenditure by the industrialised countries on defence, especially on nuclear weapons. If Guyana had the financial equivalent of one nuclear submarine, a high standard of living into the next century would be guaranteed. But he was also critical of the oil producers. There were individual Saudi Arabians whose personal income was higher than Guyana's gross domestic product - and most of it was spent in the South of France. Meanwhile, Guyana had oil which was sweeter than Arabian crude but which it could not extract. British firms were not interested.

Yours ever

John Coles.

John Holmes, Esq.,
Foreign and Commonwealth Office

CALL ON THE PRIME MINISTER BY HIS EXCELLENCY COMRADE L F S BURNHAM OE SC, PRESIDENT OF GUYANA, AT 11.45 am ON TUESDAY 12 JULY 1983

POINTS TO MAKE

CARICOM

1. How did last week's meeting go? Good you are meeting more often. Has CARICOM overcome recent trade and financial problems?

VENEZUELA/GUYANA TERRITORIAL DISPUTE

2. We welcome referral of dispute to UN Secretary-General as constructive step towards peaceful solution.

ECONOMY AND UK AID

3. Glad to have been able to agree in principle to your request when we met last November that unused balances of UK aid loans be released to pay debts to British firms and purchase essential spare parts.

4. But as I made clear then, we must wait until you reach agreement with IMF before releasing these funds. How are negotiations with IMF going?

New Loan (if raised)

5. Question of a new loan (to continue our capital aid programme after 1983/84) is premature. We shall review once outcome of your discussions with IMF is clear.

Vosper Patrol Boats (if raised)

. Pending outcome of IMF discussions, premature to consider help in reconditoning ex-Trinidad patrol boats. What are boats to be

/used

used for? ODA aid funds not available for purely military projects.

DEFENCE SALES (if raised)

Oerlikon and Bofors Guns

7. MOD pleased to have been of assistance in supplying guns and ammunition. Request for training is under consideration.

Surplus Vehicles (if raised)

8. MOD hope GDF find surplus vehicles offer acceptable. (Means of payment - IF RAISED) We are urgently considering request to accept payment in local currency at British High Commission. We do not normally accept large sums exceeding our posts routine remittances from London.

Supply of 9 mm Ammunition (if raised)

9. MOD willing to investigate possibility of supplying but would need details of requirements.

ECGD (if raised)

10. ECGD must await tangible signs of economic progress before considering resumption of credit cover and be satisfied that Guyana's assumption of new debts would not present repayment problems. IMF agreement is pre-requisite.

SUGAR (if raised)

11. Recognise that ACP producers feel a 9.5% increase this year would be more in keeping with their cost increases, but an increase out of line with that agreed for Community producers would reduce the competitiveness of ACP sugar on our market. Even with recent improvements on world markets, the guaranteed price proposed by the Community is one and a half times the current world price.

ESSENTIAL FACTS

POLITICAL INTERNAL

1. Mr Burnham's People's National Congress (PNC) has governed since independence in 1966. Both main parties are left-wing differing mainly in the ethnic origin of respective supporters. The ruling PNC derives its main support from the minority African section of the population which dominates the security forces, civil service and main towns.

2. Political and civil rights have deteriorated under Mr Burnham. Guyana's human rights record is poor but repression is not violent. The media are censored and almost entirely government controlled.

3. Serious internal unrest arose recently as bauxite mine workers at Linden south of Georgetown demonstrated against shortages of basic foodstuffs following import controls. Linden is important as the major industrial area employing Afro-Guyanese, hitherto firm supporters of Mr Burnham. The authorities temporarily detained union leaders and the state-run bauxite company cut the working week. A protest strike ensued and sympathy strikes and protests have erupted elsewhere, notably amonst sugar workers. Acts of sabotage have been reported and the situation remains tense. These incidents represent the first serious challenge to President Burnham.

POLITICAL EXTERNAL

Caricom

4. Immediately prior to visiting London, President Burnham attended the Caricom Summit in Port of Spain on 4-7 July 1983. These summits were resumed in November 1982 (Jamaica) after a 7 year lapse. Guyana's regime is unpopular with other Caribbean leaders and this has thwarted Burnham's wish to host a summit. Jamaica's exchange rate policy had created trading problems for its CARICOM partners but the difficulties have now been settled.

/Venezuela/

Venezuela/Guyana Territorial Dispute

5. In 1899 an international arbitration award set out the present boundaries between Venezuela and Guyana. The Venezuelans began criticising this award in the 1950s. The 1966 Geneva Agreement set out ways of resolving the controversy. Britain was a signatory to the agreement because Guyana was not yet independent. The Geneva Agreement re-entered into force on 18 June 1982 following the expiry of the Port of Spain Protocol which had frozen the dispute for 12 years. The UK has an interest in the smooth working of the Agreement but since we are no longer a direct party to the dispute and we do not consider the Agreement envisages any further role for the UK, we wish to avoid direct involvement.

6. Following the re-entry into force of the Geneva Agreement, Guyana and Venezuela were initially unable to agree who might undertake an international adjudication on the dispute; Guyana favoured the International Court of Justice and Venezuela the UN Secretary General. However, in March Guyana agreed to Venezuela's proposal to refer the dispute to Sr Perez de Cuellar.

7. This decision was welcomed both by the Government and the opposition in Caracas. It has taken the heat out of the dispute for the moment and has reduced the chances of the controversy becoming an electoral issue in Venezuela, where Presidential and Congressional elections are to be held in December.

8. Sr Perez de Cuellar has asked a senior UN official (Sr Diego Cordovez) to visit both countries, but neither country expects (nor, in Guyana's case, wants) much progress to be made before a new Venezuelan Government takes office next March.

RELATIONS WITH THE UNITED KINGDOM

9. UK-Guyana relations, although rather cool because of Guyanese internal politics, have picked up following Guyana's robust support of the British stance in the Falklands crisis.

/ECONOMY

ECONOMY AND UK AID

10. Guyana's largely state-controlled economy continues to deteriorate and is in a foreign exchange crisis. The world recession has hit the bauxite, sugar and rice industries. Creditors have agreed in principle to re-schedule commercial debts, subject to official debts of about US$870 million also being re-scheduled by the Paris Club following an agreement with the IMF.

11. An IMF Mission which visited Guyana in April found international indebtedness equal to twice GDP and four times annual export earnings. The IMF have proposed a substantial devaluation, wage controls, price increases and severe reductions in public expenditure. The initial Guyanese reaction was unfavourable but confidential talks with the IMF have continued in Washington with some progress. An IMF team is expected to visit Guyana again on 20 July.

12. If an agreement is reached with the IMF, a supporting financial rescue operation will be needed. As agreed following President Burnham's meeting with the Prime Minister on 24 November 1982, Britain's contribution, provided agreement is reached with the IMF, will be met by releasing unspent loan balances of £3.3 million to pay existing debts to British firms and purchase essential spare parts. Hitherto, the loans formed part of the British capital aid programme and recently helped finance the Tapakuma irrigation project and related Essequibo sea defences project. Our current policy is to continue funding them but if unused balances are committed to a financial rescue operation the possibility of further capital aid either to continue financing the two projects or for other purposes would have to be considered in the light of circumstances. Details of our future programme remain unsettled and a new loan has not been discussed with Guyana. Until agreement is reached with the IMF, discussion would be premature as Guyana is now £4.3 million in arrears on repayments of UK loans. Other creditors are similarly declining further assistance until such accommodation is reached.

13. President Burnham may ask for 'help' over reconditioning two second-hand Vosper patrol craft which Guyana will acquire from

/Trinidad.

Trinidad. Refurbishment would be expensive. In the light of the outcome of negotiations with the IMF, we could consider a request for financial assistance but such a project would normally have low priority for aid funds which are not available for purely military projects. Currently available aid funds are fully committed.

DEFENCE SALES

14. The Guyanese Defence Force (GDF) purchased 30 surplus Oerlikon, and 12 Bofors guns and ammunition from MOD earlier this year at a knockdown price of £20,000. The equipment is in UK awaiting transportation, and MOD is investigating the possibility of assisting the GDF with this task. MOD has recently received a request for training in the use of these weapons and is examining what, if any, assistance can be provided.

15. The GDF has also been offered surplus Bedford trucks and Land Rovers at a reduced price of £139,000. A formal response is awaited but it looks as though the GDF will buy this equipment as well. The Guyanese have recently enquired whether we would accept payment to the British High Commission, Georgetown, in local currency for these vehicles. The request is being considered urgently. FCO would be agreeable in principle to accept local currency provided local exchange control authorities raised no objections but would not normally absorb more at any one time than routine periodic funding from London (around £15,000-20,000 monthly in Georgetown). MOD Defence Sales offer, however, envisages early payment in full.

ECGD

16. Early in 1982 ECGD restricted cover to Short Term only where secured by an Irrevocable Letter of Credit confirmed by an acceptable bank outside Guyana because of the serious foreign exchange crisis which resulted in claims payments. Cover beyond the Short

/Term

Term was suspended.

SUGAR

17. Sugar accounts for 30 per cent of Guyana's GDP. Annual average production is over 300,000 tonnes, nearly all exported. Under the Lomé Sugar Protocol the European Community guarantees ACP countries annual access for up to 1.3 million tonnes levy-free and at guaranteed prices under a quota system. Most of Guyana's quota of 157,700 tonnes comes to the United Kingdom for refining by Tate and Lyle.

18. The Council has agreed to a 4% increase in the EC raw sugar intervention price in 1983/84 and, as usual, the same increase has been formally offered on the ACP guaranteed price. The ACP have expressed disappointment and requested 9.5%, in line with forecast inflation rates in their countries. An increase for the ACP over and above the increase in Community prices would squeeze the refiners' margin. This would threaten Tate and Lyle's competitivity and the long term future of the Sugar Protocol itself. It is in the interests of the ACP to settle for 4%; in the end they probably will.

West Indian and Atlantic Department

COUNTRY DATA: GUYANA

A. POLITICAL:

DATE OF INDEPENDENCE	26 May 1966
HEAD OF STATE	HE Comrade L F S Burnham, OE SC President
POLITICAL SYSTEM	Parliamentary Democracy
HEAD OF GOVERNMENT AND PARTY	President Burnham (also Minister of National Security), Leader of People's National Congress (PNC)
PRIME MINISTER AND FIRST VICE-PRESIDENT	Dr P A Reid, OE, MP,
POLITICAL ORIENTATION	Socialist, non-aligned
LEADER OF OPPOSITION AND PARTY	Dr Cheddi P Jagan MP, DDS BSC (Sociology), People's Progressive Party
LAST GENERAL ELECTION	15 December 1980, PNC 53 seats, PPP 10 seats, United Force 2 seats
AFFILIATIONS	Amazon Pact, CARICOM, UN Economic Commission for Latin America SELA (Latin American Economic System)
POPULATION (end 1981)	796,000 (about 60 per cent Asian Indian, 30 per cent African)
POPULATION GROWTH (1976-81)	0.6 per cent
ADULT LITERACY RATE	91.3 per cent

B. ECONOMIC:

PER CAPITA INCOME (1979)	US $570
GDP GROWTH (1982 estimate)	-10 per cent
INFLATION (1981)	29 per cent
BALANCE OF PAYMENTS (1981)	-US $187.0 million
NET RESERVES	-US $166.2 million

C. RELATIONS WITH UNITED KINGDOM:

BRITISH HIGH COMMISSION, GEORGETOWN		Mr W K Slatcher, CVO, CMG
GUYANA HIGH COMMISSION IN LONDON		HE Dr Cedric L Joseph
UK IMPORTS FROM GUYANA	(1981)	£50.9 million
	(1982)	£50.5 million
UK EXPORTS TO GUYANA	(1981)	£29.0 million
	(1982)	£13.1 million

BURNHAM, HE Cde L F S, OE SC

President of Guyana, Minister of National Security and Leader of the People's National Congress (PNC).

Born 1923. Educated at Kitty Methodist School, Central High School and Queen's College, Georgetown. He was Guiana Scholar of 1942 and studied at London University and Gray's Inn, where he obtained the degrees of BA and LL.B (Hons). He won the Best Speaker Cup at the Law Faculty of London University and was President of the West Indian Students' Union of Great Britain (1947-8). Returned to British Guiana in 1949, practised at the bar and entered politics through the British Guiana Labour Union of which he was several times President. He was identified with local politics as a member of the Georgetown Town Council from 1952-66, and was Lord Mayor in 1959 and 1964. Was elected to the Legislative Assembly in 1953 as a PPP member and appointed Minister of Education. He broke finally with Jagan in 1957 and took with him most of the African elements of the PPP to form the PNC of which he has since then been undisputed leader. In the elections under proportional representation in 1964, although Jagan secured the largest number of seats he did not have an absolute majority and Burnham formed a Government in coalition with the United Force. He won an absolute majority in the December 1968 election, a two-thirds majority in the July 1973 election and a four-fifths majority in the December 1980 election. Assumed the office of executive President on the promulgation of Guyana's new constitution on 6 October 1980.

Burnham is among the most interesting and complex personalities in the Commonwealth. A brilliant lawyer, a witty talker, a natural politician, a versatile orator, and a self-confessed bon viveur, he stands head and shoulders above any of his colleagues and holds the reins of authority firmly in his own hands. His radical economic theories and his ambition to make the country increasingly self-sufficient have led him to introduce a large measure of state control at the expense both of foreign commercial interests and of local private enterprise.

In external relations Burnham's policy is to be conspicuously non-aligned and thereby free to accept aid from any quarter. He is probably not himself a communist by ideology but his obsession with Guyana's colonial past, his hatred of capitalism and his socialist/co-operative ideals have led him far in this direction. He has a lively interest in the new Commonwealth countries, particularly in Africa. He respects both Kaunda and Nyerere and has been to some extent influenced by their policies, but is now also interested in the friendship of Iraq, North Korea and Libya. He was one of the champions of Caribbean integration, playing a leading role in the establishment of the Caribbean Free Trade Association followed by the Caribbean Community and the promotion of the Caribbean Development Bank. Since 1975 however he has appeared somewhat disenchanted with developments within the Community. He has betrayed colour-consciousness in his comments on America and Britain. On all racial questions and in particular the problems of Southern Africa, he is suspicious and unsympathetic and years after Independence, with all forms of neo-colonialism exorcised, his desire to make a complete break with the colonial past can no longer explain his hostile public references to Britain.

He has moods of frustration which make him difficult to deal with, and he has now come so near to autocracy that he develops fixed ideas and dislikes advice that conflict with these; it would be dangerous to rely on the sense of humour that was once his saying grace. A keen horseman until a fall in late 1973 led to a long series of bouts of unexplained ill-health culminating in a heart attack in January 1977 and a long period of absence from all activities. He now exercises daily for one hour on doctor's orders, but still smokes heavily and sometimes drinks more than he should.

Burnham's first marriage, to a Trinidadian, of which there are three children, ended in divorce in 1966. He married Miss Viola Harper in 1967. She is Chairman of the Women's Revolutionary Socialist Movement, the women's arm of the Party and is active politically. She also sits on several committees of charitable organisations. She is reputed to own several properties and have extensive farming and agricultural interests. Burnham, who is showing increasingly egocentric tendencies, may envisage being succeeded by his wife. There are two daughters of the marriage born in 1968 and 1970.

JOSEPH, CDE CEDRIC LUCKIE

High Commissioner to London.

Born 1933. After local education he studied History at Aberystwyth University (1959-62) and at the LSE (1962-65) where he took his Masters. Formerly History Master at a comprehensive school in London and a lecturer in History at the University of the West Indies. Joined the Guyanese diplomatic service in 1971 and served as Deputy High Commissioner in Jamaica, Deputy Permanent Representative at the UN and from 1977-81 as High Commissioner to Zambia with accreditation to other "Front Line" States.

Joseph showed himself to have a sharp political mind while resident in Lusaka and was thought to be a good and lively Commonwealth colleague. He has travelled extensively in Southern Africa and is very perceptive about African political trends.

Married.

CONFIDENTIAL

12/7

John Kelly

NO 10

With the compliments of

THE PRIVATE SECRETARY

Re - Burma Law Visit

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

A

CONFIDENTIAL

GRS 235

CONFIDENTIAL
FM GEORGETOWN 111432Z JUL 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 127 OF 11 JULY

MY TELNO 120: BURNHAM VISIT

1. VICE PRESIDENT HOYTE CALLED ME IN THIS MORNING TO TELL MR THAT WHEN HE CALLS ON THE PRIME MINISTER BURNHAM WILL WISH TO RAISE THREE MATTERS:-

(I) THAT THE BALANCE OF THE 1978 LOAN BE RELEASED BEFORE FINAL AGREEMENT IS REACHED WITH THE IMF. AS BACKGROUND, HOYTE SAID THAT THE TIMETABLE ON NEGOTIATIONS WITH THE IMF HAD SLIPPED THROUGH NO FAULT OF THE GUYANESE. HE NOW ACCEPTED THAT FOLLOWING THE VISIT OF THE IMF TEAM BEGINNING ON 20 JULY, FINAL AGREEMENT WILL BE REACHED ONLY BY THE END OF SEPTEMBER. DEVALUATION (POSSIBLY THREE TIER) WOULD OCCUR IN THE INTERVAL. BURNHAM WOULD THEREFORE ASK THAT THE BALANCE OF THE 1978 LOAN BE RELEASED IN THE INTERIM. I POINTED OUT THAT WHEN THE MATTER WAS DISCUSSED BETWEEN THE PRIME MINISTER AND BURNHAM LATE LAST YEAR IT HAD BEEN CONDITIONAL ON AGREEMENT HAVING BEEN REACHED WITH THE IMF (PARA 3 OF MY TUR).

Points to Make 3 and 4

Exchange of correspondence at (B)

(II) HELP OVER THE SUPPLY OF 90 LAND ROVERS AND FIVE BEDFORD TRUCKS (MY TELNO 118 OF 30 JUNE). HOYTE SAID BURNHAM WOULD PROBABLY ASK THAT THE DATE FOR THE COMPLETION OF THE SALE BE DELAYED.

Points to Make 8

(III) THE ACP SUGAR NEGOTIATIONS (MY TELNO 117 OF 30 JUNE). HOWEVER, AFTER I HAD MADE THE POINTS GIVEN IN YOUR TELNO 80, HOYTE AGREED TO GET IN TOUCH WITH BURNHAM AND SAY THAT THE MATTER HAD BEEN FULLY DISCUSSED AND THAT IT NEED NOT BE RAISED. WHEN I MADE THE POINTS IN YOUR TELNO 80, HOYTE SAID THAT HE ACCEPTED THEM.

Points to Make 11

SLATCHER

MINIMAL
WIAD
DEFENCE D
ECD (E)
ERD

CONFIDENTIAL

B

~~DRAFT~~ TELEGRAM TO GEORGETOWN FROM NO 10 , 31 DECEMBER 1982

Please convey following message to President Burnham from Prime Minister

When we met on 24 November I promised to consider your request that unused portion of 1978 loans might be used to repay money owing to British firms and to purchase spares for British equipment.

I am happy to tell you that I can now agree to this in principle, although I feel we must wait until you have reached an agreement with the IMF before releasing any funds. The Overseas Development Administration, who administer the loans, will not in any case have sufficient funds available until the new financial year commencing 1 April 1983. Subject to agreement with the IMF there will be no difficulty about extending the terminal dates for the loans.

I have instructed our delegation to the IMF and the IBRD to urge an early agreement with your Government and to adopt a sympathetic approach in discussions on your debt problems.

Yours

You may wish to know to hear the exchange of messages with Burnham last year

Yours

Guyana High Commission
3 Palace Court · Bayswater Road · London W2 4LP
Telephone: 01-229 7684/8 Telex: 23945 Cable Address: GUYCOM, LONDON

E11/45

The High Commission for the Cooperative Republic of Guyana presents its compliments to the Foreign and Commonwealth Office and has the honour to forward a message from the President of the Cooperative Republic of Guyana, Mr L.F.S. Burnham to the Prime Minister, The Rt. Hon. Mrs Margaret Thatcher.

"

January 9, 1983

Many thanks for your message, which you conveyed to me through your High Commissioner in Georgetown, informing me of your agreement in principle to permit the unused portion of the 1978 U.K. loans to be applied to the payment of debts due to the British firms and to the purchase of spares for British equipment.

I have noted that disbursements will have to await our reaching an agreement with the IMF and will not be possible, in any event, before the new financial year commencing 1st April, 1983. I do understand the reasons for these qualifications.

May I say how grateful I am for the instructions you have given to your delegation to the IMF and IBRD on the subject of Guyana. I am sure that you will be interested to learn of the advice I have received from my Vice-President, Economic Planning and Finance, that your delegation has already taken some helpful initiatives on Guyana in these institutions.

L.F.S. BURNHAM
President of the Cooperative
Republic of Guyana

"

The High Commission for the Cooperative Republic of Guyana avails itself of this opportunity to assure the Foreign and Commonwealth Office of its highest consideration.

LONDON

January 10,1983

HL

24 June 1983

BF

President Forbes Burnham of Guyana

The Prime Minister will be able to see the above for 30 minutes at 1030 on Friday 15 July (your letter of 22 June refers).

JOHN COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

NR

Prime Minister

Agree to see Forbes Burnham for 30 minutes at 10.30 on Friday, 15 July?

A.J.C 23/6.

Yes ms

Foreign and Commonwealth Office

London SW1A 2AH

22 June, 1983

Dear John,

President Forbes Burnham of Guyana

Thank you for your letter of 10 June about President Burnham. He will be paying an unofficial visit to London, arriving on 9 July and staying for about a week. He has told our High Commissioner in Georgetown that, as before, he would like to pay a call on the Prime Minister during his visit.

We hope that, as suggested in your letter, the Prime Minister might be able to see President Burnham for a short meeting. Her last meeting with him was on 16 March, when they had a general discussion with only a passing reference to bilateral matters.

President Burnham has not indicated any specific item he may wish to raise. We think it likely that he will wish to discuss UK aid in relation to the IMF, with which Guyana is having difficult and protracted negotiations. For our part it would be of interest to hear his views on developments in Guyana's territorial dispute with Venezuela.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 35/83

Title VB

cc. To MASTER & OPS
PM: Gifts Received.

10 DOWNING STREET

THE PRIME MINISTER

23 March, 1983

My dear Forbes,

Thank you so much for the three amethyst stones which you so kindly sent me. They really are delightful.

I enormously enjoyed our talk the other day.

Yours sincerely

Margaret Thatcher

His Excellency Comrade L.F.S. Burnham, OE, SC

RM

With the good wishes of

Comrade President

Co-operative Republic of Guyana

SUBJECT

CONFIDENTIAL

FILE 8W
Guyana

B/C Sir A. Parsons
to Masten

10 DOWNING STREET

From the Private Secretary

16 March, 1983

Visit of President Forbes Burnham of Guyana

Thank you for your letter of 15 March. President Burnham duly called on the Prime Minister for 45 minutes at 0900 hours today. He was accompanied by his High Commissioner and John Ure was also present.

The bulk of the conversation was of a general nature and I am therefore not doing a detailed record.

There was no reference to bilateral matters, apart from an expression of gratitude by President Burnham for the help that we had been able to give since his last visit.

He told the Prime Minister that an IMF team would arrive in Guyana on 5 April. This led to a discussion of the financial problems of a number of South American countries and a brief exchange about the recent OPEC agreement.

President Burnham gave the Prime Minister his impressions of the prospects for resolving the Iran/Iraq conflict, based on conversations which he had had at the recent Non-aligned Summit. He believed that the war would end next year, partly because Iran was thinking in terms of one final assault which would either succeed or fail but which would, in any event, lead to the end of the conflict. His information suggested that morale in Iran was sinking fast, partly because of the indifference shown by the Iranian regime to the massive loss of lives. A frequent tactic for clearing minefields was to send in waves of young soldiers. Khomeini had virtually ceased to take decisions and there was a succession problem. The feeling was growing that it was time the Iranian revolution ended and stability returned. By next year Iran would be exhausted and Iraq would be bankrupt.

The Prime Minister said that we had recently seen extremely high estimates of casualties in the war. President Burnham said

/that

CONFIDENTIAL

RM

CONFIDENTIAL

that the Iraqi Deputy Foreign Minister has told him that he believed over half a million lives had been lost.

President Burnham was critical of the expenditure by the industrialised countries on defence, especially on nuclear weapons. If Guyana had the financial equivalent of one nuclear submarine, a high standard of living into the next century would be guaranteed. But he was also critical of the oil producers. There were individual Saudi Arabians whose personal income was higher than Guyana's gross domestic product - and most of it was spent in the South of France. Meanwhile, Guyana had oil which was sweeter than Arabian crude but which it could not extract. British firms were not interested.

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

15 March 1983

Dear John,

Visit of President Forbes Burnham of Guyana: 13 - 19 March 1983

* separate folder

/ / I enclose two sets of briefs* for the Prime Minister's meeting with President Burnham at 9.00 am on Wednesday 16 March.

President Burnham will be accompanied by the High Commissioner, Mr Cedric Joseph. John Ure will attend from here as we discussed.

Despite an attempted revision, the briefing set is still voluminous. In practice I suggest that the Prime Minister need see only the steering brief and the points to make on bilateral and international issues. But you may wish to have the other background briefs for reference purposes.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

VISIT OF MR FORBES BURNHAM, PRESIDENT OF GUYANA: 13 - 19 MARCH 1983

LIST OF BRIEFS

A. STEERING BRIEF: GUYANA, VITAL STATISTICS

B. POINTS TO MAKE: (i) Bilateral issues (Briefs 2-6)
(ii) International issues (Briefs 7-10)

C. BACKGROUND BRIEFS

1. Guyana: Political
2. Guyana: Economic
3. Aid to Guyana
4. Assistance to the Guyana Defence Force
5. Sales of Defence Equipment to Guyana
6. Guyana: Human Rights
7. Falklands and the NAM Summit
8. Venezuela/Guyana Territorial Dispute
9. Belize
10. Sugar
11. Personality notes on President Burnham and HE Mr Cedric Joseph, High Commissioner for Guyana.

VISIT OF HIS EXCELLENCY COMRADE L F S BURNHAM OE SC, PRESIDENT OF GUYANA: 13 - 19 MARCH 1983

STEERING BRIEF

A. OBJECTIVES

1. (i) Note any representation on bilateral issues, for example on aid matters, and put forward British Government's position;

(ii) Sound out Guyanese thinking on their territorial dispute with Venezuela, particularly in the light of the withdrawal by Venezuela of her applications for membership of the Non-Aligned Movement (NAM);

(iii) Seek Guyana's views on NAM Heads of Government meeting in New Delhi.

B. FOLLOW-UP ON NOVEMBER MEETING

2. (i) The Prime Minister met President Burnham in London on 24 November 1982 (record at Annex A)

(ii) Arising from that meeting, we have

(a) agreed in principle that the unused balances of two 1978 loan agreements (worth £3.35 million) may be utilised to repay money owing to British firms and to purchase spare parts for British equipment subject to Guyana reaching agreement with the IMF before any funds may be released. (President Burnham was informed of this decision on the Prime Minister's message which was telegraphed to Georgetown on 31 December);

(b) instructed our delegation to IMF and the IBRD to urge an early agreement with the government of Guyana and to

/adopt

adopt a sympathetic approach in discussions about Guyana's debt problems;

(b) allocated the sum of £50,000 to Guyana under the UK Military Training Assistance Scheme for 1983/84.

C. SUMMARY OF BRIEF

3. President Burnham, who recently celebrated his 60th birthday, maintains his dominance of the political scene in Guyana (Briefs Nos 1 and 11).

4. The economy continues its downward spiral (Brief No 2). Shortage of foreign exchange has had a severe effect on Guyana's ability to import essential goods.

5. Anglo-Guyanese relations have improved in recent months follow-Guyana's robust support for the UK's position on the Falklands (Brief No 1). President Burnham may raise again the question of UK Aid (Brief No 3).

6. At the November meeting, President Burnham requested military training assistance. We are helping on this (Brief No 4). The Ministry of Defence has sold a number of Bofors and Oerlikon guns, for which the Guyanese have paid £20,000 (Brief No 5). It is for the Guyanese to arrange shipment.

7. Whilst there has been no significant deterioration in human rights in Guyana, the subject arouses UK Parliamentary interest from time to time (Brief No 6).

8. President Burnham has just attended the NAM Heads of Government meeting in New Delhi (Brief No 3). The final declaration was critical of the UK. It would be useful to know how Guyana saw the meeting.

9. The impasse on the territorial dispute between Guyana and Venezuela continues (Brief No 8). We should take the opportunity of President Burnham's visit to ascertain whether the Guyanese are yet

willing to consider referring the dispute to the UN Secretary General.

10. President Burnham has told Mr Price, the Prime Minister of Belize, that Belize has Guyana's full support, but on the clear understanding that British troops remain (Brief No 9).

11. At the November meeting, President Burnham raised the question of an increased ACP sugar quota for Guyana. Should he do so again, the Prime Minister may wish to draw on the background at Brief No 10.

12. President Burnham is making a private visit to London on his way back from the NAM meeting in New Delhi. No calls on other Ministers are planned.

CONFIDENTIAL

GUYANA: VITAL STATISTICS

Area	83,000 sq miles
Population (end 1981)	796,000
Population Growth Rate (1976-81)	0.6%
Adult Literacy Rate	91.3%
Per Capita income (1979)	US$ 570
GDP growth (1982 estimate)	-10%
Inflation (1981)	29%
Balance of Payments (1981)	US$ -198.4 million
Net reserves	US$ -166.2 million
UK Imports from Guyana (1981)	£50.9 million
(1982)	£50.5 million
UK Exports to Guyana (1981)	£29.0 million
(1982)	£13.4 million

CONFIDENTIAL

Annex A

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT OF GUYANA AT 1530 HRS ON WEDNESDAY, 24 NOVEMBER, AT 10 DOWNING STREET

Present:-

The Prime Minister	President Burnham
Mr Ure	Mr Joseph
Mr Coles	

******

The Prime Minister expressed appreciation for the support Guyana had given during the Falklands conflict. President Burnham said that this was automatic.

The Prime Minister enquired about the situation with regard to the Venezuela/Guyana dispute. President Burnham replied that the situation was not good. There were intrusions from time to time into Guyana's territory. Venezuela had rejected his proposal to take the matter to the International Court of Justice.

The Prime Minister said that she had read in the press recently that Brazil was selling arms to Guyana. President Burnham said this was partly true, partly not.. All that was involved was two planes with reconnaissance capability (though they could carry missiles) and about six troop carriers. He was grateful for the offer which we had made with regard to defence equipment. He knew that Guyana was getting a bargain but it still had to find the money.

The Prime Minister recalled that at the last Commonwealth Conference President Burnham had explained that Guyana could not develop the area to which Venezuela laid claim. President Burnham said that this remained broadly true. France was helping with a study of uranium resources and was in principle prepared to take part in joint exploitation. He had been trying to arrange a consortium to develop water resources but this had been frustrated by Venezuelan intervention with the World Bank. Then, a company which had been

/interested

interested in oil exploration had been bought up by an American company which had ties with Venezuela and which had decided not to pursue the project.

Brazil was formally neutral but in fact tended to favour Guyana. During his visit last month, Brazil had agreed to build a road from North Eastern Brazil to Georgetown. Venezuela was also very active in the Caribbean. While most Caribbean States supported Guyana loyally, they could not but be influenced by Venezuelan aid. Nevertheless, the recent Caribbean Summit in Jamaica had issued a communiqué favourable to Guyana.

He had wondered whether the United Kingdom might be prepared to support a reference of the Venezuela/Guyana dispute to the International Court of Justice. The Prime Minister said that, as she understood it, a dispute could only be referred if both countries concerned agreed - or alternatively if the UN Secretary General took the necessary steps. President Burnham said that Venezuela could ensure that the dispute was kept away from the UN Secretary General for the next decade if necessary. Venezuela and Guyana ought now to agree on which international agency should settle the matter. Venezuela had rejected the ICJ but had proposed no alternative. Time was on Venezuela's side. Meanwhile, it was not possible to attract investment. The Prime Minister enquired whether the World Bank would not invest in the area. President Burnham said that in theory it could but the Bank was sensitive to political considerations and its investment was usually of a different type to that which was needed. Venezuela had written a letter to the World Bank objecting to the financing of a hydro-electric plant on the grounds that it was on Venezuelan territory, it interfered with Venezuela's water resources and harmed the environment. The World Bank had received advice that these arguments were of little merit but it was still not able to act. It would be helpful if countries like the United Kingdom and Brazil could support Guyana's case with the Bank. The Prime Minister said that we would consider how best we could use our influence with the Bank. It was very frustrating if resources could not be developed. President Burnham expressed gratitude for this offer.

/ President Burnham

President Burnham said that he was hoping that Guyana could agree a programme of measures with the International Monetary Fund in December. The Prime Minister said that this was a necessary pre-requisite for debt rescheduling. President Burnham stated that the IMF took the view that there was a financing gap which it could not fill. It was, therefore, not disposed to call a meeting unless there was evidence that other donors would come forward to fill the gap. Canada had said that when Guyana had satisfied the conditions put forward by the World Bank for structural adjustment, it would provide 12 million Canadian Dollars. He wondered whether it would be possible for us to extend the terminal date for our 1978 loans so that the unused proportion of these could be used. The line we had been taking was that this could only be agreed if the IMF programme was settled first. But that programme could not be finally agreed until the Spring of next year. Would it be possible for us to release the remaining funds committed in 1978 in order to pay off certain British companies who were owed money and so that Guyana could purchase British equipment and spares for certain projects?

The Prime Minister asked what the debts were which were outstanding Mr Ure said that they arose from two loans amounting to £3½ million in 1978. We were waiting for an IMF programme to be agreed before considering further aid. President Burnham said that he wished to stimulate the IMF to send a team to Guyana next month. But the Fund maintained that there was no point in coming until Guyana had foreseeable resources to fill the financing gap. The Prime Minister asked whether it would be helpful for us to intervene with the IMF to try to speed up the procedures for agreement with Guyana. President Burnham said that this would indeed be helpful. He would also appreciate anything we could do to persuade the Caribbean Donors Group to help.

The Prime Minister added that we were hoping to bring forward to January the meeting of the IMF Interim Committee so that decisions could be taken on increasing the Fund's resources.

/Mr Burnham

Mr Burnham explained that Guyana had run into difficulties because it was unable to keep to the ceilings imposed under the last IMF Letter of Intent, in particular the ceiling relating to public expenditure. This had been partly due to weak management. In addition, trading companies had not been able to obtain foreign exchange for imports. Manufacturing companies had also been frustrated by the failure to implement the electricity development programme.

The Prime Minister asked whether Guyana was in a position to present a programme to the IMF which it was able to implement. President Burnham said that it could do so provided it received the necessary loans. Mr Ure enquired whether the main difficulty lay in the conditions which the IMF would impose. President Burnham said that this was not the problem. It was a question of timing and money. Guyana had followed an austerity programme previously. The Prime Minister said that we would get in touch with the IMF. The more serious the position in a country was, the easier it was to obtain agreement to an IMF programme. People would accept harsh conditions.

President Burnham said that the people of Guyana had already endured a good deal. Imports had been reduced by 40%. The sugar industry was also suffering. The European Community had a sugar mountain but still subsidised sugar. Guyana produced more than the quota provided for in the Lomé Convention. It had to sell the excess on the world market at a loss. In one sale last month, it had lost $15 million. He thought it should be agreed that Guyana should fulfil such parts of the quotas of other Caribbean countries as they did not fulfil. It would also be helpful if the European Community would reconsider its policy on subsidised sugar. The Prime Minister explained that, in seeking more favourable terms for Lomé sugar producers, we were in a minority of one in the Community.

President Burnham said that at present the only investors interested in the territory claimed by Venezuela were North American.

/ They were

They were susceptible to Venezuelan pressure. It would be helpful if British and European investors could be persuaded to interest themselves in the area. Guyana would be most grateful for anything that could be done to rehabilitate its industry. At present it had British equipment which it could not use for lack of spare parts. The Prime Minister commented that the key to unlocking aid and credits was an agreement with the IMF. But we would look into the possibility of our loan money being used to pay the debts of British companies and to purchase British spares.

President Burnham then said that he would appreciate any help we could give over providing training for officers in the armed forces and in providing mechanical and electrical engineering courses. Mr. Ure said that we were very hopeful that we could find places at the Staff College for Guyanan officers this year. We would discuss the details of President Burnham's requests with the Guyanan High Commissioner.

The discussion ended at 1620.

A.J.C.

24 November 1982

VISIT OF MR FORBES BURNHAM, PRESIDENT OF GUYANA: 13 - 19 MARCH 1983

BILATERAL ISSUES

POINTS TO MAKE

Economic (Brief No 2)

1. Understand that IMF/IBRD will be sending mission to Guyana soon. I have instructed our delegation to the IMF to urge an early agreement. How do you see developments?

Aid (Brief No 3)

2. Glad to have been able to agree in principle to your request, when we met in November, that the unused balances on aid loans could be released to repay money owing to British firms and to purchase spares for British equipment. But agreement with IMF remains prerequisite for release of funds.

[Defensive if raised by Mr Burnham]

3. The question of a new loan (to continue our capital aid programme after 1983/84) is premature. We shall review the position once the outcome of your discussions with IMF is clear.

Military Assistance (Briefs Nos 4 and 5)

4. Glad we have been able to offer further training for members of the GDF in Britain.

5. Glad sale of Oerlikon and Bofors guns and ammunition has been concluded. Once GDF has decided on freighting arrangements, MOD will do their best to ensure that the equipment is made available as quickly as possible

/Human Rights

Human Rights

6. The human rights situation in Guyana occasion UK Parliamentary interest from time to time. You should be aware that this can complicate bilateral relations.

VISIT OF MR FORBES BURNHAM, PRESIDENT OF GUYANA: 13 - 19 MARCH 1983

INTERNATIONAL ISSUES

POINTS TO MAKE

Falkland Islands at the NAM Summit (Brief No 7)

1. What were the President's impressions of how this item went? What was the atmosphere of the discussion?

2. Regret that after the events of April 1982, the NAM still find themselves able to support Argentine sovereignty over the Falkland Islands.

3. No question of negotiations with Argentina on sovereignty over the Falkland Islands as if nothing had happened. Realise that Guyana acknowledges this as witnessed by abstention in UN vote, for which many thanks.

4. Absurd to suggest that British military presence on the Islands destabilises the region. Our task is to defend the people of the Falklands against military aggression, particularly in view of the absence of any declaration from Argentina renouncing the further use of force.

Venezuela/Guyana Territorial Dispute (Brief No 8)

5. We continue to follow the question with interest. Hope that you and Venezuela can soon agree on an international means of settling the dispute. Are you now willing to accept the Venezuelan proposal to refer the dispute to the UN Secretary-General?

6. Do you expect relations with Venezuela to worsen, following the withdrawal of her application to join the NAM?

/Belize

Belize (Brief No 9)

Negotiations

7. Sorry talks broke down. No immediate prospects of revival. We will continue to help where possible. What are your views?

Belize and Commonwealth

8. Mr Ramphal's proposals for developing Belize Defence Force discussed at Castries 20/21 February and then when Mr Price visited Guyana. What are your reactions?

British Garrison

9. Agreed that Garrison would remain after independence for appropriate period. This is still the case.

Sugar (Brief No 10)

1983/84 Sugar Prices

10. Support the objectives of the Commission's proposals which if anything point to the need for an even lower price increase, so as to reduce surplus production. Recognise that ACP producers would like a larger increase in line with their costs, but it is not in ACP's long term interests to reduce competitiveness of their sugar compared with Community's. Even at present levels, the Community guarantees the ACP a price nearly three times the world price.

Commissioner Pisani's ideas for substituting Aid for Trade

11. Pisani's ideas are not new and are not agreed Community policy. If Commission proposal on these lines were made to the Council we would stress that they were incompatible with the protocol, and unacceptable to its ACP signatories.

/The

The International Sugar Agreement (ISA)

12. The UK continues to support Community accession to the ISA. We shall work to ensure that ACP interests are fully and explicity protected.

EC Export Policies

13. Export refunds are granted only on exports of sugar produced within maximum quotas set by the Community and are designed to allow exports to enter the world market at and not below world prices. The refunds are financed by Community sugar producers. The EC introduced a policy of export restraint in 1981/82 which it is continuing this year and producers are further reducing the area planted.

CONFIDENTIAL

BRIEF NO 1

GUYANA: POLITICAL

ESSENTIAL FACTS

POLITICAL INTERNAL

1. Mr Forbes Burnham's People's National Congress (PNC) has been in office since independence. A new constitution under which Mr Burnham became Executive President was promulgated in October 1980. A general election in December 1980 was won by Mr Burnham's PNC who took 75% of the votes.

2. Both main parties are of the left, differing mainly in the ethnic origin of their respective supporters. The ruling PNC derives its main support from the minority African section of the population, which is dominant in the security and paramilitary forces, the civil service and the main towns. The Marxist PPP is supported by the East Indians who form the backbone of the sugar and rice industries and are also active in business.

3. Since Dr Walter Rodney, one of the leaders of the more recently formed multiracial Working People's Alliance (WPA), died in a car bomb explosion in June 1980, the Alliance has been less active.

4. Under Mr Burnham there has been some deterioration in political and civil rights. The media are almost entirely government controlled and there is strict censorship. The 'Catholic Standard', long regarded as the most reliable and relatively unbiased newspaper published in Guyana, has been subjected to considerable harassment and currently faces a number of libel suits brought by Government Ministers. The first of these, brought by Vice President Hamilton Green, came to court on 4 January, when Mr Green was awarded G$ 20,000 damages.

/POLITICAL EXTERNAL

POLITICAL EXTERNAL

5. Guyana pursues a policy of non-alignment. She is active in Third World fora. Guyana is also an active member of the Commonwealth.

6. Guyana is involved in a long-standing territorial dispute with Venezuela, which has rejected the 1899 Arbitral Award which established the present frontier. The two sides are currently seeking to establish a means to resolve their dispute under Article IV of the 1966 Geneva Agreement (see Brief No 8).

RELATIONS WITH THE UNITED KINGDOM

7. Anglo-Guyanese relations, although rather cool because of Guyanese internal politics, have improved in recent months. (Guyana, a member of the Security Councal, gave especially robust support to the UK stance in the Falklands crisis and abstained on the Latin American sponsored motion at the UNGA). We continue to meet existing capital aid commitments and provide some technical cooperation and training. Following Mr Burnham's meeting with the Prime Minister on 24 November, we have agreed, subject to Guyana reaching an accommodation with the IMF, that the balances of two 1978 loans (amounting to some £3.3 million) can be used to meet outstanding debts to British companies, and to purchase essential spare parts (see Brief No 4). Some UK training for Guyana Defence Force (GDF) personnel is being provided and, in response to Guyanese requests, the Ministry of Defence has supplied a number of Oerlikon and Bofors guns to the GDF (see Briefs Nos 6 and 7).

8. British investment in Guyana has been sharply reduced since independence as a result of Guyana's massive nationalisation policies and, increasingly, its poor economic performance.

BRIEF NO 2

GUYANA: ECONOMIC

BACKGROUND

1. Guyana's economy remains extremely weak. In presenting the Budget on 15 February, Vice President Hoyte pointed out that 1982 had been a bad year. Exports of bauxite were only 54% of target, sugar 84% and rice 50%. The export earnings for the three industries showed a decline on 1981 figures of 35%, 14% and 50% respectively. Exports earned a total of Guyana Dollars 607 million, Guyana Dollars 386 million below target and a decline of Guyana Dollars 230 million on 1981 earnings. This has had a severe effect on Guyana's ability to import even essentials, imports falling 30% below the 1981 level. Foreign exchange is desperately short and payments are much in arrears.

2. An 'in principle' agreement has been reached on the rescheduling of commercial debts, but this is contingent on her official debts (some US$ 870 million) also being rescheduled by the Paris Club following an agreement with the IMF.

3. We understand that negotiations with the IMF have been progressing. A joint IMF IBRD mission is expected to visit Guyana shortly.* A preliminary report on the IMF's findings should be available for the next donors meeting on 13 April in Paris. Guyana's position in relation to the IMF should then become much clearer shortly.

* We have now heard from Washington that the Fund mission to Guyana, which we understand was to have taken place this month, has been postponed at the request of the Guyanese due to absence of key officials abroad, particularly at the NAM Summit in Delhi. Mission is now due to begin in parallel with a World Bank Mission on about 5 April.

VISIT OF MR BURNHAM, PRESIDENT OF GUYANA

BRIEF NO 3

ESSENTIAL FACTS

AID POLICY

1. In September 1982 Ministers reviewed policy on aid to Guyana, and agreed that:

(i) we should be ready to commit the remaining balance of the two 1978 loans, amounting to £3.347 million for spending over the period 1983/4 to 1985/6 (but see paragraph 2).

(ii) we should continue to provide technical co-operation funds for existing commitments, for training in the UK and for new advisory appointments (subject to close vetting at official level between the two Wings of the FCO); and

(iii) the cost of any debt rescheduling and of any British contribution to any financial rescue operation, should be considered, together with other bids, as a possible claim against the aid programme unallocated reserve.

CAPITAL AID

2. The existing provision for 1983/4 will enable us to complete some work on the irrigation project at Tapakuma and to continue with the related Essequibo sea defences. We envisage continuing to fund the latter project in 1984/5. But the decision, in principle, to use the aid loan balances as our probable contribution to an international financial rescue operation, will if implemented, necessitate a new loan to continue our existing capital aid programme after 1983/4.

/Following

Following a review visit by ODA officials in February, details of our future programme have still to be settled in Whitehall. The question of a new loan has not been raised with Guyana. Until they reach agreement with the IMF any such discussion will be premature.

TECHNICAL CO-OPERATION

3. Our technical co-operation programme in Guyana is very small. There is only one technical co-operation officer post, for which a new candidate is being sought. The Directorate of Overseas Surveys are fulfilling long-standing commitments to assist with mapping the Guyana coast. A modest training programme of approximately £140,000 per year (17 new applications in 1982/3) is continuing.

4. Copies of the messages exchanged between the Prime Minister and / President Burnham following the meeting on 24 November are attached.

Guyana High Commission

3 Palace Court · Bayswater Road · London W2 4LP

Telephone: 01-229 7684/8 Telex: 23945 Cable Address: GUYCOM, LONDON

E11/45

The High Commission for the Cooperative Republic of Guyana presents its compliments to the Foreign and Commonwealth Office and has the honour to forward a message from the President of the Cooperative Republic of Guyana, Mr L.F.S. Burnham to the Prime Minister, The Rt. Hon. Mrs Margaret Thatcher.

"

January 9, 1983

Many thanks for your message, which you conveyed to me through your High Commissioner in Georgetown, informing me of your agreement in principle to permit the unused portion of the 1978 U.K. loans to be applied to the payment of debts due to the British firms and to the purchase of spares for British equipment.

I have noted that disbursements will have to await our reaching an agreement with the IMF and will not be possible, in any event, before the new financial year commencing 1st April, 1983. I do understand the reasons for these qualifications.

May I say how grateful I am for the instructions you have given to your delegation to the IMF and IBRD on the subject of Guyana. I am sure that you will be interested to learn of the advice I have received from my Vice-President, Economic Planning and Finance, that your delegation has already taken some helpful initiatives on Guyana in these institutions.

L.F.S. BURNHAM
President of the Cooperative
Republic of Guyana

"

The High Commission for the Cooperative Republic of Guyana avails itself of this opportunity to assure the Foreign and Commonwealth Office of its highest consideration.

LONDON

January 10,1983

HIGH COMMISSIONER FOR GUYANA
LONDON

DRAFT TELEGRAM TO GEORGETOWN FROM NO 10

Please convey following message to President Burnham from Prime Minister

When we met on 24 November I promised to consider your request that unused portion of 1978 loans might be used to repay money owing to British firms and to purchase spares for British equipment.

I am happy to tell you that I can now agree to this in principle, although I feel we must wait until you have reached an agreement with the IMF before releasing any funds. The Overseas Development Administration, who administer the loans, will not in any case have sufficient funds available until the new financial year commencing 1 April 1983. Subject to agreement with the IMF there will be no difficulty about extending the terminal dates for the loans.

I have instructed our delegation to the IMF and the IBRD to urge an early agreement with your Government and to adopt a sympathetic approach in discussions on your debt problems.

Brief No. 4

ASSISTANCE FOR THE GUYANA DEFENCE FORCE (GDF)

ESSENTIAL FACTS

UK Military Training Assistance Scheme (UKMTAS) and Military Exchanges

1. Guyana has benefitted from UKMTAS to a limited extent since 1981/82. £17,000 has been used to pay for training beginning in 1982/83 for three Guyanese on RN courses (2 midshipmen and 1 Sub-Lieutenant). Guyana has been allocated £50,000 under UKMTAS for 1983/84. We have offered UKMTAS support for two army courses and to pay the cost of participation in the Army Staff College course (beginning 30 October 1983). Formal acceptance of these is awaited.

2. In 1980 the Ministry of Defence cancelled, for financial reasons, reciprocal training exchanges with the Guyanese which had taken place annually for many years (Jamaican exercises were similarly cancelled in 1981). Guyana would like the exchanges reinstituted. There are problems: lack of spare capacity given present demands upon military units and the cost of such exercises. And the dispute between Guyana and Venezuela is a complicating factor.

(NOT FOR USE)

3. The GDF requested a visit by a British Defence Adviser to review Guyana's Defence Planning. In view of the Venezuela/Guyana territorial dispute, Ministers considered that such a visit would be inopportune and suggested training in Britain as an alternative.

RESTRICTED
COMMERCIAL - IN - CONFIDENCE

BRIEF NO 5

GUYANA - DEFENCE SALES BRIEF

BACKGROUND

1. Sales of UK defence equipment to Guyana have included a fast patrol boat (1977), Islander aircraft (1976) and Skyvan aircraft (1980). However, Guyana defaulted on the loan repayments for the latter purchase and the country is now off (ECGD) cover. MOD itself is owed nearly £320K mainly for training given to the Guyana Defence Force (GDF) and for the provision of UK Loan service personnel. (The bulk of this debt was formally owed to Crown Agents but transferred to MOD last year).

Surplus Oerlikon and Bofors Guns

2. In early 1982 MOD received an enquiry from the GDF for the purchase, on credit terms, of a quantity of surplus Oerlikon and Bofors guns and ammunition. The GDF was subsequently offered 30 Oerlikon and 12 Bofors guns plus 50,000 rounds of ammunition at a specially reduced price of £20K on cash terms. The order was confirmed in late Dec 82 and payment made in late February 83. All that now remains is for the GDF, through their High Commission in London, to decide upon freighting arrangements for the equipment. The MOD has provided all relevant details and information on the equipment and await further instructions.

Other Items

3. The GDF also expressed an interest in purchasing surplus mines, demolition equipment, radios and vehicles (Land-Rovers and Bedford trucks). But MOD does not have this type of material surplus at present. Items such as mines and demolition stores could be supplied from new stock but would have to be charged for at full repayment rates. The estimated cost for the quantities the GDF requires amounts to £300K, which appears to be well beyond what they can afford at present. However the MOD might be able to help with Land-Rovers. Once these vehicles are classified as "beyond economic repair" by the Armed Forces they are normally disposed of by auction. Many of these vehicles have high mileages and are accident damaged but it is possible to find a few good runners. The GDF seem prepared to do any necessary repair/refurbishment work so the MOD has recently arranged an inspection of these vehicles by representatives of the GDF. MOD will make an offer (based on the material condition) for any vehicles that the GDF are interested in. Again any sale would have to be on a cash basis.

4. A line to take is attached.

BRIEF NO 6

HUMAN RIGHTS

ESSENTIAL FACTS

1. Guyana's human rights record is poor, but nowhere near as bad as Iran, Argentina and Chile. President Burnham's People's National Congress Party (PNC) has established its dominance over all other institutions in Guyana and his personal grip on power tightened when he became Executive President. The general elections in December 1980 were rigged, but the only violence was minor skirmishes. A private group of observers led by Lord Avebury concluded that the election was 'rigged massively and flagrantly'.

US GOVERNMENT ANNUAL REPORT

2. In their report for 1982, the US State Department comment that there was no major deterioration in the human rights climate in Guyana from that in 1981. On the positive side, judicial independence was asserted in several cases of a political nature in which the Government was defeated. Negatively, there was strong evidence that torture by members of the Government security forces led to the deaths of several prisoners. The economic crisis brought about a decline in essential services, education facilities and health care.

3. The Afro-Guyanese minority dominate every level of Government and administration and from this position practise the political and economic subjection of the East India majority.

RESTRICTED

PRIME MINISTER'S MEETING WITH MR FORBES BURNHAM, PRESIDENT OF GUYANA: 16 MARCH 1983

BRIEF NO 7.

FALKLAND ISLANDS AT THE NAM SUMMIT

ESSENTIAL FACTS

1. The Non-Aligned Summit in Delhi was held from 7-11 March. President Bignone attended.

2. We took lobbying action in about 40 capitals and in New York. Several members of the Commonwealth indicated they would resist strongly Argentine attempts to secure a text more favourable to their interests than the draft proposed by India.

3. However, the final text is very close to the text of the communiqué of the Co-ordinating Bureau of the NAM in January. It contains objectionable and prejudicial language. It refers to 'firm support' for Argentina's sovereignty claim, urges negotiations between Argentina and the UK, categorises the British military and naval presence and other activity in the region as 'a cause for grave concern' and states that they 'adversely affect stability in the area'.

4. A draft paragraph condemning the alleged introduction of nuclear weapons into the area was rejected but the meeting retained a paragraph which took note of Argentine statements about the reported introduction of nuclear weapons into the region.

5. Guyana abstained in the vote on UN General Assembly Resolution 37/9 and, because of their territorial dispute with Venezuela, have been helpful in condemning use of force by Argentina.

Falkland Islands Department
14 March 1983

RESTRICTED

CONFIDENTIAL

PRIME MINISTER'S MEETING WITH MR FORBES BURNHAM, PRESIDENT OF GUYANA : 16 MARCH 1983
BRIEF NO 8
VENEZUELA/GUYANA TERRITORIAL DISPUTE

Essential Facts

1. As a signatory to the Geneva Agreement of 1966 on the frontier between Venezuela and Guyana, the UK has an interest in the smooth-working of that Agreement. But we are not a direct party to the dispute.

2. Neither Venezuela nor Guyana have been able to agree on who might undertake an international adjudication on the dispute. Their exchange of Notes still rests with a Venezuelan Note of 15 October 1982. This rejected the Guyanese proposal to refer the matter to 'an appropriate international organ', such as the International Court of Justice (ICJ) and proposed the UN Secretary-General instead.

3. Continuing Guyanese delay in replying to this Note is causing irritation in Caracas. Matters have not been helped by Venezuela's decision to withdraw her application to join the Non-Aligned Movement because of a threatened Guyanese veto.

4. When President Burnham called on the Prime Minister on 24 November last year he asked, in support of his own position, whether the UK might be prepared to support the referral of the Venezuela/Guyana dispute to the ICJ. The Prime Minister said that a dispute could only be referred if both countries agreed or, alternatively, if the UN Secretary-General took the necessary steps.

5. HM Ambassadors in both Caracas and Georgetown have recommended that President Burnham be asked whether he believes the time has now come to refer the matter to the UN Secretary-General. There have been indications from Georgetown that the Guyanese may be now considering this. If so, this could help reduce tension and get the dispute out of this present impasse.

CONFIDENTIAL

BACKGROUND NOTE

BRIEF NO 8
VENEZUELA/GUYANA TERRITORIAL DISPUTE

History

1. In 1899 an international arbitration award set out the present boundaries between Venezuela and Guyana. The Venezuelans began to criticise this award in the 1950s. The 1966 Geneva Agreement set out ways of resolving the controversy. Britain was a signatory to the Agreement because Guyana (then British Guiana) was not yet independent. The Geneva Agreement re-entered into force on 18 June 1982 following the expiry of the Port of Spain Protocol which had frozen the dispute for 12 years.

British Position

2. We consider that the 1899 award remains valid. However, now that this has become a matter of controversy we believe that the dispute should be resolved through the procedures of the Geneva Agreement. We are not now principals to the dispute and do not consider that the Geneva Agreement envisages any further role for the UK. We thus wish to avoid any direct involvement in this dispute. But as a party to the 1966 Geneva Agreement, we attach considerable importance to the continued fulfilment by the governments of Venezuela and Guyana of their obligations under the Agreement, in particular the obligation to resolve the controversy peacefully.

PRIME MINISTER'S MEETING WITH MR FORBES BURNHAM, PRESIDENT OF GUYANA: 16 MARCH 1983

BRIEF NO 2

BELIZE

Essential Facts

NEGOTIATIONS

1. Latest negotiations took place New York 24 January. Guatemalans put forward proposals involving territorial cession by Belize. Belize tabled counter proposals on Guatemalan access to Caribbean and joint economic development zone. These rejected by Guatemalans, who said dead end reached. They issued subsequent statement reiterating claim to whole of Belize.

BELIZE AND THE COMMONWEALTH

2. Mr Ramphal's proposal for a Commonwealth training team in Belize was discussed at Castries. There was concern among Commonwealth Governments that the establishment of such a team would be used by the UK to facilitate withdrawal of British forces. Canada have offered to train Belize troops in Canada but will not send advisers to Belize. Mr Burnham did not attend Castries but told Mr Price later that Belize had Guyana's full support but on the clear understanding that British troops would remain.

RIO TREATY AND OAS

3. Neither Belize nor Guyana can become members of OAS because of outstanding border disputes. Belize is considering ratifying the Inter-American Treaty of Reciprocal Assistance (the Rio Treaty) and has the support of several Latin-American states.

BRIEF NO 10

SUGAR

1. Sugar accounts for 30 per cent of Guyana's gdp. Annual average production is over 300,000 tonnes, and nearly all is exported. Under the Lomé Sugar Protocol the European Community guarantees annual access of up to 1.3 million tonnes levy-free and at guaranteed prices. Most of Guyana's quota of 157,700 tonnes comes to the United Kingdom for refining by Tate and Lyle.

1983/84 Sugar Prices

2. The Commission's proposal this year is for an increase of 4% in the guaranteed price of ACP sugar. The ACP are disappointed with this against forecast inflation rates in their countries of 9.5 per cent. This is a question for negotiation between the ACP and the Community. It is important that refiners' margin (i.e. the difference between the refiners' buying price for raw sugar and selling price for refined sugar) is sufficient to keep Tate and Lyle competitive. An increase for the ACP above the Community price would squeeze the margin and so threaten the long-term future of the sugar protocol itself; it is therefore against the best interests of the ACP themselves.

Commissioner Pisani's ideas

3. Mr Pisani argues that, as Community sugar production efficiency rises, Community price levels will have to fall in real terms and that the ACP will not be able to supply at these lower prices. As higher prices would make it impossible to market their sugar in the Community, aid will eventually have to substitute for trade. These ideas run contrary to the Community's fundamental obligation under the protocol which is 'to purchase and import', and would mean the end of the UK refining industry and the ACP's guaranteed market outlet which they greatly value. The ACP frequently seek reassurance that Community policy will be maintained.

The International Sugar Agreement

4. The Community's active participation in the preparation of a new agreement planned to come into force in 1984 has been welcomed by ISA members. Guyana and others fear that the special arrangements operated under the 1977 ISA, which exempt their Lomé exports from their ISA quota obligations, will be lost. The UK and the EC Commission are fully aware of the need for ACP interests to be fully and explicity protected.

EC Export Policies

6. Guyana has criticised the Community for subsidising exports to the detriment of the world market. The EC argue that the refunds are available only to exports of sugar produced within maximum quotas and are designed to enable their sale on the world market at and not below world prices. To avoid further depressing the world market the Community producers withheld nearly 1 m. tonnes of non quota sugar in 1981/82, above quota stocks, and agreed to withhold over 1 m. tonnes this year. EC producers reduced the acreage planted by approximately 9% last year and plan to reduce by further 10% this year.

BURNHAM, HE Cde L F S, OE SC

President of Guyana, Minister of National Security and Leader of the People's National Congress (PNC).

Born 1923. Educated at Kitty Methodist School, Central High School and Queen's College, Georgetown. He was Guiana Scholar of 1942 and studied at London University and Gray's Inn, where he obtained the degrees of BA and LL.B (Hons). He won the Best Speaker Cup at the Law Faculty of London University and was President of the West Indian Students' Union of Great Britain (1947-8). Returned to British Guiana in 1949, practised at the bar and entered politics through the British Guiana Labour Union of which he was several times President. He was identified with local politics as a member of the Georgetown Town Council from 1952-66, and was Lord Mayor in 1959 and 1964. Was elected to the Legislative Assembly in 1953 as a PPP member and appointed Minister of Education. He broke finally with Jagan in 1957 and took with him most of the African elements of the PPP to form the PNC of which he has since then been undisputed leader. In the elections under proportional representation in 1964, although Jagan secured the largest number of seats he did not have an absolute majority and Burnham formed a Government in coalition with the United Force. He won an absolute majority in the December 1968 election, a two-thirds majority in the July 1973 election and a four-fifths majority in the December 1980 election. Assumed the office of executive President on the promulgation of Guyana's new constitution on 6 October 1980.

Burnham is among the most interesting and complex personalities in the Commonwealth. A brilliant lawyer, a witty talker, a natural politician, a versatile orator, and a self-confessed bon viveur, he stands head and shoulders above any of his colleagues and holds the reins of authority firmly in his own hands. His radical economic theories and his ambition to make the country increasingly self-sufficient have led him to introduce a large measure of state control at the expense both of foreign commercial interests and of local private enterprise.

In external relations Burnham's policy is to be conspicuously non-aligned and thereby free to accept aid from any quarter. He is probably not himself a communist by ideology but his obsession with Guyana's colonial past, his hatred of capitalism and his socialist/co-operative ideals have led him far in this direction. He has a lively interest in the new Commonwealth countries, particularly in Africa. He respects both Kaunda and Nyerere and has been to some extent influenced by their policies, but is now also interested in the friendship of Iraq, North Korea and Libya. He was one of the champions of Caribbean integration, playing a leading role in the establishment of the Caribbean Free Trade Association followed by the Caribbean Community and the promotion of the Caribbean Development Bank. Since 1975 however he has appeared somewhat disenchanted with developments within the Community. He has betrayed colour-consciousness in his comments on America and Britain. On all racial questions and in particular the problems of Southern Africa, he is suspicious and unsympathetic and years after Independence, with all forms of neo-colonialism exorcised, his desire to make a complete break with the colonial past can no longer explain his hostile public references to Britain.

He has moods of frustration which make him difficult to deal with, and he has now come so near to autocracy that he develops fixed ideas and dislikes advice that conflict with these; it would be dangerous to rely on the sense of humour that was once his saying grace. A keen horseman until a fall in late 1973 led to a long series of bouts of unexplained ill-health culminating in a heart attack in January 1977 and a long period of absence from all activities. He now exercises daily for one hour on doctor's orders, but still smokes heavily and sometimes drinks more than he should.

Burnham's first marriage, to a Trinidadian, of which there are three children, ended in divorce in 1966. He married Miss Viola Harper in 1967. She is Chairman of the Women's Revolutionary Socialist Movement, the women's arm of the Party and is active politically. She also sits on several committees of charitable organisations. She is reputed to own several properties and have extensive farming and agricultural interests. Burnham, who is showing increasingly egocentric tendencies, may envisage being succeeded by his wife. There are two daughters of the marriage born in 1968 and 1970.

JOSEPH, CDE CEDRIC LUCKIE

High Commissioner to London.

Born 1933. After local education he studied History at Aberystwyth University (1959-62) and at the LSE (1962-65) where he took his Masters. Formerly History Master at a comprehensive school in London and a lecturer in History at the University of the West Indies. Joined the Guyanese diplomatic service in 1971 and served as Deputy High Commissioner in Jamaica, Deputy Permanent Representative at the UN and from 1977-81 as High Commissioner to Zambia with accreditation to other "Front Line" States.

Joseph showed himself to have a sharp political mind while resident in Lusaka and was thought to be a good and lively Commonwealth colleague. He has travelled extensively in Southern Africa and is very perceptive about African political trends.

Married.

CONFIDENTIAL

B/F

10 DOWNING STREET

John

Dave.

President Burnham 16th [redacted]

Mr Ure (FCO) would like to know if he should attend

Steve

2/3/85

In principle, yes - but will decide nearer the time.

A.J.C. 3/3.

Guyana

10 DOWNING STREET

From the Private Secretary

1 March 1983

PRESIDENT BURNHAM OF GUYANA

Thank you for your letter of 25 February. The Prime Minister has agreed to see President Burnham at 9 a.m. on Wednesday 16 March.

A. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.

ORC

1

Foreign and Commonwealth Office

London SW1A 2AH

25 February, 1983

Prime Minister.

Agree to see President Burnham at 9.00 am on Wednesday 16 March

28/2

Dear John,

President Burnham of Guyana

President Burnham will arrive in London on Sunday 13 March for a private visit of about four days, mainly for dental treatment. The President has told our High Commissioner in Georgetown that he would like to pay a courtesy call on the Prime Minister on 16 March.

We hope that the Prime Minister might agree to receive President Burnham for a short meeting. Her last meeting with him was on 24 November last year, when they had a general discussion covering the Falklands, the provision of military equipment and training and the question of the IMF and UK aid to Guyana.

President Burnham has indicated that he has no specific business to raise, but he may wish to again discuss aid matters in relation to the IMF. There has been no movement on the border dispute with Venezuela, but Venezuela has withdrawn her application for membership of the Non-Aligned Movement, blaming Guyana for this. A meeting would provide an opportunity to ask President Burnham how he sees relations with Venezuela developing, and to enquire whether the dispute should not now be referred to the UN Secretary General. President Burnham will have just attended the Non-Aligned Movement Summit in New Delhi.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

CONFIDENTIAL

Guyana (2)

OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE
STAG PLACE LONDON SW1E 5DH

Telephone 01-213 5409

From the Minister

14 January 1983

Prime Minister

To note.

A.J.C. 14/1.

Dear Mr Flesher,

VISIT OF MR FORBES BURNHAM

In your letter of 24 December you conveyed the Prime Minister's agreement to the text of a message to Mr Burnham agreeing in principle to the use of outstanding loan monies to pay debts due to British firms and to purchase spare parts for British equipment.

I attach a copy of Mr Burnham's reply, expressing his gratitude for this offer.

Copies of this letter and the enclosure go to John Kerr (Treasury) and John Holmes (FCO).

Yours sincerely,

Pamela Hilton

(Pamela Hilton)
Private Secretary

Timothy Flesher Esq
10 Downing Street
LONDON SW1

CONFIDENTIAL

Suyara : President Burnham Jan 80

Guyana High Commission

3 Palace Court · Bayswater Road · London W2 4LP

Telephone: 01-229 7684/8 Telex: 23945 Cable Address: GUYCOM, LONDON

The High Commission for the Cooperative Republic of Guyana presents its compliments to the Foreign and Commonwealth Office and has the honour to forward a message from the President of the Cooperative Republic of Guyana, Mr L.F.S. Burnham to the Prime Minister, The Rt. Hon. Mrs Margaret Thatcher.

" January 9, 1983

Many thanks for your message, which you conveyed to me through your High Commissioner in Georgetown, informing me of your agreement in principle to permit the unused portion of the 1978 U.K. loans to be applied to the payment of debts due to the British firms and to the purchase of spares for British equipment.

I have noted that disbursements will have to await our reaching an agreement with the IMF and will not be possible, in any event, before the new financial year commencing 1st April, 1983. I do understand the reasons for these qualifications.

May I say how grateful I am for the instructions you have given to your delegation to the IMF and IBRD on the subject of Guyana. I am sure that you will be interested to learn of the advice I have received from my Vice-President, Economic Planning and Finance, that your delegation has already taken some helpful initiatives on Guyana in these institutions.

L.F.S. BURNHAM
President of the Cooperative
Republic of Guyana "

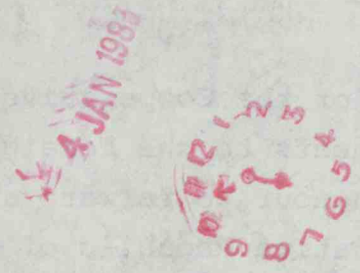
The High Commission for the Cooperative Republic of Guyana avails itself of this opportunity to assure the Foreign and Commonwealth Office of its highest consideration.

LONDON

January 10,1983

OFFICE OF HIGH COMMISSIONER FOR GUYANA
LONDON

Guyana : President Burnham Jan 80



Guyana

OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE
STAG PLACE LONDON SW1E 5DH

Telephone 01-213 5409

From the Minister

6 January 1983

Dear Private Secretary,

MESSAGE TO PRESIDENT BURNHAM OF GUYANA

You rang this morning to ask for a copy of the telegram conveying the message to President Burnham from the Prime Minister as authorised in Mr Flesher's letter of 24 December. I have pleasure in enclosing a copy.

Yours sincerely,
Pamela Hilton

(Pamela Hilton)
Private Secretary

Correspondence Section
10 Downing Street

SUBJECT

OUT TELEGRAM

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 243/82

Classification and Caveats
CONFIDENTIAL

PRIORITY

cc Master
Ops

ZCZC
GRS 395
CONFIDENTIAL

CONFIDENTIAL

31 DEC 1982

OUTWARD

FM ODA LONDON 311130Z DECEMBER 1982
TO PRIORITY GEORGETOWN
TELEGRAM NUMBER MODEV 46 OF 31 DECEMBER
INFO UKDEL IMF/IBRD WASHINGTON
PLEASE CONVEY FOLLOWING MESSAGE TO PRESIDENT BURNHAM FROM PRIME MINISTER: QUOTE
"WHEN WE MET ON 24 NOVEMBER I PROMISED TO CONSIDER YOUR REQUEST THAT UNUSED PORTION OF 1978 LOANS MIGHT BE USED TO REPAY MONEY OWING TO BRITISH FIRMS AND TO PURCHASE SPARES FOR BRITISH EQUIPMENT.
I AM HAPPY TO TELL YOU THAT I CAN NOW AGREE TO THIS IN PRINCIPLE, ALTHOUGH I FEEL WE MUST WAIT UNTIL YOU HAVE REACHED AN AGREEMENT WITH THE IMF BEFORE RELEASING ANY FUNDS. THE OVERSEAS DEVELOPMENT ADMINISTRATION, WHO ADMINISTER THE LOANS, WILL NOT IN ANY CASE HAVE SUFFICIENT FUNDS AVAILABLE UNTIL THE NEW FINANCIAL YEAR COMMENCING 1 APRIL 1983. SUBJECT TO AGREEMENT WITH THE IMF THERE WILL BE NO DIFFICULTY ABOUT EXTENDING THE TERMINAL DATES FOR THE LOANS.
I HAVE INSTRUCTED OUR DELEGATION TO THE IMF AND THE IBRD TO URGE AN

NNNN ends telegram: BLANK

Catchword: EARLY

File number: LCP 77/596/01

Dept: ODA

Distribution:
MR HURRELL, E73
MR B ATTEWELL, WIAD/FCO
MS. E. MORHANTE TSY
PS NO. 10 DOWNING ST ✓

Drafted by (Block capitals):
M G BAWDEN

Telephone number:
213 5539

Authorised for despatch:
C Goulding

Cipher reference: 44747

Time of despatch:

<<<<

EARLY AGREEMENT WITH YOUR GOVERNMENT AND TO ADOPT A SYMPATHETIC APPROACH IN DISCUSSIONS ON YOUR DEBT PROBLEMS". UNQUOTE

2. AT HIS MEETING WITH THE PRIME MINISTER MR BURNHAM SPOKE ONLY IN GENERAL TERMS ABOUT RELEASING FUNDS TO PAY OFF CERTAIN BRITISH COMPANIES AND SO THAT GUYANA COULD PURCHASE BRITISH EQUIPMENT AND SPARES FOR CERTAIN PROJECTS. IT WOULD BE HELPFUL IF YOU COULD ELUCIDATE MORE PRECISELY WHAT HE HAD IN MIND (IE WHICH BRITISH COMPANIES, WHICH BILLS ARE WE BEING ASKED TO PAY AND WHAT PROJECTS HAS THE GOVERNMENT IN MIND FOR WHICH THE UK MIGHT BE ASKED TO PROVIDE SPARES). YOU WILL KNOW FROM OUR MODEV 30 OF 20 DECEMBER TO WASHINGTON (COPIED TO YOU) WE ARE ASSUMING BURNHAM WAS REFERRING TO MONIES OWED TO REID MARLIK AND TAYLOR WOODROW, BUT WE NEED CONFIRMATION OF THIS FROM THE GUYANA GOVERNMENT BEFORE APPROACHING THE FIRMS CONCERNED AND PREPARING A DETAILED SUBMISSION TO MINISTERS.

3. YOU WILL NOTE OUR IN PRINCIPLE AGREEMENT TO USE UNCOMMITTED LOAN MONIES IS SUBJECT TO GUYANA REACHING AGREEMENT WITH THE IMF. WE ARE ARRANGING FOR YOU TO GET A COPY OF WASHINGTON'S TELELETTER OF 22 DECEMBER REPORTING ON THE DONORS MEETING. FROM THAT YOUWILL SEE IMF LIKELY TO VISIT GUYANA IN FEBRUARY AND IF AGREEMENT IS REACHED THAT WILL FORM THE BASIS FOR FURTHER CONSIDERATION AT DONORS MEETING SCHEDULED FOR WEEK BEGINNING 21 MARCH.

4. BESIDES INFORMATION REQUESTED PARA 2 ABOVE GRATEFUL YOU ALSO KEEP US INFORMED GENERALLY OF DEVELOPMENTS.

PYM

NNNN

DESPATCHED BY

9 30 5 JAN 83

TELEGRAPH BR.

NNNN ends telegram	BLANK	Catchword

File

da

10 DOWNING STREET

From the Private Secretary

24 December 1982

Dear Pamela,

Thank you for your letter of 23 December about the recent visit of President Burnham of Guyana, which the Prime Minister has now seen. She has agreed that the proposed message should be sent to President Burnham and I should be grateful if you could arrange for its despatch.

I am sending a copy of this letter to John Kerr (HM Treasury) and John Holmes (Foreign and Commonwealth Office).

Yours ever

Timothy Flesher

Ms. Pamela Hilton,
Overseas Development Administation.

da

CONFIDENTIAL

1

Prime Minister

Agree to the proposed message to President Burnham?

JT
23/12

OVERSEAS DEVELOPMENT ADMINISTRATION
ELAND HOUSE
STAG PLACE LONDON SW1E 5DH
Telephone 01-213 5409

From the Minister

23 December 1982

Dear John,

VISIT OF MR FORBES BURNHAM

John Holmes's letter to you of 6 December refers.

We now have the Treasury view on President Burnham's request that the unused portion of the 1978 aid loans might be used to repay money owing to British firms and to purchase spares for British equipment. You will be glad to learn that the Treasury are content for President Burnham to be told that we can accede to this request. They do suggest, however, that we should add that we shall not be able to release the funds until Guyana has reached an agreement with the IMF. Both wings of the FCO endorse this view. Guyana is taking some time to reach an agreement. Together with the World Bank and other bilateral donors like Canada, we have been careful to keep the pressure on Guyana to settle by making it clear that aid will be provided only after a settlement. If we were to break ranks now, we would undermine what donors have collectively been trying to achieve and would reduce the pressure on the Guyanans to settle with the IMF. Rapid settlement is clearly in Guyana's long term interests. ODA does not in any case have sufficient funds available to comply with the request during the present financial year, and by April an accommodation with the IMF should be in sight, even if it has not been reached. Subject to agreement with the IMF we see no difficulty in extending the terminal dates for the loans.

We are urging a speeding up of IMF procedures, but we understand that they are delaying discussions until early Spring to see if Guyana will pursue some of the immediate steps which are needed. This seems reasonable and will also allow time for Morgan Grenfell, who have been engaged to investigate Guyana's debt position by UNDP (with ODA contributing about half of the cost), to produce all the data needed for detailed discussions. The informal donors' meeting took place on 20 December and our delegate was briefed to take a sympathetic line.

As regards developments in the Essequibo region, Venezuela has formally asked the Bank not to propose project developments in the disputed area. The Bank has not yet decided, on economic and financial grounds, what action it can take on projects in that area which are currently under consideration. Its present view is that the Upper Mazaruni hydro-electric scheme is unlikely to prove economically viable. It would be so only if:

/(i)

(i) electricity could be sold to a neighbouring country (and as in practice this would be Venezuela, this can be discounted); or

(ii) a new aluminium smelter was established in the area as a major user of electricity. This too is unlikely given the political uncertainties in the depressed world market for aluminium.

The Bank is therefore looking instead at a smaller hydro-electric project, also in the disputed area. IDB and Canada have apparently expressed some interest in this. But even this project would cost about $250 million and it will be impossible to find this amount of money without going out to other donors. As Guyana's priority requirement from these donors is for aid aimed more directly at the alleviation of immediate problems, funds are unlikely to be available for this project as well, so it too is likely to be shelved, at least for the present. But the Bank have made it clear that a decision to go ahead or not will be made strictly on country/economic grounds, and not on political considerations.

... I enclose a draft message from the Prime Minister to President Burnham.

I am copying this letter to John Kerr (Treasury), to John Holmes and to the Private Secretary to Mr Onslow.

(Pamela Hilton)
Private Secretary

A J Coles Esq
10 Downing Street

DRAFT TELEGRAM TO GEORGETOWN FROM NO 10

Please convey following message to President Burnham from Prime Minister

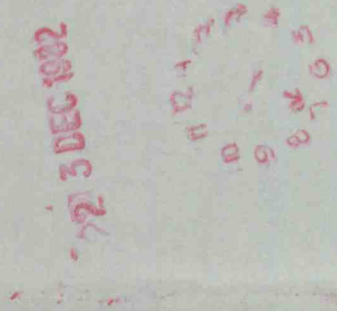
When we met on 24 November I promised to consider your request that unused portion of 1978 loans might be used to repay money owing to British firms and to purchase spares for British equipment.

I am happy to tell you that I can now agree to this in principle, although I feel we must wait until you have reached an agreement with the IMF before releasing any funds. The Overseas Development Administration, who administer the loans, will not in any case have sufficient funds available until the new financial year commencing 1 April 1983. Subject to agreement with the IMF there will be no difficulty about extending the terminal dates for the loans.

I have instructed our delegation to the IMF and the IBRD to urge an early agreement with your Government and to adopt a sympathetic approach in discussions on your debt problems.

GUYANA : CALL BY PRESIDENT BURNHAM

January 1980



SUBJECT
cc Martin
ops

FILE Guyana RM

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 233/82

10 DOWNING STREET

THE PRIME MINISTER

7 December, 1982

Dear Forbes,

I very much enjoyed seeing you the other day and now write to thank you for sending me the lovely gift of a hand-made ceramic wine set. I am delighted to receive this present and send you my best wishes and sincere thanks.

Yours sincerely

Margaret

His Excellency Comrade L.F.S. Burnham, O.E., S.C.,

RM

CONFIDENTIAL

(2)

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

A.J.C. 6/12

6 December, 1982

Dear John,

Visit of Mr Forbes Burnham

After her meeting with the President of Guyana on 24 November (your letter of 24 November to Roger Bone), the Prime Minister asked John Ure to ensure that the various points which had been raised by Mr Burnham should be followed up as swiftly as possible. This is simply an interim report.

ODA are pursuing urgently with the Treasury President Burnham's request that the unused portion of the 1978 aid loan might be used to repay money owing to British firms and to purchase spares for British equipment. There are, I understand, some difficult points of principle involved, but Mr Marten's office will be letting you have a substantive reply very shortly.

The other points President Burnham raised relate to the IMF and IBRD, and ODA are in touch with the Treasury about instructing UKDEL IMF/IBRD in Washington to indicate our concern to the Fund at the lack of an IMF agreement with Guyana, and to express the hope that the procedures can be speeded up. The UK Director will probably be able to do this at an informal donors meeting on Guyana which is being arranged by the IBRD/IMF to take place in Washington this month, when he will also be able to indicate (in suitable terms) our sympathy for Guyana's present plight. The instructions will also cover the point about IBRD lending for projects in the Essequibo region which President Burnham raised.

During his discussion with the Prime Minister, President Burnham claimed that the company which had been interested in oil exploration in the area disputed with Venezuela had been bought up by an American company which had ties with Venezuela and had decided not to pursue the project. The Prime Minister may like to know that our information is that the company withdrew because of financial difficulties and the fact that oil was not present in commercial quantities. There has been no suggestion locally that the company withdrew because of the border dispute.

I am copying this to John Kerr (Treasury) and Mike Power (ODA).

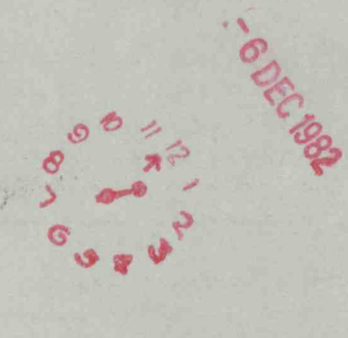
Yours ever,
John Holmes

A J Coles Esq
Private Secretary
10 Downing Street

(J E Holmes)
Private Secretary

CONFIDENTIAL

Guyana, Jan '83. Call by Pres. Burnham



10 DOWNING STREET

From the Private Secretary

24 November 1982

Dear Roger,

Visit of Mr. Forbes Burnham

The President of Guyana called on the Prime Minister at 1600 hours today. I enclose a record of the conversation.

You will see that there are various points which need to be followed up. The Prime Minister asked, following the meeting, that we should in particular see whether it was possible to meet President Burnham's request that the unused portion of the 1978 loans might be used to repay money owing to British firms and to purchase spares for British equipment.

I should be grateful if advice could be submitted in due course.

I am copying this letter and enclosure to John Kerr (H.M. Treasury) and Richard Mottram (Ministry of Defence).

Yours ever

Colin Coles.

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

SUBJECT

CONFIDENTIAL

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT OF GUYANA AT 1530 HRS ON WEDNESDAY, 24 NOVEMBER, AT 10 DOWNING STREET

Present:-

The Prime Minister
Mr Ure
Mr Coles

President Burnham
Mr Joseph

******

The Prime Minister expressed appreciation for the support Guyana had given during the Falklands conflict. President Burnham said that this was automatic.

The Prime Minister enquired about the situation with regard to the Venezuela/Guyana dispute. President Burnham replied that the situation was not good. There were intrusions from time to time into Guyana's territory. Venezuela had rejected his proposal to take the matter to the International Court of Justice.

The Prime Minister said that she had read in the press recently that Brazil was selling arms to Guyana. President Burnham said this was partly true, partly not.. All that was involved was two planes with reconnaissance capability (though they could carry missiles) and about six troop carriers. He was grateful for the offer which we had made with regard to defence equipment. He knew that Guyana was getting a bargain but it still had to find the money.

The Prime Minister recalled that at the last Commonwealth Conference President Burnham had explained that Guyana could not develop the area to which Venezuela laid claim. President Burnham said that this remained broadly true. France was helping with a study of uranium resources and was in principle prepared to take part in joint exploitation. He had been trying to arrange a consortium to develop water resources but this had been frustrated by Venezuelan intervention with the World Bank. Then, a company which had been

/interested

interested in oil exploration had been bought up by an American company which had ties with Venezuela and which had decided not to pursue the project.

Brazil was formally neutral but in fact tended to favour Guyana. During his visit last month, Brazil had agreed to build a road from North Eastern Brazil to Georgetown. Venezuela was also very active in the Caribbean. While most Caribbean States supported Guyana loyally, they could not but be influenced by Venezuelan aid. Nevertheless, the recent Caribbean Summit in Jamaica had issued a communiqué favourable to Guyana.

He had wondered whether the United Kingdom might be prepared to support a reference of the Venezuela/Guyana dispute to the International Court of Justice. The Prime Minister said that, as she understood it, a dispute could only be referred if both countries concerned agreed - or alternatively if the UN Secretary General took the necessary steps. President Burnham said that Venezuela could ensure that the dispute was kept away from the UN Secretary General for the next decade if necessary. Venezuela and Guyana ought now to agree on which international agency should settle the matter. Venezuela had rejected the ICJ but had proposed no alternative. Time was on Venezuela's side. Meanwhile, it was not possible to attract investment. The Prime Minister enquired whether the World Bank would not invest in the area. President Burnham said that in theory it could but the Bank was sensitive to political considerations and its investment was usually of a different type to that which was needed. Venezuela had written a letter to the World Bank objecting to the financing of a hydro-electric plant on the grounds that it was on Venezuelan territory, it interfered with Venezuela's water resources and harmed the environment. The World Bank had received advice that these arguments were of little merit but it was still not able to act. It would be helpful if countries like the United Kingdom and Brazil could support Guyana's case with the Bank. The Prime Minister said that we would consider how best we could use our influence with the Bank. It was very frustrating if resources could not be developed. President Burnham expressed gratitude for this offer.

/ President Burnham

President Burnham said that he was hoping that Guyana could agree a programme of measures with the International Monetary Fund in December. The Prime Minister said that this was a necessary pre-requisite for debt rescheduling. President Burnham stated that the IMF took the view that there was a financing gap which it could not fill. It was, therefore, not disposed to call a meeting unless there was evidence that other donors would come forward to fill the gap. Canada had said that when Guyana had satisfied the conditions put forward by the World Bank for structural adjustment, it would provide 12 million Canadian Dollars. He wondered whether it would be possible for us to extend the terminal date for our 1978 loans so that the unused proportion of these could be used. The line we had been taking was that this could only be agreed if the IMF programme was settled first. But that programme could not be finally agreed until the Spring of next year. Would it be possible for us to release the remaining funds committed in 1978 in order to pay off certain British companies who were owed money and so that Guyana could purchase British equipment and spares for certain projects?

The Prime Minister asked what the debts were which were outstanding. Mr Ure said that they arose from two loans amounting to £3½ million in 1978. We were waiting for an IMF programme to be agreed before considering further aid. President Burnham said that he wished to stimulate the IMF to send a team to Guyana next month. But the Fund maintained that there was no point in coming until Guyana had foreseeable resources to fill the financing gap. The Prime Minister asked whether it would be helpful for us to intervene with the IMF to try to speed up the procedures for agreement with Guyana. President Burnham said that this would indeed be helpful. He would also appreciate anything we could do to persuade the Caribbean Donors Group to help.

The Prime Minister added that we were hoping to bring forward to January the meeting of the IMF Interim Committee so that decisions could be taken on increasing the Fund's resources.

/Mr Burnham

CONFIDENTIAL

CONFIDENTIAL

Mr Burnham explained that Guyana had run into difficulties because it was unable to keep to the ceilings imposed under the last IMF Letter of Intent, in particular the ceiling relating to public expenditure. This had been partly due to weak management. In addition, trading companies had not been able to obtain foreign exchange for imports. Manufacturing companies had also been frustrated by the failure to implement the electricity development programme.

The Prime Minister asked whether Guyana was in a position to present a programme to the IMF which it was able to implement. President Burnham said that it could do so provided it received the necessary loans. Mr Ure enquired whether the main difficulty lay in the conditions which the IMF would impose. President Burnham said that this was not the problem. It was a question of timing and money. Guyana had followed an austerity programme previously. The Prime Minister said that we would get in touch with the IMF. The more serious the position in a country was, the easier it was to obtain agreement to an IMF programme. People would accept harsh conditions.

President Burnham said that the people of Guyana had already endured a good deal. Imports had been reduced by 40%. The sugar industry was also suffering. The European Community had a sugar mountain but still subsidised sugar. Guyana produced more than the quota provided for in the Lomé Convention. It had to sell the excess on the world market at a loss. In one sale last month, it had lost $15 million. He thought it should be agreed that Guyana should fulfil such parts of the quotas of other Caribbean countries as they did not fulfil. It would also be helpful if the European Community would reconsider its policy on subsidised sugar. The Prime Minister explained that, in seeking more favourable terms for Lomé sugar producers, we were in a minority of one in the Community.

President Burnham said that at present the only investors interested in the territory claimed by Venezuela were North American.

/ They were

CONFIDENTIAL

They were susceptible to Venezuelan pressure. It would be helpful if British and European investors could be persuaded to interest themselves in the area. Guyana would be most grateful for anything that could be done to rehabilitate its industry. At present it had British equipment which it could not use for lack of spare parts. The Prime Minister commented that the key to unlocking aid and credits was an agreement with the IMF. But we would look into the possibility of our loan money being used to pay the debts of British companies and to purchase British spares.

President Burnham then said that he would appreciate any help we could give over providing training for officers in the armed forces and in providing mechanical and electrical engineering courses. Mr. Ure said that we were very hopeful that we could find places at the Staff College for Guyanan officers this year. We would discuss the details of President Burnham's requests with the Guyanan High Commissioner.

The discussion ended at 1620.

A.J.C.

24 November 1982

Guyana

PRIME MINISTER

Forbes Burnham

The main subjects likely to come up are as follows:

Falklands

Thank him - but note that he will be trying to get some reward for his support.

Guyana : Domestic Situation

Guyana's economy is in a dreadful state. Discuss with him the possibility of coming to an arrangement with the IMF. That is a pre-requisite for debt rescheduling.

If he does this, it would be easier for us to consider more aid and the resumption of ECGD cover (NB: Guyana is in default inter alia on repayment of loans made under our aid programme).

Guyana : Defence Force

We have offered guns and ammunition at a very reduced price. But MOD are insisting on cash. He may seek credit.

Venezuela/Guyana

Our basic line is that we have repeatedly made clear to Venezuela the importance of following the Geneva Agreement procedures for a peaceful settlement.

How does he see the situation developing?

Belize

We support Ramphal's plan to provide Commonwealth military training for Belize. Hope Guyana can help.

Any Commonwealth assistance will need to be dovetailed with our own efforts.

A.J.C.

24 November 1982

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

23 November 1982

Dear John,

Visit of Mr Forbes Burnham, President of Guyana: 20-26 November 1982

I enclose two sets of briefs for the Prime Minister's meeting with President Burnham at 3.30 pm on Wednesday 24 November, and also a copy of the note of a telephone conversation on Sunday between Mr Ramphal and Mr Onslow.

President Burnham will be accompanied by the High Commissioner, Mr Cedric Joseph. John Ure is ready to attend from here, as we discussed.

I also enclose a copy of a letter from our High Commissioner in Georgetown, giving some recent impressions of the President. The Prime Minister will wish to be aware of these.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

HW020/13
23 NOV 82
NOTE FOR THE RECORD

RESTRICTED

cc: PS/Mr Onslow WIAD
MCAD CCD

TELEPHONE CONVERSATION BETWEEN MR ONSLOW AND THE COMMONWEALTH SECRETARY-GENERAL

Also on HWY 353/1

1. Mr Ramphal telephoned Mr Onslow on Sunday 21 November 1982. I listened in to the call.

2. Mr Ramphal said that he understood that President Burnham of Guyana would be meeting the Prime Minister on the afternoon of Wednesday 24 November. He hoped that the Prime Minister would be receptive to two points that President Burnham might raise, both of which required a political decision:-

(a) ECGD credit; and

(b) UK loans, which were conditional upon agreement with the IMF. Guyana wanted to use these loans to pay off British contractors and order equipment from the UK. There was therefore a strong UK interest.

3. Mr Ramphal said that he was very conscious that this was a time for reciprocal help. British assistance on these two points would be a small price to pay for Guyana's goodwill and assistance on other issues.

4. Turning to Belize, Mr Ramphal said that the Prime Minister would find President Burnham responsive to the idea of a Commonwealth military training team. He had discussed this in the margins of CARICOM. President Burnham would be willing for Guyana to participate and would assist in encouraging other Caribbean members to join, particularly Prime Ministers Seaga (Jamaica) and Adams (Barbados) who were the most nervous and who needed to be kept up to the mark. Mr Ramphal thought there was room for manoeuvre and had been encouraged by the CARICOM discussion; but Caribbean support was dependent upon Canadian participation. He would be seeing President Trudeau next February and whilst he would not be amenable to UK pressure he would be more impressed if the Caribbean countries had indicated that they were willing to participate. It would be important of course for HMG to put this across not as a substitute but rather as a supplement to the British rôle in Belize.

5. Mr Onslow asked whether human rights had been discussed at CARICOM. Mr Ramphal said that despite press attacks President Burnham had got off relatively lightly. Such discussion as there had been had concentrated on Grenada.

6. Mr Ramphal departs for Geneva on Monday afternoon returning late on Wednesday 24 November, and will be in London on Thursday and Friday before departing for the CSOM in Tanzania.

BRITISH HIGH COMMISSION
GEORGETOWN
GUYANA

12 November 1982

J C Edwards Esq
WIAD
FCO

Dear John,

PRESIDENT BURNHAM

1. Now that President Burnham is paying a private visit to Britain, you might find it useful to have a few impressions. These impressions come from his advisers, cronies and ministers, many of whom speak freely about him. I should add that so far I have not had a private session with him. This is normal in Georgetown. Such interviews are often granted only after one has been here for up to six months.

2. Increasingly, Burnham is becoming isolated partly by his own inclination and partly through the screening activities of his Secretariat. This applies particularly to contacts with the diplomatic community in Georgetown but not, to the same extent, to his advisers, cronies and ministers with whom he is in constant contact, often in the small hours of the morning. Nevertheless his contacts with them show they tell me that he is becoming increasingly concerned with secrecy and more and more autocratic. It goes without saying that he remains fully in command. Many of those in frequent contact with him, and the general public, while generally disapproving of his performance, are not slow to show their warm regard for him personally.

3. So far as dealing with Government business is concerned, decisions are taken increasingly by Burnham and his group of advisers, together with the ministers most concerned. Occasionally, however, one meets a minister who says that matters affecting his parish have been decided by Burnham and he has only found out about them by accident. So far as internal affairs are concerned, he is said to be no longer willing to face up to Guyana's growing economic and social problems. He has become erratic in dealing with papers and issues, except when immediate action is required. In matters concerning foreign affairs, there have been delays and in some cases the Ministry of Foreign Affairs is neither consulted nor informed.

/4.

12 November 1982

4.

THIS IS A COPY. THE ORIGINAL IS RETAINED UNDER SECTION 3 (4) OF THE PUBLIC RECORDS ACT

Temporarily retained
15/5/16

Yours Ever.

Ken.

W K Slatcher

CONFIDENTIAL

CONFIDENTIAL

VISIT OF MR FORBES BURNHAM, PRESIDENT OF GUYANA, 20-26 NOVEMBER 1982

LIST OF BRIEFS

STEERING BRIEF: GUYANA, VITAL STATISTICS

1. Guyana: Political
2. Guyana: Economic
3. Falklands
4. Aid to Guyana
5. ECGD
6. Assistance to the Guyana Defence Force
7. Sales of Defence Equipment to Guyana
8. Venezuela/Guyana Territorial Dispute
9. Guyana: Human Rights
10. Belize
11. Personality notes on President Burnham

VISIT OF HIS EXCELLENCY COMRADE L F S BURNHAM OE SC,
PRESIDENT OF GUYANA
20-26 NOVEMBER 1982

STEERING BRIEF

A. OBJECTIVES

1. (i) Express warm thanks for Guyana's robust support on Falklands;

(ii) Note any representation on bilateral issues, for example on aid and ECGD cover, and put forward Her Majesty's Government's position;

(iii) Sound out Guyanese thinking on their territorial dispute with Venezuela.

B. SUMMARY OF BRIEFS

2. The Prime Minister last met President Burnham in London in November 1981, although there has been telephone contact since then.

3. President Burnham continues to dominate the political scene in Guyana (Briefs Nos 1 and 11), although, as leader of the Afro-Guyanese minority, some of his methods are questionable.

4. Guyana is in serious economic difficulties (Brief No 2). The lack of foreign exchange is creating difficulties for the import of essential commodities (wheat, spare parts).

5. Anglo-Guyanese relations are correct, but have been cool (Brief No 1). Guyana has given robust support for HMG's position on the Falklands (Brief No 3). The Guyanese have already let it be known, to our High Commissioner in Georgetown, that they are looking

/to

to HMG for repayment for their support. President Burnham is likely to request a restitution of ECGD cover (Brief No 5) and will press for more UK aid (Brief No 4). A positive response to either request is conditional on Guyana putting its house in order, which means coming to an arrangement with the IMF and with Guyana's creditors.

6. The President may raise the question of assistance to the Guyana Defence Force, both from the point of view of training for its personnel (Brief No 6) and the supply of defence material (Brief No 7). The Ministry of Defence has recently agreed to supply a number of surplus Bofors and Oerlikon guns, and related equipment, at the very much reduced price of £20,000 plus freight costs. The Guyanese are seeking easy payment terms for this equipment, but MOD cannot agree. Nor can MOD meet shipping costs.

7. Guyana is engaged in a long-standing territorial dispute with Venezuela (Brief No 8), the latter having rejected the 1899 Arbitral Award. President Burnham's visit presents a suitable opportunity to sound out the Guyanese thinking on the way forward in the dispute.

8. Human rights have long been a barrier to better relations between the UK and Guyana (Brief No 9). Mr David Alton MP (Liverpool, Edge Hill) has tabled a question for oral answer on Wednesday 24 November (prior to the Prime Minister's meeting with President Burnham), which will once again focus attention on Guyana's human rights record. The Prime Minister may wish to take the opportunity of President Burnham's visit to indicate that human rights violations in Guyana cause some concern in Parliament and can complicate bilateral relations. President Burnham would take offence at more direct criticism.

9. President Burnham is responsive to the idea of a Commonwealth military training team in Belize (Brief No 10). He may have in mind confirmation of his support for this initiative as a quid pro quo for more British aid and resumption of ECGD credit (see paragraph 5 above).

/10 President

10. President Burnham's visit is of mainly a private nature - he will be having dental treatment during his stay in Britain. He is accompanied by his wife. No calls on other Ministers are envisaged.

GUYANA: VITAL STATISTICS

Area	83,000 sq miles
Population (end 1981)	796,000
Population Growth Rate (1976-81)	0.6%
Adult Literacy Rate	91.3%
Per Capita income (1979)	US$570
GDP growth (1981 estimate)	-3.1%
Inflation (1981)	29%
Balance of Payments (1981)	US$-198.4 million
Net reserves	US$-166.2 million
UK Imports from Guyana (1981)	US$931 million
UK Exports to Guyana (1981)	US$666 million

BRIEF NO 1: GUYANA: POLITICAL

ESSENTIAL FACTS

POLITICAL INTERNAL

1. Mr Forbes Burnham's People's National Congress (PNC) has been in office since independence. There were widespread allegations of ballot rigging following the 1973 election and Mr Burnham delayed the elections due in 1978 by holding a referendum to approve a Bill which would enable theGovernment to introduce a new constitution by simple majority. Despite strong opposition and a boycott by the People's Progressive Party (PPP), led by Dr Cheddi Jagan, the Government gained a 97% victory in favour of the Bill. The new constitution under which Mr Burnham became Executive President with wide-reaching personal powers was promulgated in October 1980. A general election in December 1980 was won by Mr Burnham's PNC who took 75% of the votes. Again there were reports of rigging. Lord Avebury and an independent team of unofficial observers were sharply critical of the way the election was organised.

2. Both main parties are of the left. The basic difference is not so much of ideology or economic policies, but of ethnic origin. The ruling PNC derives its main support from the African section of the population which is dominant in the security and paramilitary forces, the civil service and the main towns. The Marxist PPP is supported by the East Indians who form the backbone of the sugar and rice industries and are also active in business.

3. Dr Walter Rodney, one of the leaders of the more recently formed multiracial Working People's Alliance (WPA), died in a car bomb explosion in June 1980. Since then the WPA has been less active.

/4. Under

4. Under Mr Burnham there has been some deterioration in political and civil rights. The media are almost entirely government controlled and there is strict censorship. The 'Catholic Standard', long regarded as the most reliable and relatively unbiased newspaper published in Guyana, has been subjected to considerable harassment and currently faces a number of libel suits brought by Government Ministers.

POLITICAL EXTERNAL

5. Guyana pursues a policy of non-alignment. She is active in Third World fora. Guyana is also an active member of the Commonwealth.

6. Guyana is involved in a long-standing territorial dispute with Venezuela, which has rejected the 1899 Arbitral Award which established the present frontier. The two sides are currently seeking to establish a means to resolve their dispute under Article IV of the 1966 Geneva Agreement (see Brief No 8).

RELATIONS WITH THE UNITED KINGDOM

7. Anglo- Guyanese relations are correct but because of Guyanese internal politics have remained rather cool. President Burnham, however, took several opportunities in 1981 to improve relations on a personal basis. And Guyana, a member of the Security Council, has given especially robust support to the UK stance in the Falklands crisis. Guyana abstained on the recent Latin American sponsored relation at the UNGA. We continue to meet existing capital aid commitments and provide some technical cooperation and training (see Brief No 4). Some UK training for Guyana Defence Force (GDF) personnel is also provided. In response to Guyanese requests, the Ministry of Defence is offering a number of Oerlikon and Bofors guns on favourable terms for the GDF (see Briefs Nos 6 and 7).

8. British investment in Guyana has been sharply reduced since independence as a result of Guyana's massive nationalisation policies and, increasingly, its poor economic performance.

BRIEF NO 2

GUYANA ECONOMIC

POINTS TO MAKE

1. Dismayed at extent of difficulties facing Guyana. Much is result of world recession which is being felt by all countries - rich and poor alike. We sympathise. But would advise you to come to an arrangement with the IMF. Necessary preliminary to rescheduling Guyana's debts which in turn is a pre-requisite for aid and resumption of ECGD cover. Putting house in order not a painless process.

CONFIDENTIAL

BRIEF NO. 2

GUYANA ECONOMIC

BACKGROUND

1. The Guyanese economy is in an extremely parlous state and the country is on the verge of bankruptcy. Foreign exchange is desperately short and payments are much in arrears. The crisis results from mismanagement of the economy, including excessive socialisation, and from the effects of the general world recession on demand for, among others, bauxite, Guyana's principal export commodity. An 'in principle' agreement has been reached on the rescheduling of commercial debts, but this is a contingent on official debts being rescheduled. Official rescheduling would be handled by the Paris Club after a new agreement between Guyana and the IMF/IBRD. Guyana's arrangements with the IMF have twice broken down in recent years. In recent discussions on Guyana at the IMF, the US, Canada, the FRG and even the Nordics have all taken a hard line.

2. The IMF Board and staff are in broad agreement. Guyana now having had 50 per cent of its quota under the Compensatory Financing Facility, has had all the soft money available to it. To draw on the remaining 50 per cent would require a proper programme with the Fund, which would entail conditions which President Burnham's Government would find it extremely difficult to accept (drastic re-organisation of the Rice Board, foreign participation in the bauxite industry and so forth). The prospect of further IMF money therefore, looks very thin. The initiative lies squarely with Georgetown. Guyana/IMF relations are at a nadir. No further contacts are planned until the Article IV examination due in August/September 1983 but there may be an IMF mission in February. It is very unlikely that Guyana will repay its debts to the IMF in 1983.

3. A recent IBRD mission to Guyana saw some evidence of privatisation in industry, but not much. Guyana will probably need to make a rather more radical re-orientation in favour of the private sector (some 80 per cent of Guyanese industry is state owned) if it seriously wishes to attract IMF assistance. It is difficult to see how Guyana can struggle through the next nine months or so without proper arrangements with the IMF.

4. Guyana is likely to try to put pressure on us for bilateral assistance. But whilst we remain willing to help, we cannot do so in isolation and it is for Guyana to put her house in order with the IMF so that concerted action can be taken.

BRIEF NO 3

FALKLANDS

POINTS TO MAKE

1. Heartened by the robust support given by Guyana throughout dispute. Grateful for the President's timely intervention in the crucial voting on the Latin American resolution at the UNGA.

BRIEF NO 3

FALKLANDS

ESSENTIAL FACTS

1. During the Falklands conflict Guyana was one of our most stalwart supporters. The Guyana Government made a strong statement and voted for SCR 502. The President gave an assurance of support in the UN/NAM both before and after the capture of South Georgia and Guyana subsequently entered a resolution on the NAM statement after some attempt in Havana to have it amended. There appeared to be some risk of Guyana voting in favour of the recent Latin American resolution but we understand that President Burnham's personal intervention resulted in Guyana's eventual abstention.

VISIT OF MR BURNHAM, PRESIDENT OF GUYANA

BRIEF NO. 4.

AID

POINTS TO MAKE

1. Guyana is in default inter alia on the repayment of loans made under the British aid programme.

2. Unspent balances remain on the loans and we shall be willing to consider, with the Government of Guyana, the allocation of these balances provided that -

a) the question of resolving Guyana's debts to the UK is satisfactorily settled; and

b) progress has been made with the IMF so that we can be assured of Guyana's future finances and therefore of her ability to repay in due course any further monies now loaned to her.

3. New loan [Defensive if raised by Mr Burnham]. The question of the UK contributing to any financial rescue operation is premature. We would wish to consider the IMFs assessment of the position. Our resources are already very stretched and there is the question of Guyana's default on repayments from the current loans. But we would of course consider any recommendation by the Fund.

CONFIDENTIAL

VISIT OF MR BURNHAM, PRESIDENT OF GUYANA

BRIEF NO. 4.

BACKGROUND

1. Ministers have recently reviewed policy on aid to Guyana. Subject to the provisos at 2a and b in 'Points to Make' they agreed that:-

i. we should be ready to commit the remaining balance of the two 1978 loans, amounting to £3.347 millions, for spending over the period 1983/84 to 1985/86;

ii. we should continue to provide technical cooperation funds for existing commitments, for training in the UK and for new advisory appointments (subject to close vetting at official level between the two Wings of FCO); and

iii. the cost of any debt rescheduling, and of any British contribution to any financial rescue operation, should not be met from the unspent balances, but considered together with other bids, as a possible claim against the unallocated reserve. [But this will depend on the pressures to which the aid programme is subject, and in the event we may need to keep the uncommitted funds in the aid framework as a contribution to these costs.]

2. On (i) we should avoid any commitment as to how and when the loan balances will be spent. If pressed we could say we would envisage using most of the money to complete the sea defence project at Essequibo and the related irrigation project at Tapakuma. But [Not for disclosure] as mention at (iii) debt rescheduling and financial rescue needs may get in the way.

3. [Not for disclosure] The Aid Framework contains provision for capital aid expenditure as follows:- 1983/84 £1.167 million, 1984/85 £0.84 million and 1985/86 £1.34 million. About half the provision for for 1983/84 and all of that for the following two years is at present uncommitted so we have adequate framework provision to take on some new commitments for spending in 1983/84. There is not at present sufficient provision to spend the full £3.347 million before the end of financial year 1985/86. If we cannot increase framework allocations

we would expect to bid for sufficient funds in 1986/87 so as to disburse fully the remaining balances in 1986.

Economic Background

4. The Guyanese economy is on the verge of bankruptcy and Guyana is in default on loan repayments (to the tune of £2.604 million at the end of October). Talks with the IMF have not produced a new programme and no further discussions are planned. If an agreement is reached with the IMF, a financial rescue operation may then have to be mounted to which Britain would be expected to contribute.

5. The unspent loan balances could be used to offset the effects of rescheduling and as our contribution to any rescue operation. But, subject to the availability of resources, we should prefer to avoid this. More than this will be expected of us for the rescue. And (subject to discussions with the Guyana Government) the loan balances are needed for the completion of the irrigated agriculture and sea defence projects already funded from the project loan (paragraph 1). ODA are contributing US$250,000 towards the costs of a study of Guyana's debt problems being undertaken by Morgan Grenfell who have been commissioned for this purpose by UNDP.

Capital Aid

6. Expenditure is from two loans signed in 1978: a miscellaneous capital goods loan for £7 million and a project loan for £10 million. The last dates by which contracts should have been entered into under these arrangements are 31 December 1981 and 31 March 1983 respectively. These dates can be extended by amendment to the Loan Agreements. British capital aid in 1982/83 is expected to be about £1.5 million.

Technical Cooperation

7. For both political and operational reasons our technical cooperation programme in Guyana has run down to virtually nothing. There is only one technical cooperation officer post, for which a new candidate is being sought. No other new appointments are planned. The Directorate of Overseas Surveys are fulfilling long-standing commitments to assist with mapping of the Guyana coast. A modest training programme of approximately £140,000 per year (17 new applications in 1982/83) is continuing.

Earlier Policy Discussions

8. In January 1980, ODA and FCO Ministers agreed on the following guidelines for our aid policy in Guyana:

i existing projects should be continued but without undue effort on our part to secure speedy implementation;
ii we should avoid fresh capital commitments and should make it clear to the Guyanese that our attitude to further assistance would depend on their future conduct with regard to elections, civil liberties, and their general attitude towards Western interests;
iii future requests for technical cooperation should be closely vetted by ODA/FCO.

9. These decisions were taken in the light of abuse of the democratic system and human rights in Guyana. In the event the reasons behind the decisions were not spelt out as envisaged in paragraph 11 ii, although there is no reason to suppose that the message did not get across. There is no evidence that our stance has made any difference to the policies of Mr Burnham. He has consolidated his grip on power by becoming Executive President and rigging the election of December 1980. A leading critic of the regime, Dr Walter Rodney, was blown up in 1980, perhaps by Government agency. In these circumstances it seems right that no new capital aid loans should be made to Guyana. But to continue to deny the balance of the 1978 loans would be seen as a further drastic cooling of relations which could not appear justified on the basis of Guyana's present attitude. Guyana gave robust support to us over the Falklands and is expecting reward.

10. Ministers have accepted we should now be prepared to make new commitments without which we shall soon have no capital aid programme and come under criticism from the Guyana Government for being unwilling to spend agreed loans. To have maintained the earlier line (paragraph 11) would have resulted in our treating Guyana more severely than we have Grenada, which would not be appropriate.

11. No changes are proposed on the technical cooperation front. We shall continue with the training programme but should not take active steps to appoint TCOs. If a worthwhile request comes forward, however, we should remain ready to meet it subject to availability of funds and to discussions between ODA and the FCO. Small amounts of aid

under eg the Books Presentation Programme and Heads of Mission Gift Scheme would continue.

BRIEF NO 5

ECGD

POINTS TO MAKE

1. Recognise difficulties caused by ECGD's withdrawal of cover for Guyana earlier this year. Would like to help, but ECGD is commercial organisation and cannot extend credit to countries which are not credit-worthy. It is for Guyanese to reach a long standing settlement with the IMF and its Paris Club creditor on rescheduling. We may then be able to take more positive stance.

CONFIDENTIAL

BRIEF NO 5
ECGD
ESSENTIAL FACTS

1. ECGD amended its terms of cover for Guyana in May 1982. The present position is:

Short-term cover: Confirmed Irrevocable letter of Credit Only.
Medium/long-term cover: None available.

2. This position results from Guyana's chronic shortage of foreign exchange. The Governor of the Central Bank of Guyana visited ECGD earlier this year and confirmed that no foreign exchange was being allocated for commercial transaction (i.e. up to 180 days credit) and payments were then overdue by up to nine months. The situation has not improved in the intervening period.

3. During a call by Mr Hope, Guyana's Minister of Trade and Consumer Protection, on Mr Onslow on 1 July, he was informed that it was essential for Guyana to reach an accommodation with the IMF, to make arrangements with their creditors through the Paris Club, and introduce policy measures aimed at restoring the economy. Whilst we have every sympathy with the difficulties being faced by Guyana, and recognise the additional pressure created by the withdrawal of ECGD cover, it will be extremely difficult for positive action to be taken to help Guyana until these conditions are met. Indications are that this is still some way off. (See also Brief No 2).

BRIEF NO 6

GUYANA DEFENCE FORCE (GDF)

POINTS TO MAKE

Training

1. Glad that we have been able to arrange for training of members of the GDF in Britain under the United Kingdom Military Training Assistance Scheme. Will continue to consider further requests for military training in the light of available funds and demand for places.

2. Selection procedure for places on the next Staff College Course is under way and a place for a candidate for Guyana looks promising.

Defensive (if raised)

3. Regret that it was not possible to respond fully to your request for defence planning assistance. But hope that Staff College place will be of help.

BRIEF NO 6

ASSISTANCE TO THE GUYANA DEFENCE FORCE: TRAINING

ESSENTIAL FACTS

UK Military Training Assistance Scheme (UKMTAS) and Military Exchanges

1. Limited arrangements for UKMTAS funding for Guyana have existed since FY 1981/82. This continues, using reserve funds and £51,000 is available to pay for training beginning in 1982/83 for three Guyanese on RN courses (midshipmen and Sub-Lieutenants) and one student at Sandhurst. More can be done and FCO are prepared to consider re-instituting a set allocation for Guyana in FY 1983/84.

2. For 1983/84 Guyana has submitted bids for nine places on army training courses, of which three places have been awarded. Additionally two places are being offered on naval (midshipmen) courses, and a request for a place at the Staff College is now under consideration. The selection procedure is under way and a place for Guyana looks promising.

3. In 1980 the Ministry of Defence cancelled, for financial reasons, reciprocal training exchanges with the Guyanese which had taken place annually for many years (Jamaican exercises were similarly cancelled in 1981). A number of ideas are being floated about joint military training in the context of military assistance in the Caribbean. If any come to fruition, possibly Guyana will profit by being included, but we would have to look at this carefully against the background of the Venezuela/Guyana dispute.

(NOT FOR USE)

4. The GDF requested a visit by a British Defence Adviser to review Guyana's Defence Planning. In view of the Venezuela/Guyana territorial dispute, Ministers considered that such a visit would be inopportune and suggested training in Britain as an alternative.

BRIEF NO. 7.

SALES OF DEFENCE EQUIPMENT TO GUYANA

POINTS TO MAKE

1. Surplus Oerlikon and Bofors Guns

The offer for 30 Oerlikon and 12 Bofors guns and 50 thousand rounds of ammunition for £20,000 is still open. Regret that the terms must be cash and credit cannot be extended. The Guyanese are responsible for shipment. If asked. Cost is estimated at some £65,000 for transport to Guyana.

2. Vehicles

MOD does not have any surplus mines, demolition equipment or radios which can be offered at present. Some Land Rovers have become available for disposal because they are classed as beyond economic repair. The Guyanese High Commissioner is aware of this.

BRIEF NO. 7.

SALES OF DEFENCE EQUIPMENT TO GUYANA.

ESSENTIAL FACTS

1. Sales of UK defence equipment to Guyana have included a fast patrol boat (1977), Islander aircraft (1976) and Skyvan aircraft (1980). Guyana defaulted on the loan repayments for the latter purchase, and ECGD cover has been withdrawn. MOD is owed £250,000 for training given to Guyana Defence Force (GDF) personnel. (The bulk of this debt was formerly owed to Crown Agents).

Surplus Oerlikon and Bofors Guns

2. Earlier this year MOD received a Guyanese Defence Force (GDF) enquiry for the purchase, on credit terms, of a quantity of surplus Oerlikon and Bofors guns and ammunition. The GDF was subsequently offered 30 Oerlikon and 12 Bofors guns plus fifty thousand rounds of ammunition at a specially reduced price of £20,000, but on cash terms. Guyana's poor credit performance, its parlous economic situation and its outstanding debt to MOD, render the extension of credit for this sale impossible. Under the standard MOD terms for the sales, the GDF would be responsible for the transport of the guns and ammunittion to Guyana. The cost of this was recently estimated at some £65,000 by a freight firm which specialises in moving this type of material.

Other Items

3. The GDF has also expressed an interest in purchasing surplus

mines, demolition equipment, radios and vehicles (Land Rovers and Bedford trucks). But MOD does not have this type of material surplus at present. Items such as mines and demolition stores however, could be supplied from new stock but would have to be charged for at full repayment rates. The estimated cost for the quantities the GDF requires amounts to £300,000 which appears to be well beyond what they can afford at present. If the GDF were prepared to do the necessary repair/refurbishment work however, MOD might be able to help with Land Rovers. Once these vehicles are classified as 'beyond economic repair' they are disposed of by auction. Many of these vehicles have high mileages and are accident damaged but it is possible to find a few good runners. They normally fetch from £350 to £2,000 plus, according to condition. This possibility has recently been mentioned to the Guyanese High Commissioner. If the GDF is interested an inspection of the vehicles will be arranged. Any sale would have to be on a cash basis.

CALL ON THE PRIME MINISTER BY PRESIDENT BURNHAM OF GUYANA
ON WEDNESDAY, 24 NOVEMBER
BRIEF NO. 8.
VENEZUELA/GUYANA TERRITORIAL DISPUTE (If Raised)

Points to Make

1. We are alive to the danger of this problem. We know your position and the Venezuelans have also kept us informed of developments. We have repeatedly made clear to the Venezuelans the importance of following the Geneva Agreement procedures for a peaceful settlement, and have been encouraging other countries to do likewise.

2. Given the present impasse over the means of settlement, how do you see the situation developing?

3. (For defensive use) We are looking into your request for Crown Law Officers opinions on the dispute and shall be in contact with the High Commissioner shortly.

RESTRICTED

CALL ON THE PRIME MINISTER BY PRESIDENT BURNHAM OF GUYANA
ON WEDNESDAY, 24 NOVEMBER
BRIEF NO. 8.

VENEZUELA/GUYANA TERRITORIAL DISPUTE (If Raised)

Essential Facts

History

1. In 1899 an International Arbitration Award set out the present boundaries between Venezuela and Guyana. The Venezuelans began to criticise this award in the 1950s. The 1966 Geneva Agreement set out ways of resolving the controversy. The Geneva Agreement re-entered into force on 18 June, following the expiry of the Port of Spain Protocol, which had frozen the dispute for twelve years. We consider that the 1899 Award remains valid. However, now that this has become a matter of controversy we believe that the dispute should be resolved through the procedures of the Geneva Agreement.

The Geneva Agreement

2. Venezuela and Guyana have reached an impasse over their conflicting views of the 1966 Geneva Agreement. The Guyanese proposed to refer the dispute to the International Court of Justice. The Venezuelans, less confident about their legal claim, pressed instead for reference to the UN Secretary General. The Guyanese rejected this and, in addition to the ICJ, proposed the UN General Assembly or the Security Council. The Venezuelans will still not agree.

Future Threats

3. President Burnham has found the controversy useful as a means of distracting attention from his internal problems. It could become a campaign issue in the build up to the Venezuelan elections in December 1983. There have been some minor incursions, most recently when a Venezuelan helicopter flew into Guyana on 4 September and a small party of Venezuelan troops attempted to cross on 5 September. The Venezuelans could move in force into the disputed territory of Essequibo

if they wanted to. However, neither the US nor the Guyanese President or Commander in Chief consider a full scale invasion likely. The Venezuelans have said they do not intend to use force.

4. We remain in touch with both the US and our EC partners and have also spoken with Brazil and Colombia. The Brazilians have made clear to the Venezuelans their opposition to any use of force.

British Position

5. We are not principals to the dispute and do not consider that the Geneva Agreement envisages any further role for the UK. We thus wish to avoid any direct involvement in this dispute, but as a signatory to the 1966 Geneva Agreement we attach considerable importance to the continued fulfilment by the governments of Venezuela and Guyana of their obligations under the Agreement, in particular the obligation to resolve the controversy peacefully. Not for use : we might have an obligation to make available to the Guyanese as a successor state any evidence in our possession which bears upon Guyana's title to her territory or her boundaries. To do so would bring trouble with Venezuela. The Guyanese have asked us for legal opinions expressed by the Crown Law Officers in the 1960's. We have not so far responded and we are not sure what use the Guyanese would wish to make of these. We are in touch with the Guyanese High Commissioner in London about this.

Hawk Aircraft

6. The Venezuelans have told us that they do not intend to go ahead with the £200m contract with British Aerospace to supply Hawk Trainer aircraft. British Aerospace and the Venezuelans are now discussing compensation. We consequently wish to avoid any public discussions on the fate of this contract.

BRIEF NO 9

HUMAN RIGHTS

POINTS TO MAKE

1. There is Parliamentary interest from time to time in human rights in Guyana. You should know this because human rights problems can complicate bilateral relations.

BRIEF NO 9

HUMAN RIGHTS

ESSENTIAL FACTS

1. Guyana's human rights record is poor, but nowhere near as bad as Iran, Argentina and Chile. President Burnham's People's National Congress Party (PNC) has established its dominance over all other institutions in Guyana and his personal grip on power tightened when he became Executive President. The general elections in December 1980 were rigged, but the only violence was minor skirmishes. A private group of observers led by Lord Avebury concluded that the election was 'rigged massively and flagrantly'. In 1980, an effective critic of the régime, Dr Walter Rodney, leader of the Marxist Working People's Alliance, was killed in a bomb explosion. There were suspicions, but no proof, that this was the work of a government agency.

US Government Report

2. The US Government's 'Country Reports on Human Rights in 1981' stated that the Guyanese human rights environment continued to deteriorate in 1981. The Report mentioned

a) Torture. Credible reports of prisoners being beaten and burned with cigarettes.

b) Police killings of suspects. 19 cases in 18-month period. No inquiries by the authorities.

c) Disappearances. No reports.

d) Arbitrary arrest and imprisonment. Frequent detentions for short periods of members of opposition groups.

e) Judiciary. Allegations of questionable judicial independence, particularly on cases with political implications.

f) Freedom of speech, press, religion and assembly. Continued eriosion of press freedom. Opposition groups occasionally refused permission to hold meetings and rallies. Ban on

/opposition

opposition marches. Harassment of opposition by bureaucracy. Academic and trade union freedom weakened. Religious discrimination not apparent but sharp Government criticism of the Catholic Church.

g) Government attitude to foreign observers of human rights. Foreign observers have been allowed to look into alleged human rights violations. Guyana Human Rights Association has been allowed to operate within the country.

Recent Cases

3. Mr David Alton MP wrote on 11 November to Mr Pym asking what representations would be made about the Guyanese authorities' harassment of 'The Catholic Standard' newspaper. A copy of Mr Onslow's reply is attached.

4. In October, Lord Avebury wrote to Mr Onslow about the denial by a Guyanese magistrate of bail for Tacuma Ogunseye, a member of the Working People's Alliance, arrested after an explosion and fire at his home and about the detention (apparently temporarily of other WPA members. We have asked our High Commission in Georgetown for comments.

UN Human Rights Committee

5. States report at regular intervals to the UN Human Rights Committee. This is a body of experts, mainly lawyers, who are charged with monitoring States' performance on the International Covenant on Civil and Political Rights. The approach is by dialogue, rather than confrontation. The Committee has asked for more information from Guyana, which has undertaken to submit a supplementary report.

Foreign and Commonwealth Office

London SW1A 2AH

18. November 1982

From The Minister of State

Dear David,

Thank you for your letter of 11 November with which you enclosed a letter from the Committee in Defence of the Catholic Standard, a newspaper published weekly in Guyana.

I have of course noted Mr McCormack's letter with concern, and we should naturally regret the demise of this respected newspaper. But I do not consider that it would be appropriate for the British Government to seek to make representations on the newspaper's behalf in its dispute with the Government of Guyana in the way that is suggested.

This does not, of course, prevent you or anyone else from making your own views known direct to the Guyana Government: and if you decide to do so, I shall be very interested to know what response you receive.

Yours sincerely,

Cranley

Cranley Onslow

David Alton Esq MP
House of Commons
LONDON SW1A OAA

BRIEF NO. 10.

BELIZE, COMMONWEALTH TRAINING

POINTS TO MAKE

1. We support Mr Ramphal's plan to provide Commonwealth military training for Belize. Hope Guyana can help.

2. Any Commonwealth assistance will need to be dovetailed with our own efforts.

BRIEF NO. 10

BELIZE, COMMONWEALTH TRAINING

ESSENTIAL FACTS

1. The Commonwealth Secretary-General has asked Canada and Commonwealth Caribbean governments to provide military training for the Belize Defence Force (BDF). This would complement our own efforts (see para 6 below) to develop the BDF and be a valuable gesture of continuing Commonwealth political support for Belize.

2. Canadian support is vital to the scheme. But so far Canada seems reluctant to do much: she is considering offering places for BDF personnel on training courses in Canada but is most reluctant to station Canadian personnel in Belize.

3. Mr Ramphal hopes that a show of Commonwealth Caribbean support might encourage the Canadians to be more forthcoming. This was discussed at the recent CARICOM meeting (15-20 November): the Jamaican Defence Force seems quite keen, although Mr Ramphal reports that the Jamaican and Barbadian Premiers were 'nervous'.

4. According to Mr Ramphal Mr Burnham would be willing for Guyana to take part and glad to try to encourage others to do so.

5. Although providing training in Belize is the main aim a co-ordinated programme of joint exercies, training and military visits between Caribbean Defence Forces (including Belize) could also be valuable.

UK Assistance to the BDF

6. We are providing 15 British loan service personnel to help expand the infantry component of the BDF to three regular companies and to set up an air defence troop and maritime and air wings. We are providing equipment for all elements. The total package is worth some six and a quarter million pounds. Belize also qualifies for training places in the UK under UKMTAS.

BURNHAM, HE Cde L F S, OE SC

President of Guyana, Minister of National Security and Leader of the People's National Congress (PNC).

Born 1923. Educated at Kitty Methodist School, Central High School and Queen's College, Georgetown. He was Guiana Scholar of 1942 and studied at London University and Gray's Inn, where he obtained the degrees of BA and LL.B (Hons). He won the Best Speaker Cup at the Law Faculty of London University and was President of the West Indian Students' Union of Great Britain (1947-8). Returned to British Guiana in 1949, practised at the bar and entered politics through the British Guiana Labour Union of which he was several times President. He was identified with local politics as a member of the Georgetown Town Council from 1952-66, and was Lord Mayor in 1959 and 1964. Was elected to the Legislative Assembly in 1953 as a PPP member and appointed Minister of Education. He broke finally with Jagan in 1957 and took with him most of the African elements of the PPP to form the PNC of which he has since then been undisputed leader. In the elections under proportional representation in 1964, although Jagan secured the largest number of seats he did not have an absolute majority and Burnham formed a Government in coalition with the United Force. He won an absolute majority in the December 1968 election, a two-thirds majority in the July 1973 election and a four-fifths majority in the December 1980 election. Assumed the office of executive President on the promulgation of Guyana's new constitution on 6 October 1980.

Burnham is among the most interesting and complex personalities in the Commonwealth. A brilliant lawyer, a witty talker, a natural politician, a versatile orator, and a self-confessed bon viveur, he stands head and shoulders above any of his colleagues and holds the reins of authority firmly in his own hands. His radical economic theories and his ambition to make the country increasingly self-sufficient have led him to introduce a large measure of state control at the expense both of foreign commercial interests and of local private enterprise.

In external relations Burnham's policy is to be conspicuously non-aligned and thereby free to accept aid from any quarter. He is probably not himself a communist by ideology but his obsession with Guyana's colonial past, his hatred of capitalism and his socialist/co-operative ideals have led him far in this direction. He has a lively interest in the new Commonwealth countries, particularly in Africa. He respects both Kaunda and Nyerere and has been to some extent influenced by their policies, but is now also interested in the friendship of Iraq, North Korea and Libya. He was one of the champions of Caribbean integration, playing a leading role in the establishment of the Caribbean Free Trade Association followed by the Caribbean Community and the promotion of the Caribbean Development Bank. Since 1975 however he has appeared somewhat disenchanted with developments within the Community. He has betrayed colour-consciousness in his comments on America and Britain. On all racial questions and in particular the problems of Southern Africa, he is suspicious and unsympathetic and years after Independence, with all forms of neo-colonialism exorcised, his desire to make a complete break with the colonial past can no longer explain his hostile public references to Britain.

He has moods of frustration which make him difficult to deal with, and he has now come so near to autocracy that he develops fixed ideas and dislikes advice that conflict with these; it would be dangerous to rely on the sense of humour that was once his saying grace. A keen horseman until a fall in late 1973 led to a long series of bouts of unexplained ill-health culminating in a heart attack in January 1977 and a long period of absence from all activities. He now exercises daily for one hour on doctor's orders, but still smokes heavily and sometimes drinks more than he should.

Burnham's first marriage, to a Trinidadian, of which there are three children, ended in divorce in 1966. He married Miss Viola Harper in 1967. She is Chairman of the Women's Revolutionary Socialist Movement, the women's arm of the Party and is active politically. She also sits on several committees of charitable organisations. She is reputed to own several properties and have extensive farming and agricultural interests. Burnham, who is showing increasingly egocentric tendencies, may envisage being succeeded by his wife. There are two daughters of the marriage born in 1968 and 1970.

JOSEPH, CDE CEDRIC LUCKIE

High Commissioner to London.

Born 1933. After local education he studied History at Aberystwyth University (1959-62) and at the LSE (1962-65) where he took his Masters. Formerly History Master at a comprehensive school in London and a lecturer in History at the University of the West Indies. Joined the Guyanese diplomatic service in 1971 and served as Deputy High Commissioner in Jamaica, Deputy Permanent Representative at the UN and from 1977-81 as High Commissioner to Zambia with accreditation to other "Front Line" States.

Joseph showed himself to have a sharp political mind while resident in Lusaka and was thought to be a good and lively Commonwealth colleague. He has travelled extensively in Southern Africa and is very perceptive about African political trends.

Married.

CONFIDENTIAL

Guyana

10 DOWNING STREET

From the Private Secretary

18 November, 1982.

President Burnham of Guyana

D/F 1

Thank you for your letter of 17 November. The Prime Minister would be glad to see President Burnham at 3.30 on 24 November.

A. J. COLES

J.E. Holmes, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

(1).

Prime Minister

Agree to see Foreign Secretary at 3.30 on 24 November?

Yes

A.J.C. 17/11

Foreign and Commonwealth Office

London SW1A 2AH

17 November, 1982

Dear John,

President Burnham of Guyana

President Burnham will arrive in London on Saturday 20 November for a private visit of six days, mainly for dental treatment. Through the Guyanese Foreign Ministry and the High Commissioner in London the President has asked for a meeting with the Prime Minister on Thursday 25 November, or if that is not possible, on the afternoon of 24 November.

The Prime Minister received two calls from President Burnham in 1981 and also met him at international meetings that year. During the Falklands conflict Guyana was one of our most stalwart supporters. He spoke to the Prime Minister by telephone to offer his support. More recently, when it appeared that there was some risk of Guyana voting in favour of the recent Latin American resolution at the United Nations' General Assembly, it was President Burnham's personal intervention which resulted in Guyana's eventual abstention.

We have been told that President Burnham would wish to have a general discussion with the Prime Minister, but would wish to raise in particular

(i) The Falklands.

(ii) Provision of British military equipment and training (terms of payment).

(iii) The IMF and UK aid to Guyana.

A meeting would provide a useful opportunity to sound out current Guyanese thinking on the territorial dispute with Venezuela.

I understand that the Prime Minister's diary is very full but Mr Pym hopes she will nevertheless be able to find time to meet President Burnham's request. He has a special claim on us after the events of this year.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

Guyana

10 DOWNING STREET

Note to remain at top of file

Before any meeting with visitors from this Caribbean Island BF FCO to WR 25 November 1981 - filed on Guyana January 1980: call by President Burnham of Guyana - to WR.

26 November 1981

BF before any meeting with visitors from the Caribbean area. WW 25/11

Foreign and Commonwealth Office

London SW1A 2AH

25 November 1981

Dear Willie,

You asked at (b) of your letter of 10 November if I could let you have a short note about recent aid to the Eastern Caribbean in view of President Burnham's enquiry when he called on the Prime Minister.

The hurricanes to which President Burnham referred hit Dominica, St Lucia and St Vincent in 1979 and again in August 1980. We provided immediate disaster relief, which was greatly assisted by HMS Fife (Dominica, 1979) and HMS Glasgow (St Lucia, 1980). This was followed by rehabilitation aid grants totalling £1,450,000 for Dominica, £750,000 for St Lucia and £500,000 for St Vincent, the least badly damaged.

For all three islands the greater part of this aid was spent on banana industry rehabilitation in the six months or so following the hurricanes. It provided for fertilizers and other badly needed inputs. In addition the aid partly financed visits to Dominica and St Lucia by Royal Engineer teams, who helped to rehabilitate electricity distribution systems, schools, health clinics and police stations. They also helped in Dominica to restore the water supply to Roseau, the capital, and to repair sections of roads.

Regular aid to the Eastern Caribbean islands is provided under commitments made when the islands became fully independent in 1978 and 1979. In each case we became committed to £10 million development aid over an unspecified period for projects to be agreed, plus continuing technical cooperation and, for Dominica and St Vincent, tapering budgetary aid until June 1981. For all three the first £5 million development aid was a grant and the second half an interest-free loan, the agreement for which will be signed when the grant is fully committed.

/Our development

W Rickett Esq
10 Downing Street

Our development aid is administered by the British Development Division in the Caribbean in Bridgetown. They keep the aid programme in each island under review in close consultation with the island Governments, and have delegated authority to approve projects within the annual aid framework allocation agreed interdepartmentally by Ministers in London. They are therefore engaged in a continuing process of project evaluation and approval.

President Burnham also referred to the assistance available from the Caribbean Development Bank. Britain is a member of the Bank and one of the major contributors to its Special Development Funds.

yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

10 DOWNING STREET

From the Private Secretary

10 November 1981

BF 20-11-81.

President Burnham of Guyana called on the Prime Minister at 1730 this evening. He was accompanied by Dr. Grant, the High Commissioner. The only points of substance that arose were:-

(a) President Burnham acknowledged that it had been an achievement to get President Reagan to agree at Cancun to global negotiations. But he was concerned that negotiations involving 157 States would make no progress, and suggested that some form of Committee should be set up.

(b) He said that the Eastern Caribbean (Dominica, St. Lucia, and St. Vincent) had been heavily hit by hurricanes this year. Guyana had offered some aid, and he hoped that the UK would do likewise. The Prime Minister said that she had discussed this with Mrs. Charles, the Prime Minister of Dominica, and was aware of the problems in the Eastern Caribbean. She asked if I could check whether any action had been taken to offer aid to the area since her meeting with Mrs. Charles. I think this was done mainly for effect, but I should be grateful if you could let me have a short note on whether we have given any recent aid to the area. President Burnham said that loans on soft terms from the Caribbean Development Bank would go a long way to solving some of the area's problems.

(d) President Burnham noted that the UN was deadlocked on the question of the Secretary Generalship. He felt it was time to propose a new candidate, and asked if the Prime Minister would be prepared to support Mr. Ramphal. He felt that it would be useful to have a Commonwealth candidate. He was aware that we had been supporting Waldheim, but hoped that we would be willing to shift our vote given the Soviet support for Waldheim. The Prime Minister simply took note of his comments.

/(d)

RESTRICTED

(d) President Burnham ended by saying that Dr. Grant would shortly be giving up his post as High Commissioner in London and taking up a new appointment in Washington. His replacement would be Mr. Cedric Joseph, at present Ambassador in Zambia. The Prime Minister wished Dr. Grant well in his new appointment.

W. F. S. RICKETT

Roderic Lyne, Esq.,
Foreign and Commonwealth Office.

Guyana

Foreign and Commonwealth Office

London SW1A 2AH

9 November 1981

Dear Michael,

Courtesy Call on the Prime Minister by President Burnham of Guyana, on Tuesday 10 November 1981 at 5.30 pm

I enclose a short brief. President Burnham has of course seen the Prime Minister on a number of recent occasions. In addition to a courtesy call on the occasion of the Royal Wedding, they met in Melbourne at the Commonwealth Heads of Government Meeting and again at Cancun.

President Burnham will be accompanied by the Deputy High Commissioner, C J E Barker, unless the High Commissioner, Dr Cedric Grant, returns in time from Guyana (where he is attending a family funeral).

yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

COURTESY CALL ON THE PRIME MINISTER BY PRESIDENT BURNHAM OF GUYANA, ON TUESDAY 10 NOVEMBER 1981 AT 5.30 PM

OBJECTIVE

1. To reassure President Burnham that Britain still intends to deal evenhandedly with Guyana and Venezuela in the context of this border dispute.

POINTS TO MAKE

VENEZUELA/GUYANA BORDER DISPUTE

2. I have already made HMG's position clear to you. It would be inappropriate for us to take an active part in this controversy now Guyana is independent.

3. A peaceful settlement should be sought. We believe that, if the Port of Spain Protocol is terminated, the Geneva Agreement provides appropriate procedures for the resolutions of any controversy. It should be honoured.

4. (If pressed) We naturally maintain our historic view of the validity of the 1899 award. We have said so in Parliament.

(IF RAISED) POSSIBLE SALE OF HAWK TO VENEZUELA

5. We would prefer not to commment at this stage on reports of negotiations for the sale of Hawk to Venezuela. But we do not believe such a sale would have implications for the border controversy. Our understanding is that the Venezuelans intend to seek a settlement by peaceful means. We have urged them to do so.

/ACP SUGAR

(IF RAISED) ACP SUGAR

6. Expect you have heard that Commission now ready to resume negotiations. Hope it will be possible to find solution in next round. Prolongation could only serve interests of opponents of Lomé Sugar Protocol and could damage ACP-EC relations in time.

7. (If raised) If ACP request special session of ACP/EC Council of Ministers, Community will of course consider it in accordance with Lomé rules. But doubt if special session really in interests of ACP sugar producers just as conditions of Sugar Protocol are due to be reexamined for first time.
(If appropriate) Special session of Council could well create pressure to weaken commitments in Protocol from vested interests within the Community. Hope ACP will consider this point seriously before making formal request.

8. Know from representations earlier this year about closure of Tate and Lyle Liverpool refinery that ACP producers well aware of importance to them of viable UK cane refining industry. We know from own contacts with Tate and Lyle that this extra margin (result of keeping rise in minimum price to 7.5%, instead of 8.5% ACP want) is important to them.

9. (If necessary) Not true that UK aims to discriminate against ACP to help Tate and Lyle. UK always pays particular attention to interests of ACP sugar producers. As we see it present Community offer in best interests of ACP.

(DEFENSIVE) BRITISH AID TO GUYANA

10. We cannot make new aid commitments because of constraints on aid programme.

West Indian and Atlantic Department
November 1981

BACKGROUND

VENEZUELA/GUYANA BORDER DISPUTE

1. A note setting out the history of the dispute and the current
A UK positions is attached (Annex A).

2. Both the Guyanese President and the High Commissioner were informed in July that HMG did not intend to take an active part in the controversy; and that while it maintained its longstanding view of the validity of the 1899 Political Arbitral Award, it hoped both Venezuela and Guyana would seek a practical settlement to the controversy, using the procedures provided in the 1966 Geneva Agreement, if the Port of Spain Protocol was terminated in June 1982. Answers to questions in both Houses and negotiations over the CHOGM communiqué can have left the Guyanese in no doubt that this is HMG's positions. We do not expect further lobbying at this stage.

POSSIBLE SALE OF HAWK TO VENEZUELA

3. Although there have been no indications of this to date, the Guyanese may have learnt of negotiations for the sale of Hawk to Venezuela (24 aircraft worth £125 million). If so they may seek to argue the sale should not proceed, pointing to recent Venezuelan incursions of Guyanese airspace, and arguing Hawk will be used against Guyana. If so, we can do little but argue that the Venezuelan government has assured us of its intention to seek a peaceful settlement (an assurance which we assess to be genuine though the danger exists that domestic opinion or military hotheads will force the government's hand). In any case it is not certain the Hawk deal will go through.

ACP SUGAR

4. The Guyanese have taken the lead in expressing Caribbean sugar producers concern about maintenance of access to the UK market. The ACP have so far rejected the Community's offer of a 7.5% increase

/in

in the guaranteed minimum price for their sugar for 1981/2. The ACP want 8.5%, the same as the gross increase for Community white sugar producers. But the new 2% production levy introduced this year reduces the effective return to Community producers to around 6.5%, ie lower than the existing offer to the ACP.

5. We have been the main opponents in the Community of any improvement on the existing 7.5% offer because Tate and Lyle, who refine nearly all ACP sugar, have confirmed to us that although they may be prepared to offer more than 7.5% in commercial negotiations with the ACP, they need this extra margin for negotiation in order to continue to operate their UK refining capacity profitably. The company appear however to have told the ACP that they have never sought an increase below 8.5%. This no doubt results from their concern to secure an adequate supply of ACP sugar this year. But the company have assured us that they do not wish the Community offer to be improved.

6. (Not For Use.) The Commission has now exceeded its mandate in approaching Mauritius without consulting other ACP producers, resulting in rejection of its proposals. We shall be seeking a compromise solution.

BRITISH AID TO GUYANA

7. In January 1980 Ministers in ODA and the Diplomatic Wing agreed on guidelines for our aid policy in Guyana in the light of abuse of the democratic system and human rights in Guyana under Mr Forbes Burnham's Government. The guidelines were that:

i. Existing projects should be continued but without undue effort on our part to secure speedy implementation.

ii. We should avoid any fresh capital commitments and should make it clear to the Guyanese that our attitude to further assistance would depend on their future conduct with regard to elections, civil liberties and their attitude towards Western interests.

/iii.

iii. Future requests for technical cooperation should be closely vetted by both wings of the FCO.

8. Capital aid is from two loans signed in 1978: a miscellaneous Capital Goods Loan for £7m and a Project Loan for £10m (two large-scale projects in irrigated agriculture and sea defence work). Some £3m is still available for spending. In 1980 Ministers left open for further consideration what should be done about these balances.

9. The Technical Cooperation programme has run down to virtually nothing. There is one expert (in animal health) and no new appointments are planned. The Directorate of Overseas Surveys are fulfilling existing commitments to assist with the mapping of the Guyana coast. Earlier this year Ministers agreed that there should be a restricted training programme (25 awards for training in the UK) for 1981/82. This amounts to about £125,000. Small amounts of aid under the Books Presentation Programme and Heads of Mission Gift Scheme continue.

West Indian and Atlantic Department
November 1981

FACTS ON GUYANA

GENERAL

1. Guyana (formerly British Guiana) has a population of 773,000 of which just over 50% are of East Indian extraction. The next largest group (32%) is of African descent. The capital is Georgetown.

POLITICAL

2. Guyana became an independent state within the Commonwealth on 26 May 1966, initially adopting a monarchical constitution with HM The Queen as Head of State. Guyana became a self-styled co-operative republic on 23 February 1970.

3. The Government of Guyana has been unchanged since Mr Forbes Burnham's Peoples National Congress (PNC) was returned to office in the 1973 General Election(which was allegedly rigged).

4. Under the constitution General Elections were due to be held befor 25 October 1978. Faced with waning support for the PNC, Mr Burnham chose to avoid elections by holding a referendum to approve a Bill to enable the Government to amend the constitution by simple majority. Despite strong opposition and a boycott by Dr Cheddi Jagan's Peoples Progressive Party (PPP), the Government claimed a 97% victory in favour of the Bill. A new constitution under which Mr Burnham became Executive President with wide-reaching personal powers was promulgated in October 1980. The General Elections in December 1980 (again widely believed to have been rigged) was won by Mr Burnham's PNC who took 75% of the votes compared with Mr Burnham's prediction of 73%.

5. Both main parties are of the left with the basic difference being not so much one of ideology or economic policies but of ethnic origin. The ruling PNC derives its main support from the African section of the population which is dominant in the security and paramilitary forces (Police, Army and ''National Service'');

/the

the Civil Service and in the main towns. Dr Jagan, the leader of the PPP, is a Marxist and is supported by the East Indians who form the backbone of the sugar and rice industries and are also active in business. Dr Walter Rodney, one of the leaders of the more recently formed Working Peoples Alliance (WPA), a multi-racial opposition party, died in a car bomb explosion in June 1980, since when the WPA has been less active.

ECONOMIC

6. Guyana's economy is primarily agricultural and extractive. The principal export industries are sugar, rice and bauxite. The greater part of industrial production consists of processing indigenous resources but the range of manufactured goods is being widened.

7. Guyana is considered to be one of the relatively better-off less developed countries. Nevertheless, the country suffers from the usual range of problems associated with a limited resource base and dependence on foreign investment to develop the economy. In recent years a sharp decline in the value of exports coupled with a high level of imports has left Guyana with an acute shortage of foreign exchange and substantial arrears of payments for imports. IMF standby facilities were withdrawn at the end of 1979 when Guyana failed to meet IMF criteria; but a fresh IMF facility was agreed in 1980.

BURNHAM, Cde L F S, OE SC MP

President of Guyana, Minister of National Security and Minister of Education, Social Development and Culture, Leader of the People's National Congress (PNC).

Born 1923. Educated at Kitty Methodist School, Central High School and Queen's College, Georgetown. He was Guiana Scholar of 1942 and studied at London University and Gray's Inn, where he obtained the degrees of BA and LL.B (Hons). He won the Best Speaker Cup at the Law Faculty of London University and was President of the West Indian Students' Union of Great Britain (1947-8). Returned to British Guiana in 1949, practised at the bar and entered politics through the British Guiana Labour Union of which he was several times President. He was identified with local politics as a member of the Georgetown Town Council from 1952-66, and was Lord Mayor in 1959 and 1964. Was elected to the Legislative Assembly in 1953 as a PPP member and appointed Minister of Education. He broke finally with Jagan in 1957 and took with him most of the African elements of the PPP to form the PNC of which he has since then been undisputed leader. In the elections under proportional representation in 1964, although Jagan secured the largest number of seats he did not have an absolute majority and Burnham formed a Government in coalition with the United Force. He won an absolute majority in the December 1968 election and a two-thirds majority in the July 1973 election. Assumed the office of executive President on the promulgation of Guyana's new constitution on 6 October 1980.

Burnham is among the most interesting and complex personalities in the Commonwealth. A brilliant lawyer, a witty talker, a natural politician, a versatile orator, and a self-confessed bon viveur, he stands head and shoulders above any of his colleagues and holds the reins of authority firmly in his own hands. His radical economic theories and his ambition to make the country increasingly self-sufficient have led him to introduce a large measure of state control at the expense both of foreign commercial interests and of local private enterprise.

In external relations Burnham's policy is to be conspicuously non-aligned and thereby free to accept aid from any quarter. He is probably not himself a communist by ideology but his obsession with Guyana's colonial past, his hatred of capitalism and his socialist/co-operative ideals have led him far in this direction. He has a lively interest in the new Commonwealth countries, particularly in Africa. He respects both Kaunda and Nyerere and has been to some extent influenced by their policies, but is apparently now more interested in the friendship of Iraq, North Korea and Libya. He was one of the champions of Caribbean integration, playing a leading role in the establishment of the Caribbean Free Trade Association followed by the Caribbean Community and the promotion of the Caribbean Development Bank. Since 1975 however he has appeared somewhat disenchanted with developments within the Community. He has betrayed colour-consciousness in his comments on America and Britain. On all racial questions and in particular the problems of Southern Africa, he is suspicious and unsympathetic and years after Independence, with all forms of neo-colonialism exorcised, his desire to make a complete break with the colonial past can no longer explain his hostile public references to Britain.

He has moods of frustration which make him difficult to deal with, and he has now come so near to autocracy that he develops fixed ideas and dislikes advice that conflict with these; it would be dangerous to rely on the sense of humour that was once his saying grace. A keen horseman until a fall in late 1973 led to a long series of bouts of unexplained ill-health culminating in a heart attack in January 1977 and a long period of absence from all activities. He now exercises daily for one hour on doctor's orders, but still smokes heavily and sometimes drinks more than he should.

Burnham's first marriage, to a Trinidadian, of which there are three children, ended in divorce in 1966. He married Miss Viola Harper in 1967. She is Chairman of the Women's Revolutionary Socialist Movement, the women's arm of the Party and is active politically. She also sits on several committees of charitable organisations. She is reputed to own several properties and have extensive farming and agricultural interests. Burnham, who is showing increasingly egocentric tendencies, may envisage being succeeded by his wife. There are two daughters of the marriage born in 1968 and 1970.

BF 9-11-81

Surgeon

10 DOWNING STREET

NOTE FOR THE FILE

I spoke to Roderic Lyne this morning and offered him 1730 on Tuesday 10 November. I asked him for briefing by Monday evening.

6 November 1981

Confirmed.

(1)

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister.
This is v. tedious. But I fear it is difficult to refuse to offer him at least one slot for a call here. Agree? Yes - will see him at No. 10. Please explain we cannot go to dinner. MT 4/XI

3 November 1981

Dear Michael,

President Burnham of Guyana

President Burnham arrived in London on Sunday 1 November for a private visit of two weeks. He has indicated through the Guyanese High Commissioner that he is keen to pursue the warm relationship which he feels he developed with the Prime Minister at their meeting on 30 July and more recently at Cancun.

He would accordingly like to invite the Prime Minister and Mr Thatcher to a small private dinner party some time during his visit. This would be held at the High Commissioner's residence. If the Prime Minister's other commitments preclude a dinner engagement, he would like to call on her at No 10.

We see no special reason to give priority to President Burnham. He has met the Prime Minister twice in the last three months. His main official preoccupation will be the border dispute with Venezuela, from which we wish to distance ourselves (not least because of the risk of losing potential Hawk sales in Venezuela) and which has already been fully discussed.

I imagine that the Prime Minister is not likely to take up the dinner invitation, but would be grateful to know whether she is prepared to receive Burnham for yet another brief call.

Yours ever
Robin Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

Foreign and Commonwealth Office

London SW1A 2AH

8 September 1981

Dear Michael,

I enclose a message from President Burnham of Guyana to the Prime Minister expressing his thanks for his reception during his visit to London.

A formal acknowledgement has already been sent to the Guyanese High Commission.

Yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing St

PRIME MINISTER'S PERSONAL MESSAGE SERIAL No.

SUBJECT

Ref: 13/79/8

T118/81

cc Opp Master Set

T118/81

Prime Minister

(2)

The High Commission for the Republic of Guyana presents its compliments to the Foreign and Commonwealth Office and has the honour to ask that the following message received from the President of Guyana Mr. Forbes Burnham, should be transmitted to the Rt. Hon. Prime Minister Mrs. Margaret Thatcher.

BEINGS

I should like very much to convey to you and your Government the warm appreciation of myself, my wife and my delegation for the courtesies extended to us during our recent visit to London to attend the wedding of His Royal Highness the Prince of Wales and Lady Diana Spencer. I should like particularly to say how pleased I was to have been able to meet with you and to discuss matters of mutual interest to our two countries, and to thank you for your kind invitations to Luncheon and Supper. Please be assured of my highest consideration.

ENDS

The Guyana High Commission avails itself of this opportunity to renew to the Foreign and Commonwealth Office the assurances of its highest consideration.

OFFICE OF HIGH COMMISSIONER FOR GUYANA
LONDON

19th August 1981.

CONFIDENTIAL

BK

SUBJECT

cc Mobile Set

file

10 DOWNING STREET

From the Private Secretary

30 July 1981

President Burnham of Guyana called on the Prime Minister at 1630 hours today, accompanied by the High Commissioner.

The only discussion of any substance was on the border dispute between Guyana and Venezuela. President Burnham said that he welcomed the statement made in Parliament by Mr. Ridley on 20 July. He assumed from the terms of the statement that the UK still considered itself to be involved in the dispute, both as a signatory of the Geneva Agreement and of the Protocol of Port of Spain. He was concerned that Venezuela might seek a military solution, especially as they were now buying F16 jets from the USA. But he was also worried that Venezuela would bring economic pressure to bear on Guyana. Venezuela had recently opposed a loan application made by Guyana to the Inter-American Development Bank; President Burnham said that he had just learnt that the United States would apparently vote against this application as well. The Americans were taking the line that there were technical problems over the loan, but he was suspicious of this explanation. Rejection of the loan would be very serious for Guyana since it was the basis for a development programme agreed between Guyana and the IMF. Venezuela had also approached the World Bank seeking to stop aid for a hydro-electric power complex, which the Bank had already approved for development in the disputed territory, and on which work had been due to start in 1982. Although the previous Venezuelan Government had agreed to participate in this project and to purchase some of the electricity produced, the present Government were taking the line that the project should not proceed until the dispute had been resolved.

The Prime Minister replied that she could not go further than the statement made by Mr. Ridley in Parliament on 20 July. The UK still considered the 1899 award to be valid. If there was any controversy over the award, it should be resolved by following the procedures laid down in the Geneva Agreement. This required the parties to seek a peaceful settlement by one of the means listed in Article 33 of the UN Charter, or to refer the

/ matter to

CONFIDENTIAL

matter to an international organ or, ultimately, the UN Secretary General. She clearly could not comment on the detailed developments that President Burnham had described.

President Burnham said that he was grateful for the Prime Minister's comments. However the procedures set out in the Geneva Agreement could not be activated until 1982. This would mean delaying the World Bank and IMF developments that he had described. He did not feel that the Venezuelan Government would be willing to negotiate a solution to the dispute before the expiry of the Port of Spain Protocol. The High Commissioner added that Guyana would welcome a pronouncement from the UK saying that the Geneva Agreement did not preclude developments in the disputed territory.

The Prime Minister said that she could only repeat that the UK position was that described by Mr. Ridley in Parliament. The dispute must be sorted out between the now independent Guyana and Venezuela. She hoped that it could be resolved peacefully. She could not give the sort of pronouncement requested by the High Commissioner.

President Burnham said that he would keep the UK Government informed of all developments in the border dispute, and the meeting ended at 1700 hours.

W. F. S. RICKETT

R.M.J. Lyne, Esq.,
Foreign and Commonwealth Office

CALL ON THE PRIME MINISTER BY THE PRESIDENT OF GUYANA :
1630-1700, THURSDAY, 30 JULY 1981

BACKGROUND

Political

1. On 6 October 1980 Mr Burnham became Executive President with far reaching personal powers under the new Constitution which was promulgated on that date. His ruling Peoples National Congress (PNC) was re-elected at the general election held in December 1980, when it gained nearly 75% of the votes, exceeding even President Burnham's predictions, reinforcing the impression of ballot rigging.

Venezuela/Guyana Border Dispute

2. The British High Commissioner at Georgetown has advised that President Burnham's main preoccupation in attending the Royal Wedding will be to rally support for Guyana in relation to Venezuela's claim to the Essequibo region, both in Britain and among other wedding guests.

3. The dispute originated in the nineteenth century when newly independent Venezuela laid claim to two-thirds of British Guiana. In 1899 an interanational arbitration tribunal made an AWard setting up the existing frontier: this was accepted by the UK and Venezuela as a final settlement. But in the 1950s Venezuela revived its claim, alleging that there were reasons to consider null and void the 1899 Award. In 1966 the UK and Venezuela signed the Geneva Agreement, providing for a Mixed Venezuelan/Guyanese Commission to seek a solution; this left the way clear for Guyanese independence in 1966. The Mixed Commission did not produce a settlement, and on the expiry of its mandate in 1970, Venezuela, Guyana and (at the request of both) the UK signed the Protocol of Port of Spain, freezing the dispute for an initial period of 12 years (until June 1982). The border dispute has remained a sensitive domestic issue in Venezuela, and in response to a build-up of nationalistic pressures (exacerbated by the failure of border negotiations with Colombia) the Venezuelan Government has decided not to allow renewal of this Protocol when it expires in 1982, and to press its claim again. Both parties will then be required by the Geneva Agreement to seek a peaceful settlement by one of the means listed in Article 33 of UN Charter or to

/refer

refer the matter to an international organ or, ultimately, the UN Secretary-General. Virulent press campaigns have meanwhile been mounted in both Venezuela and Guyana.

4. The Prime Minister discussed this issue briefly when she met the Venezuelan Foreign Minister, Dr Zambrano, on 26 June, and expressed the hope that a peaceful settlement would be possible. In his talks with the Foreign and Commonwealth Secretary Dr Zambrano urged that the UK should try to persuade the Guyanese to negotiate a practical settlement under the procedures provided in the Geneva Agreement. Lord Carrington pointed out that we now had little influence with Guyana but said we would make plain that we believed the provisions of the Geneva Agreement should be followed if Venezuela went ahead with the termination of the Protocol. The Venezuelans seemed satisfied with this outcome.

5. Mr Ridley made our view plain when the Guyanese High Commissioner called on him on 2 July. The High Commissioner said Guyana would honour the Geneva Agreement but said it would be helpful if HMG's view that the 1899 Award was valid could be put on record. On 20 July, in reply to a PQ by Mr Bowen Wells, Mr Ridley stated that HMG maintain their longstanding view that the 1899 Award is valid, and that the Geneva Agreement provides an appropriate and agreed mechanism for the peaceful resolution of any controversy over the validity of the Award.

Belize

6. Guyana has supported independence for Belize and has called for adequate security arrangements to be made. Premier Price has accepted that continuing presence of British troops and our assistance in helping build-up the Belize Defence Force constitute 'appropriate measures to ensure a sound basis for the future security of Belize from any external threat'. We shall be inviting certain countries to participate in arrangements to agree to consult in the event of armed attack against Belize. This will probably be done within the Commonwealth.

7. Guyana views the Belize dispute with Guatemala as a parallel to her dispute with Venezuela.

Guyana and the Security Council

8. Only Guyana and the Dominican Republic have so far declared

/themselves

themselves candidates for the Latin American group seat on the Security Council for the two year period beginning 1 January 1982. It seems likely that there will be a contested election for the seat. Guyana would probably win this.

9. Guyana is unlikely to be a helpful member of the Council. The Guyanese can be expected to espouse extreme positions over Southern Africa and the Middle East, and are unsound on the subjects on which the Soviet Union is on the defensive.

10. It remains our policy not to give any commitments of support in secret UN elections.

ACP Sugar

11. The Guyanese have taken the lead in expressing Caribbean sugar producers concern about maintenance of access to the UK market. The ACP have so far rejected the Community's offer of a 7.5% increase in the guaranteed minimum price for their sugar for 1981/2. The ACP want 8.5%, the same as the gross increase for Community white sugar producers. But the new 2% production levy introduced this year reduces the effective return to Community producers to around 6.5%, ie lower than the existing offer to the ACP.

12. We have been the main opponents in the Community of any improvement on the existing 7.5% offer because Tate and Lyle, who refine nearly all ACP sugar, have confirmed to us that although they may be prepared to offer more than 7.5% in commercial negotiations with the ACP, they need this extra margin for negotiation in order to continue to operate their UK refining capacity profitably. The company appear however to have told the ACP that they have never sought an increase below 8.5%. This no doubt results from their concern to secure an adequate supply of ACP sugar this year. But the company have assured us that they do not wish the Community offer to be improved.

New International Economic Order (NIEO)

13. Guyana is an advocate of extreme NIEO ideas. Mr Burnham will be at Cancun.

Aid

14. Because of Guyana's abuse of democratic freedoms, aid programme in Guyana cut back to spending on existing obligations to two major

/(agricultural)

(agricultural) projects (about £2m in 1980/81). Spending of other funds promised in 1978 put off because of shortage of money in aid programme. No further aid planned. Small continuing training programme.

FACTS ON GUYANA

GENERAL

1. Guyana (formerly British Guiana) has a population of 773,000 of which just over 50% are of East Indian extraction. The next largest group (32%) is of African descent. The capital is Georgetown.

POLITICAL

2. Guyana became an independent state within the Commonwealth on 26 May 1966, initially adopting a monarchical constitution with HM The Queen as Head of State. Guyana became a self-styled co-operative republic on 23 February 1970.

3. The Government of Guyana has been unchanged since Mr Forbes Burnham's Peoples National Congress (PNC) was returned to office in the 1973 General Election(which was allegedly rigged).

4. Under the constitution General Elections were due to be held befor 25 October 1978. Faced with waning support for the PNC, Mr Burnham chose to avoid elections by holding a referendum to approve a Bill to enable the Government to amend the constitution by simple majority. Despite strong opposition and a boycott by Dr Cheddi Jagan's Peoples Progressive Party (PPP), the Government claimed a 97% victory in favour of the Bill. A new constitution under which Mr Burnham became Executive President with wide-reaching personal powers was promulgated in October 1980. The General Elections in December 1980 (again widely believed to have been rigged) was won by Mr Burnham's PNC who took 75% of the votes compared with Mr Burnham's prediction of 73%.

5. Both main parties are of the left with the basic difference being not so much one of ideology or economic policies but of ethnic origin. The ruling PNC derives its main support from the African section of the population which is dominant in the security and paramilitary forces (Police, Army and ''National Service'');

/the

the Civil Service and in the main towns. Dr Jagan, the leader of the PPP, is a Marxist and is supported by the East Indians who form the backbone of the sugar and rice industries and are also active in business. Dr Walter Rodney, one of the leaders of the more recently formed Working Peoples Alliance (WPA), a multi-racial opposition party, died in a car bomb explosion in June 1980, since when the WPA has been less active.

ECONOMIC

6. Guyana's economy is primarily agricultural and extractive. The principal export industries are sugar, rice and bauxite. The greater part of industrial production consists of processing indigenous resources but the range of manufactured goods is being widened.

7. Guyana is considered to be one of the relatively better-off less developed countries. Nevertheless, the country suffers from the usual range of problems associated with a limited resource base and dependence on foreign investment to develop the economy. In recent years a sharp decline in the value of exports coupled with a high level of imports has left Guyana with an acute shortage of foreign exchange and substantial arrears of payments for imports. IMF standby facilities were withdrawn at the end of 1979 when Guyana failed to meet IMF criteria; but a fresh IMF facility was agreed in 1980.

BURNHAM, Cde L F S, OE SC MP

President of Guyana, Minister of National Security and Minister of Education, Social Development and Culture, Leader of the People's National Congress (PNC).

Born 1923. Educated at Kitty Methodist School, Central High School and Queen's College, Georgetown. He was Guiana Scholar of 1942 and studied at London University and Gray's Inn, where he obtained the degrees of BA and LL.B (Hons). He won the Best Speaker Cup at the Law Faculty of London University and was President of the West Indian Students' Union of Great Britain (1947-8). Returned to British Guiana in 1949, practised at the bar and entered politics through the British Guiana Labour Union of which he was several times President. He was identified with local politics as a member of the Georgetown Town Council from 1952-66, and was Lord Mayor in 1959 and 1964. Was elected to the Legislative Assembly in 1953 as a PPP member and appointed Minister of Education. He broke finally with Jagan in 1957 and took with him most of the African elements of the PPP to form the PNC of which he has since then been undisputed leader. In the elections under proportional representation in 1964, although Jagan secured the largest number of seats he did not have an absolute majority and Burnham formed a Government in coalition with the United Force. He won an absolute majority in the December 1968 election and a two-thirds majority in the July 1973 election. Assumed the office of executive President on the promulgation of Guyana's new constitution on 6 October 1980.

Burnham is among the most interesting and complex personalities in the Commonwealth. A brilliant lawyer, a witty talker, a natural politician, a versatile orator, and a self-confessed bon viveur, he stands head and shoulders above any of his colleagues and holds the reins of authority firmly in his own hands. His radical economic theories and his ambition to make the country increasingly self-sufficient have led him to introduce a large measure of state control at the expense both of foreign commercial interests and of local private enterprise.

In external relations Burnham's policy is to be conspicuously non-aligned and thereby free to accept aid from any quarter. He is probably not himself a communist by ideology but his obsession with Guyana's colonial past, his hatred of capitalism and his socialist/co-operative ideals have led him far in this direction. He has a lively interest in the new Commonwealth countries, particularly in Africa. He respects both Kaunda and Nyerere and has been to some extent influenced by their policies, but is apparently now more interested in the friendship of Iraq, North Korea and Libya. He was one of the champions of Caribbean integration, playing a leading role in the establishment of the Caribbean Free Trade Association followed by the Caribbean Community and the promotion of the Caribbean Development Bank. Since 1975 however he has appeared somewhat disenchanted with developments within the Community. He has betrayed colour-consciousness in his comments on America and Britain. On all racial questions and in particular the problems of Southern Africa, he is suspicious and unsympathetic and years after Independence, with all forms of neo-colonialism exorcised, his desire to make a complete break with the colonial past can no longer explain his hostile public references to Britain.

He has moods of frustration which make him difficult to deal with, and he has now come so near to autocracy that he develops fixed ideas and dislikes advice that conflict with these; it would be dangerous to rely on the sense of humour that was once his saying grace. A keen horseman until a fall in late 1973 led to a long series of bouts of unexplained ill-health culminating in a heart attack in January 1977 and a long period of absence from all activities. He now exercises daily for one hour on doctor's orders, but still smokes heavily and sometimes drinks more than he should.

Burnham's first marriage, to a Trinidadian, of which there are three children, ended in divorce in 1966. He married Miss Viola Harper in 1967. She is Chairman of the Women's Revolutionary Socialist Movement, the women's arm of the Party and is active politically. She also sits on several committees of charitable organisations. She is reputed to own several properties and have extensive farming and agricultural interests. Burnham, who is showing increasingly egocentric tendencies, may envisage being succeeded by his wife. There are two daughters of the marriage born in 1968 and 1970.

BRIEF FOR GENERAL USE WITH COMMONWEALTH VISITORS (INCLUDING THOSE FROM AUSTRALIA, BARBADOS, CYPRUS, GUYANA, INDIA, MALAWI, NIGERIA, SINGAPORE, SRI LANKA AND ZAMBIA) DURING ROYAL WEDDING

COMMONWEALTH MATTERS

POINTS TO MAKE

COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHGM)

1. Looking forward to CHGM. Hope you/your head of government will be present. Relief to have a CHGM no longer dominated by Rhodesian problem. Could be very useful meeting.

COMMONWEALTH FINANCE MINISTERS MEETING (CFMM) (IF RAISED)

2. Regret disruption of Commonwealth business. Sympathise with New Zealand government who did all they believe they properly could to persuade those concerned to call off tour. Saw no justification for a change in venue of CFMM but, in interests of Commonwealth harmony, we shall attend Nassau.

GLENEAGLES AGREEMENT AND SPORTING CONTACTS WITH SOUTH AFRICA (IF RAISED)

3. Hope Commonwealth will not allow consideration of Gleneagles Agreement to become over intrusive at CHGM. Do not think Agreement's modification warranted. Hope discussion of it can be reserved for informal consideration during (Canberra) weekend retreat.

FOR USE WITH AUSTRALIAN PRIME MINISTER ONLY:

4. Share Australia's concern that CHGM should be a success. Particularly hope that it will not be dominated by Southern African issues.

5. Prime Minister enjoyed previous visits to Australia and much regrets unable to accept invitation to stay on in Australia for a few days after meeting.

FOR USE WITH PRESIDENT OF CYPRUS ONLY:

6. (If raised) Inappropriate to convene Commonwealth Committee on Cyprus at a time when it might cut across inter-communal talks.

FOR USE WITH PRESIDENT OF INDIA ONLY:

7. Would be delighted if 1983 CHGM were held in Delhi. India has obvious claim.

/8. (If raised)

8. (If raised) Pakistan's renewed Commonwealth membership a matter for Commonwealth as a whole. We for our part would welcome it, but are conscious of Indian caution; we would not wish to see issue promoted in circumstances that could lead to controversy within Commonwealth.

FOR USE WITH PRESIDENT OF MALAWI ONLY

9. Very sorry to hear President Banda will not be attending this year's CHGM.

FOR USE WITH PRIME MINISTER OF SINGAPORE ONLY:

10. Look forward to hearing your views at CHGM on international economic issues. Always welcome element of rationality which Singapore customarily injects into such discussions.

FOR USE WITH PRESIDENT OF SRI LANKA

11. Understand Sri Lanka Exhibition (at Commonwealth Institute) is great success.

COMMONWEALTH MATTERS

ESSENTIAL FACTS

COMMONWEALTH HEADS OF GOVERNMENT MEETING (CHGM)

1. In Melbourne 30 September-7 October with weekend retreat in Canberra. Replies due mid-July to Commonwealth Secretary-General's circular letter on agenda. We have recommended that Prime Minister's reply indicate general agreement with Mr Ramphal's ideas and make no substantive new proposals. Next step (probably early August) is circulation by Mr Ramphal of annotated agenda.

COMMONWEALTH FINANCE MINISTERS MEETING (CFMM)

2. Next meeting of Commonwealth Finance Ministers (CFMM) (22-23 September) will take place in Nassau, Bahamas, following discussion at two meetings (10 and 21 July) of Commonwealth Committee on Southern Africa (CCSA) of Nigerian proposal that venue be moved from Auckland if Springbok tour of New Zealand which began 19 July, went ahead. Final decision taken (on 21 July) despite New Zealand Government appeal, which we supported, for its postponement until after Mr Muldoon's arrival in London on 27 July (for Royal Wedding). New Zealand Government will almost certainly not be represented at Nassau, but we shall attend in interests of Commonwealth harmony.

GLENEAGLES AGREEMENT

A 3. Copy annexed: certain to be discussed at CHGM. Four Caribbean Governments (including Barbados) have already indicated their intention of raising it there with a view to securing its more effective implementation; and Nigeria may produce a new draft agreement for consideration. We had hoped that this subject could be reserved for informal discussion by heads of government at weekend retreat, but the furore over the change in CFMM venue, and Mr Muldoon's resulting bitterness, now make this unlikely.

AUSTRALIA

4. CHGM hosts. Immensely keen to make meeting a success and eg

/have

have sent delegations (led by Ministers and senior back-benchers) to all Commonwealth countries attending. Australian Foreign Minister visited UK 10-14 June and had talks with Prime Minister on 12 June when he delivered invitation from Mr Fraser to stay on in Australia for a few days after Meeting (Prime Minister has declined because of Conservative Party Conference, at which Mr Fraser has agreed to speak). On agenda Australians share Pacific, Caribbean (and UK) concern that Southern African issues should not loom too large.

BARBADOS

5. Mr Adams attended last CHGM (Lusaka 1979) where he exhibited a special interest in Belize and world economic questions.

CYPRUS

6. Commonwealth Committee on Cyprus set up at 1975 CHGM (in Jamaica), a propaganda machine for the Greek Cypriots and, thankfully, dormant since 1977. But communique issued at 1979 CHGM (in Lusaka) included decision (in response to Cypriot pressure) to ask Commonwealth Secretary General to convene Committee at Ministerial level whenever appropriate. Ramphal has however told President Kyprianou that he does not intend to convene Committee unless so requested by President himself. Latter has not since done so.

GUYANA

7. Was represented at 1979 CHGM (in Lusaka) by Guyanese Minister of Foreign Affairs.

INDIA

8. Mr Ramphal has suggested to Mrs Gandhi that India host next (1983) CHGM. Mrs Gandhi responded positively but apparently worried whether offer would be welcome to other heads of government. It will be South Asia's turn in 1983 to host a CHGM. Three possible candidates: Bangladesh, Sri Lanka and India. Latter is regionally the most significant, has the most suitable capital and, as the last

/Commonwealth,

Commonwealth Heads of Government Regional Meeting (CHGRM)'s successful host, has good claim.

9. President Zia would like to see Pakistan rejoin Commonwealth. Pakistan's readmission in British, Pakistani and Commonwealth interests. Until recently informal soundings have met with strong Indian objections suggesting little prospect of movement before CHGM, but in wake of Indian Foreign Ministers's recent visit to Pakistan and expectation of some improvement in their bilateral relations, Pakistan now seems to be contemplating some form of initiative. Agha Shahi recently approached Secretary of State on matter in New York. Difficult as yet to know likely Indian reaction, which is key. At the least, CHGM could see useful discussion of matter in corridors.

MALAWI

10. President Banda has let it be known that he will not attend this year's CHGM. In no way surprising: he appeared only for opening day of Lusaka CHGM.

NIGERIA

11. Nigerian delegation to 1979 CHGM was led by (then) Minister for External Affairs.

12. Nigerian Government hold very strong views on issue of sporting contacts with South Africa (see paragraphs 2 and 3 above).

SINGAPORE

13. Long standing bilateral tension between Singapore and Australia over latter's protectionism may lead Lee Kuan Yew to take a critical (and thus moderating) view of any Australian rhetoric at CHGM on world economic matters.

SRI LANKA

14. As part of their celebrations of 50 years of universal franchise Sri Lanka is mounting major exhibition at Commonwealth Institute

/17 July

17 July-13 September depicting aspects of Sri Lanka's history and culture, and of its social political and economic life. The Queen opened Exhibition on 16 July.

15. The Queen has accepted invitation from President Jayawardene to pay state visit to Sri Lanka on her way back from CHGM in October 1981.

ZAMBIA

16. Hosted 1979 CHGM and President Kaunda apparently regards himself as Chairman of the Commonwealth (no such office) until next CHGM.

COMMONWEALTH STATEMENT ON APARTHEID IN SPORT

The member countries of the Commonwealth, embracing peoples of diverse races, colours, languages and faiths, have long recognised racial prejudice and discrimination as a dangerous sickness and an unmitigated evil and are pledged to use all their efforts to foster human dignity everywhere. At their London Meeting, Heads of Government reaffirmed that apartheid in sports, as in other fields, is an abomination and runs directly counter to the Declaration of Commonwealth Principles which they made at Singapore on 22 January 1971.

They were conscious that sport is an important means of developing and fostering understanding between the people, and especially between the young people, of all countries. But, they were also aware that, quite apart from other factors, sporting contacts between their nationals and the nationals of countries practising apartheid in sport tend to encourage the belief (however unwarranted) that they are prepared to condone this abhorrent policy or are less than totally committed to the Principles embodied in their Singapore Declaration. Regretting past misunderstandings and difficulties and recognising that these were partly the result of inadequate inter-governmental consultations, they agreed that they would seek to remedy this situation in the context of the increased level of understanding now achieved.

They reaffirmed their full support for the international campaign against apartheid and welcomed the efforts of the United Nations to reach universally accepted approaches to the question of sporting contacts within the framework of that compaign.

Mindful of these and other considerations, they accepted it as the urgent duty of each of their Governments vigorously to combat the evil of apartheid by withholding any form of support for, and by taking every practical step to discourage contact or competition by their nationals with sporting organisations, teams or sportsmen from South Africa or from any other country where sports are organised on the basis of race, colour or ethnic origin.

They fully acknowledged that it was for each Government to determine in accordance with its laws the methods by which it might best discharge these commitments. But they recognised that the effective fulfilment of their commitments was essential to the harmonious development of Commonwealth sport hereafter.

They acknowledged also that the full realisation of their objectives involved the understanding, support and active participation of the nationals of their countries and of their national sporting organisations and authorities. As they drew a curtain across the past they issued a collective call for that understanding, support and participation with a view to ensuring that in this matter the peoples and Government of the Commonwealth might help to give a lead to the world.

Heads of Government specially welcomed the belief, unanimously expressed at their Meeting, that in the light of their consultations and accord there were unlikely to be future sporting contacts of any significance between Commonwealth countries or their nationals and South Africa while that country continues to pursue the detestable policy of apartheid. On that basis, and having regard to their commitments, they looked forward with satisfaction to the holding of the Commonwealth Games in Edmonton and to the continued strengthening of Commonwealth sport generally.

London, June 15 1977.

Guyana.

Foreign and Commonwealth Office

London SW1A 2AH

22 July 1981

His Excellency
Dr Cedric H Grant
High Commissioner for Guyana
3 Palace Court
Bayswater Road
LONDON W2

Dear High Commissioner,

We spoke on the telephone today about the change in date and time of President Burnham's call on the Prime Minister at No 10 Downing Street.

This letter is therefore to confirm that the meeting has now been arranged for 16.30 hours on Thursday 30 July instead of the original appointment on Monday 27 July. It will still be for about half an hour.

I am most grateful for your help and apologise for the inconvenience this may have caused you.

Yours sincerely,

Duncan Lothian.

D F Lothian
Private Office

b.c. to:

Miss Stephens (No 10) ✓✓ es. 22/7
Mr A J Payne (MCD)
Mr R M J Lyne (Private Secretary)

Foreign and Commonwealth Office

Tel.233.4116

London SW1A 2AH

20 July 1981

His Excellency
Dr Cedric H Grant
High Commissioner for Guyana
3 Palace Court
Bayswater Road
LONDON W2

Dear High Commissioner,

I am writing to confirm arrangements which we have made over the telephone for the meeting between the President of Guyana and the Prime Minister at No 10 Downing Street next week.

Mrs Thatcher is looking forward to meeting President Burnham at 16.00 hours on Monday 27 July for about half an hour. I understand that you are expecting to accompany the President. If you have any questions about the arrangements which have been made, I hope that you will get in touch with Mr Calder in Mexico and Caribbean Department of the Foreign and Commonwealth Office (Tel.233.5102) or with me.

Yours sincerely,

Dfean Lothian

D F Lothian (Miss)
Private Office

b.c. to:

Miss Stephens (No 10) ✓
Mr A J Payne (MCD)
Mr R M J Lyne (Private Secretary)

CONFIDENTIAL

Guyana

File

10 DOWNING STREET

From the Private Secretary

14 January 1980

POSSIBLE CALL BY PRIME MINISTER
BURNHAM

The Prime Minister has seen your letter to me suggesting that the Prime Minister of Guyana might call on her in passing through London on his way to and from Iraq and Libya. The Prime Minister has asked that her regrets should be conveyed to Mr. Burnham. Her programme is, as you know, extremely full this week.

M. O'D. B. ALEXANDER

R M J Lyne Esq
Foreign and Commonwealth Office

CONFIDENTIAL

cc

CONFIDENTIAL

Foreign and Commonwealth Office

London S.W.1

11 January 1980

Prime Minister.
The F.C.O. are not pressing you to see Mr Burnham (I suspect that Lord Carrington might well recommend that you should not see him). You have seen the evidence of Guyanese attitudes. I should be inclined, slightly, to say that you are too busy.
Regards Ian.

Dear Richard,

Possible Call by Prime Minister Burnham of Guyana on No 10

Mr Forbes Burnham has asked to see the Prime Minister on either 14, 15 or 19 January when passing through London on his way to and from Iraq and Libya.

Under the previous government, the UK provided £17 million of emergency capital aid to shore up Guyana's ailing economy. However, since then Guyana has seen a rigged constitutional referendum, the Jonestown massacre, the postponement of elections and Burnham's apparent determination to establish authoritarian African one-party rule over the Indian majority. This increasingly undemocratic rule has led us to respond coolly to recent aid requests, and Mr Ridley made it clear to the Guyanese High Commissioner at the end of last year that we were reluctant to aid Guyana until elections were held.

There is evidence (of which you are aware) that the Guyanese have understood our robust position, and are particularly displeased by it. Anglo-Guyanese relations have deteriorated as a result. But Burnham faces growing opposition at home and is receiving little assistance from his Communist friends, so he may be inclined to turn again to the West for further assistance.

In its present state, Guyana is of only limited interest to the UK. Burnham's Marxist-orientated government is corrupt and unpopular; Mr Jagan's opposition is not a better alternative as it is led by Moscow-line radicals. However a small new, centre party is emerging which has asked us to cease aid altogether to Guyana. Although the UK still remains the main market for Guyana's exports, Guyana's economic situation and government preference for Communist trading partners makes it an unpromising market for UK exports.

There are no overriding UK or international interests to be served in a meeting with Mr Burnham. As Mr Burnham's request has been made at short notice, and as he is only passing through London briefly, it should be possible to turn down the request without embarrassment (if the Prime Minister was too busy to see

/Mr Burnham

CONFIDENTIAL

CONFIDENTIAL

Mr Burnham we might offer to arrange instead for an FCO Minister to see him). Guyanese resentment over our response to recent aid requests and our critical attitude to aspects of current Guyanese policy could make this a disagreeable meeting. On the other hand, the Prime Minister frequently receives her Commonwealth colleagues when they are passing through, and a meeting would provide an opportunity to reinforce the message that, at a time when our own resources are strictly limited, we are more likely to respond to aid requests where there is evident determination to uphold democratic and civil liberties.

Mr Ridley would be happy to attend if required. I have informed Lord Carrington of Mr Burnham's request, but in the time available have not been able to obtain a view from him.

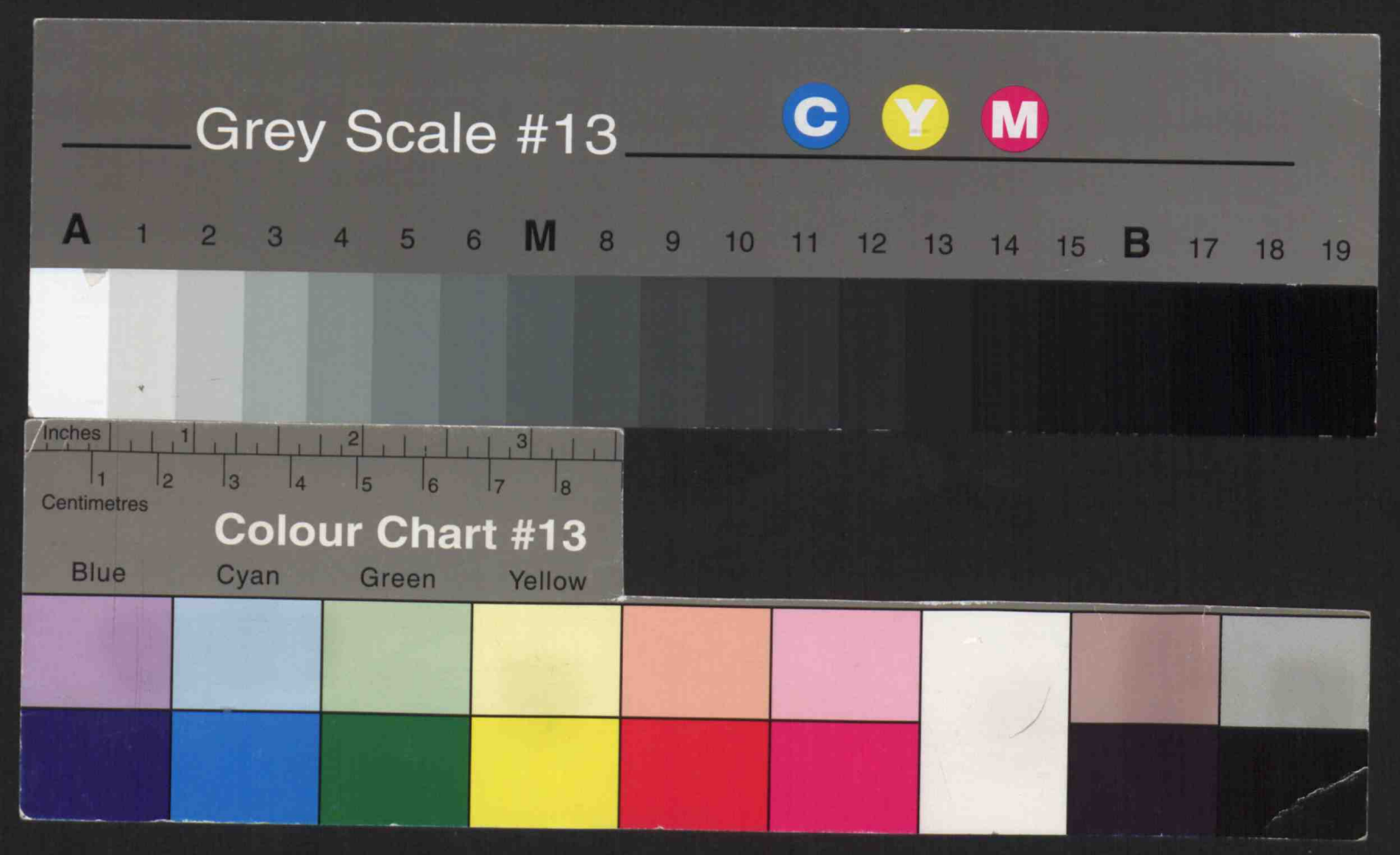
yours ever

Roderic Lyne

(R M J Lyne)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

CONFIDENTIAL


Grey Scale #13
C
Y
M
A 1 2 3 4 5 6 M 8 9 10 11 12 13 14 15 B 17 18 19
Inches
1
2
3
1 2 3 4 5 6 7 8
Centimetres
Colour Chart #13
Blue
Cyan
Green
Yellow

END