

00 KUWAIT

GPS 500

CONFIDENTIAL
FM WASHINGTON 271835Z
TO IMMEDIATE KUWAIT
TELNO 3 OF 27 SEPTEMBER 1981,
INFO PRIORITY MELBOURNE.

FOLLOWING PERSONAL FOR PRIME MINISTER FROM CHANCELLOR OF THE
EXCHEQUER.

CANCUN

1. BEFORE YOUR MEETINGS START IT MAY BE USEFUL FOR YOU TO HAVE A SHORT REPORT ON WHAT HAS BEEN SAID IN WASHINGTON AND NASSAU ABOUT THE CANCUN MEETING. I KNOW THAT YOU ARE CONSIDERING WHETHER I SHOULD GO WITH YOU THERE - AND I UNDERSTAND THAT THE MEXICANS HAVE ASKED TO BE TOLD BY 30 SEPTEMBER WHO PLANS TO COME.
2. IN MY TALKS BOTH IN NASSAU AND HERE, I HAVE DETECTED MILDLY ENCOURAGING INDICATIONS THAT THE EXPECTATIONS OF DEVELOPING COUNTRIES HAVE MODERATED: AND THAT IT MAY BE POSSIBLE TO SHIFT SOME OF THE DISCUSSION AT CANCUN AWAY FROM A NORTH/SOUTH EXCHANGE AND TOWARDS A TRILATERAL ONE. IN NASSAU THERE WAS WIDE SUPPORT FOR A DIALOGUE WITH THE OIL PRODUCERS AS PART OF SOMETHING THAT COULD BE DESCRIBED AS GLOBAL NEGOTIATIONS.
3. AMONGST THE GJROUP OF FIVE FINANCE MINISTERS HERE, THERE WAS UNANIMITY ABOUT AVOIDING ANY INSTITUTIONALISATION OF CANCUN, EITHER THROUGH CREATION OF CONTINUING SUB-GROUPS OR THROUGH FURTHER NORTH/SOUTH SUMMITS: AND MORE GENERALLY ABOUT AVOIDING ANY NEW BUREAUCRACY. (WORRYINGLY, HOWEVER, REGAN'S SOUNDNESS ON THIS ISSUE DOES NOT SEEM TO BE WHOLLY REFLECTED BY STATE DEPARTMENT OFFICIALS, AMONG WHOM THERE IS TALK OF A SUB-MINISTERIAL WORKING GROUP: THEY SEE THIS AS A MEANS OF AVOIDING GLOBAL NEGOTIATIONS IN THE U.N.
4. SUPPORT WAS ALSO EXPRESSED IN G5, ESPECIALLY FROM THE FRENCH AND GERMANS, FOR PURSUING IN CANCUN THE THEME OF ENERGY DEVELOPMENT IN THE POORER NON-OIL DEVELOPING COUNTRIES, PERHAPS THROUGH AN ENERGY AFFILIATE. THAT WOULD BE ANOTHER ELEMENT OF DIALOGUE WITH OPEC REPRESENTATIVES.
5. IN GENERAL, I AM SLIGHTLY LESS SCEPTICAL THAN I WAS ABOUT THE CANCUN PROSPECTS.
6. IT EMERGED THAT, FROM FINANCE MINISTERIES, REGAN AND SPRINKEL (US): DELORS AND HABERER (FRANCE): SCHULMAN (GERMANY): AND THE JAPANESE VICE-MINISTER, INTEND TO GO. YET IF I GO TOO, YOU AND THE FOREIGN SECRETARY AND I WILL AGAIN ALL BE ABSENT TOGETHER FROM LONDON, IN WHAT WILL STILL BE UNCERTAIN TIMES, AND, WHILE I OBVIOUSLY MUST BE HERE NOW, AND HAD TO BE IN NASSAU LAST WEEK, THE CASE FOR MY PRESENCE IN CANCUN WILL NOT BE SO OBVIOUS, OR THAT THE DISCUSSIONS THERE WILL BE PARTICULARLY PRODUCTIVE.
7. ON THE OTHER HAND, THE DISCUSSIONS THERE NOW SEEM LIKELY TO BE OF A MAINLY ECONOMIC CHARACTER, AND TO BE MUCH CONCERNED WITH THE ROLE AND CONTROL OF THE INTERNATIONAL FINANCIAL INSTITUTIONS. THE THEMES - AND SUCH PRACTICAL STEPS AS CAN EMERGE - SEEM LIKELY TO BE A CONTINUATION OF OTTAWA, NASSAU AND WASHINGTON, AS WELL AS OF DISCUSSION IN ECOFIN. (AND IN THE PERIOD OF OUR PRESIDENCY, IT MAY NOT BE QUITE RIGHT TO LET DELORS BE THE ONLY COMMUNITY FINANCE MINISTER ATTENDING.)
8. AT THE END OF ALL THIS, I THINK I PROBABLY OUGHT TO BE THERE: BUT POLITICAL, OR CONCEIVABLY ECONOMIC, CONSIDERATIONS AT THE LONDON END MIGHT TIP THE BALANCE THE OTHER WAY WHEN THE TIME COMES. PERHAPS THE BEST COURSE WOULD BE TO TELL THE MEXICANS NOW THAT I PLAN TO GO, WHILE OURSELVES KEEPING THE QUESTION UNDER REVIEW?
9. COULD YOU LET ME KNOW BY 29 SEPTEMBER WHAT YOU DECIDE, SO THAT I CAN INFORM COLLEAGUES HERE?

HENDERSON

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