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SUBJECT.

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND  
THE PRESIDENT OF YUGOSLAVIA, MR KRAIGHER, IN CANCUN ON  
THURSDAY 22 OCTOBER at 1600 HOURS

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Present:

Prime Minister  
Mr Alexander

Mr. Kraigher

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The Conference

After an exchange of courtesies, President Kraigher said that he had been greatly interested by the Melbourne Declaration. It marked a significant step forward compared with the Communique issued after the Ottawa Summit. He thought the Declaration would assist in bridging the gap between developing and developed countries and thus to facilitate the efforts in the United Nations to reach agreement between the two groups of countries. It would be helpful to him if the Prime Minister could explain how the evolution in the position of the British Government had come about.

The Prime Minister said there was a difference between the Ottawa and the Melbourne documents. That issued in Ottawa had been short and precise. It had been agreed word by word by all the participants and recorded a position to which each of the participants could agree in every respect. The Melbourne document on the other hand was much more rhetorical. It expressed what the participants felt but was not a practical document. It was easy to make speeches. The difficulties began when one had to be precise. The significance of the discussions which had taken place earlier in the day was that they had shown the participants to be much closer to each other than one might have expected. The Prime Minister recalled that in Melbourne, the seven Commonwealth countries due to participate in the Cancun meeting had discussed together the likely course of events there. In the course of this discussion, it had become clear that the phrase "global negotiations" meant very different things to different people.

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It was a piece of jargon. The Prime Minister said that she had therefore sought in her own statement to the Conference to set out what she thought might be the widest measure of agreement on the meaning of the phrase and thereby to make it possible to discern the most practical ways to make further progress. She had also sought to further the growing realisation that one could not achieve in a very large forum the specific and precise agreements which were necessary. For these one had to turn to the specialised agencies.

Mr. Kraigher said that the latter point had been acknowledged in the UN Resolution on global negotiations. There should be a political conference to achieve consensus on the broad objectives to be pursued. It would be for the specialised agencies to follow this up. Every member of the UN had their own views and their own interests. What was needed was a sensible political approach leading to gradual understanding among nations and thence to specific solutions. The approach set out by the Prime Minister in her statement had been very interesting because it provided the basis for further progress. President Reagan's intervention had also been helpful, particularly because in it he had repeated the line taken at the Ottawa meeting rather than the line he had taken in his recent speech in Philadelphia.

The Prime Minister asked President Kraigher which of the subjects being discussed in the Conference interested his Government most. President Kraigher said that Yugoslavia's own experience meant that they were most interested in matters relating to improvements in production and the spread of technology. Yugoslavia had diversified her economy in recent years. This had enabled the Yugoslavs to develop economic relations with many new countries. Concentration on these aspects of development had enabled Yugoslavia to resolve many problems. Although their progress had suffered a major setback as a result of the oil price rise and recent inflationary trends, their experience in the struggle to achieve self-reliance was something on which

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other nations could draw. Only when a nation had achieved a degree of self-reliance could it join in the international division of labour. Yugoslavia had made one major mistake in its economic strategy: the importance of agriculture had been underestimated. As a result Yugoslavia which once had been an exporter of food now had to import food. Balance of payments problems had resulted.

In this connection President Kraigher mentioned that the Yugoslav Government greatly appreciated the contribution which the British Government had made to their stabilisation programme. The Prime Minister expressed appreciation of President Kraigher's remarks. HMG took a close interest in the situation in Yugoslavia and wished the Yugoslav Government well in its efforts.

#### Southern Africa

President Kraigher said that his Government took a keen interest in the situation in Southern Africa. They were keenly aware of the concern which many felt about the presence of Cubans in Angola and elsewhere. They believed that an early solution to the situation in Namibia would rapidly be followed by a solution to the question of the Cuban presence. How did the Prime Minister see the situation?

The Prime Minister said that the United States Administration now saw a better prospect than before that the South African Government would be prepared to move more quickly in Namibia. This had enabled the Five to achieve a greater degree of agreement in their approach to the problem. As well as holding discussions with the Front Line States the contact group would be seeing the South African Government, the internal parties and SWAPO. It was reasonable to hope that these discussions would be completed within a reasonably short period. Assuming they went well the contact group

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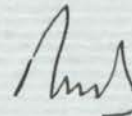
nations would go on to consider the issue of how to achieve fair elections in Namibia. It was possible that the entire independence process would be completed by the end of 1982. However one had to be prepared to envisage the possibility of delay.

The question of the Cuban presence in Angola could not be linked directly to that of Namibian independence. But it was of course also a factor. Like President Kraigher, the Prime Minister thought that the Cubans would leave Angola after Namibian independence had been achieved. This after all was what the Angolans wanted.

The Prime Minister said, in conclusion, that she was more hopeful than a few months ago that progress could be achieved. The South Africans had believe in the period after President Reagan's election that the US Administration would be more completely behind South Africa than had turned out to be the case. The Prime Minister herself had always been confident that the United States would in the event come round to the view of the other members of the contact group that Namibia would have to be brought to independence on the basis of the UN Resolution. This had in fact occurred. It was of course also true that the United States wanted to see the Cubans leave Angola.

At the end of the discussion, the Prime Minister told President Kraigher that she much admired what the Yugoslav Government was trying to do and that she followed their efforts closely.

The discussion ended at 1630.



22 October 1981

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