

ECONOMIC SUMMIT

38

PS  
 PS/LADY YOUNG  
 PS/MR RIFEIND  
 PS/MR WHITNEY  
 PS/MR RAISON  
 PS/PS  
 SIR C TICKELL  
 MR ~~KEWICK~~  
 MR J THOMAS  
 MR ~~KEWICK~~  
 HD/ECONOMIC SUMMIT PRES UNIT  
 MR BARRINGTON OAB SE/117  
 ED/ERD (2)  
 ED/ECD (4)  
 ED/ES & SD (2)  
 ED/NAD  
 ED/WED  
 ED/FED  
 ED/NEWS D  
 ED/ESID: (2)  
 PRESIDENT CLERK

PS/NO 10 DOWNING STREET

PS/CHANCELLOR OF THE )  
 EXCHEQUER )  
 MR LITTLE ) TREASURY  
 MR BOTTRILL )  
 SIR R ARMSTRONG } CABINET OFFICE  
 MR COLVIN }  
 MR CW ROBERTS } DTI  
 MR M BOURKE }  
 MR MCMAHON BANK OF ENGLAND  
 MR BUIST ODA  
 MS BOYS DEPT OF ENERGY

RESTRICTED

FM PANAMA CITY 072230Z JUN 84  
 TO IMMEDIATE FCO DESKBY 080700Z  
 TELEGRAM NUMBER 70 OF 7 JUNE

MESSAGE FROM PRESIDENT OF THE REPUBLIC OF PANAMA TO MRS THATCHER

1. A MESSAGE IN SPANISH WAS HANDED TO ME THIS AFTERNOON BY THE VICE MINISTER ON THE PRESIDENCY FROM DR JORGE ILLUECA, PRESIDENT OF THE REPUBLIC OF PANAMA, FOR IMMEDIATE TRANSMISSION TO MRS THATCHER AND THE OTHER PARTICIPANTS IN THE ECONOMIC SUMMIT CONFERENCE. MY TRANSLATION IS AS FOLLOWS:-

PANAMA, 7 JUNE 1984

YOUR EXCELENCY  
 MARGARET THATCHER  
 PRIME MINISTER OF THE UNITED KINGDOM OF GREAT BRITAIN  
 AND NORTHERN IRELAND

YOUR EXCELENCY  
 PIERRE ELLIOT H. TRUDEAU  
 PRIME MINISTER OF CANADA

YOUR EXCELENCY  
 M. FRANCOIS MITTERRAND  
 PRESIDENT OF FRANCE

YOUR EXCELENCY  
 BETTINO CRAXI  
 PRIME MINISTER OF ITALY

YOUR EXCELENCY  
 YASUHIRO NAKASONE



YOUR EXCELENCY  
YASUHIRO NAKASONE  
PRIME MINISTER OF JAPAN

YOUR EXCELENCY  
HELMUT KOHL  
FEDERAL CHANCELLOR  
FEDERAL REPUBLIC OF GERMANY

YOUR EXCELENCY  
RONALD REGAN  
PRESIDENT OF THE UNITED STATES OF AMERICA

YOUR EXCELENCIES,

I HAVE THE HONOUR TO APPROACH YOUR EXCELENCIES TO SEND YOU MY BEST WISHES FOR THE SUCCESS OF YOUR 10TH SUMMIT CONFERENCE, EXPRESSING AT THE SAME TIME THE HOPE THAT YOUR IMPORTANT DELIBERATIONS BE TRANSLATED INTO URGENT DECISIONS WHICH WILL ALLEVIATE THE SHORT TERM PROBLEMS AND AT THE SAME TIME GIVE RISE TO WORLD WIDE NEGOTIATIONS OF HIGH POLITICAL CONTENT WHICH ASSURE A JUST AND BALANCED DEVELOPMENT OF THE INTERNATIONAL ECONOMY AND IN PARTICULAR THE ECONOMY OF DEVELOPING COUNTRIES.

AS PRESIDENT OF THE REPUBLIC OF PANAMA IN THE HEART OF LATIN AMERICA, I WISH TO ASSOCIATE MYSELF WITH THE TRANSCENDENTAL MESSAGE OF THE PRESIDENTS OF ARGENTINA, BRAZIL, ECUADOR, MEXICO, PERU AND VENEZUELA, SYMMSQH YOUR EXCELENCIES AS THE POLITICAL LEADERS OF THE SEVEN MAIN INDUSTRIAL COUNTRIES AND TO INVOKE ALSO THE IMPORTANCE THAT IN YOUR WORK, CONSIDERATION IS GIVEN TO THE DECLARATION AND PLAN OF ACTION OF QUITO PROCLAIMED AT THE LATIN AMERICAN ECONOMIC CONFERENCE ON 13 JANUARY 1984 OF WHICH I HAVE THE HONOUR TO HAVE BEEN ONE OF THE SIGNATORIES.

THE SITUATION OF LATIN AMERICA CAN BE VISUALISED THROUGH A DEEP AND PROGRESSIVE SOCIAL AND ECONOMIC DETERIORATION WHICH IS CLOSELY REFLECTED BY THE FACT OF POLITICAL AND INSTITUTIONAL INSTABILITY.

THE FINANCIAL DEMANDS TO WHICH LATIN AMERICA HAS BEEN SUBJECTED HAVE BEEN EXTREMELY SEVERE AND HAVE BROUGHT TO THE COUNTRIES IN THE REGION A DRASTIC REDUCTION OF THEIR LEVELS OF INCOME AND STANDARD OF LIVING OF THE PEOPLE, ESPECIALLY IN THE LOWER INCOME GROUP. THUS IT IS CLEARLY NOTICEABLE THROUGH:-

- A) THE PRODUCT PER HEAD IN THE REGION BEING REDUCED BY 11 PER CENT IN THE PERIOD 1980-83
- B) UNEMPLOYMENT AND UNDEREMPLOYMENT WHICH HAS GROWN IN A PROPORTION UNKNOWN SINCE 1945
- C) THE INFLATIONARY PRESSURES WHICH ARE THE HIGHEST IN THE WORLD WHICH ARE NOT LETTING UP.

THE INDICES OF EXTERNAL DEBT, DESPITE THE STRONG REDUCTION OF THE NET INFLOW OF CAPITAL IN 1982/83, EXCEED US DOLLARS 310 THOUSAND MILLION. IN OTHER WORDS, MORE THAN THREE TIMES THE ANNUAL VALUE OF



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IT SHOULD BE NOTED THAT THE SERVICE OF THIS DEBT COMMITS LARGE PROPORTIONS OF INFLOW OF FOREIGN CURRENCY EARNED THROUGH EXPORTS. AS AN ILLUSTRATION, IN 1983 THE PAYMENT OF INTEREST OF THE DEBT REPRESENTED MORE THAN 50 PER CENT OF ITS EXPORTS. THIS YEAR LATIN AMERICA TRANSFERRED US DOLLARS 31 THOUSAND MILLION IN RESPECT OF INTEREST AND PROFITS WHICH IS EQUIVALENT TO 3.97 PER CENT OF THE GROSS NATIONAL PRODUCT OF THE REGION AND ALMOST 50 PER CENT OF THE NET SAVINGS OF LATIN AMERICA.

IN SHORT, THE COUNTRIES OF THE REGION FIND THEMSELVES OBLIGED TO REMIT ABROAD MORE RESOURCES THAN THEY RECEIVE, THEREBY FINDING THEMSELVES OBLIGED TO REDUCE THE VOLUME OF RESOURCES TO BE USED TO SATISFY THE BASIC NEEDS OF THEIR POPULATION.

THE CHALLENGE WHICH CONFRONTS THE REGION CANNOT THEREFORE BE LIMITED TO REDUCING THE RATES OF INFLATION BUT MORE TO THE PROMOTION OF AN INTEGRAL SYSTEM OF DEVELOPMENT OF THE COUNTRIES WHICH WILL ALLOW THEM TO USE THE INTERNAL POTENTIAL OF THEIR ECONOMIES AND TIED TO A MORE DYNAMIC AND SELECTIVE INTERNAL DEVELOPMENT. THIS EFFORT OF ECONOMIC AND SOCIAL DEVELOPMENT WITHOUT DOUBT URGENTLY REQUIRES THE SOLID SUPPORT OF THE INTERNATIONAL COMMUNITY, BEARING IN MIND THAT THE MAIN RESPONSIBILITY FOR THIS EFFORT WILL FALL TO THE LATIN AMERICAN COUNTRIES THEMSELVES.

THERE IS NO DOUBT THAT THE INTEGRAL DEVELOPMENT OF LATIN AMERICA WILL REQUIRE AN EFFECTIVE SOLUTION TO THE PAYMENT OF THE EXTERNAL DEBT, WHICH IN THE PRESENT CIRCUMSTANCES IS CAUSING THE BIGGEST DETERIORATION IN THE SOCIAL AND ECONOMIC CONDITIONS IN THE REGION.

IN THE RENEGOTIATION OF THE EXTERNAL DEBT NO COUNTRY IN LATIN AMERICA OUGHT TO COMMIT ITS NATIONAL INCOME BEYOND A PERCENTAGE WHICH COMPROMISES THE STABILITY OF ITS SOCIAL DEVELOPMENT. IT IS ESSENTIAL TO FIGHT THE DETERIORATION OF SOCIAL AND ECONOMIC DEVELOPMENT AND EVEN LESS EXPOSE THE DEBTOR COUNTRIES TO INSTITUTIONAL AND SOCIAL INSTABILITY WHICH NOT ONLY WOULD AFFECT ITS ABILITY TO PAY BUT AT THE SAME TIME WOULD CAUSE UNPRECEDENTED MAJOR CHAOS.

AS PRESIDENT OF THE 38TH GENERAL ASSEMBLY OF THE UNITED NATIONS AND PRESIDENT OF THE PREPARATORY COMMISSION FOR THE COMMEMORATION OF THE 40TH ANNIVERSARY OF THE WORLD ORGANISATION, I AM CONFIDENT THAT YOUR EXCELENCIES WILL HAVE PRESENT IN YOUR MINDS DURING YOUR DELIBERATIONS, THE MOTIVES WHICH DROVE THE GENERAL ASSEMBLY TO APPROVE RESOLUTION 34/138, IN WHICH IT WAS DECIDED TO LAUNCH GLOBAL NEGOTIATIONS ON INTERNATIONAL ECONOMIC COOPERATION FOR DEVELOPMENT, WHICH SHOULD INCLUDE IMPORTANT MATTERS IN THE FIELD OF BASIC PRODUCTS, ENERGY, TRADING, DEVELOPMENT, MONEY AND FINANCING.

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~~THIS FORTUNATE DEVELOPMENT MEETS THE PROFOUND CONCERN OF~~  
THE INTERNATIONAL COMMUNITY, IN PARTICULAR THE DEVELOPING COUNTRIES,  
BECAUSE OF THE LACK OF CONCRETE PROGRESS IN THE ESTABLISHMENT OF A  
NEW INTERNATIONAL ECONOMIC ORDER.

WITH TIME THE SITUATION HAS GROWN WORSE SINCE THE INTERNATIONAL  
MEETINGS AND CONFERENCES WHICH HAVE TAKEN PLACE TO DATE HAVE  
NOT MADE ANY SIGNIFICANT PROGRESS THROUGH THE ACTIONS OF THE  
INTERNATIONAL COMMUNITY TO REPRESENT COUNTRIES IN AFRICA, LATIN  
AMERICA AND ASIA IN THEIR EFFORTS TO PROMOTE THEIR DEVELOPMENT.

THE GRAVE ECONOMIC CRISIS FROM WHICH THE WORLD HAS BEEN  
SUFFERING IN THE LAST THREE YEARS HAS HAD SERIOUS REPERCUSSIONS  
ON THE GREAT MAJORITY OF DEVELOPING COUNTRIES AS MINISTERS OF  
THE GROUP OF 77 POINTED OUT IN BUENOS AIRES. THE STAGNATION OF  
THE GROSS INTERNAL PRODUCT, DEBT, THE DETERIORATION IN THE TERMS OF  
TRADE, THE IMPOSSIBILITY OF OBTAINING FINANCIAL RESOURCES ON SOFT  
TERMS, THE RAVAGES CAUSED BY GROWING PROTECTIONISM, INADEQUATE  
INTERNATIONAL LIQUIDITY, HAS DRIVEN MANY OF THESE COUNTRIES INTO  
A SITUATION OF DEEP SOCIAL AND ECONOMIC DEPRESSION.

I MUST INSIST THEREFORE, AS I DID BEFORE THE GENERAL ASSEMBLY,  
THAT IF TO THIS PICTURE IS ADDED THE DIFFICULT SITUATION IN  
WHICH THE POOREST COUNTRIES FIND THEMSELVES WITH PROBLEMS OF  
UNEMPLOYMENT, HUNGER, MALNUTRITION AND HEALTH, I DO NOT THINK I  
AM WRONG IN EMPHASISING THAT IF SUCH CONDITIONS CONTINUE THE SOCIAL  
REPERCUSSIONS OF THE ECONOMIC CRISIS CAN DRAG MANY OF THESE  
COUNTRIES INTO INCALCULABLE POLITICAL DISASTERS WHICH WOULD AFFECT  
INTERNATIONAL PEACE AND SECURITY.

THESE FACTS UNDERLINE THE URGENT NEED TO BRING TO ITS  
CULMINATION THE PROCESS UNDERTAKEN IN THE 38TH GENERAL ASSEMBLY  
WITH THE POSITIVE PARTICIPATION OF THE DISTINGUISHED REPRESENTATIVES  
OF THE COUNTRIES OF YOUR EXCELENCIES. THESE EFFORTS HAVE BEEN  
DIRECTED TOWARDS THE FORMULATION BY CONSENSUS OF A FOCUSING OF  
ATTENTION AND SENSIBLE AND PRAGMATIC PROCEDURES WHICH MAKE  
COMMENCEMENT OF GLOBAL NEGOTIATIONS WITHIN THE FRAMEWORK OF THE  
UNITED NATIONS VIABLE. I BELIEVE I AM ACTING IN ACCORD WITH THE  
PRINCIPLES AND AIMS OF THE CHARTER OF SAN FRANCISCO BY INVITING  
YOUR EXCELENCIES TO CONSIDER FAVOURABLY AND I HOPE OF COMMENCING  
A NEW HIGH LEVEL NORTH/SOUTH DIALOGUE TO MOTIVATE GLOBAL  
NEGOTIATIONS, CONSIDERING THE INTEREST SHOWN BY THE HEADS OF  
GOVERNMENT OF DEVELOPING COUNTRIES.

NOTHING WOULD BE MORE HOPEFUL FOR HUMANITY THAN ON THE  
OCCASION OF THE CELEBRATION OF THE 40TH ANNIVERSARY OF THE BIRTH OF  
THE UNITED NATIONS FOR A NEW PATH TO BE OPENED TOWARDS A NEW  
NORTH/SOUTH SUMMIT TO MEET THE EXPECTATIONS WHICH THE INTERNATIONAL  
COMMUNITY NURTURES DURING YOUR MEETING IN LONDON.

IT IS A PLEASURE FOR ME TO REITERATE TO YOUR EXCELENCIES  
MY FERVENT WISHES FOR THE SUCCESS OF YOUR TASKS, AND AT THE  
SAME TIME I TAKE THE OPPORTUNITY TO RENEW TO YOU THE ASSURANCES  
OF MY MOST DISTINGUISHED CONSIDERATION.



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MY FERVENT WISHES FOR THE SUCCESS OF YOUR TASKS, AND AT THE  
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JORGE E. ILLUECA  
PRESIDENT OF THE REPUBLIC OF PANAMA

PRESIDENT OF THE XXXVIII GENERAL ASSEMBLY  
OF THE UNITED NATIONS

2. THE ORIGINAL TEXT IN SPANISH FOLLOWS BY NEXT WEEK'S BAG.

STEGGLE

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