

FM MEXICO CITY 251940Z SEP 82

TO PRIORITY FCO

TELEGRAM NUMBER 808 OF 25 SEPTEMBER

INFO ROUTINE WASHINGTON, BELMOPAN AND UKDEL IMF/IBRD WASHINGTON

*Pro Munster*

MY TELNO 800: MEXICO: MR ONSLOW'S VISIT

*D*  
*27/9*  
*[Signature]*

1. MR ONSLOW CALLED ON PRESIDENT-ELECT DE LA MADRID ON 23 SEPTEMBER.

MEXICAN ECONOMY

2. DE LA MADRID RECOGNISED THE GRAVITY OF THE PROBLEMS NOW FACING MEXICO, BUT EMPHASISED THAT THE MOST IMMEDIATE ONE WAS SHORTAGE OF FOREIGN EXCHANGE. MEXICO NEEDED THE UNDERSTANDING OF THE INTERNATIONAL FINANCIAL COMMUNITY IF IT WAS TO RECOVER ITS POSITION AS AN HONOURABLE DEBTOR WHICH PAID ITS DEBTS. HE HOPED VERY MUCH THAT THE BRITISH GOVERNMENT WOULD GIVE ITS SUPPORT NOT ONLY TO HIM IN THE EARLY DAYS OF HIS PRESIDENCY BUT ALSO TO PRESIDENT LOPEZ PORTILLO IN THE TWO MONTHS REMAINING TO HIS ADMINISTRATION. MR ONSLOW SAID THAT WE HAD BEEN IN CLOSE TOUCH WITH THE MEXICAN GOVERNMENT THROUGHOUT THE CRISIS AND HAD MANY INTERESTS IN COMMON. HE REFERRED WARMLY TO THE MEETING BETWEEN THE CHANCELLOR OF THE EXCHEQUER AND THE MEXICAN MINISTER OF FINANCE IN TORONTO.

3. DE LA MADRID SAID THAT HE WAS CLOSELY FOLLOWING THE CURRENT NEGOTIATIONS BETWEEN MEXICO AND THE IMF. HE HAD AN OBSERVER IN THE TALKS, AND WAS FULLY IN TOUCH. HE HIMSELF WOULD FULLY SUPPORT WHATEVER AGREEMENTS WERE REACHED WITH THE IMF BY THE PRESENT ADMINISTRATION, AND WOULD ENSURE AS PRESIDENT THAT THEY WOULD BE RESPECTED AND MADE TO WORK. WHEN MR ONSLOW SAID THAT AN AGREEMENT WITH THE IMF WOULD GREATLY INCREASE CONFIDENCE, DE LA MADRID SAID THAT ONLY DEEDS COULD FULLY RESTORE CONFIDENCE IN MEXICO.

CENTRAL AMERICA AND BELIZE

4. MR ONSLOW UNDERLINED THE IMPORTANCE WHICH BRITAIN ATTACHED TO THE AREA, AND DESIRE TO DEVELOP POLITICAL AS WELL AS ECONOMIC RELATIONS WITH IT. WE ALSO HAD A DIRECT RESPONSIBILITY IN THE FORM OF OUR GARRISON IN BELIZE, WHICH WAS NOT THERE BECAUSE WE WANTED IT TO BE. HE HOPED VERY MUCH THAT DE LA MADRID WOULD HWWP IN MAINTAINING THE INDEPENDENCE AND INTEGRITY OF BELIZE.

5. DE LA MADRID SAID THAT MEXICO WANTED TO SEE A REDUCTION OF TENSION IN CENTRAL AMERICA AND THE ESTABLISHMENT OF A CLIMATE OF PEACE WHICH WOULD PERMIT POLITICAL STABILITY AND ECONOMIC DEVELOPMENT. IT WAS VITAL THAT PEOPLE SHOULD BE ALLOWED TO SOLVE THEIR OWN PROBLEMS AND NOT HAVE TO CONTEND WITH INTERVENTION FROM OTHERS. ON BELIZE, MEXICO FULLY SUPPORTED THE INDEPENDENCE OF THE COUNTRY, BASED AS IT WAS ON THE PRINCIPLE OF SELF-DETERMINATION. HE HIMSELF HAD SEEN THE BELIZEAN PRIME MINISTER, AND HAD ASSURED HIM OF HIS SUPPORT FOR BELIZEAN INDEPENDENCE AND DESIRE TO HELP BELIZE AS MUCH AS POSSIBLE. DE LA MADRID WAS NOT OPTIMISTIC ABOUT THE POSSIBILITY OF INFLUENCING GUATEMALA IN THE DIRECTION OF MORE SENSIBLE POLICIES.



# CONFIDENTIAL

6. MR ONSLOW SAID THAT THE INTERNATIONAL ORGANISATIONS COULD DO MORE TO HELP BELIZE. WOULD DE LA MADRID BE WILLING TO HELP BELIZE JOIN THE ORGANISATION OF AMERICAN STATES (OAS)? DE LA MADRID SAID THAT BELIZE WAS A FULL MEMBER OF THE UNITED NATIONS AND AN ACCEPTED MEMBER OF THE INTERNATIONAL COMMUNITY. FROM THAT EVERYTHING MUST FLOW. HE TOOK NOTE OF MR ONSLOW'S POINT ABOUT THE OAS.

## ECONOMIC POLICY

7. MR ONSLOW ASKED HOW RELATIONS BETWEEN BRITAIN AND MEXICO COULD BE ADVANCED. HE REFERRED TO THE PRIME MINISTER'S VISIT TO MEXICO LAST OCTOBER, AND HER PARTICULAR INTEREST IN THE SICARTSA PROJECT. DE LA MADRID SAID THAT MEXICO SHOULD DIVERSIFY ITS INTERNATIONAL RELATIONSHIPS. WITHOUT WISHING TO GO AGAINST THE UNITED STATES, HE SAW MANY OPPORTUNITIES FOR INCREASING THE FLOW OF TRADE AND INVESTMENT FROM OTHER COUNTRIES, AMONG THEM BRITAIN. HE FOUND IT DIFFICULT YET TO SPEAK ABOUT SPECIFIC PROJECTS. HIS GOVERNMENT WOULD LOOK AT EACH ONE AND SEE HOW IT FITTED INTO HIS PLAN OF NATIONAL RECONSTRUCTION: SOME MIGHT BE SPEEDED UP, AND SOME SLOWED DOWN. THE SICARTSA PROJECT AS A WHOLE NEEDED A PROFOUND REVIEW.

## ANGLO-MEXICAN RELATIONS

8. MR ONSLOW REFERRED TO THE QUEEN'S VISIT IN FEBRUARY. DE LA MADRID SAID HE WAS DELIGHTED AT THE PROSPECT. HE WOULD TAKE A PERSONAL INTEREST IN WORKING OUT HER PROGRAMME, AND HOPED TO SPEND A CONSIDERABLE AMOUNT OF TIME WITH HER. MR ONSLOW SAID HE HOPED THERE WOULD BE A GENERALLY CLOSER ANGLO-MEXICAN RELATIONSHIP THAN HAD BEEN POSSIBLE IN THE PAST, WITH MORE POLITICAL CONTENT, INCLUDING VISITS OF MINISTERS EACH WAY. THE MEXICANS SHOULD ALSO LET US KNOW IF THERE WAS ANYTHING WE COULD DO TO HELP ADVANCE RELATIONS BETWEEN MEXICO AND THE EUROPEAN COMMUNITY. HE HOPED THAT DE LA MADRID WOULD BE ABLE TO COME TO LONDON. DE LA MADRID SAID THAT HE WAS GRATEFUL FOR THESE SUGGESTIONS, INCLUDING THE IDEA OF VISITING LONDON. IN GENERAL TERMS HE WAS OPEN TO ANY INITIATIVES. HE SENT HIS WARM RESPECTS TO THE QUEEN, THE PRIME MINISTER AND THE BRITISH GOVERNMENT AS A WHOLE.

COPIES SENT TO  
No. 10 DOWNING STREET

TICKELL

LIMITED  
MCAD  
ERD  
ECD (E)  
PCD  
PS

PS/MR ONSLOW  
SIR J BULLARD  
MR GIFFARD  
MR URE  
MR THOMAS

THIS TELEGRAM  
WAS NOT  
ADVANCED

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