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TO PRIORITY FCO

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INFO PRIORITY WASHINGTON, SAN JOSE, TEGUCIGALPA, CARACAS,
PANAMA, PARIS.

MR HEATH'S CALL ON FOREIGN MINISTER SEPULVEDA

SUMMARY

1. MR HEATH HAD A LONG TALK WITH SEPULVEDA ON 17 SEPTEMBER ABOUT THE CONTADORA PROCESS AND THE MEETING AT MAR DEL PLATA. SEPULVEDA WAS OPTIMISTIC ABOUT THE FIRST AND PESSIMISTIC ABOUT THE LATIN AMERICAN DEBT PROBLEM.

CENTRAL AMERICA AND CONTADORA

2. SEPULVEDA SAID THAT MEXICO HAD PLAYED A PART IN BRINGING THE NICARAGUANS AND AMERICANS TOGETHER ON A BILATERAL BASIS. THERE HAD BEEN FIVE MEETINGS AT MANZANILLO AND THE TWO SIDES HAD GOT DOWN TO SOME REAL HARD TALKING. HE HOPED THAT THERE MIGHT BE SOME GROUNDS FOR BASIC AGREEMENTS BY NOVEMBER. HIS IMPRESSION WAS THAT THE UNITED STATES WERE SERIOUSLY PREPARED TO GET DOWN TO NEGOTIATING DIFFICULT POINTS AND THAT THERE WAS NO MOOD IN THE UNITED STATES AT PRESENT FOR MILITARY ADVENTURES IN NICARAGUA.

3. AS FOR CONTADORA, MEXICO THOUGHT THAT IT WOULD BE POSSIBLE TO GENERATE ENOUGH SUPPORT IN THE INTERNATIONAL (UN, OAS, LATIN AMERICA AND OTHER) FORA TO HAVE A HIGH LEVEL MEETING BEFORE NOVEMBER TO ENDORSE THE SIGNATURE BY THE CENTRAL AMERICAN GOVERNMENTS CONCERNED OF THE CONTADORA ACT. MR HEATH ASKED WHETHER THE MEXICANS THOUGHT THE UNITED STATES WOULD ENDORSE IT. SEPULVEDA SAID THAT THERE WAS AN ADDITIONAL PROTOCOL BY WHICH OUTSIDE POWERS COULD PROMISE TO FULFIL SUCH OBLIGATIONS AS LAY WITHIN THEIR POWERS AND TO AVOID ACTIONS WHICH WOULD VIOLATE THE ACT. HE HOPED THAT THE UNITED STATES, CUBA AND ALL THE LATIN AMERICAN COUNTRIES AND AS MANY EUROPEAN COUNTRIES AS POSSIBLE WOULD SIGN THE ACT.

VERIFICATION

4. THE TOUGHEST QUESTION IN CONTADORA WOULD BE THE VERIFICATION MECHANISM. THE CONTADORA GOVERNMENTS THEMSELVES DID NOT WANT TO GET INVOLVED IN THE SECURITY ARRANGEMENTS. HE SAID THAT THEY WERE LOOKING TO CANADA AND FRANCE FOR HELP. MR HEATH SAID THAT HE THOUGHT IT WAS A VERY GOOD IDEA TO GET CANADA INVOLVED. THEY HAD MUCH EXPERIENCE OF PEACE-KEEPING AND WERE PLAYING AN INCREASED ROLE IN THE CARIBBEAN.

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CUBA AND CENTRAL AMERICA

5. MR HEATH ASKED ABOUT THE ATTITUDE OF CUBA. SEPULVEDA SAID THAT CASTRO HAD BEEN POSITIVE IN HIS APPROACH TO CONTADOR. THE MEXICANS BELIEVED THAT CUBA NOW WANTED TO REMAIN IN CLOSE TOUCH WITH THE NEGOTIATING PROCESS. IN REPLY TO A QUESTION ON HOW DEEPLY CUBA WAS INVOLVED IN NICARAGUA, HE SAID IT WAS MAINLY THROUGH THE SUPPLY OF TEACHERS: THE NUMBER OF MILITARY ADVISERS WAS NOT LARGE.

6. MR HEATH ASKED WHETHER CUBA WAS LOOKING FOR INDUSTRIAL ECONOMIC HELP. SEPULVEDA SAID THAT HE HAD BEEN STRUCK AT THE QUITO CONFERENCE HOW MUCH THE CUBAN REPRESENTATIVE HAD STRESSED THAT CUBA BELONGED TO LATIN AMERICA. MR HEATH SAID THAT HE THOUGHT IT WAS IMPORTANT TO TRY AND ENCOURAGE CASTRO TO GET HIS TROOPS OUT OF ANGOLA. IT WAS IMPORTANT NOT TO GO FOR SOLEMN UNDERTAKINGS IN DIPLOMACY. PEOPLE LIKE HARTIMAN AND DEAN ACHESON ALWAYS ATTACHED MORE IMPORTANCE TO THE ACTUAL PROCESS THAN TO SOLEMN UNDERTAKINGS. THESE MATTERS WERE PART OF A DIPLOMATIC OPERATION. SEPULVEDA SAID THAT HE AGREED AND HE THOUGHT THAT POLITICAL NEGOTIATIONS WERE THE BEST ANSWER TO CENTRAL AMERICAN PROBLEMS. US MILITARY INTERVENTION WOULD BE A NIGHTMARE FOR LATIN AMERICA. ANY COMPARISON WITH GRENADA WAS QUITE UNREAL.

MAR DEL PLATA

7. MR HEATH ASKED WHETHER A SUMMIT MEETING HAD BEEN PROPOSED. SEPULVEDA SAID THAT IT HAD. IT WAS FELT THAT CERTAIN FINANCE AND TRADE PROBLEMS COULD NOT BE SOLVED ONLY BY THE BANKS. A POLITICAL SPECTRUM WAS NECESSARY. THERE WAS A LINK BETWEEN THE FINANCIAL, TRADE AND DEBT PROBLEMS. MR HEATH SAID THAT MEXICO WAS A GOOD EXAMPLE OF HOW TO DEAL WITH THE DEBT PROBLEMS. BUT IT WAS MUCH MORE DIFFICULT FOR SMALL COUNTRIES LIKE TANZANIA AND OTHERS LIKE YUGOSLAVIA. BUT HE DOUBTED WHETHER AGREEMENTS AT LARGE SUMMITS AMOUNTED TO ANYTHING USEFUL. THE BRANDT COMMISSION HAD PROPOSED A MEETING OF LIKE MINDED COUNTRIES ON TRADE RATHER THAN A NORTH/SOUTH SUMMIT LIKE CANCUN WHICH HAD BEEN A FAILURE.

8. SEPULVEDA SAID HE HAD BEEN VERY MUCH AFFECTED BY THE MEETING AT MAR DEL PLATA. THERE WAS A DEEP SENSE OF FRUSTRATION AND DESPERATION. THE LACK OF ECONOMIC INFRASTRUCTURE IN CERTAIN COUNTRIES WAS A TERRIBLE PROBLEM. SOME EXAMPLES WERE QUITE DRAMATIC. BOLIVIA WAS ONE. HE DID NOT SEE HOW THEY COULD MANAGE TO PAY THEIR DEBTS. AND IT WOULD BE A VERY SERIOUS MATTER IF THEY WERE TO FALL IN DEFAULT. ALL OF US WOULD FEEL THE CONSEQUENCES OF THIS, BUT IT MIGHT HAPPEN.

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FALKLANDS

9. MR HEATH ASKED IF THERE HAD BEEN ANY MENTION OF THE FALKLANDS BY THE ARGENTINES. SEPULVEDA SAID THAT THERE HAD BEEN NONE.

SAN JOSE MEETING

10. REVERTING FINALLY TO THE MEETING AT SAN JOSE, MR HEATH ASKED HIM WHAT THE MEXICANS WOULD HOPE TO GET OUT OF THIS. SEPULVEDA SAID THEY WANTED CLEAR SUPPORT FOR CONTADORA, FOR THE ACT OF CONATADORA AND FOR THE SIGNING PROCESS. ON THE ECONOMIC SIDE THEY WERE LOOKING FOR SOMETHING SIMILAR TO THE AGREEMENT BETWEEN THE COMMUNITY AND LOME. IT WOULD ALSO BE IMPORTANT FOR THERE TO BE SOME FOLLOW UP MECHANISM.

JAMES

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