

CONFIDENTIAL

GR 900

CONFIDENTIAL

DEF .BY 230900Z

4 UKMIS NEW YORK 211500Z MAY 83

TO IMMEDIATE F C O

TELEGRAM NUMBER 404 OF 21 MAY 1983

INFO WASHINGTON, BONN, PARIS, ROME, OTTAWA, TOKYO, UKREP BRUSSELS.

WILLIAMSBURG SUMMIT

1. THE SECRETARIAT SENT US LATE YESTERDAY EVENING (20 MAY) FOR FORWARDING A LETTER FROM THE SECRETARY-GENERAL TO THE PRIME MINISTER ABOUT THE WILLIAMSBURG SUMMIT.

2. TEXT IS AS FOLLOWS. ORIGINAL WILL BE IN BAG LEAVING HERE ON 24 MAY

BEGINS

DEAR PRIME MINISTER,

AS YOU WILL SHORTLY BE PROCEEDING TO WILLIAMSBURG, I AM TAKING THE OCCASION TO SHARE A FEW THOUGHTS WITH YOU, FROM THE PERSPECTIVE OF THE UNITED NATIONS, ON THE PRESENT CRITICAL JUNCTURE IN THE WORLD ECONOMIC SITUATION AND IN NORTH/SOUTH RELATIONS.

IN RECENT MONTHS, I HAVE BEEN IN CONTACT WITH MANY LEADERS OF DEVELOPING COUNTRIES ON THESE MATTERS. DURING THIS PERIOD, I HAVE BEEN HEARTENED BY THE PRAGMATIC AND FLEXIBLE ATTITUDE THAT HAS BECOME EVIDENT ON THEIR PART. THIS TREND HAS BEEN CONFIRMED IN THEIR HIGH LEVEL MEETINGS IN NEW DELHI AND BUENOS AIRES.

I AM EQUALLY ENCOURAGED BY THE OUTCOME OF THE RECENT MINISTERIAL MEETING OF OECD, FOR I BELIEVE THAT A RESPONSIVE ATTITUDE IS NECESSARY ON ALL SIDES IF RESULTS ARE TO BE ACHIEVED. WILLIAMSBURG PROVIDES A MOST TIMELY OPPORTUNITY TO CARRY THAT PROCESS FURTHER AS DOES THE FORTHCOMING SIXTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT IN BELGRADE.

IT SEEMS TO ME THAT A MAJOR EFFORT IS NOW REQUIRED TO GIVE A CONCRETE FORM TO THE PRESENT PROMISING TRENDS.

THE ECONOMIC SITUATION FACING MOST OF THE DEVELOPING COUNTRIES IS STILL EXTREMELY DIFFICULT. OVERALL, 1983 WILL MARK THE THIRD YEAR OF DECLINING PER CAPITA INCOMES IN THESE COUNTRIES. IN THE FACE OF SUCH ADVERSITY, DOMESTIC ADJUSTMENT IN DEVELOPING COUNTRIES IS INEVITABLE. INDEED SUCH PROGRESS

CONFIDENTIAL

/ HAS BEEN



HAS BEEN MADE IN THIS RESPECT, BUT THE PROCESS NEEDS TO CONTINUE. CLEARLY SUCH ADJUSTMENT WILL BE MORE SUCCESSFUL AND BEARABLE IF THE EXTERNAL ENVIRONMENT IS MORE CONDUCTIVE TO DEVELOPMENT. THE RECOVERY IN THE INDUSTRIAL COUNTRIES, SIGNS OF WHICH ARE NOW BEING CONFIRMED IN SEVERAL OF THEM, WILL UNDOUBTEDLY HELP IMPROVE THE SITUATION IN DEVELOPING COUNTRIES. BUT INDICATIONS ARE THAT THE RECOVERY IN THE INDUSTRIAL WORLD MAY NOT, AT LEAST IN THE INITIAL STAGES, BE STRONG ENOUGH. FURTHERMORE, THERE IS AN INEVITABLE TIME LAG INVOLVED IN THE BENEFITS OF SUCH RECOVERY BEING TRANSMITTED TO DEVELOPING COUNTRIES.

IN SUCH CIRCUMSTANCES, IT APPEARS TO ME THAT FOUR AREAS DESERVE PARTICULAR ATTENTION AT THE INTERNATIONAL LEVEL:

- STRENGTHENING THE LIQUIDITY POSITION OF DEVELOPING COUNTRIES: SERIOUS THOUGHT COULD BE GIVEN TO A SPECIAL ALLOCATION OF SDRS,

- INCREASING AID, ESPECIALLY THROUGH MULTILATERAL INSTITUTIONS, AND COMMERCIAL FINANCE (INCLUDING PRIVATE INVESTMENT),

- STRENGTHENING AND STABILIZING OF COMMODITY MARKETS AND EARNINGS,

- HALTING AND ROLLING BACK PROTECTIONIST MEASURES AGAINST DEVELOPING COUNTRIES.

IN THE LONGER RUN, REINVIGORATED DEVELOPMENT IN THE DEVELOPING COUNTRIES WILL NOT BE SUSTAINABLE IF THE WORLD ECONOMY DOES NOT ACHIEVE HIGHER GROWTH. THIS IS WHY I TAKE HEART FROM THE EMPHASIS NOW BEING GIVEN IN THE INDUSTRIAL COUNTRIES TO TURN TOWARDS POLICIES TO PROMOTE NON-INFLATIONARY GROWTH AND EMPLOYMENT. I WELCOME THE PROSPECT THAT WILLIAMSBURG MAY MARK A TURNING POINT IN THIS REGARD THROUGH THE FORMULATION OF POLICIES AIMED AT BRINGING DOWN INTEREST RATES, REDUCING VOLATILITY IN EXCHANGE RATES, AND CONTAINING PROTECTIONIST PRESSURES.

THE SEVERITY OF CURRENT ECONOMIC DIFFICULTIES HAS PROMPTED IMPORTANT QUESTIONS, INCLUDING IN THE INDUSTRIAL COUNTRIES, ON THE FRAMEWORK OF INTERNATIONAL ECONOMIC RELATIONS COVERING THE TRADING, MONETARY AND FINANCIAL SYSTEMS. I WOULD NOT BELITTLE THE DIFFICULTIES INVOLVED IN TACKLING SUCH COMPLEX PROBLEMS, BUT THE SIXTH SESSION OF UNCTAD PROVIDES AN IMPORTANT OPPORTUNITY TO DEAL WITH THEM.

<sup>2</sup>  
CONFIDENTIAL

/ A SUCCESSFUL



# CONFIDENTIAL

A SUCCESSFUL CONFERENCE IN BELGRADE WOULD GREATLY IMPROVE THE CLIMATE OF INTERNATIONAL COOPERATION AND HELP EASE DIFFERENCES THAT EXACERBATE POLITICAL TENSIONS. SUCH AN OUTCOME WOULD ALSO ALLOW A FRESH LOOK AT THE WIDER ISSUE OF GLOBAL NEGOTIATIONS WHICH IS ON THE INTERNATIONAL AGENDA.

POSITIVE DEVELOPMENTS FOR THE FUTURE GREATLY DEPEND UPON YOUR DELIBERATIONS IN WILLIAMSBURG. AS THE LEADERS OF KEY INDUSTRIAL COUNTRIES YOU ARE UNIQUELY PLACED TO GIVE THE NEEDED IMPULSE TO ACTIONS THAT CAN HAVE FAR-REACHING BENEFITS BOTH DOMESTICALLY AND INTERNATIONALLY. YOU ARE DEEPLY CONSCIOUS, I KNOW, OF THE CLOSE RELATIONSHIP BETWEEN THE ECONOMIC AND SOCIAL WELL-BEING OF PEOPLES, AND THE PEACE AND SECURITY OF NATIONS. IT IS IN THIS SPIRIT THAT I AM COMMUNICATING THESE THOUGHTS TO YOU.

PLEASE ACCEPT, PRIME MINISTER, THE ASSURANCES OF MY HIGHEST CONSIDERATION.

JAVIER PEREZ DE CUELLAR

ENDS

THOMSON

## LIMITED

ERD  
ESID  
WED  
FED  
NAD  
ECD  
PLANNING STAFF  
TRED  
ESSD  
EESD  
NEWS D  
P + CD  
PS

PS/LORD BELSTEAD  
PS/MR RIFKIND  
PS/MR HURD  
PS/MR RAISON  
PS/PUS  
SIR J BULLARD  
MR EVANS  
MR HANNAY  
MR THOMAS  
MR DONALD  
MR HAYES  
MR ADAMS

## ADDITIONAL DISTRIBUTION ECONOMIC SUMMIT

3

# CONFIDENTIAL