



Foreign and Commonwealth Office

London SW1A 2AH

25 January 1982

From The Minister of State

Douglas Hurd CBE MP

Dear Len Murray,

CANCUN SUMMIT : INTERNATIONAL MEETING FOR COOPERATION AND DEVELOPMENT

You wrote on 4 January to Peter Carrington about the Cancun Summit, amplifying the TUC's views as expressed at the National Economic Development Council and enclosing a statement by the ICFTU. He has asked me to thank you and to reply.

You will know that Peter Carrington was always concerned that too much would be expected from the Cancun Summit. Too much was expected; and this has inevitably meant some disappointment with the result. But this disappointment was not shared by the Summit participants, from either the developed or the developing countries. All the leaders who attended found the meeting valuable and welcomed the practical and constructive discussions and the friendly and informal atmosphere in which they took place. For example, Mrs Gandhi made this point to me in Delhi a few days ago.

Your letter suggests that Britain took a passive role at the Summit and was unable to take the initiative on any subject. This is not the case. The discussion on food and agriculture, as reflected in the Chairman's summary, followed clearly the line first set out in the Prime Minister's speech. This stressed the need for developing countries to grow more food for their own population and warned against an undue reliance on food aid. In the energy debate we stated our support for a World Bank energy affiliate, provided this would attract additional funds particularly from the surplus oil producers. I am glad to see that you too endorse this measure. On trade, we announced our intention to ratify the Common Fund Agreement and have since done so. I note that the ICFTU gave a special welcome to what the Summit said on this.

I agree that we must now follow up the Summit by seeking progress across the whole range of subjects of concern to developing and developed countries. We announced before the Summit extra British aid for energy resource planning, as well as in the fields of water supply, agricultural research and population. We are

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taking a full part in the review of quotas in progress in the International Monetary Fund and in the current negotiations for the UN Code of Conduct on Trans-national Corporations; we hope that agreements acceptable to all can be achieved. In this context, I should make clear that we do not regard private investment as an alternative to official development assistance, as you suggest. There is a place for both. But we think it important that developing countries in a position to do so should make every effort to attract private investment, so that official aid can be concentrated more on those poor countries which need it most.

Both your letter and the ICFTU statement attach much weight to starting the Global Negotiations at the UN. We share the same objective. As holders of the Presidency of the Community up to the end of last year, we were active at the General Assembly in seeking ways of launching Global Negotiations, early in 1982, on a basis which all could endorse. We came close to agreement last year and shall continue to do what we can to keep up the momentum.

We are all aware that the developing countries face daunting problems and that great efforts are needed to move things forward. There are no quick solutions and agreement is not easily achieved in these complex economic matters. But I believe that the better understanding of problems of general concern which was achieved at Cancun will help us all in the future.

Yours,
Douglas Hurd.

TRADES UNION CONG

ANNEX B

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YOUR REFERENCE

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DEPARTMENT Economic

January 4 1982

Dear Lord Carrington

The Mexico Summit: International Meeting for
Co-operation and Development

At their recent meeting the General Council considered the outcome of the Mexico Summit held at Cancun in October. The TUC's view was expressed at the November meeting of the National Economic Development Council when the Secretary of State for Industry gave a short report on the Summit. I am taking this opportunity to elaborate on the views expressed at that time, and also to enclose a statement issued by the Executive Board of the International Confederation of Free Trade Unions.

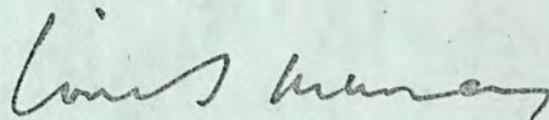
The General Council welcomed the fact that the Summit meeting took place, but expressed strong disappointment over the failure of the Government to make any commitments as a result. The central message of the Brandt Report - that interdependence creates a mutual interest in Third World development - seems to have been acknowledged and then ignored by the Summit participants. Indeed, the Government has failed to respond positively to the Brandt Report's urgent recommendations. It was imperative that the Government should have committed itself in Mexico to a 0.7% of GNP aid target and announced a timetable for achieving this target. A worrying feature is the Government's emphasis on the importance of private investment flows to the Third World as if this is a suitable or acceptable alternative to official development assistance. On many of the other major items on the agenda of the Summit meeting there was an apparent inability by the UK Government to take the initiative.

GENERAL SECRETARY: RT. HON. LIONEL MURRAY OBE DEPUTY GENERAL SECRETARY: NORMAN WILLIS
ASSISTANT GENERAL SECRETARIES: KENNETH GRAHAM OBE AND DAVID LEA OBE

However, the 'success' or 'failure' of the Summit meeting will depend on rapid progress across a whole range of subjects within the North-South dialogue at the United Nations. Follow-up action by the Government must include tangible progress towards reform of the World Bank and International Monetary Fund to reflect more closely the interests of these institutions' 'consumers' as well as of their lenders. Also, every effort needs to be made towards the establishment of an IBRD energy affiliate to promote investments in Third World energy projects as a means of reducing their oil-induced balance of payments difficulties. A start could be made by the UK Government announcing a special package of aid in energy technology. Another important area where little was achieved at Cancun but which requires urgent solution is the problem of international trade and industrial adjustment. The stress on private investment flows as part of the transfer of resources to the Third World reinforces the arguments put forward by trade unions and Third World countries for the speedy and successful conclusion to negotiations on a UN code of conduct on transnational corporations. This code would be a means of guaranteeing TNC activities respond to the needs and aspirations of the communities in which they operate. These are a few of the outstanding issues on which quick progress should be possible.

The TUC, in looking forward to Government action to follow-up the conclusions of the Summit, calls for a massive transfer of resources to increase the effective demand of Third World countries to meet the basic needs of their populations. It is crucially important that the deadlock in the 'global negotiations' is broken since action, both to reduce unemployment and initiate industrialisation, is urgently required. The UK Government has an important role in ensuring the constructive resumption of these negotiations at the United Nations.

Yours sincerely



General Secretary

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INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS

CANCUN: BRAVE WORDS BUT NOT MUCH ACTION

The Cancun Summit could have given a major new impetus to the stagnated North-South dialogue. Unfortunately, the 22 leaders present seem to have missed the opportunity. World-wide poverty and unemployment have worsened to crisis proportions and the people of North and South are looking for concerted international action. Although the meeting was not expected to solve all the problems of the world economy, it could have given its backing to positive proposals which would force the pace of global negotiations within the UN framework. The summary of the meeting given by the co-chairmen is short on specific proposals, and the ICFTU can only conclude that at least some of the leaders present do not yet appreciate the urgency of the problems facing working people all over the world.

On food and agricultural development some proposals to eliminate hunger by increased food production and by emergency food aid were discussed and received support. The Summit participants also seem to have established agreement on the importance of activating the Common Fund on Commodities and new commodity agreements. In contrast differences are more acute on trade, industrialisation, energy and monetary and financial issues. The failure to make progress on the vital issues of the financing needs of developing countries, the role and functioning of the IMF and the World Bank, reducing the damaging high level of interest rates and creating a more stable exchange rate and reserve asset regime, is particularly disappointing. The Summit only briefly touched upon the need to reduce expenditure on armaments. It did not go into the vital question of defining development strategies which meet the Basic Needs of working people. This was a major gap in the agenda at Cancun.

Many of the political leaders present at Cancun believe a better understanding of different points of view was established. We sincerely hope that this will bear fruit in the resumed discussions of the UN General Assembly. However, a considerable amount of work still needs to be done

before a successful agreement on a new international economic and social order can be achieved. The ICFTU and its affiliates mounted a big effort to make the Cancun Summit a positive step in the North-South dialogue, including sending a special high-level delegation to meet President López Portillo. We will continue our efforts and intend to publish a programme for balanced world development in the 1982 World Economic Review. This programme is part of the follow-up to the ICFTU's New Delhi Conference on the Trade Union Role in Development and links up directly with our affiliated organisations' own representations to governments.

President López Portillo and Prime Minister Pierre Trudeau, the co-chairmen at the Summit, said that the meeting had "made clear the political will of all participants at Cancun to move forward and take action". These are brave words. The task of the ICFTU and its affiliates in the future will be to ensure that political leaders live up to them.
