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Foreign and Commonwealth Office

London SW1A 2AH

6 June, 1984

Prime Minister.

A. J. C. G.

Dear John,

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Call by Six Latin American Ambassadors on Sir Crispin Tickell,
Wednesday, 6 June 1984

The Ambassadors of Brazil, Colombia, Ecuador, Mexico, Peru and Venezuela called on Sir Crispin Tickell today to hand over a pre-Summit message from their Presidents (and from the President of Argentina - represented by the Ambassador of Brazil) to the Prime Minister in her capacity as both Head of Government and host of the London Economic Summit. I enclose a copy of the message and a translation, together with the official text of the Joint Declaration of 19 May by the Presidents of Argentina, Brazil, Colombia, and Mexico, which the Ambassadors also handed over.

The Brazilian Ambassador said that copies of the message were being handed over to the Foreign Ministries of other Summit participants in their respective capitals. He hoped that the message would be in the hands of Heads of Government in time for the Summit.

Sir Crispin Tickell offered to brief the Latin American Ambassadors on the outcome of the Summit, probably on 13 June, after the Prime Minister's statement in the House. The Ambassadors welcomed this.

We will advise the Prime Minister after the Summit on whether and, if so, how she might respond to the message. But it is notable for its moderation and concentrates on the need for a constructive dialogue between all concerned in tackling the debt problem. The message underlines the Latin American concern about the effects of interest rates and protectionism. There is no hint of a debtors' cartel.

I am copying this letter, and enclosures, to Richard Hatfield (Cabinet Office) and David Peretz (HM Treasury).

Yours ever,
Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

6th June 1984

UNOFFICIAL TRANSLATION

The Prime Minister,
The Rt. Hon. Margaret Thatcher, MP

We hereby address Your Excellency on the days immediately preceding a new Summit Meeting of the political leaders of the seven main industrialized countries. We are convinced that the situation and perspectives of the Latin American economies, especially in what concerns trade matters, financing and the external debt, should be considered during the discussions to take place in London.

For that purpose, the Quito Declaration and Plan of Action, prepared by the Latin American Economic Conference, were delivered to Her Majesty's Government in due time. On May 19th last, four Latin American Heads of State signed a Declaration which was widely publicized and to which other Latin American Presidents expressed their agreement.

As stated in these documents, Latin America has experienced a severe reduction in its economic activity and is going through an acute financial crisis. During the last three years its real economic product has decreased and so has its per capita income. Social development has consequently deteriorated. An untenable position has now been reached.

The increased interest rates, the difficulties to raise additional financial resources and the strengthening of protectionism are factors which have prevented the benefits of economic recovery in industrialized countries to reach our economies.

Furthermore, this circumstance reduces the possibilities for this recovery to consolidate and to lead to a non-inflationary and sustained expansion.

We would like to stress the Latin American belief that the international community should urgently tackle the problems of the world economy in a coherent and consistent manner, thereby taking into account their interdependence in an attempt to find satisfactory solutions in an interdependent world.

The urgent need for the adoption of concerted action is evident, above all in what concerns indebtedness. It is not possible to imagine that those problems can be sorted out solely through contacts with Banks or through the isolated participation of the

international financial organizations. It is essential that a constructive dialogue between creditor and debtor countries be established so that concrete measures can be taken in order to alleviate the burden of external debt, taking into consideration the interests of all parties concerned.

In accordance with the principles of justice and fairness it is necessary to define a series of policies and measures in the fields of financing, debt and commerce. The establishment of an atmosphere of open cooperation, corresponding to a scheme of shared responsibilities which may express the common interests of the international community, is of paramount importance.

An expression of the political will of the main industrialized countries towards the attainment of such goals would be particularly welcome at this moment.

We avail ourselves of this opportunity to present to Your Excellency the assurances of our highest consideration.

ARGENTINA

Doctor Raul Alfonsin
Presidente de la República Argentina

BRASIL

João Baptista de Oliveira Figueiredo
Presidente da República Federativa do Brasil

COLOMBIA

Doctor Belisario Betancur
Presidente de la República de Colombia

ECUADOR

Oswaldo Hurtado
Presidente Constitucional del Ecuador

MEXICO

Miguel de la Madrid
Presidente Constitucional de los
Estados Unidos Mexicanos

PERU

Arquitecto Fernando Belaunde-Terry
Presidente de la República Peruana

VENEZUELA

Jaime Lusinchi
Presidente de la República de Venezuela

6 de junio de 1984

Excelentísima Señora Primer Ministro:

Nos dirigimos a Vuestra Excelencia en vísperas de una nueva reunión de los líderes políticos de los siete principales países industriales. Estamos convencidos de que la situación y perspectivas de las economías de América Latina, en especial las cuestiones del comercio, el financiamiento y la deuda externa, deberían ser consideradas en las deliberaciones de Londres.

Para contribuir a esta consideración, la declaración y plan de acción de Quito, elaborados por la Conferencia Económica Latino-americana, fueron entregados oportunamente a vuestro Gobierno. El 19 de mayo último, cuatro Jefes de Estado de América Latina emitieron declaración cuyo texto fué ampliamente divulgado. Otros Presidentes latino-americanos han expresado su coincidencia con este planteamiento.

Como se expresa en esos documentos, América Latina ha experimentado una severa reducción de su actividad económica y una aguda crisis financiera. En los últimos tres años ha disminuido el producto real y el ingreso por habitante. Ha tenido que relegarse el desarrollo social. Se ha llegado a una situación difícil de sostener.

Los aumentos en las tasas de interés, las dificultades para obtener recursos financieros adicionales y el fortalecimiento de las acciones proteccionistas, son factores que han impedido que los beneficios de la reactivación en países industrializados alcancen a nuestras economías. Esta circunstancia, a su vez reduce las posibilidades de que la reactivación

se consolide y desemboque en una expansión sostenida y no inflacionaria.

Reiteramos la convicción latino-americana de que es urgente que la comunidad internacional aborde, de manera integrada y coherente, los problemas de la economía mundial, reconociendo las interrelaciones que los vinculan, y encuentre soluciones satisfactorias, en un mundo interdependiente.

La necesidad urgente de adoptar acciones concertadas es evidente, sobre todo, en materia de endeudamiento. No es posible pensar que los problemas puedan resolverse solo a través del contacto con los bancos o con la participación aislada de los organismos financieros internacionales. Se requiere llevar adelante un diálogo constructivo entre países acreedores y deudores, para la identificación de medidas concretas que alivien la carga del endeudamiento externo, teniendo en cuenta los intereses de todas las partes involucradas.

Con arreglo a criterios de justicia y equidad, es preciso definir un conjunto de políticas y acciones integradas en los campos del financiamiento, la deuda y el comercio. Es indispensable establecer un ambiente franco de cooperación, que corresponda a un esquema de responsabilidad compartida y que refleje los intereses del conjunto de la comunidad internacional.

Una manifestación de la voluntad política de los principales países industriales para avanzar hacia la consecución de estos objetivos sería, en estos momentos, particularmente oportuna.

Presentamos a Vuestra Excelencia el testimonio de nuestra más alta consideración.

ARGENTINA

Doctor Raul Alfonsin
Presidente de la República Argentina

BRASIL

João Baptista de Oliveira Figueiredo
Presidente da República Federativa do Brasil

COLOMBIA

Doctor Belisario Betancur
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Arquitecto Fernando Belaunde-Terry
Presidente de la República Peruana

VENEZUELA

Jaime Lusinchi
Presidente de la República de Venezuela

Joint Declaration by the Presidents of Argentina,
Brazil, Colombia and Mexico (May 19, 1984)

UNNOFFICIAL TRANSLATION

We, the Presidents Raul Alfonsin of Argentina, João Figueiredo of Brazil, Belisario Betancur of Colombia and Miguel de la Madrid of Mexico, express our concern over the fact that the aspiration of our peoples for development, the progress of democratic trends in the region and the economic security of our Continent are being seriously affected by external factors beyond the control of our Governments.

We note that successive increases in interest rates, the prospect of new increases, and the proliferation and intensity of protectionist measures have created a sombre panorama for our countries and for the region as a whole.

Our countries cannot indefinitely accept these risks. We have expressed our firm determination to overcome the disequilibriums and to re-establish the conditions for the resumption of economic growth and the process of raising the standard of living of our peoples.

We were the first to demonstrate our diligence in fulfilling our financial commitments in ways compatible with the interests of the international community. We do not accept being pressed into a situation of forced bankruptcy and of prolonged economic paralysis.

We consider indispensable that the international community initiates, without delay, a concerted effort which would permit a resolution of these problems, particularly in the interrelated sectors of international commerce and finance.

In consequence, we, the Presidents, propose the adoption of concrete measures in order to promote substantial changes in international financial and commercial policies, which would enlarge the possibilities of access for our countries' products to the markets of the developed countries, represent a substantial and effective relief from the weight of indebtedness, and ensure renewed financial flows to development.

In particular, adequate amortization and grace periods, and a reduction in interest rates, margins, commissions and other financial charges must be obtained.

In view of the above, we are calling a meeting of Foreign Ministers and Ministers responsible for the Finances of our countries, to be held as soon as possible, and to which Ministers from other Latin American countries will be invited, aimed at defining the most proper initiatives and means of action with a view towards reaching solutions satisfactory to all interested parties.