

CONFIDENTIAL

SUBJECT



Rile

Sub

Castaneda

Mexico

10 DOWNING STREET

From the Private Secretary

10 March 1981

Dear Rhodrie,

CALL BY THE MEXICAN FOREIGN MINISTER

The Mexican Foreign Minister, Senor Jorge Castaneda called on the Prime Minister yesterday afternoon. He was accompanied by the Mexican Ambassador and an official. Mr. Ure was also present.

The Prime Minister said that she had been very struck during her visit to Washington by the close rapport which President Reagan felt he had established with President Portillo. The relationship was evidently very warm. In the Prime Minister's view this was an important development. Senor Castaneda said that he was delighted to hear this.

Belize

The Prime Minister referred, briefly, to the talks at present in progress in London between representatives of the Governments of Guatemala and Belize. She thought these were going well. Senor Castaneda expressed the hope that progress would be made.

El Salvador

In response to a question from the Prime Minister, Senor Castaneda said that the best hope of resolving the situation in El Salvador would lie in a Zimbabwe-type solution. There would have to be some kind of broad based meeting of national reconciliation under the auspices of a great power, such as the United States, or group of powers. The object of involving other Governments would be to guarantee whatever agreement was reached between the internal parties. No military victory would be permanent. It would merely prolong the agony of the people of El Salvador. The Prime Minister pointed out that HMG's position vis à vis Rhodesia had been different from that which any Government had vis à vis El Salvador. El Salvador was an independent country. It would not be easy for others, except perhaps a near neighbour, to take a role. Who did Senor Castaneda have in mind? Would Mexico be prepared to play a role? Senor Castaneda said that the guerrillas trusted the Mexican Government but the junta did not. Powers other than Mexico who might be involved in a conference included Venezuela and the United States. It was also conceivable that some European political parties could have a role to play.

/On the situation

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On the situation inside El Salvador, Senor Castaneda said that the present regime's plans for land reform were not well conceived and were on an inadequate scale. The Duarte Government did not have the authority or the ability to carry through agricultural reform or to take over the administration of the main enterprises. Moreover, the idea that reform should wait until the guerrillas had been defeated was misconceived. Basic social reforms would only be carried out under pressure.

North/South Summit

The Prime Minister said that President Reagan, having been concentrating on domestic economic issues was now settling down to review foreign policy issues. This might take him some time. It might therefore be sensible to envisage postponing the North/South Summit in order to make it easier for President Reagan to attend. It was important that he should be present. Senor Castaneda said that he hoped President Reagan would not allow the matters that were urgent to be given absolute priority over matters that were important. The President had told President Portillo that he wanted to attend the North/South Summit but that it would be easier for him to come if the meeting were held later. The Mexican Government did not mind a postponement for one or two months. But they thought that it might complicate matters if the meeting were held after the Ottawa Summit. There was a risk that at Ottawa the industrialised countries would prepare a co-ordinated position. This would be an invitation to the developing countries to do the same. The North/South Summit might then develop into a confrontation.

On participation, Senor Castaneda said that the Soviet Union had so far failed to respond to Chancellor Kreisky's approach. It therefore seemed unlikely that they would attend. If so, no invitation would be extended to China.

The Prime Minister asked if there would be a structured agenda at the meeting. Senor Castaneda said that it was envisaged that only terms of reference would be provided. The Summit would be an occasion for an exchange of views rather than negotiation. The aim would be to establish in general terms how far countries were prepared to go to meet the needs of others. The Prime Minister welcomed this approach. The value of the occasion would lie in the opportunity provided for leaders to meet each other. It would be important to handle the press carefully in order that excessive expectations were not aroused.

At the end of the meeting, after a brief discussion about the Mexican economy, Senor Castaneda asked the Prime Minister whether it would not be possible for her to stay on in Mexico for a few days after the Summit. The Prime Minister thanked him for the invitation and explained the difficulties she would encounter in extending her absence from the country while Parliament was in session.

*Yours ever*

*Michael Alexander*