

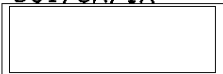
Sanitized Copy Approved for Release 2011/07/27 : CIA-RDP85-01156R000200220017-4

HR
NIO/Econ

Sanitized Copy Approved for Release 2011/07/27 : CIA-RDP85-01156R000200220017-4

Copied to:

DCI/SA/IA



URA
OGI

D/OALA
NIO/LA

25X1

25X1

EXECUTIVE SECRETARIAT
Routing Slip

TO:		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR				
4	D/ICS				
5	DDI				
6	DDA				
7	DDO				
8	DDS&T				
9	Cm/NIC		/		
10	GC				
11	IG				
12	Compt				
13	D/EEO				
14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA				
18	AO/DCI				
19	C/IPD/OIS				
20					
21					
22					
		SUSPENSE		Date	

Remarks:

D) Executive Secretary
7/1/83
Date

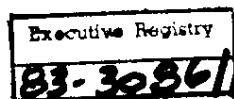
25X1



OFFICE OF THE SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

June 30, 1983



UNCLASSIFIED

(With Confidential Attachment)

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF THE INTERIOR
THE SECRETARY OF ENERGY
THE ATTORNEY GENERAL
THE DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
CHAIRMAN, COUNCIL OF ECONOMIC ADVISORS
ASSISTANT TO THE PRESIDENT FOR
NATIONAL SECURITY AFFAIRS
ASSISTANT TO THE PRESIDENT FOR POLICY DEVELOPMENT
UNITED STATES TRADE REPRESENTATIVE
✓ DIRECTOR OF CENTRAL INTELLIGENCE
DIRECTOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

SUBJECT Senior Interdepartmental Group on International
Economic Policy (SIG-IEP)

Attached are the minutes of the SIG-IEP meeting held on
June 17th.


David E. Pickford
Executive Secretary

Attachment

UNCLASSIFIED
(With Confidential Attachment)



~~CONFIDENTIAL~~

SENIOR INTERDEPARTMENTAL GROUP - INTERNATIONAL ECONOMIC POLICY

June 17, 1983
3:00 p.m.
Roosevelt Room

Attendees:

Treasury
Secretary Regan
Beryl Sprinkel
Marc Leland

Justice
Jonathan Rose
J. Michael Shepherd

Office of the Vice President
G. Philip Hughes

AID
Peter McPherson

State
W. Allen Wallis
Elinor Constable

CIA



USTR
Ambassador Brock
Harvey Bale

Defense
James Blaker
Donald Goldstein

OMB
Alton Keel

Agriculture
Secretary Block

OPD
Roger B. Porter

Commerce
Lionel Olmer
Albert Kingon

CEA
William A. Niskanen
Christopher Ballinger

Interior
Secretary Watt

Energy
George Bradley

NSC
Norman Bailey, Executive Secretary
Roger Robinson
William F. Martin

Williamsburg Summit

The Chairman asked Under Secretary Wallis to review the highlights of the Williamsburg Summit. Mr. Wallis noted that almost everyone at the SIG knew of the tremendous success of the President. Williamsburg was a demonstration of allied unity on both economic and security matters. The President's personal abilities contributed greatly to the success. The Under Secretary also called attention to the importance of the "interrelatedness" theme, noting that the issues of trade, debt and finance are clearly linked. The Finance Minister's statement (annexed to the Williamsburg Declaration) was also an important contribution which provides impetus to the necessary follow-up work, particularly in the area of seeking greater convergence of domestic economies -- the only lasting solution to exchange rate fluctuations.

~~CONFIDENTIAL~~

DECLASSIFY: OADR

CONFIDENTIAL

2

International Investment Policy Statement

The Chairman then asked the SIG-IEP to consider the draft text of U.S. International Investment Policy. Investment plays a vital and expanding role in the world economy. To ensure its maximum contribution to both global and domestic well-being, the United States believes that international direct investment flows should be determined by private market forces and should receive nondiscriminatory treatment consistent with the national treatment principle. After a discussion of some of the unresolved language, the SIG-IEP adopted the statement. The Chairman asked Roger Porter to talk with White House officials as to the best means for release of the statement and to coordinate with Marc Leland. The possibility of including mention of it in a Presidential speech was suggested.

International Debt

The Chairman asked Under Secretary Sprinkel to provide an update on the debt situation in a number of key foreign countries. Highlights of the presentation:

Brazil. In response to the suspension of drawings under its IMF program, Brazil has undertaken further adjustment measures to reduce inflation and the budget deficit. Negotiations with the IMF on resuming drawings will likely be protracted and difficult, and, while financial markets have remained relatively calm so far, Brazil's financial situation could deteriorate rapidly without some clear progress with the IMF by end-June. Brazil also needs to obtain an additional \$3 billion of bank financing for 1983 and to begin lining up funding for 1984.

Poland. The Paris Club has requested by end-June a clarification of Polish data submitted in March. A working group will review the reply and report to an end-July meeting. At that meeting we expect other creditors will decide to re-open rescheduling negotiations. The outcome of the Pope's visit is important to the U.S. position, but less so for other creditors. In the meanwhile, Poland has asked Western banks, and indirectly governments, to reschedule all outstanding debt for 20 years with an 8 year grace period; banks indicated this was unacceptable.

Argentina. There has been progress in Argentine discussions with banks on the rescheduling of maturing loans and on a \$1.5 billion medium-term facility, but final agreement will be delayed at least until early July. Argentina has also relaxed its restrictions on profit and dividend payments by some U.K. firms in Argentina.

Chile. Chile's restructuring of its debt to foreign banks is proceeding smoothly. Additionally, banks have committed more than 90 percent of a new \$1.3 billion medium-term facility, and a \$1.2 billion short-term trade facility is overcommitted.

CONFIDENTIAL

CONFIDENTIAL

3

Mexico. Mexico is in compliance with its IMF program, and made its second drawing of \$325 million on May 31. New commercial bank financing is proceeding; a restructuring of \$20 billion of public sector debt to commercial banks falling due by end-1984 will probably be completed by August; and a rescheduling of private sector debt to foreign official creditors should be completed during the week of June 21. The balance of payments situation has improved dramatically, although the domestic economy continues to be an area of concern.

Peru. Peru's restructuring of debt to foreign banks is also proceeding satisfactorily, and a Paris Club rescheduling is set for July 25-26.

Venezuela. The 13-bank Advisory Committee has agreed to request a 90-day extension of the moratorium on public sector principal payments, to end-September. Venezuela is now requesting a restructuring of \$2.6 billion of debt maturing in 1984, in addition to \$13.7 billion falling due this year. The bank Advisory Committee and Venezuela differ on the adequacy of adjustment efforts and the need for an IMF program; Venezuela hoped to resolve this by obtaining a \$1.4 billion CFF from the IMF for oil export shortfalls, but Treasury has advised Venezuela that such a CFF would raise major problems and face the possibility of rejection by the IMF Executive Board.

Nigeria. Reports that Nigeria has agreed on a rescheduling of short-term bank debt are erroneous. In addition, negotiations with the IMF are not yet underway.

Yugoslavia. Yugoslavian representatives continue to meet with the international bank coordinating committee to resolve technical problems which were holding up the bank portion of the financial assistance package. We hope an agreement will be reached shortly.

CONFIDENTIAL