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2009-0275-S

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2009-0275-S

FOIA MARKER

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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Scowcroft, Brent, Collection
Series: Latin American Files
Subseries: Economic Chronological Files

OA/ID Number: 91139
Folder ID Number: 91139-002

Folder Title:
Latin America - Economics (July - October 1989)

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	5	4

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Memo	William T. Pryce and Timothy E. Deal to Brent Scowcroft Re: Your Meeting with New Argentine Foreign Minister Domingo Cavallo (2 pp.)	7/20/89	(b)(1)	✓
01b. Talking Points	Re: Points To Be Made for Meeting with Domingo Cavallo (3 pp.)	n.d.	(b)(1)	✓
01c. Report	Re: Biography (1 pp.)	6/29/89	(b)(1)	
02a. Memo	Timothy E. Deal to Brent Scowcroft Re: International Debt (2 pp.)	7/21/89	(b)(1)	✓
02b. Memo	[Eric] Melby to [Timothy] Deal Re: FYI (1 pp.)	7/21/89	(b)(1)	✓
03a. Letter	President Carlos Andres Perez to President Bush [Unofficial Translation] (2 pp.)	8/30/89	(b)(1)	
03b. Letter	President Carlos Andres Perez to President Bush [Spanish] (2 pp.)	8/30/89	(b)(1)	
04. Cable	American Embassy Guatemala to Secretary of State Washington DC Re: President Cerezo's Letter to the President Supporting His Fight Against Narcotics (2 pp.)	9/14/89	(b)(1)	

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Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Latin American Files
Subseries: Economic Chronological Files
WHORM Cat.:
File Location: Latin America - Economics (July - October 1989)

Pinksheet Number: cap1155
OA/ID Number: 91139-002
Date Closed: 5/14/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
05a. Outline	Re: Meeting with Uruguayan President Julio Maria Sanguinetti (2 pp.)	9/14/89	(b)(1)	S
05b. Talking Points	Re: Points To Be Made for Meeting with Uruguayan President Julio Maria Sanguinetti (2 pp.)	n.d.	(b)(1)	C
05c. Report	Re: Julio Maria Sanguinetti Coirolo [FOIA RESTRICTIONS REDACTED] (2 pp.)	1/25/89	(b)(1), (b)(3)	C
05d. Report	Re: Luis Angel Barrios Tassano [FOIA exemptions redacted] (1 pp.)	7/19/88	(b)(1), (b)(3)	S
05e. Memo	William T. Pryce to Brent Scowcroft Re: Presidential Meeting with Uruguayan President Julio Sanguinetti: September 15, 1989; Oval Office; 3:00 - 3:30 p.m. (1 pp.)	9/13/89	(b)(1)	S
05f. Outline	Re: Meeting with Uruguayan President Julio Maria Sanguinetti (2 pp.)	9/15/89	(b)(1)	S
05g. Talking Points	Re: Page 2 (1 pp.)	n.d.	(b)(1)	C
06a. Profile Sheet	Beers and Miller to Hughes Re: [Classified Subject] (1 pp.)	9/20/89	(b)(1)	C
06b. Memo	R. Rand Beers to G. Philip Hughes Re: Memorandum of Telephone Conversation... (1 pp.)	9/25/89	(b)(1)	C

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
06c. Telcon	Re: Memorandum of Telephone Conversation (4 pp.)	9/5/89	(b)(1)	S
07a. Outline	Re: Meeting with Argentine President Carlos Menem (3 pp.)	9/27/89	(b)(1)	S
07b. Talking Points	Re: Points To Be Made for Meeting with Argentine President Carlos Menem (4 pp.)	n.d.	(b)(1)	S
07c. Report	Re: Biography (1 pp.)	n.d.	(b)(1)	S
07d. Memo	William T. Pryce to Brent Scowcroft Re: Presidential Meeting with Argentine President Carlos Menem; September 27, 1989; Oval Office; 11:35 a.m. (1 pp.)	9/25/89	(b)(1)	S
07e. Memo	White House Situation Room to [William] Pryce Re: Menem and Argentina: The First 100 Days (5 pp.)	9/19/89	(b)(1)	S
07f. Memo	William T. Pryce to Brent Scowcroft Re: Presidential Meeting with Argentine President Carlos Menem; September 27, 1989; Oval Office; 11:35 a.m. (1 pp.)	9/25/89	(b)(1)	S
07g. Outline	Re: Meeting with Argentine President Carlos Menem [redacted] (3 pp.)	9/27/89	(b)(1)	S
07h. Talking Points	Re: Points To Be Made for Meeting with Argentine President Carlos Menem [redacted] (4 pp.)	n.d.	(b)(1)	S

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
07i. Talking Points	Re: Points To Be Made for Meeting with Argentine President Carlos Menem [redacted] (5 pp.)	n.d.	(b)(1)	S
07j. Report	Re: Biography (2 pp.)	9/19/89	(b)(1)	S
07k. Memo	White House Situation Room to [William] Pryce Re: Menem and Argentina: The First 100 Days (5 pp.)	9/19/89	(b)(1)	S
08a. Outline	Re: Meeting with Mexican President Carlos Salinas de Gortari (2 pp.)	9/30/89	(b)(1)	S
08b. Talking Points	Re: Points To Be Made for Meeting with Mexican President Carlos Salinas de Gortari (9 pp.)	n.d.	(b)(1)	S
08c. Talking Points	Re: Points To Be Made for Meeting with Mexican President Carlos Salinas de Gortari (7 pp.)	n.d.	(b)(1)	S
08d. Report	Re: Biography (2 pp.)	8/1/89	(b)(1)	S
08e. Report	Re: Biography (1 pp.)	9/20/89	(b)(1)	C
08f. Memo	James A. Baker, III to POTUS Re: State Visit of Mexican President Carlos Salinas de Gortari (4 pp.)	9/28/89	(b)(1)	C

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Collection:

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
08g. Memo	William T. Pryce to Brent Scowcroft Re: Meeting with Mexican President Carlos Salinas de Gortari (1 pp.)	9/29/89	(b)(1)	S
09a. Letter	Robert M. Gates to John H. Costello (1 pp.)	10/16/89	(b)(1)	
09b. Memo	David A. Pacelli to Robert M. Gates Re: Reply to Letters on Mexico's Foreign Debt from the Citizens Network for Foreign Affairs (1 pp.)	10/12/89	(b)(1)	C
09c. Letter	John H. Costello to Robert M. Gates (1 pp.)	7/20/89	(b)(1)	
09d. Letter	John H. Costello to Brent Scowcroft (1 pp.)	7/14/89	(b)(1)	

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Record Group: Bush Presidential Records
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Re-review Case #:
P-2/P-5 Review Case #:

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~~CONFIDENTIAL~~

5706

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

CHRON FILE

July 20, 1989

Natl Sec Advisor
has seen

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: EVERETT ELLIS BRIGGS *EEB*

FROM: WILLIAM T. PRYCE *WTP*
TIMOTHY E. DEAL *TED*

SUBJECT: Your Meeting with New Argentine Foreign Minister
Domingo Cavallo

You have agreed to meet with the new Argentine Foreign Minister, Domingo Cavallo. His main purpose in seeing you will be to emphasize Argentina's need for help with its debt problem. We want to underscore the importance of persevering with the tough new economic reforms underway, to reaffirm our position on Panama (Argentina was mildly supportive in their statement at the OAS today), and to air our concerns on both the Falklands and proliferation issues.

The Argentine economy is in bad shape due to years of economic mismanagement and a reluctance to take the necessary steps to put the economy on a stronger footing. Under Alfonsin, Argentina experienced hyper-inflation, slumping investment, slow growth, and massive capital flight. Its total foreign debt is \$58 billion, which represents 74% of GNP.

Menem has introduced a new economic program which has impressed a World Bank team and others, including the U.S. Treasury. Cavallo met Brady on July 19 and underscored the Menem government's commitment to a tough reform program involving major restructuring of the state's role in the economy along with a drastic reduction in the public sector deficit. The government concluded a price pact with business leaders on July 17, which aims to maintain prices for industrial products at mid-July levels for 90 days. The Argentines also devalued their currency and raised gasoline prices seven-fold.

The Menem government claims to be confident of reaching agreement with the IMF on a letter of intent by mid-August, the first step to a formal stand-by agreement. Treasury will sympathetically consider a bridge loan once a letter of intent is signed.

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2001-2528-F11
21 9/7/12

Cavallo will be accompanied by Argentine Ambassador to the U.S. Enrique Candiotti, Ambassador Designate to the U.S. Guido Di Tella, Secretary for Multilateral and Special Affairs Mario Campora, Secretary for Latin American Affairs Raul Carignano. Ted Briggs and perhaps Bernie Aronson will be with you.

Cavallo has seen Secretaries Baker and Brady and Vice President Quayle.

Attachments

Tab I Points to be Made

Tab II Biography

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Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01b. Talking Points	Re: Points To Be Made for Meeting with Domingo Cavallo (3 pp.)	n.d.	(b)(1)	C

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Latin American Files
Subseries: Economic Chronological Files
WHORM Cat.:
File Location: Latin America - Economics (July - October 1989)

Document Partially Declassified
(Copy of Document Follows)
 By 31 on 11/21/13

Date Closed:	5/14/2009	OA/ID Number:	91139-002
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:	2001-2588-F/1(107.01)	MR Case #:	
AR Disposition:	Released in Part	MR Disposition:	
AR Disposition Date:	9/7/2012	MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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5706

POINTS TO BE MADE FOR MEETING WITH
DOMINGO CAVALLO

Economic Measures

- We are encouraged by your government's announced plans to stabilize the economy. But you need to come to terms soon with the IMF and the commercial banks if Argentina is to regain its international financial standing.
- It is essential that the Menem government move ahead with plans to reduce the public sector's claim on Argentine resources.
- (If asked) As Secretary Brady has said, we are prepared to offer you a bridge loan once you have signed a letter of intent with the IMF.

Relations with the Military

- How do you see relations with the military evolving in the near future? What moves might President Menem consider in this area?

Panama

- We hope that Argentina will become more active supporting OAS efforts on Panama. And that Argentina will do what it can bilaterally, perhaps through military channels, to encourage Noriega's departure.
- How do you view the Panamanian situation?

Falklands/Malvinas/UK

- We are encouraged by President Menem's commitment to seek progress on Argentina's claim to the Malvinas through peaceful, diplomatic means.

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2001-2588-F/1

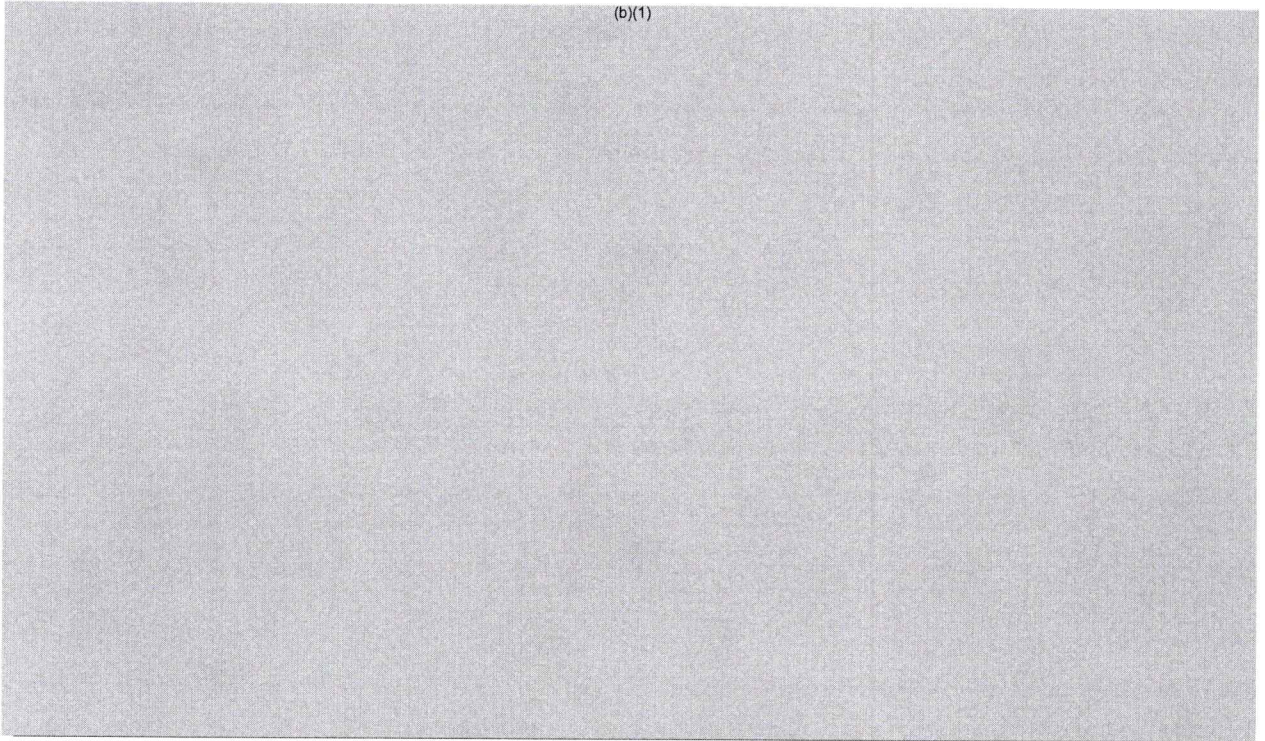
24 9/7/12

~~CONFIDENTIAL~~

2

~~CONFIDENTIAL~~

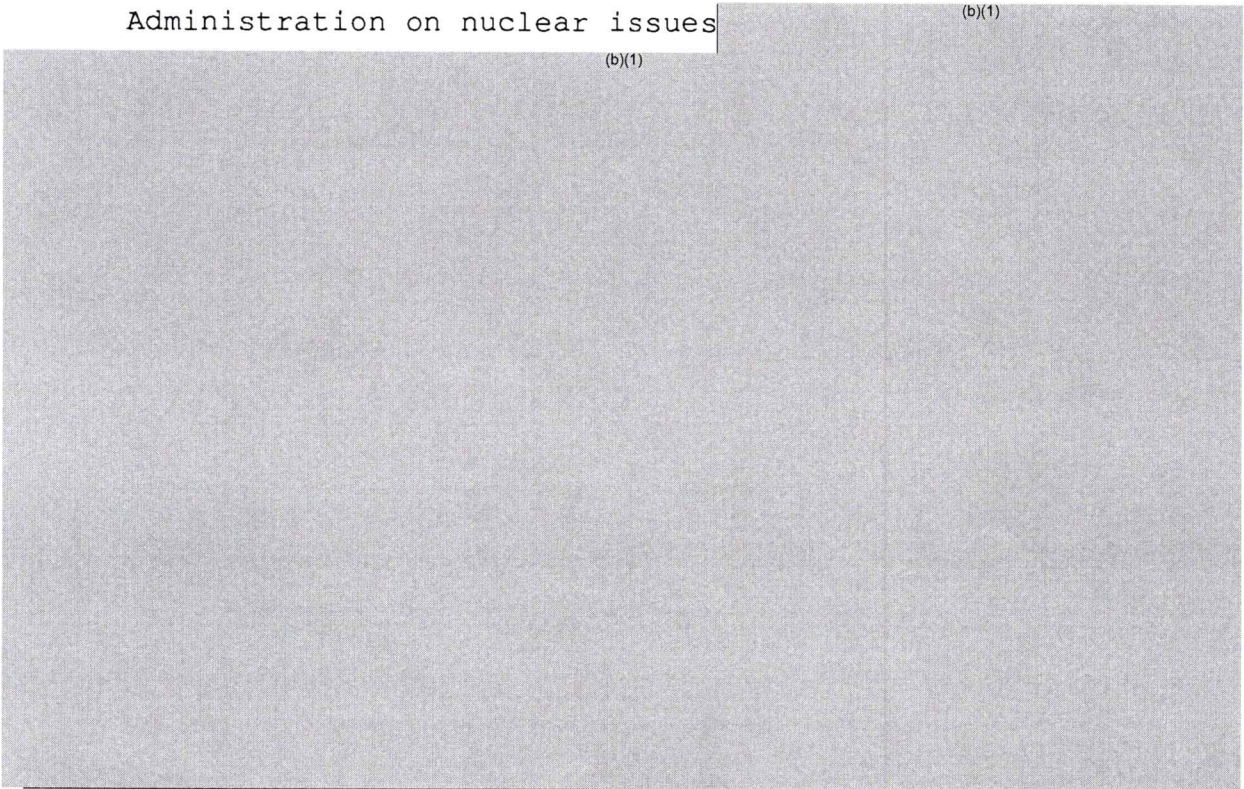
(b)(1)



Nuclear and Missile Technology

-- The U.S. maintained a positive dialogue with the Alfonsin Administration on nuclear issues

(b)(1)



(b)(1)

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~~CONFIDENTIAL~~

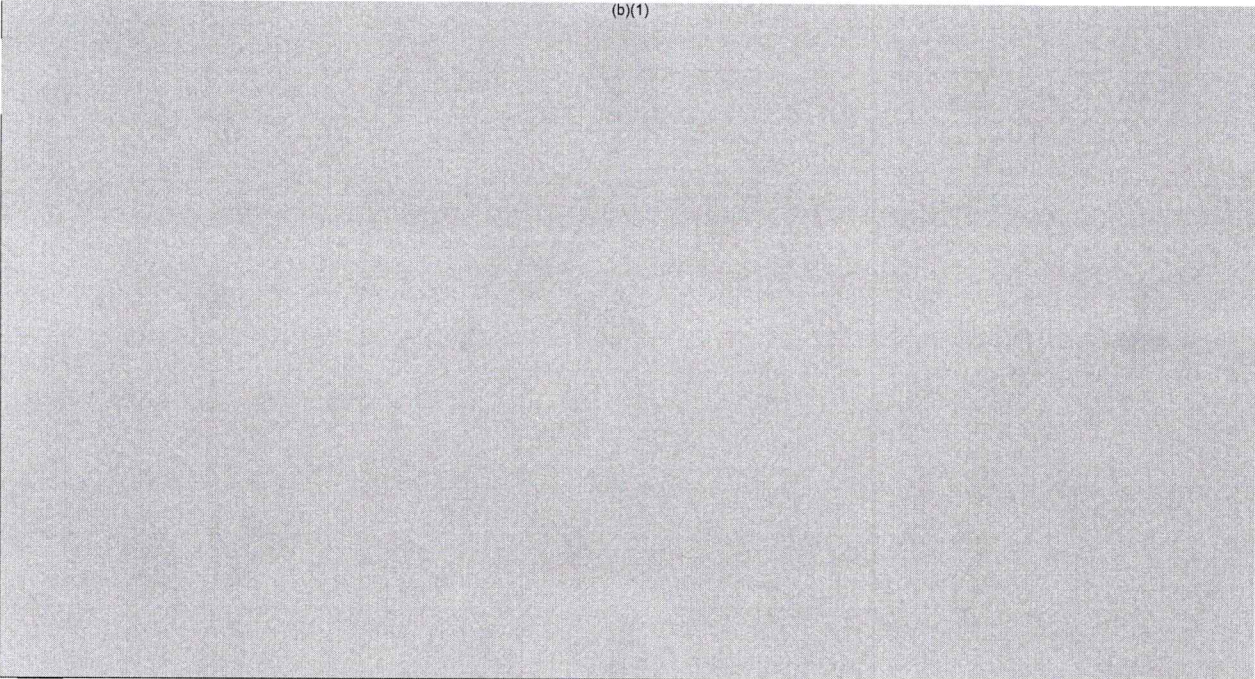
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3

~~CONFIDENTIAL~~

-- We hope you will continue to require IAEA safeguards on all your nuclear exports. This policy adopted by the Argentine Government has made a significant contribution to the global non-proliferation regime.

(b)(1)



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Domingo Felipe CAVALLO
(Phonetic: cahVAHyo)

ARGENTINA

Minister of Foreign Affairs - Designate

Addressed as: Mr. Cavallo

Domingo Cavallo is a respected liberal economist and deputy from Córdoba Province who has supported the Peronist program in Congress. Although not a Peronist Party member, he was an influential campaign adviser to President-elect Carlos Menem.

Cavallo has not yet presented specific proposals for debt relief, but he has said that before such measures can be broached with creditors, Argentina must establish a restructuring program for its economy. He advocates adopting an orthodox austerity program to deal with hyperinflation. He favors strong action to reduce the government deficit, in part through tax reform.



Cavallo says he will concentrate on foreign policy matters of direct importance to Argentina. For example, he supports closer relations with neighboring countries and regional economic integration. He has stated publicly that he will not allow Central America or Panama to become central themes of Argentina's foreign policy. He has also said that he hopes Buenos Aires' insistence on sovereignty over the Falkland Islands will not impede Argentina's improving economic relations with Europe.

Cavallo was born around 1945. He holds a doctorate in economic sciences from the National University of Córdoba and has done postgraduate work at Harvard. During the 1970s he served in the government of Córdoba Province and was vice president of two banks in that region. During the presidency of Gen. Roberto Viola (April-December 1981), Cavallo was an under secretary in charge of provincial budgets in the Ministry of Interior and worked with then Interior Minister Horacio Liendo. In 1977 he helped found the Mediterranean, an influential research and consulting firm. When Liendo took over as Acting President, Cavallo helped devise a package of economic reforms that was adopted in December 1981. During July-August 1982 he was president of the Central Bank. He subsequently worked as a teacher and researcher and published many well-received economic studies. He was elected a federal deputy in 1987.

Cavallo speaks English. Married, he has three children.

29 June 1989

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CHRON FILE

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2009-1114-MR
28 12/11/15

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

July 21, 1989

Natl Sec Advisor
has seen

Good M. [signature]
[signature]

2

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

FROM: TIMOTHY E. DEAL *[signature]*

SUBJECT: International Debt

This was a bad week for the Brady plan. One of our banker contacts said that the plan "had crashed and was burning." Bankers' hyperbole certainly, but there is no doubt that the negotiations with Mexico have taken a turn for the worse. A recent CIA study concluded that if the Mexicans do not obtain significant debt relief soon, they will likely declare a moratorium on commercial debt payments. Venezuela and Brazil could quickly follow suit. Such action could cause insolvency problems for several major U.S. banks which, the CIA notes, ". . . might prompt the Federal Reserve Bank to intervene -- at sizable cost to the U.S. Government -- to stabilize the banking system."

I have asked Treasury to call another PCC meeting on international debt next week to take stock of what appears to be a deteriorating situation. In the meantime, here is a status report on the key negotiations:

Mexico

The Mexican delegation suspended negotiations with the Bank Advisory Committee late on July 20. The talks broke down over the bankers' demand for a "claw back" provision that would allow them to recoup some of their losses from implementation of any debt reduction scheme. The key element would be the real price for oil (i.e., discounted for normal inflation). If real oil prices rose above 1989 levels, then Mexico would have to compensate the banks for losses taken through debt reduction or debt service (interest) reduction. Mexico would make no such payments before 1996, and there would be an annual ceiling on those payments. This is an important issue of principle for some banks, but the Mexicans won't buy it -- at least not yet.

The talks ended amicably, but our source believes that Mexico may be moving closer to declaring a moratorium on debt payments which would, of course, set back the negotiating process for months and send tremors through the financial community.

The message from Negroponte at Tab I summarizes the Mexican Government's belief that the bankers' committee has caused the

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impasse and that bank chairmen should become more deeply involved. However, our source claims that the chairmen are playing an active, behind-the-scenes role in the negotiations, and the committee's positions accurately reflect their views.

Brazil

Brazil's Deputy Finance Minister and a high level Brazilian team are in New York today. There is a good chance that the Brazilians came to the U.S. to inform the banks of their intention to declare a moratorium on commercial debt. If this were to occur in conjunction with a similar announcement by Mexico, our debt strategy would be finished and we might face a situation similar to 1982.

Venezuela

The Venezuelans and commercial banks had what our source termed a very confrontational meeting this week and made no headway. The Venezuelan-picked chairman of the Bank Advisory Committee, Chase Manhattan, gave the Venezuelans a blunt message: we will be glad to talk to you when you are reasonable.

Philippines

The only positive news involved the Philippines. The banks and GOP agreed to begin negotiations on August 8. The bankers envision an approach to these negotiations that is totally different than that with Mexico. The banks will offer only new money. The IMF and World Bank will have to provide the funds for any debt reduction. The bankers suggested to the Philippines that "it would be wise to keep an ocean between them and the Latin Americans" and bask in the Asian limelight. The key issue in these negotiations will be the amount of new money deemed necessary by the GOP. The Filipinos want \$1.7 billion over two years. The banks claim that Philippine needs are substantially less. Still, the bankers are confident they can reach agreement with the Philippines so long as the two sides avoid the "disastrous example" of the Mexican negotiations.

Attachment

Tab I Cable from Negroponte

cc: Everett Briggs
Douglas Paal

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NATIONAL SECURITY COUNCIL

21-Jul-1989 08:15 EDT

MEMORANDUM FOR:

DEAL

FROM: VMS MAIL user MELBY
(MELBY@OEOB@MRGATE)

SUBJECT: FYI

<PREC> IMMEDIATE<CLAS> ~~CONFIDENTIAL~~<DTG> 202146Z JUL 89
<ORIG>FM AMEMBASSY MEXICO
<SUBJ>SUBJECT: STATUS OF DEBT NEGOTIATIONS; GOM THREATENS TO
- SUSPEND TALKS WITH BANK ADVISORY COMMITTEE
PRESIDENT SALINAS' CHIEF OF STAFF, DR. JOSE CORDOBA
MONTROYA, TOLD AMBASSADOR AND DCM MID-AFTERNOON ON JULY

<TEXT>

~~CONFIDENTIAL~~ MEXICO 18573
E.O. 12356: DECL:OADR
TAGS: EFIN, PREL, MX
SUBJECT: STATUS OF DEBT NEGOTIATIONS; GOM THREATENS TO
- SUSPEND TALKS WITH BANK ADVISORY COMMITTEE
PRESIDENT SALINAS' CHIEF OF STAFF, DR. JOSE CORDOBA
MONTROYA, TOLD AMBASSADOR AND DCM MID-AFTERNOON ON JULY
20 THAT GOM WILL SUSPEND NEGOTIATIONS WITH BANK ADVISORY
COMMITTEE TODAY BECAUSE COMMITTEE HAS HARDENED POSITION
PREVIOUSLY AGREED TO BY BANK CHAIRMEN. ACCORDING TO
CORDOBA, COMMITTEE HAS REVISED ITS POSITION ON RECAPTURE
PROVISION, IN EFFECT ASKING FOR 50 PER CENT RECAPTURE
INSTEAD OF 40 PER CENT AND CHANGING THE BASE YEAR FROM
1989 TO 1988. CORDOBA NOTED THAT PARTIES ARE NOW
FURTHER APART THAN LAST TUESDAY AND THAT FINANCIAL
MARKETS IN MEXICO ARE BEGINNING TO REACT TO PERCEIVED
LOSS OF MOMENTUM. PRESIDENT SALINAS HAS DECIDED THAT
GOM WILL NOW NEGOTIATE ONLY WITH BANK CHAIRMEN AND HE
WANTS TO FINALIZE AN ARRANGEMENT THIS WEEKEND.
SECRETARY ASPE WILL BE STANDING BY IN MEXICO CITY TO GO
TO NEW YORK TO MEET WITH CHAIRMEN. CORDOBA STATED THAT
SECRETARY BRADY HAD TOLD ASPE HE AGREES THAT GOM MUST
NOW DEAL WITH CHAIRMEN.
NEGROPONTE##

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2009-1114-MR
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THE WHITE HOUSE
WASHINGTON

August 4, 1989

NOTE FOR JIM CICCONI

FROM: G. Philip Hughes *Philip*
SUBJECT: Conservative Digest
Interview

Attached please find a new revised answer to question #8, concerning Latin America policy, for the President's Conservative Digest interview. The new response has been approved by Bob Gates. Please ensure that it is incorporated at the appropriate place in the interview.

Also, please find attached a further edit to the interview question #6 by Brent Scowcroft. In response to your note to Florence Gantt, Brent has reviewed the package as the President requested and this was his only further change.

Attachment

Tab I Revised Answer to Question #8
Tab II Edit to Question #6

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Far from ignoring Latin America, we have been concentrating much time and our best talent on addressing issues of key importance to us all: strengthening democracy, economic recovery, and drug control.

Despite the terrible debt facing many Latin countries, with our active encouragement they are increasingly taking the hard steps needed to start on the road to recovery. Argentina, Mexico and Venezuela are three good examples. Mexico's recently-concluded successful negotiations with creditor banks - in which the U.S. played a strongly supportive role through our Brady Plan - may well become a model for others.

Free, open market economies like our own are rapidly overtaking outdated systems of state control throughout the region. Chile and Bolivia have made great strides, as has Uruguay. The failure of state socialism is nowhere more apparent than in the shambles caused to the economies of Cuba and Sandinista Nicaragua, by Marxist political and economic mismanagement.

The Bipartisan Accord on Central America - a new approach that has full Congressional backing and on which Secretary of State Baker has spent more time than on any other single issue has focussed attention squarely where it should be: on the need for the Sandinistas to live up to their international commitments to allow free elections in Nicaragua next February.

We have enthusiastically endorsed the forthcoming democratic elections in Chile, and I plan to attend a special meeting of Chiefs of State in San Jose, Costa Rica, in October, where we'll celebrate the 100th anniversary of democracy in that model Central American nation. I'll also be continuing my intensive program of bilateral meetings with Hemispheric leaders in Washington.

We are working hard at securing the departure of Panama's dictator, Noriega. The entire Hemisphere has joined in seeking a democratic solution in Panama, through the OAS.

Finally, we are stepping up the attack on drug trafficking, through some far-reaching new programs that will target major drug centers and traffickers and produce the progress on drug control all America wants.

UNCLASSIFIED

6. For many conservatives, the agony of Central America has too long been portrayed as though the suffering had been made in the USA. The problem in Central America is massive Soviet military and economic assistance to the Sandinistas, and through them, to other insurrectionary movements in the region. What is your administration doing to induce the Soviets to stop their massive meddling in what used to be an American sphere of influence, and, in the meantime, to dramatize and drive home the facts about the Soviet role in perpetuating the suffering to publics around the world?

The Soviet Union is beginning to feel the costs of expansion. American resolve has helped to halt Soviet expansionism in most parts of the world. The Soviet empire has stopped expanding not because the Soviets wanted to, but because they had to.

Our job is to make this happen in this hemisphere too. Recently, we have stepped up the diplomatic pressure on the Soviets to cut back on military aid to the Sandinistas, and to accept their share of the responsibility for Sandinista aggression abroad and repression at home.

As the Soviets feel the pinch, so too are the Communist governments they are sponsoring: Cuba and Nicaragua. The economic destruction that Communism has wrought in these places squeezes them and the Soviet Union ever more tightly.

We, in turn, must help the forces of freedom around the world who through their bravery are contributing to that historic cause.

The political and economic crises of the Soviets and their client-states are the best advertisement for the failure of that misguided system. Of course, I will continue to speak out against Soviet expansionism in this hemisphere.

Communism as an idea is dead. In the Third World, Communism has lost all its old inspiration as a form of government. To my conservative friends, ~~who, like myself, are often frustrated by the inability of our opponents to help liberation movements.~~ I say: ~~Don't give up.~~ We are winning.

~~hesitant~~

~~don't~~

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

6061 Add-on

MEMORANDUM FOR ROBERT M. GATES

FROM: EVERETT ELLIS BRIGGS *u*
SUBJECT: Conservative Digest Revision

You asked for a revision to the answer to question 8 from the Conservative Digest (Tab I). Attached at Tab II is the proposed text for your approval.

Attachments

Tab I Memo from Gates
Tab II Proposed text of revision

*Philip - this is
to forward
to Special writers
(or whatever). The
LA Q+A was
anymore - this is
replacement.
J.*

UNCLASSIFIED

6061

THE WHITE HOUSE
WASHINGTON

The President is answering questions
for the Conservative Digest.

(Briggs)

Would like you to prepare a new answer
to Question 8.

Include what this Administration is
doing with respect to Latin America --
aggressive, active policy

Include things like Costa Rican summit;
bi-partisan accord; Panamanian elections;
Nicaraguan elections; role in Mexican
debt; President's contacts with Sarney
and other leaders.

Need -- ASAP

Thank you.

dictated by RGates/2Aug/1610

8. A pundit once remarked that Americans will do anything for Latin America -- except read about it. In government, that attitude has translated as the delegating of the conduct and execution of hemisphere policy to middle-level bureaucrats, frequently men and women with little if any sympathy with the overall goals and purposes of the presidents they ostensibly served. In more recent years, the expensive footnote has been to connive in multi-billion dollar bail-out for banks and incompetent governments. Latin America presently is in perhaps the worst economic, social and political disarray than at any time in recent memory, yet so far there has been little administration attention to the region. Do you plan any special initiatives vis-a-vis Latin America?

One of the very first actions of this Administration was the announcement of the Brady Plan on Third World Debt. That plan has been well received as a responsible program to promote stronger growth and to encourage market-oriented reform in Latin America.

The Brady Plan is not a bailout of Latin American governments by the taxpayers of the United States. Rather, my Administration seeks to encourage free markets and free enterprise in those countries as the best way to solve their economic problems. Mexico's recently concluded debt negotiations are an example of what can be accomplished under the Brady Plan. We are also committed to improving and extending the benefits of the original Caribbean Basin Initiative, the Caribbean Basin Economic Recovery Act. We are working with Congress for new legislation.

Many in Latin America recognize that free markets are the answer to many of the region's woes. Hernando De Soto, to name but one example, has written a monumental book, The Other Path, making this point. Several Latin American governments have undertaken structural economic reforms, which we will strongly support.

Free markets and free enterprise are not only in the best interests of our Latin American friends, they are in the best interests of America.

CHRON FILE

THE WHITE HOUSE
WASHINGTON

2

August 4, 1989

Dear Mr. Long:

Thank you for sending me a copy of John Reed's testimony before the Senate Banking, Housing, and Urban Affairs Committee. He offers persuasive arguments about the need for major structural change to allow our financial services organizations to compete more effectively.

John also referred to the debt negotiations with Mexico, a subject which I have followed with great interest. We were all pleased that the banks were able to reach an agreement with the Mexican Government. Your Chairman played a key role in bringing these tough negotiations to a successful conclusion. Our congratulations to him and to the CITICORP team which headed the bankers' committee.

Sincerely,



Brent Scowcroft

Mr. Charles E. Long
Executive Vice President
Citicorp
1275 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

NATIONAL SECURITY COUNCIL

WASHINGTON, D.C. 20506

July 28, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

FROM: TIMOTHY E. DEAL 

SUBJECT: Proposed Reply to Charles E. Long

SIGNED

Charles Long, Executive Vice President of CITICORP, sent you a copy of CITICORP Chairman John Reed's recent testimony before the Senate Banking Committee (Tab B).

In his testimony Reed asserts that:

- We need to restructure our financial system so that U.S. financial services organizations can compete internationally.
- Legislation under consideration in the Congress would alleviate some of these problems.
- The Savings and Loan crisis demonstrates the chronic weakness of the deposit insurance system.
- The LDC debt problem requires case-by-case consideration and negotiation, not legislatively mandated solutions.

The brief reply for your signature at Tab A notes the persuasiveness of Reed's arguments on financial matters and also praises Reed's role in the Mexican debt negotiations.

RECOMMENDATION

That you sign the letter to Charles Long at Tab A.

Attachments

Tab A Response to Charles Long
Tab B Incoming from Long

Citicorp
1275 Pennsylvania Ave., N.W.
Washington, DC
20004

Charles E. Long
Executive Vice President

5870

State for
Recommendation
by Finance

July 21, 1989

Brent Scowcroft
Assistant to the President
National Security Affairs
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. Scowcroft:

On Thursday, July 13 John Reed, Chairman of Citicorp, testified before the Senate Banking Committee regarding the challenges and prospects facing the financial services industry in the coming years.

His testimony touches on a number of interesting and important themes that may be of interest to you, including the implications of the globalization of financial markets and Europe 1992, the problems with our deposit insurance system, and LDC debt.

I have enclosed a copy of his testimony for your information. I would be happy to discuss it with you at your convenience.

Sincerely,



CEL:amh
Enclosure

Statement of

John S. Reed

Chairman, Citicorp

before the

Committee on Banking, Housing, and Urban Affairs

United States Senate

July 13, 1989

SUMMARY OF TESTIMONY

**JOHN S. REED
CHAIRMAN, CITICORP**

JULY 13, 1989

A major restructuring of our financial system is necessary. Restoring the U.S. financial system to world-class status is crucial not just for the health of the industry, but more importantly, for the economy as a whole. Decisions made by this committee will materially determine whether our nation continues to be a leader in the world economy going into the 21st century, or whether it sinks back to secondary status.

The global competitive environment is changing rapidly. More and more nations are restructuring their financial systems to make them more efficient and competitive internationally. But the significance of the moves thus far is dwarfed by the momentous changes that will result from the "1992 project" in Europe. Financial services firms in the U.S. are justifiably concerned about the impact of the 1992 project on their own international competitiveness. But the stakes are much greater than that for the U.S. as a whole. The European Community is eliminating virtually all internal barriers that have limited competition and reduced economies of scale and scope in a broad range of industries. The financial services component of this effort is extensive. The goal is not just a more competitive financial services market, it is a more competitive Europe.

As the 21st century gets underway, organizations and strategic alliances which have at their core a commercial bank, a fully integrated investment bank/securities operation, and an insurance company can be expected to dominate global financial markets.

The U.S. Is Lagging.

While much of the developed world is busy laying the foundation for a financial system for the next century, the U.S. financial system remains anchored firmly in the past. Less than half the states will have full interstate banking by 1992. As for the activities and affiliations of depository institutions, the Bank Holding Company Act and the Glass-Steagall Act can only be characterized as protectionist -- if not in intent, at least in their consequences. These laws compartmentalize financial services in ways that are becoming increasingly

anachronistic. They are a source of risk and inefficiency in the system.

Limitations on the nonbanking activities of bank holding companies and the clumsy "firewall" structure raise the cost of financial services to customers and make it difficult for financial services organizations to be responsive to their needs. In addition, they reduce the industry's ability to attract management and capital, and they inhibit the development of the type of innovative products, risk management techniques and distribution strategies that are now being developed by major financial services providers overseas.

What Needs to be Done.

In today's world, it is simply not possible for U.S. financial services organizations and U.S. financial markets to be more onerously regulated than in other financial centers and still be competitive. Unless the Congress can fashion a world-class legal framework for financial services, U.S. financial services providers will become increasingly less effective.

The "Depository Institution Affiliation Act" combined with the repeal of laws interfering with interstate operations would be a step in the right direction. This legislation would permit any business to own a depository institution as a separately capitalized subsidiary of a holding company, regardless of its other business activities. It also contains new safeguards to protect the deposit insurance funds.

In essence, we need a framework that: (a) permits firms intermediating global capital markets on behalf of their customers to do so efficiently, whether they are commercial or investment banks; (b) allows the integration of the traditional banking and savings and loan industries; (c) allows the integration of insurance and banking with appropriate industry safeguards; and (d) erases geographic barriers within the United States.

Deposit insurance Reform.

The FSLIC crisis is an appalling example of the weaknesses in the deposit insurance system. Congress and the Bush Administration deserve credit for working to restore discipline to the S&L industry by strengthening capital requirements. Nonetheless, these reforms do not go far enough.

The fundamental problem is that the protection provided by the deposit insurance system now extends far beyond what was originally intended. Safeguards designed to protect small

savers are being applied to financially sophisticated professionals. This has had a corrupting influence on the entire financial system -- directly because it does not reward prudence and sound judgment, and indirectly because it forms the justification for burdensome government policies that reduce the efficiency of the financial system.

In my judgment, this situation will only change when deposit insurance coverage is limited to \$100,000, de facto as well as de jure. Better still, coverage should be rolled back.

Federal regulators have the tools to expose large depositors and other creditors to losses when a failure occurs, while preserving the liquidity of deposit accounts. They can safely apply those tools to banks and S&Ls of all sizes. No bank is too big to be reorganized.

LDC Debt.

The current LDC debt situation has to be seen in the proper perspective. We have made some progress in the past few years. There is a widespread notion that the banks and the LDCs are adversaries. This notion is false. We have a common interest in the economic viability of the LDCs. Citicorp has been in Latin America for nearly 100 years. We plan to stay there and to grow with these nations.

Right now, negotiations with Mexico are at an extremely sensitive stage. Once an agreement with Mexico is completed, we will then be in a better position to assess the Brady Plan and its prospects for dealing with other debtor nations.

The LDC debt problem is not a problem that is well-suited for a legislative solution. The situation in each of the debtor nations is different and must be approached on a case-by-case basis. Moreover, U.S. banks hold less than 30 percent of the debt. Nothing is gained by applying pressure only to U.S. participants.

Good morning. I am John Reed, the Chairman of Citicorp. I am pleased to be here today to exchange views on the challenges and prospects facing the financial services industry in the coming years. I take the timing of this hearing and the care with which it has been organized as an indication that this Committee is ready to take the action necessary to move the financial services industry in the United States into the twenty-first century. The agenda of this Committee should be nothing less.

The Revolution in Financial Services

In recent years, this Committee has heard several witnesses discuss the profound changes that technology and globalization have brought about. The significance of these changes should not be underestimated. The vision of an integrated world economy is already a reality, but we are just at the beginning of an ongoing process. In the years to come, it is virtually certain that international trade will continue to grow faster than domestic economies and international banking and finance will continue to grow even faster than trade.

A global economy mandates global finance. The needs of financial services customers today are not limited by geographic boundaries nor by historical distinctions between

financial products. Whether they seek to raise capital or invest it, their perspective is broad and it is global. This is true for multinational businesses which must fund operations in dozens of countries; it is true for investors who seek the advantages of global diversification; and it is true for ever more mobile individuals who desire access to their assets anywhere in the world.

More and more nations are restructuring their financial systems to make them more efficient and competitive internationally. They are doing so because it makes good economic sense. Job creation, physical investment and the efficient allocation of a nation's scarce capital all depend on well-functioning and cost-effective capital markets. Both Canada and the United Kingdom have recently completed significant restructurings, and further changes are on the horizon in Canada, Japan and Switzerland. But the significance of the efforts thus far is dwarfed by the momentous changes that will result from the European Community's 1992 project.

Financial services firms in the United States are justifiably concerned about the impact of the 1992 project on their own competitiveness in the global financial services market. But the stakes are much greater than that for the economy as a whole. The primary purpose of the 1992 project is to enhance the competitiveness of the European

Community in the world economy. The primary means to this end is the elimination of virtually all internal barriers that have limited competition and reduced economies of scale and scope in a broad range of industries. The financial services component of this effort is extensive. EC directives touch on virtually every aspect of financial services, including insurance, banking, securities, electronic payments and an important related area, telecommunications. The goal of these directives is not just a more competitive financial services market, it is a more competitive Europe.

In preparation for 1992, countries within the EC are rapidly dismantling the barriers between banking, securities and insurance. Universal banking, which permits full integration of securities and banking activities, is likely to become the norm. Three EC countries -- France, Germany, and The Netherlands -- already have universal banking, while in Belgium, the United Kingdom and Spain, banks may own securities and insurance companies, and these companies may own banks. These types of structures permit financial services organizations to attract management and capital, to balance risk, and to efficiently deliver a full range of banking, insurance and securities services to their customers. Regulation of these multiservice firms is on a functional basis, essentially the way American Express is regulated in the United States. In particular, there are

generally no holding company capital requirements overseas, and few "firewalls" between banks and their non-bank affiliates, aside from simple lending limits.

There are many joint ventures and acquisitions now in the works by European companies. Banque Nationale de Paris, France's largest bank, and Union des Assurances de Paris, its largest insurance company are planning an alliance to boost cross-marketing of financial services products. Deutsche Bank, West Germany's largest bank, recently announced that it is getting into the life insurance business through a subsidiary. In the United Kingdom, a major clearing bank, Lloyd's, recently purchased Abbey Life, a top insurance company. And Europe's biggest insurance company, Allianz, recently announced a marketing arrangement with West Germany's second largest bank, Dresdner Bank.

Organizations and strategic alliances such as these, which have at their core a commercial bank, a fully integrated investment bank/securities operation, and an insurance company, can be expected to dominate global capital markets as the 21st century gets underway.

The United States Is Lagging.

In sum, the global competitive environment is changing rapidly. But while much of the developed world is busy

laying the foundation for a financial system for the next century, the U.S. financial system is anchored firmly in the past. It is frankly appalling that European nations will have removed virtually all geographic and product-line barriers affecting financial services by 1992, while our system remains balkanized.

Less than half the states will be participating in full interstate banking by 1992. As for the activities and affiliations of depository institutions, the Bank Holding Company Act and the Glass-Steagall Act can only be characterized as protectionist -- if not in intent, at least in their consequences. Financial institutions perform a limited number of common functions -- they process transactions, serve as intermediaries, manage information, give advice and trade assets. That is why the common sense benefits from combining services are potentially so large. Yet current laws compartmentalize financial services in ways that are increasingly anachronistic. They are a source of risk and inefficiency.

A vivid example is the convergence of commercial banking and securities services, which are now so similar from a business standpoint and so closely intertwined from a customer standpoint that any distinction between them is artificial. The risks and the marketing procedures involved in loan syndications and private placements, for example,

are fundamentally the same as those involved in underwriting and distributing securities. Yet loan syndications and private placements have been done by banks for years, while the strictly limited securities activities now permissible for bank holding companies can only be done in a separate subsidiary with separate capital, different people and duplicate support functions.

Another example is insurance. Amendments to the Bank Holding Company Act in 1982 almost completely separated banking and insurance. But the gains from permitting banking and insurance organizations to affiliate are potentially very large. These organizations both deal in risk-transfer, risk management and distribution. They both function as financial intermediaries, receiving funds from depositors or policyholders and investing them in comparable assets. The techniques they use for assessing and containing risk are often similar. The products they offer are in many cases functionally equivalent -- there is little difference, for example, between letters of credit and financial guarantees, or between the annuities offered by life insurers and the CDs offered by banks. With thousands of branches nationwide, banks would be cost-effective distributors of insurance products. In turn, many life insurance companies are interested in providing their agents with both life insurance and banking products to sell.

In sum, limitations on the nonbanking activities of bank holding companies and the clumsy "firewall" structure in the United States raise the cost of financial services to customers and make it difficult for financial services organizations to be responsive to their needs. They reduce the industry's ability to attract management and capital, and they inhibit the development of the type of innovative products, risk management techniques and distribution strategies that are now being developed by major European financial services providers.

Financial services customers have become very skillful in assessing their available alternatives on the basis of the quality of services and their cost. If they can not obtain the range and quality of services they need from providers in the United States, many of them will simply obtain them elsewhere -- from a foreign competitor, or maybe even from a foreign office of Citicorp. One of the great ironies of the present framework is that bank holding companies are permitted to offer services overseas that they are unable to offer at home. As a result, we as a nation are exporting jobs, capital, and know-how.

What Needs to be Done.

It is essential that we restructure our laws and regulations. In today's world, it is simply not possible

for financial firms and financial markets in the United States to be more onerously regulated than in other financial centers and still be competitive. Our industry is the most innovative and resourceful in the world. Nonetheless, in rankings of institutions by size or by extent of cross-border activity, we are slipping further and further behind our foreign rivals. In addition, the problems of the savings and loans, the farm banks and the Texas banks are clear signs of failure to serve our own people and businesses. Unless the Congress can fashion a world-class legal framework for financial services, U.S. institutions will become increasingly less effective.

In 1988 the Senate passed banking legislation in an effort to modernize parts of the U.S. financial system. But the global competitive environment and domestic needs are changing rapidly. You and your colleagues in the Congress must now look beyond the compromises that were crafted then and take a bold approach to financial restructuring.

The Depository Institutions Affiliations Act, introduced in the Senate as S. 530, would be a step in the right direction. This legislation would permit any business to own a depository institution as a separately capitalized subsidiary of a holding company, regardless of its other business activities. It also contains new safeguards to protect the deposit insurance funds.

The Depository Institution Affiliation Act would go a long way, but not all of the way, toward meeting the industry challenge. In essence, we need a framework that: (a) permits firms intermediating global capital markets on behalf of their customers to do so efficiently, whether they are commercial or investment banks; (b) allows the integration of the traditional banking and savings and loan industries; (c) allows the integration of insurance and banking with appropriate industry safeguards and supervision; and (d) erases geographic barriers within our common market of the United States.

Benefits of Financial Restructuring.

Consumers would benefit enormously from breaking down barriers to competition in financial services for a number of reasons. It would ensure that consumers get market rates on their savings and on their borrowings; it would generate new products and greater convenience; and it would extend the availability of credit. Our business community would also benefit from more competitive, responsive, and market-oriented finance. In the process, overall productivity, the use of capital and the competitiveness of the United States economy would be enhanced.

Nonetheless, some financial services providers have actively resisted the integration of banking with other lines of business. They raise the specter of anti-competitive practices, abusive tie-in arrangements and conflicts of interest. They say the safety and soundness of the banking system would be threatened. There is little support for these claims.

When consumers buy any number of complicated goods and services from refrigerators to VCRs, they face many of the same information problems they face in buying banking, insurance, securities and real estate services. They need to know whether the seller is offering a good product and whether the seller can be relied upon to stand behind it. How do consumers make these choices? The answer is that they often rely on the reputation of an established retailer to ensure that they get good quality for their money.

Late in the 19th century, organizations such as Marshall Field, J.C. Penney and Sears revolutionized retailing by staking their reputations on the quality and price of the goods that they sold. In addition to the convenience these retailers offered, the fact that they sold a broad range of items made them willing to go to great lengths to satisfy their customers. After all, their reputations were essential to their commercial success. This proved to be enormously beneficial to consumers.

Customers could go to a retailer offering a diverse product line, buy a complicated product they did not fully understand, and be confident that they were getting a fair value.

For the same reason, consumers would welcome the opportunity to buy financial services as part of a larger relationship in which the seller's incentive to provide the best service is especially strong. This is particularly true for non-routine transactions, such as acquiring a major insurance policy, in which complex information hurdles make it difficult for consumers to compare terms and costs. The incentive for a financial services organization like Citicorp to offer quality services to their customers is strong indeed for the simple reason that we want to keep our customers satisfied. We would not want to jeopardize an ongoing relationship in a single transaction.

In sum, breaking down financial barriers would result in significant consumer benefits, not consumer abuses. Some consumers are enjoying these benefits right now. Consumers in the United Kingdom, for example, now buy about 60 percent of their insurance through banks. Consumers in several midwestern states and, most recently, in California are also able to buy insurance from banks and many are doing so. These consumers obviously think they are getting a good deal either by virtue of lower price or greater convenience. The

combination of banking and insurance activities has not been accompanied by claims of abusive selling practices. It has not threatened the solvency of any banks. And it has not eliminated the need for insurance agents.

Nor would breaking down barriers to competition inevitably lead to high levels of concentration and monopolistic practices. No one is worried that Sears Roebuck, with sixty million credit card customers, will end retail merchandising competition. No one is afraid that Merrill Lynch, with over seven million active customers and branch offices in forty-nine states, will gobble up its competitors and control everyone's financial assets. The concern that a small number of commercial banks would come to dominate the financial marketplace is equally unwarranted.

Deposit insurance Reform.

Would breaking down barriers to competition pose new risks to the safety and soundness of the banking system? It is instructive to note that only one U.S. bank holding company is rated AAA, and then only by a single rating agency, while there are at least seven European universal banks with that rating by both Moody's and Standard and Poor's. Four of these have grandfathered securities affiliates that are free to underwrite and to distribute

securities throughout the United States without firewalls between the bank and the securities company.

Few universal banks operating without branching restrictions in their national markets have failed. By contrast, U.S. banks and thrifts have been failing at rates not seen since the 1930s. Most of these failures have occurred the old fashioned way -- as a result of loans that went bad or interest rate gambles that did not pay off. Geographic and product-line restrictions have contributed to high failure rates by limiting diversification opportunities, while in the S&L industry, fraud and overexpansion fueled by easy access to federally-insured funds have been factors. It is not readily apparent that our compartmentalized system is either safer or sounder.

The FSLIC crisis is an appalling example of the weaknesses in the deposit insurance system. Congress and the Bush Administration deserve credit for working toward a plan to restore discipline to the savings and loan industry by strengthening capital requirements. Nonetheless, in my judgement, these reforms do not go far enough.

The fundamental problem is that the deposit insurance system now extends protection far beyond what was originally intended. Through increases in explicit coverage and the failure resolution policies of the deposit insurance

agencies, safeguards that were originally designed to protect small savers are being applied to financially sophisticated professionals capable of making their own credit judgments about the banks with which they do business.

As a result, our system of depository institutions has become far too dependent on deposit insurance. The sad fact of the matter is that hundreds, perhaps thousands, of depository institutions could not survive without the federal deposit insurance sticker on the door. Extensive deposit insurance protection has had a corrupting influence on the entire financial system -- directly because it does not reward prudence and sound judgment, and indirectly because it forms the justification for burdensome government regulations that reduce the efficiency of the financial system. It is in this sense that the deposit insurance problem is also a competitiveness problem.

In my judgment, this situation will only change when deposit insurance coverage is limited to \$100,000, de facto as well as de jure. Better still, coverage should be rolled back. I personally favor subjecting all deposits in excess of some basic amount to a ten to fifteen percent "haircut" in the event of a failure.

Protecting the stability of the financial system does not require full federal protection for all the liabilities of depository institutions. It does require timely intervention by regulators when an institution gets in trouble and better enforcement and supervision. Federal regulators have tools, such as bridge banks and modified payoffs, to expose large depositors and other creditors to losses when a failure occurs, while preserving the liquidity of deposit accounts. They can safely apply those tools to banks and S&Ls of all sizes. No bank is too big to be reorganized.

Other solutions have been proposed. For example, some have advocated "narrow banking," which would require banks to invest only in perfectly safe securities and spin off all other activities, such as commercial lending into separately capitalized affiliates. While this approach would surely solve the deposit insurance problem, it is also much more costly to society. Commercial banks around the world have been combining commercial lending with deposit taking for hundreds of years without the major systemic problems we are witnessing in the S&L industry. These problems are the result of many contributing factors, but they are not the result of combining lending and deposit-taking in the same organization.

Others have proposed risk-based deposit insurance premiums and further refinements of risk-based capital requirements. In my judgment, these are fine-tuning measures. They do not address the core problem, and they are extremely difficult to implement effectively.

LDC Debt.

I would be remiss in not saying a few words about the debt problem of the lesser-developed countries. The current situation has to be seen in the proper perspective. We have made progress in the past few years and we are working very hard see that it continues.

There is a widespread notion that the banks and the LDCs are adversaries. This notion is untrue. We have a common interest in the economic and democratic viability of the LDCs. I myself grew up in Latin America. I speak the language. I know the people and many of their leaders. As a company, Citicorp has been in Latin America for nearly 100 years. We plan to stay there and to grow with these nations. The last thing we want to see is the economies of these countries grinding to a halt. Instead we are anxious to see confidence restored and capital flight reversed.

Right now, negotiations with Mexico are at an extremely sensitive stage. It would be improper for me to discuss any

details. I am confident, however, that we are close to an agreement. Once an agreement with Mexico is completed, we will then be in a better position to assess the Brady Plan and its prospects for dealing with other debtor nations.

Let me add a word of caution. The LDC debt problem is not a problem that is well-suited for a legislative solution. The situation in each of the debtor nations is different and must be approached on a case-by-case basis. Moreover, only a third of the creditor banks are based in the United States, and these banks hold less than 30 percent of the total debt. Nothing is gained by applying pressure only to the U. S. participants in these negotiations. It is certainly not in the interest of the United States to disadvantage its own banks relative to creditor banks in Europe and Japan.

Conclusion.

A major restructuring of our financial system is necessary. Restoring the United States financial system to world-class status is important for the health of the financial services industry. But more importantly, it is crucial for the U.S. economy as a whole. The United States will be unable to maintain its leadership of the world economy without vigorous and healthy financial markets. The decisions made by this committee, and by your colleagues on

other important committees in the Congress, will materially determine whether or not the United States continues to be a leader in the world economy going into the 21st century, or whether it sinks into secondary status.

I would be happy to work with Committee members in any appropriate way to achieve these goals.

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 8907490
RECEIVED: 21 SEP 89 17

CHRON FILE

TO: PRESIDENT

FROM: PEREZ, CARLOS A

DOC DATE: 30 AUG 89
SOURCE REF:

KEYWORDS: VENEZUELA
HS

ECONOMICS



PERSONS:

SUBJECT: LTR TO PRES FM PRES CARLOS OF VENEZUELA RE DEBT PROGRAM

ACTION: NOTED BY PRES DUE DATE: 25 SEP 89 STATUS: C

STAFF OFFICER: PACELLI LOGREF: 8907146

FILES: WH NSCIF: CODES:

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White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By Cef NARA, Date 5/14/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSMDC CLOSED BY: NSMDC DOC 1 OF 1

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ACTION DATA SUMMARY REPORT

RECORD ID: 8907490

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001

X 89092117 NOTED BY PRES

DECLASSIFIED
White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By Cap NARA, Date 5/14/09

~~CONFIDENTIAL~~

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03a. Letter	President Carlos Andres Perez to President Bush [Unofficial Translation] (2 pp.)	8/30/89	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Latin American Files
Subseries: Economic Chronological Files
WHORM Cat.:
File Location: Latin America - Economics (July - October 1989)

Date Closed:	5/14/2009	OA/ID Number:	91139-002
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03b. Letter	President Carlos Andres Perez to President Bush [Spanish] (2 pp.)	8/30/89	(b)(1)	

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Latin American Files
Subseries: Economic Chronological Files
WHORM Cat.:
File Location: Latin America - Economics (July - October 1989)

Date Closed:	5/14/2009	OA/ID Number:	91139-002
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
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 (b)(9) Release would disclose geological or geophysical information

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 8907487
RECEIVED: 21 SEP 89 16

TO: PRESIDENT

FROM: CEREZO, VINICIO

DOC DATE: 14 SEP 89
SOURCE REF:

KEYWORDS: GUATEMALA
HS

DRUGS

PERSONS:

SUBJECT: LTR FM PRES CEREZO OF GUATEMALA RE DRUGS

ACTION: NOTED BY PRES		DUE DATE: 25 SEP 89	STATUS: C
STAFF OFFICER: NONE		LOGREF:	
FILES: WH	NSCIF:	CODES:	

DOCUMENT DISTRIBUTION

FOR ACTION

FOR CONCURRENCE

FOR INFO
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COMMENTS: _____

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OPENED BY: NSMDC CLOSED BY: NSMDC DOC 1 OF 1

UNCLASSIFIED

UNCLASSIFIED
ACTION DATA SUMMARY REPORT

RECORD ID: 8907487

DOC ACTION OFFICER

CAO ASSIGNED ACTION REQUIRED

001

X 89092116 NOTED BY PRES

UNCLASSIFIED

IMMEDIATE

UNCLASSIFIED
WHITE HOUSE SITUATION ROOM

Summary

PAGE 01 OF 02

PRT: SIT VANERON

SIT: AYERS PACELLI PRES-MSGS SIT SUM VAX

<PREC> IMMEDIATE <CLAS> UNCLASSIFIED <DTG> 141811Z SEP 89

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC IMMEDIATE 4645

UNCLAS GUATEMALA 10994

E.O. 12356: N/A

TAGS: PREL. SNAR. GT

SUBJECT: PRESIDENT CEREZO'S LETTER TO THE PRESIDENT
SUPPORTING HIS FIGHT AGAINST NARCOTICS.

1. FOLLOWING IS AN UNOFFICIAL TRANSLATION OF A LETTER
WE HAVE JUST RECEIVED FROM PRESIDENT CEREZO TO PRESIDENT
BUSH SUPPORTING HIS ANTI-NARCOTICS CAMPAIGN. WE ARE
POUCHING THE ORIGINAL TO ARA/CEN.

2. BEGIN TEXT: DEAR MR. PRESIDENT:

I WOULD LIKE TO ASSURE YOU OF OUR COMPLETE SUPPORT FOR
THE FIRST NATIONAL STRATEGY DESIGNED BY YOUR GOVERNMENT
TO COMBAT THE PRODUCTION AND TRAFFICKING OF DRUGS IN
YOUR COUNTRY.

I BELIEVE THAT IT IS THE MOST BROADLY SUPPORTED CRUSADE
BEGUN BY YOUR GOVERNMENT, WHICH REFLECTS THE UNITY, THE
DECISION AND THE INDIGNATION OF A PEOPLE IN ITS FIGHT TO
PRESERVE THE LIVES OF MILLIONS OF YOUNG PEOPLE.

WE ARE ALSO PLEASED WITH THE PROGRAM WITH WHICH THE
GOVERNMENT OF THE US WILL AID THE GOVERNMENT OF COLOMBIA
AS THE FIRST STEP IN STOPPING THE COCAINE CARTELS.

WE ALSO BELIEVE THAT YOUR CONCERN WILL FURTHER SENSITIZE
THE MANY SECTORS WHICH MAKE UP THE DEMOCRATIC PROCESS IN
GUATEMALA. TO STRENGTHEN AND TO CONSOLIDATE IT. FACED
WITH THE THREAT OF DRUGS, WHICH IN THE FUTURE COULD COME
TO BE A THREAT TO DESTROY THAT DEMOCRACY.

OUR GOVERNMENT, WITH THE TECHNICAL SUPPORT OF YOUR

UNCLASSIFIED

IMMEDIATE

UNCLASSIFIED
WHITE HOUSE SITUATION ROOM

PAGE 02 OF 02

GOVERNMENT AND OTHER INTERNATIONAL ORGANIZATIONS. HAS
TAKEN SIGNIFICANT MEASURES IN THE FIGHT AGAINST DRUGS. I
BELIEVE THAT WE SHOULD SUPPORT YOUR STRATEGY. WHICH
CONSTITUTES A COORDINATED AND COOPERATIVE COMMITMENT FOR
THE WELL BEING OF OUR NATIONS.

I CONSIDER OF PARTICULAR IMPORTANCE THE CALL WHICH YOU
HAVE MADE TO THE PRIVATE SECTOR OF YOUR NATION TO PLAY A
KEY ROLE IN THIS STRATEGY; THIS SHOULD PRODUCE EXCELLENT
RESULTS.

WE NOW ARE FACING ONE OF THE MOST DIFFICULT CHALLENGES
OF THE LAST FEW DECADES AGAINST DRUGS. A STRUGGLE IN
WHICH WE EXPECT A FAITHFUL RESPONSE FROM OUR CITIZENS TO
FULFILL OUR BROAD NATIONAL STRATEGY IN FAVOR OF THE
LIVES OF MILLIONS OF HUMAN BEINGS IN THIS CRUCIAL HOUR
OF THEIR HISTORY.

PLEASE ACCEPT ASSURANCES OF MY HIGHEST. MOST
DISTINGUISHED. CONSIDERATION.

MARCO VINICIO CEREZO. END TEXT TAYLOR.

BT

#0994

UNCLASSIFIED

~~SECRET~~

~~UNKNOWN FILE~~

7171

THE WHITE HOUSE

WASHINGTON

September 14, 1989

DECLASSIFIED
PER E.O. 13526

2009-1114-MR

EJ 12/11/14

MEETING WITH
URUGUAYAN PRESIDENT JULIO MARIA SANGUINETTI

DATE: September 15, 1989

LOCATION: Oval Office

TIME: 3:00 - 3:25 p.m.

FROM: BRENT SCOWCROFT



I. PURPOSE

To encourage Sanguinetti to continue Uruguay's responsible economic policies and to push ahead in negotiating an IMF standby agreement; to crack down on money laundering; to call publicly for Noriega to leave power; and to have Uruguay take an active role in promoting honest elections in Nicaragua.

II. BACKGROUND

Sanguinetti will be in Washington for a four day unofficial visit on his way back to Uruguay from an official visit to Japan. You saw him last in Paris in July, and earlier when he came to Washington on a State visit in 1986.

Sanguinetti's objective in visiting Washington is to press for debt reduction using some of the Brady initiatives. He wrote you last May asking for the U.S. government to support the immediate application of the Brady initiative to reduce the 1.7 billion the GOU owes to foreign banks. You replied that we support GOU efforts for a debt reduction agreement but that an IMF standby was an essential part of the Brady initiative. The Bank Advisory Committee for Uruguay has agreed to start negotiations for a debt reduction plan on September 27, provided it gets assurances from the IMF that the Uruguayan government is well advanced in negotiating a standby program. Sanguinetti will meet IMF Director Camdessus immediately after leaving the White House, presumably to discuss the ongoing standby negotiations, and will have breakfast with Secretary Brady on September 18.

On money laundering, the free banking system initiated by Sanguinetti, with no controls over foreign exchange flows, has permitted increasing amounts of narco-dollars to be laundered through Uruguay. The Sanguinetti government has been unwilling to modify its bank secrecy laws because 80 percent of deposits are in dollars, mostly owned by

~~SECRET~~

~~SECRET~~

2

~~CONFIDENTIAL~~

~~w/SECRET ATTACHMENTS~~

Argentines seeking a safehaven for their savings. We expect the Uruguayan Supreme Court to uphold an appellate court ruling that an Argentine now in jail in Uruguay can be extradited to stand trial in the U.S. for laundering narco-dollars through Uruguay. However, the Uruguayan courts refused our request for bank documents related to this crime. Attorney General Thornburgh will meet Sanguinetti on September 18 to discuss this issue.

On Panama, Sanguinetti has been helpful in the OAS and has withdrawn his Ambassador, but has been unwilling to call for Noriega's departure for fear of giving the domestic left an issue in the upcoming elections. He has publicly stated his opposition to any sort of military intervention in Panama. We would like to get him to make a statement about Noriega soon.

III. PARTICIPANTS

See Tab B.

IV. PRESS PLAN

Open photo, writing pool.

V. SEQUENCE

Photo-op followed by a 30 minute meeting.

Prepared by:
William T. Pryce

Attachments

Tab A	Points to be Made
Tab B	Participants List
Tab C	Biography

~~CONFIDENTIAL~~

~~w/SECRET ATTACHMENTS~~

~~SECRET~~

POINTS TO BE MADE FOR MEETING WITH
URUGUAYAN PRESIDENT JULIO MARIA SANGUINETTI

- As the campaigns develop for the November presidential and congressional elections in Uruguay, we see you have successfully restored democracy to your country. You have my personal respect and admiration for your efforts.
- We appreciate that you have shown your disapproval of Noriega's latest puppet government by withdrawing your ambassador to Panama for indefinite consultations. I hope you can, as a respected, democratic leader, call publicly for Noriega to resign from the Panamanian Defense Forces. A statement by you would have a significant impact throughout the hemisphere.
- We hope the Uruguayan government will play an active role promoting honest elections in Nicaragua and holding the Sandinista government to its promises.
- We strongly support your efforts to obtain debt reduction using the Brady initiative. I understand Minister of Finance Zerbino has met with Treasury officials on this several times and that you will meet Secretary Brady on Monday to update him on your negotiations with the banks and the IMF.

~~CONFIDENTIAL~~

Declassify on: OADR

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PER E.O. 13526
2009-1114-MR
EJ 12/11/15

~~CONFIDENTIAL~~

- As I said in my letter of June 30 on this subject, we consider an IMF adjustment agreement an essential part of a successful debt reduction plan. I am pleased to learn that you are currently negotiating a standby agreement with the IMF.
- I hope the leading presidential candidates support these negotiations in order to increase the probability that the next administration will adhere to both the IMF and the debt reduction agreements.
- While we support your efforts to make Uruguay a regional financial center with free capital movement, Uruguay will likely attract money launderers as well as businessmen unless preventive measures are taken. We believe that over one billion dollars of money obtained from narcotics sales in the U.S. have been passed through Uruguay.
- We believe banking laws can be designed to permit cooperation between governments investigating narco-dollar transactions while still protecting the privacy of legitimate deposits. I am glad you will be meeting Attorney General Thornburgh on Monday to discuss this issue.
- I would appreciate hearing your views on developments hemisphere.

PARTICIPANTS

U.S.

The President
The Vice President
John H. Sununu, Chief of Staff
Lawrence Eagleburger, Deputy Secretary of State
Brent Scowcroft,
 Assistant to the President for National Security Affairs
Robert M. Gates,
 Assistant to the President and Deputy for National Security
 Affairs
Everett Ellis Briggs, Senior Director, Latin America and the
 Caribbean
Michael Skol, Deputy Assistant Secretary of State
Rita Boren, Interpreter

Uruguay

Julio Maria Sanguinetti, President of Uruguay
Luis Angel Barrios Tassano, Minister of Foreign Affairs
Ricardo Zerbino Cavajani, Minister of Economy and Finance
Hector Luisi, Ambassador to the United States

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05c. Report	Re: Julio Maria Sangiunetti Coirolo [FOIA RESTRICTIONS REDACTED] (2 pp.)	1/25/89	(b)(1), (b)(3)	C

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Latin American Files
Subseries: Economic Chronological Files

WHORM Cat.:

File Location: Latin America - Economics (July - October 1989)

Document Partially Declassified
(Copy of Document Follows)
By MM on 10/3/2016

Date Closed: 5/14/2009	OA/ID Number: 91139-002
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #: 2011-2076-MR(510.09)
AR Disposition:	MR Disposition: Released in Part
AR Disposition Date:	MR Disposition Date: 5/8/2014

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

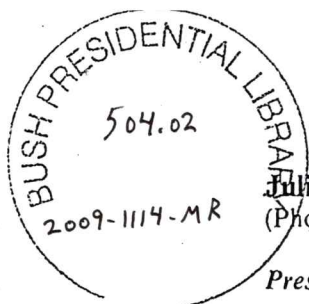
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(b)(9) Release would disclose geological or geophysical information



3.3(b)(1); 3.3(b)(6); (b)(3)

Julio María SANGUINETTI Coirolo
(Phonetic: sahngweeNETtee)

URUGUAY

President (since 1985)

Addressed as: Mr. President

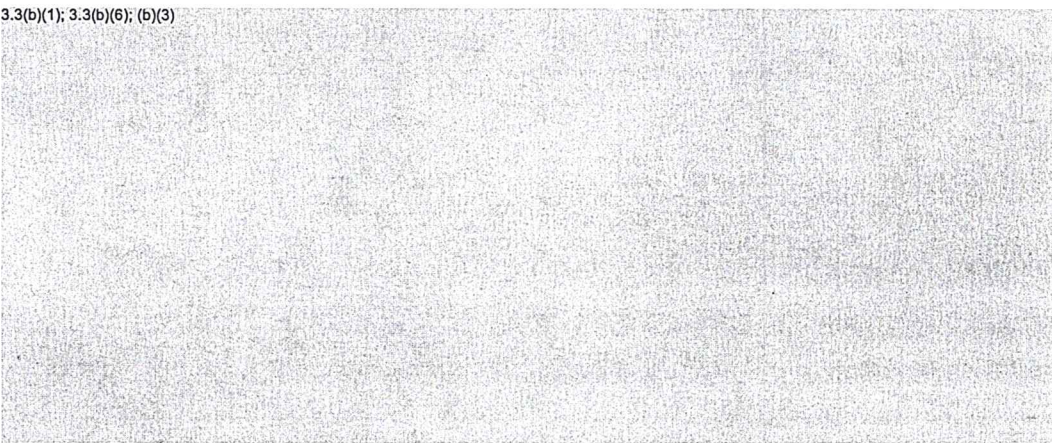
Julio María Sanguinetti, Uruguay's first elected chief executive since the military seized power in 1973, has solidified civilian rule and given his centrist Colorado Party the upper hand as the November 1989 presidential election approaches. An exceedingly popular and effective president, he has clearly established himself as the central figure in Uruguayan policymaking, 3.3(b)(1); 3.3(b)(6); (b)(3)

3.3(b)(1); 3.3(b)(6); (b)(3) We believe that his ability to build consensus with opposition leaders on contentious issues (particularly the amnesty for military officers accused of human rights abuses) smoothed the transition to democracy. Since the start of campaigning by presidential hopefuls, however, criticism of Sanguinetti's leadership has markedly increased. 3.3(b)(1); 3.3(b)(6); (b)(3)



©

3.3(b)(1); 3.3(b)(6); (b)(3)



Economic and Foreign Policy

Turning around a badly deteriorated economic situation through free market measures and fiscal discipline, Sanguinetti has made substantial progress in reforming Uruguay's historically statist economy. He has strengthened private enterprise, streamlined the public sector, and liberalized trade. Combined with fiscal discipline, these policies have helped lower inflation and unemployment and have brought four years of economic growth. Last year's decline in real wages and increased inflation, however, has recently begun to undercut Sanguinetti's popularity and could reverse his largely successful efforts to defuse labor discontent. 3.3(b)(1); 3.3(b)(6); (b)(3)

Sanguinetti has made considerable strides in rebuilding his country's international image, which was damaged by the military. Now one of the most senior Latin American statesmen, he has tried increasingly and passionately to build on a regional leadership role he has carved out for Uruguay, particularly in the Group of Eight (G-8). 3.3(b)(1); 3.3(b)(6); (b)(3) he has played a moderating and constructive role in the

3.3(b)(1); 3.3(b)(6); (b)(3)



(cont.)

LDA M 89-10409

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PER E.O. 13526

2011-2076-MR
5/8/2014 JMM

Group. At a G-8 summit in October 1988, he decried populists as false prophets and spearheaded an effort to begin a dialogue between the group and this country on foreign debt and economic stability. Unlike other Latin American countries, debt repayment is not as dire an economic problem for Uruguay, but it has become a political issue for Sanguinetti, who has resisted domestic pressure to sell the country's gold to pay off creditors. He has strongly supported a negotiated peace in Central America through international diplomatic pressure on Managua^{3.3(b)(1); 3.3(b)(6); (b)(3)} but he has been critical of US funding for the anti-Sandinista insurgents.^{3.3(b)(1); 3.3(b)(6); (b)(3)}

Working actively to establish new foreign markets for Uruguayan exports, Sanguinetti has expanded diplomatic ties: last year he made landmark trips to the USSR and China and traveled to several European countries. He has also pursued economic integration projects with Brazil and Argentina. Sanguinetti has been critical of US trade policies and has questioned US quotas on Uruguayan textiles.^{3.3(b)(1); 3.3(b)(6); (b)(3)}

Career

Sanguinetti was born on 6 January 1936. At 17, he launched a two-track career as politician (member of the Colorado Party) and journalist. Active during the 1950s in Montevideo city politics (the traditional training ground for young Uruguayan political aspirants), he served on the municipal council. He also worked for the party's newspaper, *Acción*. After receiving a law degree in 1961, he served for 12 years in the Chamber of Deputies and was one of that body's most active members. During that time he was also an editorial writer for the official Colorado Party daily, *El Día*.^{3.3(b)(1); 3.3(b)(6); (b)(3)}

A former Cabinet minister, Sanguinetti has held economic and social portfolios. As Minister of Industry and Commerce during 1969-71, he promoted domestic industry and worked to open international markets for Uruguayan products among East Bloc countries. During a brief stint in 1972 as Minister of Education and Culture, Sanguinetti sponsored a controversial education reform law intended to depoliticize the schools, including the national university. He resigned in protest against the armed forces' detention of a Colorado leader and returned to Congress, where he remained until that body was closed in 1973.^{3.3(b)(1); 3.3(b)(6); (b)(3)}

Sanguinetti's political rights were proscribed between 1976 and 1981. During those years he practiced law, representing numerous large US and Uruguayan firms, and worked to preserve the Colorado Party structure. From 1981 until 1984 he published the Colorado weekly *Correo de los Viernes*, and, as leader of the party's Unity and Reform faction, he played a key role in negotiations between Uruguay's political parties and the military government for the transition to democracy.^{3.3(b)(1); 3.3(b)(6); (b)(3)}

Personal Data

An aficionado of art and culture, Sanguinetti enjoys classical music and art. He headed the National Commission of Fine Arts from 1967 until 1975 and has a first-rate collection of Uruguayan art. He speaks some English and French. Sanguinetti likes Italian cooking and, to counter its effects, exercises sporadically. He is an avid soccer fan. His wife, Marta Canessa, is an art historian who writes and lectures. The couple has two grown children—Julio Luis and Emma.^{3.3(b)(1); 3.3(b)(6); (b)(3)}

25 January 1989

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05d. Report	Re: Luis Angel Barrios Tassano [FOIA exemptions redacted] (1 pp.)	7/19/88	(b)(1), (b)(3)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Latin American Files
Subseries: Economic Chronological Files
WHORM Cat.:
File Location: Latin America - Economics (July - October 1989)

Document Partially Declassified
(Copy of Document Follows)
 By SCS on 11/4/14

Date Closed:	5/14/2009	OA/ID Number:	91139-002
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	2009-1114-MR (504.03)
AR Disposition:		MR Disposition:	Released in Part
AR Disposition Date:		MR Disposition Date:	10/24/2013

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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- (b)(9) Release would disclose geological or geophysical information

(b)(1), (b)(3)

Luis Angel BARRIOS Tassano
(Phonetic: BARreeohs)

URUGUAY

Minister of Foreign Affairs
(since March 1988)

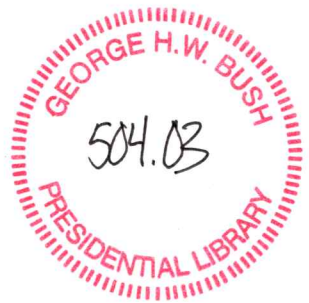
Addressed as: Mr. Minister

Businessman-turned-diplomat Luis Barrios Tassano is a close associate of President Julio Sanguinetti (they were members of the same law firm during the 1970s) and is a member of the President's faction of the governing Colorado Party. Before assuming his current position, he had served as Ambassador to Argentina (one of Uruguay's most prestigious diplomatic posts) since 1985.

(b)(1), (b)(3)

(b)(1), (b)(3)

(b)(1), (b)(3)



Barrios has continued the main foreign policy goals of his predecessor, emphasizing active participation in international and regional forums. He has worked to moderate the Group of Eight (a regional alignment of democratic countries) and intends to push for US acknowledgement of the group as a negotiating bloc.

(b)(1), (b)(3)

(b)(1), (b)(3) Barrios has recently undertaken an effort to facilitate Panamanian strongman Manuel Noriega's removal from office through regional diplomatic initiatives.

(b)(1), (b)(3)

Barrios was born on 26 August 1935. He received a law degree from the University of the Republic in Montevideo in 1961 and maintained a private practice until 1972. During 1968-71 he was also a special adviser in the Agriculture and the Industry and Trade Ministries. Barrios served as secretary general to President Juan Bordaberry from 1972 until the military intervened in the government in 1973. Selected as a regional representative to the World Bank in 1974, he later supervised the bank's activities in India. Barrios was a key strategist for Sanguinetti's presidential campaign in 1984.

(b)(1), (b)(3)

(b)(1), (b)(3)

He owns a meat-packing company.

(b)(1), (b)(3)

(b)(1), (b)(3)

(b)(1), (b)(3) Barrios speaks English. Married to the former Raquel Osacar, he has a daughter, Gabriella.

(b)(1), (b)(3)

LDA M 88-13830
19 July 1988

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PER E.O. 13526

2009-1114-MR
SCS 10/24/13

(b)(1), (b)(3)



United States Department of State

Washington, D.C. 20520

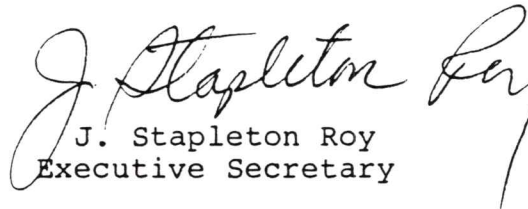
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(WITH SECRET ATTACHMENTS)

September 12, 1989

MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSESUBJECT: Briefing Materials for the President's Meeting
with Uruguayan President Julio Maria Sanguinetti

Briefing materials and suggested talking points for the President to use in his meeting with the President of Uruguay are attached. We expect President Sanguinetti to bring Foreign Minister Barrios, Finance Minister Zerbino and Ambassador Luisi to the meeting scheduled for 3:00 pm Friday, September 15. Biographic information on all of the Uruguayan participants is also attached.



J. Stapleton Roy
Executive Secretary

Attachments:

1. Background Material and Talking Points
2. Biographical Data

(WITH SECRET ATTACHMENTS)

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w/~~SECRET~~ ATTACHMENTS

7171

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 13, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: EVERETT ELLIS BRIGGS *EB*
FROM: WILLIAM T. PRYCE *WP*
SUBJECT: Presidential Meeting with Uruguayan President
Julio Sanguinetti: September 15, 1989; Oval
Office; 3:00 - 3:30 p.m.

Attached at Tab I is a memorandum to the President for his meeting with Uruguayan President Julio Sanguinetti on September 15, 1989 based on a submission from the State Department (Tab II). We expect Sanguinetti to press for help on the debt problem, and recommend that the President seek to get greater cooperation on Panama, Nicaragua, and drug money laundering. We believe the meeting will be non-confrontational. Uruguayan/U.S. relations have prospered under Sanguinetti who has promoted democracy in Uruguay while pursuing sound economic policies.

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Attachments

Tab I Memorandum to the President
Tab A Points to be Made
Tab B Biographic Information
Tab C Participants List
Tab II Roy-Scowcroft Memorandum

*Where are the
Cards
the PDR
J*

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THE WHITE HOUSE
WASHINGTON

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PER E.O. 13526
2009-1114-MR
E8 121115

MEETING WITH
URUGUAYAN PRESIDENT JULIO MARIA SANGUINETTI

DATE: September 15, 1989

LOCATION: Oval Office

TIME: 3:00 - 3:30 p.m.

FROM: BRENT SCOWCROFT

I. PURPOSE

To encourage Sanguinetti to continue Uruguay's responsible economic policies and to push ahead in negotiating an IMF standby agreement; to crack down on money laundering; to call publicly for Noriega to leave power; and to have Uruguay take an active role in promoting honest elections in Nicaragua.

II. BACKGROUND

Sanguinetti will be in Washington for a four day unofficial visit on his way back to Uruguay from an official visit to Japan. You saw him last in Paris in July, and earlier when he came to Washington on a State visit in 1986.

Sanguinetti's objective in visiting Washington is to press for debt reduction using some of the Brady initiatives. He wrote you last May asking for the U.S. government to support the immediate application of the Brady initiative to reduce the 1.7 billion the GOU owes to foreign banks. You replied that we support GOU efforts for a debt reduction agreement but that an IMF standby was an essential part of the Brady initiative. The Bank Advisory Committee for Uruguay has agreed to start negotiations for a debt reduction plan on September 27, provided it gets assurances from the IMF that the Uruguayan government is well advanced in negotiating a standby program. Sanguinetti will meet IMF Director Camdessus immediately after leaving the White House, presumably to discuss the ongoing standby negotiations, and will have breakfast with Secretary Brady on September 18.

On money laundering, the free banking system initiated by Sanguinetti, with no controls over foreign exchange flows, has permitted increasing amounts of narco-dollars to be laundered through Uruguay. The Sanguinetti government has been unwilling to modify its bank secrecy laws because 80 percent of deposits are in dollars, mostly owned by

~~CONFIDENTIAL~~
w/ ~~SECRET~~ ATTACHMENTS
Declassify on: OADR

cc: Vice President
Chief of Staff

~~SECRET~~

~~SECRET~~

Argentines seeking a safehaven for their savings. We expect the Uruguayan Supreme Court to uphold an appellate court ruling that an Argentine now in jail in Uruguay can be extradited to stand trial in the U.S. for laundering narco-dollars through Uruguay. However, the Uruguayan courts refused our request for bank documents related to this crime. Attorney General Thornburgh will meet Sanguinetti on September 18 to discuss this issue.

On Panama, Sanguinetti has been helpful in the OAS and has withdrawn his Ambassador, but has been unwilling to call for Noriega's departure for fear of giving the domestic left an issue in the upcoming elections. He has publicly stated his opposition to any sort of military intervention in Panama. We would like to get him to make a statement about Noriega soon.

III. PARTICIPANTS

See Tab C.

IV. PRESS PLAN

writing pool
Open Photo, Opportunity

V. SEQUENCE

Photo-op followed by a 30 minute meeting.

Prepared by:
William T. Pryce

Attachments

Tab A Points to be Made
Tab B Participants List
Tab C Biographies

^

~~SECRET~~

..

PARTICIPANTS

U.S.

The President
The Vice President
John H. Sununu, Chief of Staff
Lawrence Eagleburger, Deputy Secretary of State
Brent Scowcroft,
Assistant to the President for National Security Affairs
Robert M. Gates, *and Deputy*
~~Deputy~~ Assistant to the President, for National Security Affairs
Everett Ellis Briggs, Senior Director, Latin America and the
Caribbean
Michael Skol, Deputy Assistant Secretary of State
Rita Boren, Interpreter

Uruguay

Julio Maria Sanguinetti, President of Uruguay
Luis Angel Barrios Tassano, Minister of Foreign Affairs
Ricardo Zerbino Cavajani, Minister of Economy and Finance
Hector Luisi, Ambassador to the United States

- As I said in my letter of June 30 on this subject, we consider an IMF adjustment agreement an essential part of a successful debt reduction plan. I am pleased to learn that you are currently negotiating a standby agreement with the IMF.
- I hope the leading presidential candidates support these negotiations ^{order} in to increase the probability that the next administration will adhere to both the IMF and the debt reduction agreements.
- While we support your efforts to make Uruguay a regional financial center with free capital movement, Uruguay will likely attract money launderers as well as businessmen unless preventive measures are taken. We believe that over one billion dollars of money obtained from narcotics sales in the U.S. have been passed through Uruguay.
- We believe banking laws can be designed to permit cooperation between governments investigating narco-dollar transactions while still protecting the privacy of legitimate deposits. I am glad you will be meeting Attorney General Thornburgh on Monday to discuss this issue.
- I would appreciate hearing your views on developments hemisphere.

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PER E.O. 13526
2009-1114-MR
Eg 12/11/15

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NSC/S PROFILE

RECORD ID: 8907429
RECEIVED: 20 SEP 89 11

TO: HUGHES

CARBON FILE

FROM: BEERS
MILLER

DOC DATE: 25 SEP 89
SOURCE REF:

KEYWORDS: GREAT BRITAIN
COLOMBIA

TELCON

PERSONS: THATCHER, MARGARET

BARCO, VIRGILIO

SUBJECT: TELCON OF PRES 5 SEP TELCALL TO PM THATCHER RE SUPPORT FOR BARCO OF
COLOMBIA

ACTION: NOTED BY HUGHES

DUE DATE: 23 SEP 89

STATUS: C

STAFF OFFICER: BEERS

LOGREF:

FILES: PA

NSCP:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO

DECLASSIFIED
White House Guidelines
E.O. 13526, SEC 3.4 (b), September 11, 2006
By 21 NARA, Date 6/25/13

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSBTM

CLOSED BY: NSAMM

DOC 1 OF 1

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~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

7429

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

OPEN FILE

September 25, 1989

NOTED

ACTION

MEMORANDUM FOR G. PHILIP HUGHES

THROUGH: DAVID C. MULLER, JR.

FROM: R. RAND BEERS

SUBJECT: Memorandum of Telephone Conversation with Margaret Thatcher, Prime Minister of Great Britain

Forwarded at Tab I is the Memorandum of Telephone Conversation between the President and Prime Minister Thatcher.

RECOMMENDATION

That the attached Memorandum of Telephone Conversation be filed for the record.

Approve _____

Disapprove _____

Attachment

Tab I Memorandum of Telephone Conversation

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White House Guidelines

E.O. 13526, SEC 3.4 (b), September 11, 2006

By 71 NARA, Date 12/25/13

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Margaret Thatcher of the United Kingdom of Great Britain and Northern Ireland (Ø)

PARTICIPANTS: The President
Margaret Thatcher, Prime Minister of Great Britain
Notetaker: R. Rand Beers

DATE, TIME September 5, 1989, 1:15 P.M. - 1:30 P.M.
AND PLACE: White House Situation Room

The President telephoned Prime Minister Thatcher concerning the drug crisis. (Ø)

The President greeted PM Thatcher, "Margaret?" (Ø)

PM Thatcher replied, "Hello, George, how are you? You have an official speech tonight, don't you?" (Ø)

The President responded, "I'm just fine. I feel like a Spring colt, I'm just back from vacation. Yes, I was calling you on that subject (speech), if you have a minute. I got your letter on assistance to Poland and I'm very pleased to have your views. But I am calling on Colombia. The traffickers there have sought to undermine the whole social fabric of that nation. The attack on the El Espectador over the weekend is one example. Barco is facing a terrible situation. I appreciated your letter on Colombia telling me of your support. I have talked to Barco several times. I admire the position Barco is taking. We intend to give all the support we possibly can." (Ø)

PM Thatcher said, "I think your own action was exactly right." (Ø)

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Declassify on: OADR

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PER E.O. 12958,
AS AMENDED
2000-0429-F
01 8/21/09

~~CONFIDENTIAL~~

The President continued, "This \$65 million in emergency military aid offered two weeks ago was but a first step. Tonight I will announce a \$260 million program for Colombia, Peru, and Bolivia for next year and a \$2 billion program over the next five years. Remember the G-7 conference at the Paris Summit in which we talked about combined efforts to help Colombia? One approach would be for the rest of the G-7 to provide a counternarcotics assistance package to Colombia. Just last week I was talking to Brian Mulroney about perhaps getting Mitterrand, as host, to coordinate a G-7 initiative. Mulroney liked the idea. In fact, he should have credit for this idea about involving the G-7. I talked to Helmut Kohl a few minutes ago about the idea of getting Mitterrand, as he remains the host of the G-7 from the last summit and, as Chairman, I thought it a good idea to get him to coordinate with everyone. We have already charted our own course. It would be a good signal if members of the G-7 could be supportive of Barco." (Ø)

PM Thatcher agreed saying, "I have no difficulty with that at all. Mitterrand was here at Chequers last Friday. I reminded him that he was still Chairman of the G-7 and of PM Gonzales' special experience in dealing with terrorism. I have no difficulty with your proposal, George. Barco needs all the help he can get from the UN, the G-7, Europe. We need to bring more pressure on the drug traffickers." (Ø)

The President volunteered, "That is, if Mitterrand picks up the ball. We are going to go tonight with a challenge on the domestic front, and there will be an international component in the speech." (Ø)

PM Thatcher said, "Very good, there is a UN role as well. Also, we are having a conference on demand here next year." (Ø)

The President noted, "Yes, I liked your idea about the UN Resolution." (Ø)

PM Thatcher - "Thank you, and congratulations for what you are doing. We need to do everything we can do to support Barco." (Ø)

The President - "Did you see where Barco's 30-year-old Justice Minister and children were threatened? Barco said she told him she would not resign. It is tough when your kid is threatened." (Ø)

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3

PM Thatcher - "One other thing, on my return from Japan I wanted to let you know I will be passing through the U.S.S.R. on 23 September on my way back from the IDU Conference and will talk to Gorbachev." (Ø)

The President asked if he could impose on the Prime Minister to say a personal word on "our" behalf. "I think we are in fair shape and are going to move forward. If I could impose on you, I thought that I would like very much to know how he feels. Let me think about that." (Ø)

PM Thatcher said she was glad to pass on any personal message. (Ø)

The President added, "Anything you can share with us after would be great." (Ø)

PM Thatcher, "I think your Vice President is coming to Japan." (Ø)

The President, "Yes, he'll be there. He said today that he would be meeting you there. If you could spare time to talk to him it would be great. He has been very helpful -- good speech on Latin America -- well received in our country." (Ø)

PM Thatcher, "Mr. Bennett is doing good things, I gather." (Ø)

The President said, "I think so. It's a new position, and it's tough. There is no real authority to follow except what comes from the White House. He is working well with our Cabinet people for the first time at a successful coordinated international effort. We will wait and see after the speech tonight -- 9:00 PM EDT." (Ø)

"It is lovely to talk to you and when are we going to see you?" (Ø)

PM Thatcher stated that she should be coming over in October or November for a UN environmental speech. (Ø)

The President, "Definitely available if Barbara and I could take you to Camp David." (Ø)

PM Thatcher thanked the President for his kindness. Because there is so much going on at the moment, she expressed hesitation in regard to her upcoming plans. (Ø)

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~~TOP SECRET~~
4

The President let her know that he will be waiting to know what her plans will be and said he would like to do it in as informal a way as possible and that he would like to talk about Poland, the G-7, China, and Hong Kong. (C)

PM Thatcher enthusiastically said, "Let's do it. The more informal the better. Thank you. Give my love to Barbara." (C)

The President closed, "Goodbye." (C)

-- End of Conversation --

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~~TOP SECRET~~

~~SECRET~~
NSC/S PROFILE

RECORD ID: 8907534
RECEIVED: 25 SEP 89 09

TO: PRESIDENT

FROM: SCOWCROFT

DOC DATE: 27 SEP 89
SOURCE REF: 8921956

KEYWORDS: ARGENTINA

AP

PERSONS: MENEM, CARLOS

SUBJECT: TALKERS FOR PRES MTG W/ MENEM ON 27 SEP

ACTION: NOTED BY PRES

DUE DATE: 30 SEP 89

STATUS: C

STAFF OFFICER: PRYCE

LOGREF:

FILES: PA

NSCIF:

CODES:

D O C U M E N T D I S T R I B U T I O N

FOR ACTION

FOR CONCURRENCE

FOR INFO
PRYCE

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By Cop NARA, Date 5/14/09

COMMENTS: _____

DISPATCHED BY _____ DATE _____ BY HAND W/ATTCH

OPENED BY: NSWEA

CLOSED BY: NSWEA

DOC 2 OF 2

~~SECRET~~

~~SECRET~~

RECORD ID: 8907534

ACTION DATA SUMMARY REPORT

DOC ACTION OFFICER

001 SCOWCROFT
002 PRESIDENT
002

CAO ASSIGNED ACTION REQUIRED

Z 89092518 FWD TO PRES FOR INFORMATION
Z 89092707 FOR DECISION
X 89092716 NOTED BY PRES

DECLASSIFIED

White House Guidelines

E.O. 12958, SEC 3.4 (B) September 11, 2006

By Cop NARA, Date 5/14/09

~~SECRET~~

National Security Council
The White House

PROOFED BY: Rpm
URGENT NOT PROOFED: ✓
BYPASSED WW DESK: _____

LOG # 7534
SYSTEM PRS NSC INT
DOCLOG CM A/O _____

	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep Exec	<u>1</u>	<u>W</u>	<u>A</u>
Philip Hughes		<u>Copy</u>	
Bob Gates	<u>2</u>		
Brent Scowcroft			
Philip Hughes		<u>2</u>	
Situation Room		<u>2</u>	
West Wing Desk	<u>3</u>	<u>9/27/AC</u>	<u>D</u>
NSC Secretariat	<u>4</u>		<u>-N/R-</u>

A = Action ! = Information D = Dispatch Secret N = No further Action
cc: VP ✓ Sununu ✓ Other

Should be seen by: _____
(Date/Time)

COMMENTS

Pres only w/ Argentine Pres Merem
on Sept. 27 at 3:00pm

11:35 AM

May I have 3 cogs

Done

THE WHITE HOUSE
WASHINGTON

26 September 1989

TO: Brent Scowcroft

FROM: Robert Gates

Reviewed and made a few little
fixes (already accomplished).

Decided you just might want to take
one last look before it goes to the
President.

THE WHITE HOUSE
WASHINGTON

9/26

General

Brady would like to bring Mulford.
Passed to his office that there
are 13 people counting both sides
attending the meeting & it
is principle + one. And, if
Brady has to bring Mulford, he
would have to discuss with you
in the morning.

Dona

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07a. Outline	Re: Meeting with Argentine President Carlos Menem (3 pp.)	9/27/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Latin American Files
Subseries: Economic Chronological Files

WHORM Cat.:

File Location: Latin America - Economics (July - October 1989)

Document Partially Declassified
(Copy of Document Follows)
 By JA on 11/21/13

Date Closed:	5/14/2009	OA/ID Number:	91139-002
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:	2001-2588-F/2(45)	MR Case #:	
AR Disposition:	Released in Part	MR Disposition:	
AR Disposition Date:	12/11/2012	MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

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~~CONFIDENTIAL~~
~~W/SECRET ATTACHMENT~~

7534

THE WHITE HOUSE

WASHINGTON

September 27, 1989

DECLASSIFIED IN PART
PER E.O. 13526

2001-5588-F12
Eul 11/22/11
12/11/12

MEETING WITH
ARGENTINE PRESIDENT CARLOS MENEM

DATE: September 27, 1989

LOCATION: Oval Office

TIME: 11:35 a.m. - 12:05 p.m.

FROM: BRENT SCOWCROFT *BS*

I. PURPOSE

To encourage and support Menem's efforts to move Argentina to an open market oriented economy; to implement the Tlatelolco nonproliferation Treaty; to drop the Condor missile program; to resolve a long standing pharmaceutical patent dispute; to continue his positive actions in fighting narcotics and seeking a settlement with the British on the Malvinas Islands; and to keep pressure on Noriega and Castro.

II. BACKGROUND

Menem's decision to come to the UN General Assembly was predicated on the opportunity to meet with you, as suggested in your letter to him on his inauguration. Menem has, contrary to the expectations of his critics and his Peronist background, said and done all the right things so far. He has chosen an open, privately managed economy, begun negotiations with the British, passed tough anti-narcotics laws and signalled receptivity to U.S. concerns in other areas.

Menem places great importance on his meeting with you and hopes it will strengthen his position in Argentina. (b)(1)

(b)(1)

(b)(1)

He is an intelligent, likable person who wants to establish a positive relationship with you and the U.S. Government. He prefers informal dialogue and does not respond well to pressure, but is willing to listen, learn, and compromise.

Menem's primary goal is to get your public endorsement of his economic program, and help with debt reduction. He deserves it. (b)(1)

(b)(1)

Laws

have been passed to privatize the bloated public sector,

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~~W/SECRET ATTACHMENT~~
Declassify on: OADR

cc: Vice President
Chief of Staff

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~~w/SECRET ATTACHMENT~~

open the economy to greater competition, suspend subsidies, and end discrimination against foreign capital.

Monthly inflation dropped from 197 percent in July to 38 percent in August and appears headed below 10 percent in September. Interest arrears to commercial banks total some six billion and will make debt reduction difficult. Menem may ask for bridge financing and we are prepared to provide it once an IMF standby agreement is in place; we are also prepared to work with Argentina on debt reduction. Secretary Brady will be with you in the meeting.

Menem also wants an enhanced security relationship with the U.S., including increased U.S. security assistance. Unfortunately, we don't have much to offer. We also have to keep UK sensitivities in mind. He would like to sell the U.S. Air Force the Pampa trainer aircraft, but there isn't much chance we will buy it although it's a good plane.

The Argentine government is reviewing its refusal to implement the Tlatelolco Treaty banning nuclear weapons in Latin America. They know of the advantages of adherence in terms of greater U.S. nuclear cooperation, technology transfer and financing.

On the Condor mid-range Ballistic Missile Program, the Argentines are aware of our concerns and are rethinking their position. (b)(1)

(b)(1)

Menem has made the war on drugs one of his highest priorities. He has toughened anti-drug laws and proposed the death penalty for drug cartel kingpins. He wants to cooperate with us and reinforce U.S. efforts in the Andean countries, particularly Bolivia. He has offered the Pampa plane to Colombia.

On trade, Argentina's lack of product patent protection for pharmaceuticals and discriminatory drug registration procedures led to a 301 case last year. (b)(1)

(b)(1)

Argentina has withdrawn its Ambassador to Panama, but has not been in the lead in pushing for a democratic government. If the opportunity arises it would be worthwhile mentioning the need to keep pressure on Noriega, and on Castro.

~~CONFIDENTIAL~~
~~w/SECRET ATTACHMENT~~

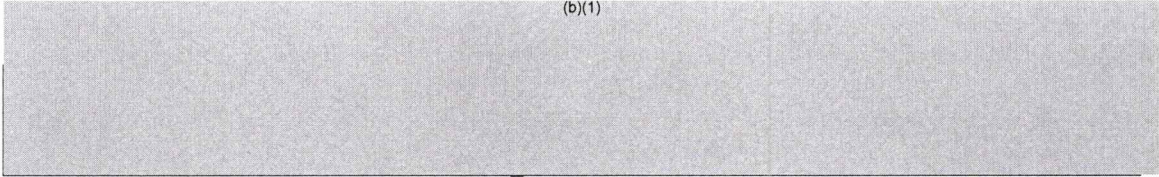
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~~CONFIDENTIAL~~
~~w/SECRET ATTACHMENT~~

3

(b)(1)



III. PARTICIPANTS

See Tab C.

IV. PRESS PLAN

Open photo, writing pool

V. SEQUENCE

Photo op followed by meeting

Prepared by:
William T. Pryce

Attachments

Tab A	Points to be Made
Tab B	Participants List
Tab C	Biography

~~CONFIDENTIAL~~
~~w/SECRET ATTACHMENT~~

~~SECRET~~

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

7534

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PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 2/28/24

POINTS TO BE MADE FOR MEETING WITH
ARGENTINE PRESIDENT CARLOS MENEM

OPENING

- I congratulate you on your election, your courageous program and your choosing a politically broad-based government, which I believe has been a key factor in your success.

ECONOMIC ISSUES

- You have begun a truly impressive reorientation of the Argentine economy. I have great admiration and respect for your efforts to reduce and streamline the government's role in the economy.
- I hope you will persevere with the reforms and resist the inevitable efforts to dilute your program.
- We are prepared to consider favorably appropriate bridge financing, once you have a stand-by agreement with the IMF. We want to work with you and the commercial banks to reduce Argentina's debt burden once your economic program is fully in place.

THE WAR ON DRUGS

- I congratulate you for the tough stance you and your government are taking toward the drug scourge that afflicts our hemisphere. I look forward to working with you on this vital issue.
- Vice President Duhalde greatly impressed everyone with his seriousness and expertise on the narcotics issue during his recent visit here.
- I appreciate your offer of assistance to Colombia.

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~~CONFIDENTIAL~~

TLATELOLCO

- One of my most serious concerns for many years has been the risk of nuclear proliferation.
- Implementation of the Treaty of Tlatelolco by your government would be a major step to show your concern about this issue.
- Implementation of this treaty would enable us, and other countries, to resume mutually beneficial nuclear relationships with Argentina and to cooperate more fully in other technological and scientific areas.

CONDOR

- We are also greatly concerned by the Condor ballistic missile, which is potentially very destabilizing, particularly in the Middle East.
- Your abandonment of this program would contribute significantly to the prevention of missile proliferation, and thus to international peace and stability.
- (if asked about assistance on a space launch vehicle) Since the technology of a space launch vehicle is essentially identical to that of a ballistic missile, our policy is not to assist in the development of any rocket which could be used as a long range missile.
- (if asked about the Pampa trainer) I understand the Pampa is an excellent trainer and our Air Force is very impressed with its capabilities. We will not issue specifications for a new trainer for at least a year and will not make a purchase decision until 1994. We will give the Pampa full consideration, but there will be intense competition.

FALKLANDS/MALVINAS

- You have acted as a true statesman in seeking to restore relations with the UK.
- I know it has not been an easy thing to do, but I can assure you of our support in this effort.
- We hope you will soon reach full normalization of your relations with the UK.
- (If asked to press the UK to restore diplomatic relations quickly) The British are aware of our interest in seeing a successful outcome to your talks. We stand ready to help move the talks forward in any way both sides find desirable.

PHARMACEUTICALS

- Protection of intellectual property rights is a high priority goal in U.S. trade policy.
- We appreciate the progress your government has made to resolve a long-standing trade problem between our countries regarding pharmaceuticals.
- (In a private moment) I understand you have recently made a decision to submit legislation to provide patent protection. I appreciate the courage of your decision.

PANAMA

- I hope you will do what you can to encourage Noriega to leave power and allow a democratic transition. We need to keep up the pressure. Diplomatic isolation is important.

CUBA

- The situation in Cuba has deteriorated with the Ochoa execution, the jailing of human rights activists, and the increasing prominence of the military.
- Castro is falling into a Stalinist mode and is resorting to subversion and persecution in a big way.
- We all need to be concerned and to keep pressing Castro to ease up.

MIDDLE EAST PEACE PROCESS

- We stand by the principles that have guided U.S. policy on the peace process for two decades: we seek a comprehensive peace through negotiations based on UN Security Council resolutions 242 and 338. The negotiations should involve territory for peace and should provide security and recognition for Israel and for the legitimate political rights of the Palestinian people.
- We are urging all parties to take practical steps toward that end.
- All States have a responsibility to play a positive role by encouraging the parties in the region to accept the idea of elections in the occupied territories and urging the PLO to allow the start of a Palestinian dialogue with Israelis. I welcome your efforts in support of these goals.
- An important step you could take to contribute to peace in the Middle East would be to abandon the Condor Ballistic Missile Program.

9/27/89

PARTICIPANTS

U.S.

The President
Nicholas Brady, Secretary of the Treasury
John H. Sununu, Chief of Staff
Lawrence Eagleburger, Deputy Secretary of State
Brent Scowcroft,
 Assistant to the President for National Security Affairs
Robert M. Gates,
 Assistant to the President and Deputy for National Security
 Affairs
David Mulford, Under Secretary for International Affairs,
 Department of Treasury
Bernard Aronson,
 Assistant Secretary of State for Inter-American Affairs
Everett Ellis Briggs,
 Special Assistant to the President and Senior Director for
 Latin America and the Caribbean

Argentina

Carlos Menem, President of Argentina
Domingo Cavallo, Foreign Minister of Argentina
Nestor Rapanelli, Minister of Economy of Argentina
Alberto Kohan, Chief of Staff to the President Menem
Guido Di Tella, Argentine Ambassador to the United States
Humberto Toledo, Spokesman to President Menem

PARTICIPANTS

U.S.

The President

Nicholas Brady, Secretary of the Treasury

John H. Sununu, Chief of Staff

Lawrence Eagleburger, Deputy Secretary of State

Brent Scowcroft,

Assistant to the President for National Security Affairs

Robert M. Gates,

Assistant to the President and Deputy for National Security Affairs

Bernard Aronson,

Assistant Secretary of State for Inter-American Affairs

Everett Ellis Briggs,

Special Assistant to the President and Senior Director for Latin America and the Caribbean

Argentina

Carlos Menem, President of Argentina

Domingo Cavallo, Foreign Minister of Argentina

Nestor Rapanelli, Minister of Economy of Argentina

Alberto Kohan, Chief of Staff to the President Menem

Guido Di Tella, Argentine Ambassador to the United States

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07c. Report	Re: Biography (1 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Latin American Files
Subseries: Economic Chronological Files
WHORM Cat.:
File Location: Latin America - Economics (July - October 1989)

Date Closed:	5/14/2009	OA/ID Number:	91139-002
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

~~SECRET~~

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~~w/SECRET ATTACHMENT~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 25, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: EVERETT ELLIS BRIGGS *EB*
FROM: WILLIAM T. PRYCE *WP*
SUBJECT: Presidential Meeting with Argentine President
Carlos Menem; September 27, 1989; Oval Office;
11:35 a.m.

Attached at Tab I is a memorandum to the President for his meeting with Argentine President Carlos Menem on September 26, 1989 based on an informal submission from the State Department (cleared at the Deputy Assistant Secretary level so far) and a cable from American Embassy Argentina (Tabs II and III). Menem has said and done all the right things so far. We expect him to seek public endorsement for his economic program and help on Argentina's debt problem, and to look for approval of his actions on narcotics, and the Malvinas (Falklands). We want to encourage him to stay on the economic course he has set, implement the Tlatelolco Agreement, drop the Condor project, resolve a long standing dispute on pharmaceutical patents, continue his positive attitude on the Malvinas, keep the heat on Noriega, and pressure Castro.

This meeting is a most important event for Menem who hopes to use it to build support for his programs and enhance his stature. It is in our interest to help him. Secretary Baker and Argentine Economy Minister Rapanelli will be participating in the meeting.

Concurrences by: David Miller *DM*, Robert Blackwill *RB*, Deane Hoffman *SH*

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Attachments

Tab I Memorandum to the President
Tab A Points to be Made
Tab B Biographic Information
Tab C Participants List
Tab II Draft Roy-Scowcroft Memorandum
Tab III Cable from U.S. Embassy Argentina

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2001-2588-F/2
ED 11/22/11

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~~w/SECRET ATTACHMENT~~
Declassify on: OADR

~~SECRET~~



UNCLASSIFIED
(with SECRET attachment)

September 25, 1989

MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

SUBJECT: Briefing Materials for the President's Meeting with
Argentine President Carlos Saul Menem

Briefing materials and suggested talking points for the President to use in his meeting with President Menem of Argentina, at 11:35 AM on Wednesday, September 27, are attached. Biographic information on President Menem is also attached.


J. Stapleton Roy
Executive Secretary

Attachments:

- Tab 1 - Briefing materials.
- Tab 2 - Talking points.
- Tab 3 - Biographic information on President Menem.

UNCLASSIFIED
(with SECRET attachment)

72974

NATIONAL SECURITY COUNCIL

19-Sep-1989 18:00 EDT

MEMORANDUM FOR:

PRYCE

FROM: VMS MAIL user WHSR
(WHSR@VAXE@)

SUBJECT:

Received: From VAXE(WHSR) by VAXC with Jnet id 5832
for PRYCE@VAXC; Tue, 19 Sep 89 18:00 EDT
Date: Tue, 19-SEP-1989 17:57 EST
From: <WHSR@VAXE>
To: PRYCE@VAXC

<DIST>

PRT: DONLEY GATES HUGHES SCOWCROFT SITTMANN BRANSCUM
SIT: AYERS BRIGGS FILE PRYCE SIT VAX WHSR_IN

<PREC>

PRIORITY

<CLAS>

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FM AMEMBASSY BUENOS AIRES

<TO>

TO RUEHC/SECSTATE WASHDC PRIORITY 6271
RUEADWW/WHITEHOUSE WASHDC
INFO RUEHAC/AMEMBASSY ASUNCION 0141
RUEHBR/AMEMBASSY BRASILIA 1482
RUEHLP/AMEMBASSY LA PAZ 7814

<SUBJ>

SUBJ: MENEM AND ARGENTINA: THE FIRST 100 DAYS

<TEXT>

BT

~~SECRET~~ SECTION 01 OF 03 BUENOS AIRES 09696
NSC FOR BRIGGS, STATE FOR ARONSON AND SKOL

DECLASSIFIED
PER E.O. 13526
2009-1114-MR
28 12/11/15

E.O. 12356 DECL: OADR

TAGS: PGOV, AR

SUBJ: MENEM AND ARGENTINA: THE FIRST 100 DAYS

1. (✓ - ENTIRE TEXT).

2. CARLOS MENEM TRAVELS TO HIS MEETING WITH PRESIDENT BUSH AT THE END OF THIS WEEK HAVING COMPLETED A MERE ELEVEN WEEKS OF HIS SIX YEAR MANDATE. HE INHERITED BY HIS OWN DESCRIPTION, "A NATION IN FLAMES" ON JULY 8, WHEN THE PREVIOUS GOVERNMENT OF RAUL ALFONSIN DISCREDITED BY INEFFECTUAL ECONOMIC POLICIES AND DEVASTATED BY HYPERINFLATION, HAD TO TURN OVER THE REINS OF POWER SOME FIVE MONTHS IN ADVANCE OF THE CONSTITUTIONALLY DESIGNATED DATE.

3. MENEM CONTINUES TO ENJOY AN EXCEPTIONAL LEVEL OF PUBLIC AND POLITICAL SUPPORT. IN THE INTERVENING WEEKS MENEM HAS MADE STRIDES THAT CAN ONLY BE DESCRIBED AS DRAMATIC. RECOGNIZING THE NEED FOR WESTERN SUPPORT FOR HIS ECONOMIC STABILIZATION PLANS, HE HAS MADE AN UNAMBIGUOUS CHOICE IN FAVOR OF AN OPEN, PRIVATELY-MANAGED ECONOMY AND AWAY FROM THE TRADITIONAL STATIST APPROACH FOR WHICH PERONISM HAS BEEN FAMOUS. RECENTLY APPROVED LEGISLATION TO DEAL WITH THE ECONOMIC CRISIS AND TO RADICALLY REFORM THE NATURE AND SIZE OF THE STATE PROVIDE THE FRAMEWORK FOR REDIRECTING NATIONAL ENERGIES IN WAYS THAT WILL PAY LONG-TERM DIVIDENDS. A TAX REFORM PACKAGE NOW BEING DEVELOPED SHOWS THE GOVERNMENT TO BE SERIOUS NOT ONLY ABOUT ECONOMIC RENEWAL ALONG LIBERAL LINES, BUT ALSO ABOUT DISTRIBUTING THE BURDEN FOR ITS COSTS MORE EQUITABLY THAN BEFORE.

4. IT IS WORTH MENTIONING HERE, THAT, DESPITE THE COMMENTS OF CYNICS TO THE CONTRARY, MENEM'S PATH TO ECONOMIC RENEWAL IS THE RESULT OF A GREAT DEAL OF SERIOUS AND FOCUSED PREPARATION. VICE PRESIDENT EDUARDO DUHALDE CHAIRED A GROUP OF RANKING PERONISTS WHICH PLANNED FOR A POST-ELECTION RESTRUCTURING OF THE ARGENTINE STATE A FULL SIX MONTHS PRIOR TO THE MAY 14 BALLOTING. OBVIOUSLY, THE ECONOMIC AND LEGISLATIVE PROGRESS REALIZED TO DATE COULD NOT HAVE BEEN THE RESULT OF THE MENEM GOVERNMENT'S COLLECTIVE KNEE JERKING ON INAUGURATION DAY. CLEARLY, THESE PLANS FOR ECONOMIC RENEWAL PRE-DATE THE ELECTION EVEN IF THEIR ANNOUNCEMENT HAD TO BE DELAYED UNTIL VICTORY WAS ASSURED. INDEED, MENEM'S BLUE COLLAR CONSTITUENCY WOULD NOT HAVE UNDERSTOOD HIS BREAK WITH THE PERONIST TRADITION OF STATE OWNERSHIP HAD THEY KNOWN OF IT IN ADVANCE. MORE IMPORTANT NOW, HOWEVER, THAT THE CHOICE HAS BEEN MADE, IS THE PRESIDENT'S ULTIMATE SUCCESS IN DEMONSTRATING TO HIS PEOPLE THE VALUE OF AN OPEN

AND FREE MARKET ECONOMY TO THEIR MATERIAL WELL-BEING.
IN SUM, MENEM'S EFFORTS IN THE DOMESTIC ARENA HAVE
BEEN BOTH CONSIDERABLE AND RAPID.

-
5. ON THE INTERNATIONAL FRONT, MENEM HAS ALSO
MADE DRAMATIC MOVES, NOT THE LEAST OF WHICH ARE
HIS OVERTURES TO THE BRITISH IN AN EFFORT TO GET
THE FALKLANDS/MALVINAS ISSUE BEHIND HIM. HERE
TOO, MENEM'S ECONOMIC PRAGMATISM IS EVIDENT AS HE
RECOGNIZES THE NEED FOR ARGENTINA TO SECURE ACCESS
TO A UNITED EUROPEAN MARKET AFTER 1992. MENEM
HAS ALSO, AT LEAST IN HIS PUBLIC PRONOUNCEMENTS
IN SUCH FORA AS THE NON-ALIGNED MOVEMENT, SOUGHT
TO MINIMIZE CONFLICT WITH THE INDUSTRIALIZED WEST,
IN PARTICULAR THE U.S. IN HIS OWN BACKYARD, MENEM
HAS GIVEN ADDITIONAL PUSH TO BONDS WITH HIS
NEIGHBORS, PARTICULARLY ECONOMIC INTEGRATION WITH
BRAZIL. HE HAS ALSO EXPRESSED A GREAT INTEREST
IN A MULTILATERAL, EVEN FULLY HEMISPHERIC APPROACH
TO THE WAR ON DRUGS, HAVING RECENTLY OFFERED
MATERIEL SUPPORT IN THE FORM OF AIRCRAFT TO
BELEAGUERED COLOMBIAN PRESIDENT BARCO.

-
6. IN THE INTEREST OF CREATING A GOVERNMENT OF
NATIONAL UNITY, HE HAS DRAWN ON TALENT FROM ACROSS
BT

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BT

~~SECRET~~ SECTION 02 OF 03 BUENOS AIRES 09696

NSC FOR BRIGGS, STATE FOR ARONSON AND SKOL

E.O. 12356 DECL: OADR

TAGS: PGOV, AR

SUBJ: MENEM AND ARGENTINA: THE FIRST 100 DAYS
THE POLITICAL SPECTRUM. HIS ADVISOR ON DEBT MATTERS,
ALVARO ALSOGARAY, IS THE FOUNDER OF ARGENTINA'S
MOST CONSERVATIVE POLITICAL PARTY AND THE HISTORIC
NEMESIS OF THINGS PERONIST. MENEM CHOSE ALSOGARAY'S
DAUGHTER TO BREAK UP THE STATE-OWNED TELEPHONE
COMPANY AND SELL IT OFF TO INVESTORS. HIS FOREIGN
MINISTER IS NOT EVEN A MEMBER OF THE PRESIDENT'S
PARTY.

7. WHILE THERE HAS BEEN LESS MOVEMENT IN THE AREA
OF NUCLEAR AND MISSILE NON-PROLIFERATION, MENEM
HAS INDICATED RECEPTIVITY TO U.S. CONCERNS IN
THESE AREAS. WITH CONTINUED AND WELL-DOCUMENTED
EXPRESSIONS OF CONCERN ON OUR PART, REAL PROGRESS
ON BOTH ARGENTINE ADHERENCE TO TLAELOLCO AND
THE CONDOR II MISSILE PROGRAM IS POSSIBLE.

-
8. MENEM'S SUCCESS, WHILE REMARKABLE, HAS NOT
OCCURRED ENTIRELY IN THE ABSENCE OF OPPOSITION.
THE OPPOSITION RADICAL PARTY HAS FOR THE MOST PART
HONORED ITS PLEDGE NOT TO OPPOSE KEY PERONIST
LEGISLATIVE INITIATIVES DURING THE EARLY DAYS OF

THE ADMINISTRATION, BUT FRAGMENTATION WITHIN UCR RANKS HAS MEANT SOME SNIPING, MOST IMPORTANTLY BY IMMEDIATE PAST PRESIDENT ALFONSIN.

-
9. WITHIN AND WITHOUT THE PERONIST PARTY ITSELF, THERE ARE THOSE WHO FIND MENEM'S QUEST FOR A MORE OPEN ECONOMY AND HIS EFFORTS AT PRIVATIZATION UNWELCOME, OR SUSPECT AT BEST. THESE INCLUDE NOT ONLY THOSE WHO ARE EMPLOYED IN MASSIVE NUMBERS BY THE STATE-OWNED ENTERPRISES BUT ALSO, AND POSSIBLY PERHAPS MORE IMPORTANTLY, THOSE BUSINESSMEN WHO HAD ENJOYED CONSIDERABLE PROFITS FROM SELLING TO THESE SAME PUBLIC COMPANIES. UNLIKE THEIR COUNTERPARTS ELSEWHERE IN THE WEST, ARGENTINE ENTREPRENEURS EARN MORE FROM CONTRACTING WITH GOVERNMENT (ON LESS THAN COMPETITIVE TERMS) THAN FROM DEALING WITH EACH OTHER. PROBLEMS FROM THIS QUARTER ARE NOT EXPECTED TO BE CRITICAL, BUT NEITHER CAN THEY BE DISCOUNTED AS THEY HAVE YET TO PARTICIPATE IN MENEM'S ECONOMIC REVIVAL.

-
10. ANOTHER AREA WHERE MENEM HAS FOUND OPPOSITION IS HIS LIKELY DECISION TO ISSUE A GENERAL PARDON TO MILITARY OFFICERS. THE PRESIDENTIAL PARDON MAY ENCOMPASS HUMAN RIGHTS VIOLATORS FROM THE ERA OF THE DIRTY WAR, INCOMPETENTS DURING THE FALKLANDS/MALVINAS STRUGGLE AND INDIVIDUALS ACCUSED OF INVOLVEMENT IN THREE UNSUCCESSFUL MILITARY UPRISINGS. ABOUT 80,000 RECENTLY DEMONSTRATED OPPOSITION TO A PARDON IN THE STREETS OF BUENOS AIRES AND POLLS INDICATE MOST ARGENTINES ARE AGAINST, AT LEAST IN PRINCIPLE. MENEM, NEVERTHELESS, HAS EVIDENTLY WEIGHED HIS OPTIONS AND DETERMINED THAT SOCIAL PEACE AND NATIONAL UNITY ARE HIGHER IDEALS THAT MUST BE SERVED.

-
11. THE MOST SERIOUS IMMEDIATE CHALLENGE MENEM FACES IS FROM ORGANIZED LABOR. STABILIZATION PLANS OVER THE PAST THIRTY YEARS HAVE FOUNDERED ON SUCCESSIVE GOVERNMENTS' INABILITY TO HOLD THE LINE ON WAGES. REAL WAGES ARE STILL 50 PERCENT LOWER THAN LAST JANUARY AND ALMOST A THIRD OF THE POPULATION IS NOW BELOW THE POVERTY LINE. FEARS OF STATE SECTOR WORKERS THAT THEY WILL LOSE THEIR JOBS UNDER PRIVATIZATION AND RESTRUCTURING, AND A POTENTIAL SPLIT IN THE NATIONAL LABOR CONFEDERATION (CGT) FURTHER COMPLICATE THE SITUATION. MENEM HAS MADE IT CLEAR ON A NUMBER OF OCCASIONS THAT HE WILL STICK TO HIS ECONOMIC PLAN, BUT THAT RESOLVE WILL BE SEVERELY TESTED IN THE MONTHS AHEAD.

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~~SECRET~~ SECTION 03 OF 03 BUENOS AIRES 09696
NSC FOR BRIGGS, STATE FOR ARONSON AND SKOL

E.O. 12356 DECL: OADR

TAGS: PGOV, AR

SUBJ: MENEM AND ARGENTINA: THE FIRST 100 DAYS

-
12. LASTLY, NO REVIEW OF THE FACTORS INFLUENCING ARGENTINE POLITICAL DEVELOPMENT IS COMPLETE WITHOUT MENTION OF THE MILITARY PER SE. THE ARMED FORCES ARE IMPORTANT IN THE SCHEME OF THINGS, ALBEIT LESS SO THAN THEY ONCE WERE. DEVASTATED BY AN INANE WAR WITH THE BRITISH, THE MILITARY HAVE YET TO RECOVER FROM THE FALKLANDS/MALVINAS DEBACLE--BOTH IN TERMS OF SELF-ESTEEM AND SUPPORT AMONG THE POPULACE GENERALLY. THE ARMED FORCES CAN BE EXPECTED TO KEEP TO THE SIDELINES FOR THE FORESEEABLE FUTURE AS THERE IS NO CALL FOR THEIR PARTICIPATION BY ANY SIGNIFICANT SECTOR OF THE POPULATION. ALSO, AND POSSIBLY MORE TO THE POINT, THE ARMED FORCES, HAVING BEEN BURNED IN THE PAST, HAVE NO INTEREST IN INTERVENING IN THE VAGUERIES OF THE POLITICAL PROCESS.
-

13. THE MEETING BETWEEN PRESIDENTS BUSH AND MENEM IS TREMENDOUSLY IMPORTANT BOTH IN TERMS OF TIMING AND CONTENT. IT PROVIDES AN OPPORTUNITY TO DEMONSTRATE U.S. SUPPORT FOR MENEM AT A POINT WHEN DOMESTIC OPPOSITION, WHILE NOT YET SERIOUS, IS NEVERTHELESS, BEGINNING TO COALESCE. IT WILL ALSO ENHANCE MENEM'S STANDING AS HE ATTEMPTS TO DEAL WITH THE FALKLANDS/MALVINAS ISSUE AND BEGINS TO CARVE OUT A LARGER ROLE FOR ARGENTINA IN THE WAR ON DRUGS. MOST IMPORTANTLY, HOWEVER, THE MEETING WILL BE A HIGHLY VISIBLE VEHICLE FOR US TO DEMONSTRATE CONTINUED STRONG USG SUPPORT FOR DEMOCRATIC CIVILIAN GOVERNMENT IN SOUTH AMERICA. IT IS FAIR TO SAY THAT THE LESSONS OF THIS AND FUTURE U.S.-ARGENTINE DIALOGUE WILL NOT BE LOST ON THE RECENT AND SOON-TO-BE ELECTED GOVERNMENTS ELSEWHERE IN THE HEMISPHERE. THE OPPORTUNITIES INHERENT IN A SUCCESSFUL SUMMIT ARE THERE FOR BOTH THE ARGENTINES AND OURSELVES.

SERVICE

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SECTION: 01 OF 03

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SECTION: 02 OF 03

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

September 25, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: EVERETT ELLIS BRIGGS *uy*
FROM: WILLIAM T. PRYCE *uy*
SUBJECT: Presidential Meeting with Argentine President
Carlos Menem; September 27, 1989; Oval Office;
11:35 a.m.

Attached at Tab I is a memorandum to the President for his meeting with Argentine President Carlos Menem on September 26, 1989 based on an informal submission from the State Department (cleared at the Deputy Assistant Secretary level so far) and a cable from American Embassy Argentina (Tabs II and III). Menem has said and done all the right things so far. We expect him to seek public endorsement for his economic program and help on Argentina's debt problem, and to look for approval of his actions on narcotics, and the Malvinas (Falklands). We want to encourage him to stay on the economic course he has set, implement the Tlatelolco Agreement, drop the Condor project, resolve a long standing dispute on pharmaceutical patents, continue his positive attitude on the Malvinas, keep the heat on Noriega, and pressure Castro.

This meeting is a most important event for Menem who hopes to use it to build support for his programs and enhance his stature. It is in our interest to help him. Secretary Baker and Argentine Economy Minister Rapanelli will be participating in the meeting.

Concurrences by: David Miller *RB*, Robert Blackwill *RB*, Deane Hoffman *SM*

RECOMMENDATION

That you sign the memorandum to the President at Tab I.

Attachments

Tab I Memorandum to the President
Tab A Points to be Made
Tab B Biographic Information
Tab C Participants List
Tab II Draft Roy-Scowcroft Memorandum
Tab III Cable from U.S. Embassy Argentina

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8001-2588-F12
② 11/22/11

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Withdrawal/Redaction Sheet

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07g. Outline	Re: Meeting with Argentine President Carlos Menem [redacted] (3 pp.)	9/27/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Latin American Files
Subseries: Economic Chronological Files
WHORM Cat.:
File Location: Latin America - Economics (July - October 1989)

Document Partially Declassified
(Copy of Document Follows)
 By SL on 11/21/13

Date Closed:	5/14/2009	OA/ID Number:	91139-002
FOIA/SYS Case #:	2009-0275-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:	2001-2588-F/2(45)	MR Case #:	
AR Disposition:	Released in Part	MR Disposition:	
AR Disposition Date:	12/11/2012	MR Disposition Date:	

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Presidential Records Act - [44 U.S.C. 2204(a)]

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 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
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PRM. Removed as a personal record misfile.

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 (b)(9) Release would disclose geological or geophysical information

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THE WHITE HOUSE

WASHINGTON

September 27, 1989

CONFIDENTIAL

9/27/89

MEETING WITH
ARGENTINE PRESIDENT CARLOS MENEM

DATE: September 27, 1989

LOCATION: Oval Office

TIME: 11:35 a.m. - 12:05 p.m.

FROM: BRENT SCOWCROFT *BS*

DECLASSIFIED IN PART

PER E.O. 13526

2001-2586-F12

11/21/11

12/11/12

I. PURPOSE

To encourage and support Menem's efforts to move Argentina to an open market oriented economy; to implement the Tlatelolco nonproliferation Treaty; to drop the Condor missile program; to resolve a long standing pharmaceutical patent dispute; to continue his positive actions in fighting narcotics and seeking a settlement with the British on the Malvinas Islands; and to keep pressure on Noriega and Castro.

II. BACKGROUND

Menem's decision to come to the UN General Assembly was predicated on the opportunity to meet with you, as suggested in your letter to him on his inauguration. Menem has, contrary to the expectations of his critics and his Peronist background, said and done all the right things so far. He has chosen an open, privately managed economy, begun negotiations with the British, passed tough anti-narcotics laws and signalled receptivity to U.S. concerns in other areas.

Menem places great importance on his meeting with you and hopes it will strengthen his position in Argentina. (b)(1)

(b)(1)

(b)(1)

He is an intelligent, likable person who wants to establish a positive relationship with you and the U.S. Government. He prefers informal dialogue and does not respond well to pressure, but is willing to listen, learn, and compromise.

Menem's primary goal is to get your public endorsement of his economic program, and help with debt reduction. He deserves it. (b)(1)

(b)(1)

Laws

have been passed to privatize the bloated public sector,

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cc: Vice President
Chief of Staff

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open the economy to greater competition, suspend subsidies, and end discrimination against foreign capital.

Monthly inflation dropped from 197 percent in July to 38 percent in August and appears headed below 10 percent in September. Interest arrears to commercial banks total some six billion and will make debt reduction difficult. Menem may ask for bridge financing and we are prepared to provide it once an IMF standby agreement is in place; we are also prepared to work with Argentina on debt reduction. Secretary Brady will be with you in the meeting.

Menem also wants an enhanced security relationship with the U.S., including increased U.S. security assistance. Unfortunately, we don't have much to offer. We also have to keep UK sensitivities in mind. He would like to sell the U.S. Air Force the Pampa trainer aircraft, but there isn't much chance we will buy it although it's a good plane.

The Argentine government is reviewing its refusal to implement the Tlatelolco Treaty banning nuclear weapons in Latin America. They know of the advantages of adherence in terms of greater U.S. nuclear cooperation, technology transfer and financing.

On the Condor mid-range Ballistic Missile Program, the Argentines are aware of our concerns and are rethinking their position. (b)(1)

(b)(1)

Menem has made the war on drugs one of his highest priorities. He has toughened anti-drug laws and proposed the death penalty for drug cartel kingpins. He wants to cooperate with us and reinforce U.S. efforts in the Andean countries, particularly Bolivia. He has offered the Pampa plane to Colombia.

On trade, Argentina's lack of product patent protection for pharmaceuticals and discriminatory drug registration procedures led to a 301 case last year. (b)(1)

(b)(1)

Argentina has withdrawn its Ambassador to Panama, but has not been in the lead in pushing for a democratic government. If the opportunity arises it would be worthwhile mentioning the need to keep pressure on Noriega, and on Castro.

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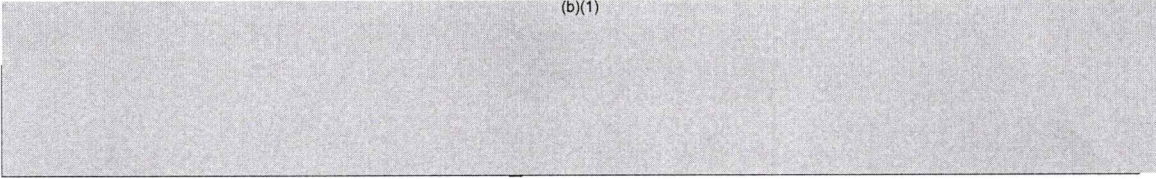
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~~SECRET~~

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~~w/SECRET ATTACHMENT~~

(b)(1)



III. PARTICIPANTS

See Tab C.

IV. PRESS PLAN

Open photo, writing pool

V. SEQUENCE

Photo op followed by meeting

Prepared by:
William T. Pryce

Attachments

Tab A	Points to be Made
Tab B	Participants List
Tab C	Biography

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~~w/SECRET ATTACHMENT~~

~~SECRET~~

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~~CONFIDENTIAL~~

7534

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PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 2/28/24

POINTS TO BE MADE FOR MEETING WITH
ARGENTINE PRESIDENT CARLOS MENEM

OPENING

- I congratulate you on your election, your courageous program and your choosing a politically broad-based government, which I believe has been a key factor in your success.

ECONOMIC ISSUES

- You have begun a truly impressive reorientation of the Argentine economy. I have great admiration and respect for your efforts to reduce and streamline the government's role in the economy.
- I hope you will persevere with the reforms and resist the inevitable efforts to dilute your program.
- We are prepared to consider favorably appropriate bridge financing, once you have a stand-by agreement with the IMF. We want to work with you and the commercial banks to reduce Argentina's debt burden once your economic program is fully in place.

THE WAR ON DRUGS

- I congratulate you for the tough stance you and your government are taking toward the drug scourge that afflicts our hemisphere. I look forward to working with you on this vital issue.
- Vice President Duhalde greatly impressed everyone with his seriousness and expertise on the narcotics issue during his recent visit here.
- I appreciate your offer of assistance to Colombia.

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TLATELOLCO

- One of my most serious concerns for many years has been the risk of nuclear proliferation.
- Implementation of the Treaty of Tlatelolco by your government would be a major step to show your concern about this issue.
- Implementation of this treaty would enable us, and other countries, to resume mutually beneficial nuclear relationships with Argentina and to cooperate more fully in other technological and scientific areas.

CONDOR

- We are also greatly concerned by the Condor ballistic missile, which is potentially very destabilizing, particularly in the Middle East.
- Your abandonment of this program would contribute significantly to the prevention of missile proliferation, and thus to international peace and stability.
- (if asked about assistance on a space launch vehicle) Since the technology of a space launch vehicle is essentially identical to that of a ballistic missile, our policy is not to assist in the development of any rocket which could be used as a long range missile.
- (if asked about the Pampa trainer) I understand the Pampa is an excellent trainer and our Air Force is very impressed with its capabilities. We will not issue specifications for a new trainer for at least a year and will not make a purchase decision until 1994. We will give the Pampa full consideration, but there will be intense competition.

FALKLANDS/MALVINAS

- You have acted as a true statesman in seeking to restore relations with the UK.
- I know it has not been an easy thing to do, but I can assure you of our support in this effort.
- We hope you will soon reach full normalization of your relations with the UK.
- (If asked to press the UK to restore diplomatic relations quickly) The British are aware of our interest in seeing a successful outcome to your talks. We stand ready to help move the talks forward in any way both sides find desirable.

PHARMACEUTICALS

- Protection of intellectual property rights is a high priority goal in U.S. trade policy.
- We appreciate the progress your government has made in seeking to resolve a long-standing trade problem between our countries regarding pharmaceutical.
- To move this issue towards resolution, I hope you can give assurances that your administration intends to enact legislation soon that provide product patent protection for pharmaceuticals.

PANAMA

- I hope you will do what you can to encourage Noriega to leave power and allow a democratic transition. We need to keep up the pressure. Diplomatic isolation is important.

- We all need to be concerned and to keep pressing Castro to ease up.

CUBA

- The situation in Cuba has deteriorated with the Ochoa execution, the jailing of human rights activists, and the increasing prominence of the military.
- Castro is falling into a Stalinist mode and is resorting to subversion and persecution in a big way.

MIDDLE EAST PEACE PROCESS

- We stand by the principles that have guided U.S. policy on the peace process for two decades: we seek a comprehensive peace through negotiations based on UN Security Council resolutions 242 and 338. The negotiations should involve territory for peace and should provide security and recognition for Israel and for the legitimate political rights of the Palestinian people.
- We are urging all parties to take practical steps toward that end.
- All States have a responsibility to play a positive role by encouraging the parties in the region to accept the idea of elections in the occupied territories and urging the PLO to allow the start of a Palestinian dialogue with Israelis. I welcome your efforts in support of these goals.
- An important step you could take to contribute to peace in the Middle East would be to abandon the Condor ballistic Missile program.

~~CONFIDENTIAL~~

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CARD 1 OF 10

POINTS TO BE MADE FOR MEETING WITH
ARGENTINE PRESIDENT CARLOS MENEM

OPENING

- I CONGRATULATE YOU ON YOUR ELECTION, YOUR COURAGEOUS PROGRAM AND YOUR CHOOSING A POLITICALLY BROAD-BASED GOVERNMENT, WHICH I BELIEVE HAS BEEN A KEY FACTOR IN YOUR SUCCESS.

ECONOMIC ISSUES

- YOU HAVE BEGUN A TRULY IMPRESSIVE REORIENTATION OF THE ARGENTINE ECONOMY. I HAVE GREAT ADMIRATION AND RESPECT FOR YOUR EFFORTS TO REDUCE AND STREAMLINE THE GOVERNMENT'S ROLE IN THE ECONOMY.

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DECLASSIFY ON: OADR

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CARD 2 OF 10

- I HOPE YOU WILL PERSEVERE WITH THE REFORMS AND RESIST THE INEVITABLE EFFORTS TO DILUTE YOUR PROGRAM.
- WE ARE PREPARED TO CONSIDER FAVORABLY APPROPRIATE BRIDGE FINANCING, ONCE YOU HAVE A STAND-BY AGREEMENT WITH THE IMF. WE WANT TO WORK WITH YOU AND THE COMMERCIAL BANKS TO REDUCE ARGENTINA'S DEBT BURDEN ONCE YOUR ECONOMIC PROGRAM IS FULLY IN PLACE.

THE WAR ON DRUGS

- I CONGRATULATE YOU FOR THE TOUGH STANCE YOU AND YOUR GOVERNMENT ARE TAKING TOWARD THE DRUG SCOURGE THAT AFFLICTS OUR HEMISPHERE. I LOOK FORWARD TO WORKING WITH YOU ON THIS VITAL ISSUE.

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~~CONFIDENTIAL~~

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PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 2/28/24

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

CARD 4 OF 10

- IMPLEMENTATION OF THIS TREATY WOULD ENABLE US, AND OTHER COUNTRIES, TO RESUME MUTUALLY BENEFICIAL NUCLEAR RELATIONSHIPS WITH ARGENTINA AND TO COOPERATE MORE FULLY IN OTHER TECHNOLOGICAL AND SCIENTIFIC AREAS.

CONDOR

- WE ARE ALSO GREATLY CONCERNED BY THE CONDOR BALLISTIC MISSILE, WHICH IS POTENTIALLY VERY DESTABILIZING, PARTICULARLY IN THE MIDDLE EAST.
- YOUR ABANDONMENT OF THIS PROGRAM WOULD CONTRIBUTE SIGNIFICANTLY TO THE PREVENTION OF MISSILE PROLIFERATION, AND THUS TO INTERNATIONAL PEACE AND STABILITY.

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CARD 3 OF 10

- VICE PRESIDENT DUHALDE GREATLY IMPRESSED EVERYONE WITH HIS SERIOUSNESS AND EXPERTISE ON THE NARCOTICS ISSUE DURING HIS RECENT VISIT HERE.
- I APPRECIATE YOUR OFFER OF ASSISTANCE TO COLOMBIA.

TLATELOLCO

- ONE OF MY MOST SERIOUS CONCERNS FOR MANY YEARS HAS BEEN THE RISK OF NUCLEAR PROLIFERATION.
- IMPLEMENTATION OF THE TREATY OF TLATELOLCO BY YOUR GOVERNMENT WOULD BE A MAJOR STEP TO SHOW YOUR CONCERN ABOUT THIS ISSUE.

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CARD 6 OF 10

FALKLANDS/MALVINAS

- YOU HAVE ACTED AS A TRUE STATESMAN IN SEEKING TO RESTORE RELATIONS WITH THE UK.
- I KNOW IT HAS NOT BEEN AN EASY THING TO DO, BUT I CAN ASSURE YOU OF OUR SUPPORT IN THIS EFFORT.
- WE HOPE YOU WILL SOON REACH FULL NORMALIZATION OF YOUR RELATIONS WITH THE UK.
- (IF ASKED TO PRESS THE UK TO RESTORE DIPLOMATIC RELATIONS QUICKLY) THE BRITISH ARE AWARE OF OUR INTEREST IN SEEING A SUCCESSFUL OUTCOME TO YOUR TALKS. WE STAND READY TO HELP MOVE THE TALKS FORWARD IN ANY WAY BOTH SIDES FIND DESIRABLE.

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CARD 5 OF 10

- (IF ASKED ABOUT ASSISTANCE ON A SPACE LAUNCH VEHICLE) SINCE THE TECHNOLOGY OF A SPACE LAUNCH VEHICLE IS ESSENTIALLY IDENTICAL TO THAT OF A BALLISTIC MISSILE, OUR POLICY IS NOT TO ASSIST IN THE DEVELOPMENT OF ANY ROCKET WHICH COULD BE USED AS A LONG RANGE MISSILE.
- (IF ASKED ABOUT THE PAMPA TRAINER) I UNDERSTAND THE PAMPA IS AN EXCELLENT TRAINER AND OUR AIR FORCE IS VERY IMPRESSED WITH ITS CAPABILITIES. WE WILL NOT ISSUE SPECIFICATIONS FOR A NEW TRAINER FOR AT LEAST A YEAR AND WILL NOT MAKE A PURCHASE DECISION UNTIL 1994. WE WILL GIVE THE PAMPA FULL CONSIDERATION, BUT THERE WILL BE INTENSE COMPETITION.

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~~CONFIDENTIAL~~

CARD 8 OF 10

PANAMA

- I HOPE YOU WILL DO WHAT YOU CAN TO ENCOURAGE NORIEGA TO LEAVE POWER AND ALLOW A DEMOCRATIC TRANSITION. WE NEED TO KEEP UP THE PRESSURE. DIPLOMATIC ISOLATION IS IMPORTANT.
- WE ALL NEED TO BE CONCERNED AND TO KEEP PRESSING CASTRO TO EASE UP.

CUBA

- THE SITUATION IN CUBA HAS DETERIORATED WITH THE OCHOA EXECUTION, THE JAILING OF HUMAN RIGHTS ACTIVISTS, AND THE INCREASING PROMINENCE OF THE MILITARY.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

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~~CONFIDENTIAL~~

CARD 7 OF 10

PHARMACEUTICALS

- PROTECTION OF INTELLECTUAL PROPERTY RIGHTS IS A HIGH PRIORITY GOAL IN U.S. TRADE POLICY.
- WE APPRECIATE THE PROGRESS YOUR GOVERNMENT HAS MADE IN SEEKING TO RESOLVE A LONG-STANDING TRADE PROBLEM BETWEEN OUR COUNTRIES REGARDING PHARMACEUTICAL.
- TO MOVE THIS ISSUE TOWARDS RESOLUTION, I HOPE YOU CAN GIVE ASSURANCES THAT YOUR ADMINISTRATION INTENDS TO ENACT LEGISLATION SOON THAT PROVIDE PRODUCT PATENT PROTECTION FOR PHARMACEUTICALS.

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~~CONFIDENTIAL~~

CARD 10 OF 10

- ALL STATES HAVE A RESPONSIBILITY TO PLAY A POSITIVE ROLE BY ENCOURAGING THE PARTIES IN THE REGION TO ACCEPT THE IDEA OF ELECTIONS IN THE OCCUPIED TERRITORIES AND URGING THE PLO TO ALLOW THE START OF A PALESTINIAN DIALOGUE WITH ISRAELIS. I WELCOME YOUR EFFORTS IN SUPPORT OF THESE GOALS.
- AN IMPORTANT STEP YOU COULD TAKE TO CONTRIBUTE TO PEACE IN THE MIDDLE EAST WOULD BE TO ABANDON THE CONDOR BALLISTIC MISSILE PROGRAM.

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CARD 9 OF 10

~~CONFIDENTIAL~~

- CASTRO IS FALLING INTO A STALINIST MODE AND IS RESORTING TO SUBVERSION AND PERSECUTION IN A BIG WAY.

MIDDLE EAST PEACE PROCESS

- WE STAND BY THE PRINCIPLES THAT HAVE GUIDED U.S. POLICY ON THE PEACE PROCESS FOR TWO DECADES: WE SEEK A COMPREHENSIVE PEACE THROUGH NEGOTIATIONS BASED ON UN SECURITY COUNCIL RESOLUTIONS 242 AND 338. THE NEGOTIATIONS SHOULD INVOLVE TERRITORY FOR PEACE AND SHOULD PROVIDE SECURITY AND RECOGNITION FOR ISRAEL AND FOR THE LEGITIMATE POLITICAL RIGHTS OF THE PALESTINIAN PEOPLE.
- WE ARE URGING ALL PARTIES TO TAKE PRACTICAL STEPS TOWARD THAT END.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Tab B

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
07j. Report	Re: Biography (2 pp.)	9/19/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Latin American Files
Subseries: Economic Chronological Files
WHORM Cat.:
File Location: Latin America - Economics (July - October 1989)

Date Closed: 5/14/2009	OA/ID Number: 91139-002
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

PARTICIPANTS

U.S.

The President

Nicholas Brady, Secretary of the Treasury

John H. Sununu, Chief of Staff

Lawrence Eagleburger, Deputy Secretary of State

Brent Scowcroft,

Assistant to the President for National Security Affairs

Robert M. Gates,

Assistant to the President and Deputy for National Security Affairs

Bernard Aronson,

Assistant Secretary of State for Inter-American Affairs

Everett Ellis Briggs,

Special Assistant to the President and Senior Director for Latin America and the Caribbean

Argentina

- Carlos Menem, President of Argentina

Domingo Cavallo, Foreign Minister of Argentina

Nestor Rapanelli, Minister of Economy of Argentina

Alberto Kohan, Chief of Staff to the President Menem

Guido Di Tella, Argentine Ambassador to the United States



UNCLASSIFIED
(with SECRET attachment)

September 25, 1989

MEMORANDUM FOR BRENT SCOWCROFT
THE WHITE HOUSE

SUBJECT: Briefing Materials for the President's Meeting with
Argentine President Carlos Saul Menem

Briefing materials and suggested talking points for the President to use in his meeting with President Menem of Argentina, at 11:35 AM on Wednesday, September 27, are attached. Biographic information on President Menem is also attached.


J. Stapleton Roy
Executive Secretary

Attachments:

- Tab 1 - Briefing materials.
- Tab 2 - Talking points.
- Tab 3 - Biographic information on President Menem.

UNCLASSIFIED
(with SECRET attachment)

TAB III

NATIONAL SECURITY COUNCIL

19-Sep-1989 18:00 EDT

MEMORANDUM FOR:

PRYCE

FROM: VMS MAIL user WHSR
(WHSR@VAXE@)

SUBJECT:

Received: From VAXE(WHSR) by VAXC with Jnet id 5832
for PRYCE@VAXC; Tue, 19 Sep 89 18:00 EDT
Date: Tue, 19-SEP-1989 17:57 EST
From: <WHSR@VAXE>
To: PRYCE@VAXC

<DIST>

PRT: DONLEY GATES HUGHES SCOWCROFT SITTMANN BRANSCUM
SIT: AYERS BRIGGS FILE PRYCE SIT VAX WHSR_IN

<PREC>

PRIORITY

<CLAS>

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<OSRI>

RUEHBU

<DTG>

192141Z SEP 89

<ORIG>

FM AMEMBASSY BUENOS AIRES

<TO>

TO RUEHC/SECSTATE WASHDC PRIORITY 6271
RUEADWW/WHITEHOUSE WASHDC
INFO RUEHAC/AMEMBASSY ASUNCION 0141
RUEHBR/AMEMBASSY BRASILIA 1482
RUEHLP/AMEMBASSY LA PAZ 7814

<SUBJ>

SUBJ: MENEM AND ARGENTINA: THE FIRST 100 DAYS

<TEXT>

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~~SECRET~~ SECTION 01 OF 03 BUENOS AIRES 09696
NSC FOR BRIGGS, STATE FOR ARONSON AND SKOL

DECLASSIFIED
PER E.O. 13526

2009-11-14-142
Eg 12/1/15

E.O. 12356 DECL: OADR

TAGS: PGOV, AR

SUBJ: MENEM AND ARGENTINA: THE FIRST 100 DAYS

-
1. (X - ENTIRE TEXT).
 2. CARLOS MENEM TRAVELS TO HIS MEETING WITH PRESIDENT BUSH AT THE END OF THIS WEEK HAVING COMPLETED A MERE ELEVEN WEEKS OF HIS SIX YEAR MANDATE. HE INHERITED BY HIS OWN DESCRIPTION, "A NATION IN FLAMES" ON JULY 8, WHEN THE PREVIOUS GOVERNMENT OF RAUL ALFONSIN DISCREDITED BY INEFFECTUAL ECONOMIC POLICIES AND DEVASTATED BY HYPERINFLATION, HAD TO TURN OVER THE REINS OF POWER SOME FIVE MONTHS IN ADVANCE OF THE CONSTITUTIONALLY DESIGNATED DATE.

-

3. MENEM CONTINUES TO ENJOY AN EXCEPTIONAL LEVEL OF PUBLIC AND POLITICAL SUPPORT. IN THE INTERVENING WEEKS MENEM HAS MADE STRIDES THAT CAN ONLY BE DESCRIBED AS DRAMATIC. RECOGNIZING THE NEED FOR WESTERN SUPPORT FOR HIS ECONOMIC STABILIZATION PLANS, HE HAS MADE AN UNAMBIGUOUS CHOICE IN FAVOR OF AN OPEN, PRIVATELY-MANAGED ECONOMY AND AWAY FROM THE TRADITIONAL STATIST APPROACH FOR WHICH PERONISM HAS BEEN FAMOUS. RECENTLY APPROVED LEGISLATION TO DEAL WITH THE ECONOMIC CRISIS AND TO RADICALLY REFORM THE NATURE AND SIZE OF THE STATE PROVIDE THE FRAMEWORK FOR REDIRECTING NATIONAL ENERGIES IN WAYS THAT WILL PAY LONG-TERM DIVIDENDS. A TAX REFORM PACKAGE NOW BEING DEVELOPED SHOWS THE GOVERNMENT TO BE SERIOUS NOT ONLY ABOUT ECONOMIC RENEWAL ALONG LIBERAL LINES, BUT ALSO ABOUT DISTRIBUTING THE BURDEN FOR ITS COSTS MORE EQUITABLY THAN BEFORE.

-

4. IT IS WORTH MENTIONING HERE, THAT, DESPITE THE COMMENTS OF CYNICS TO THE CONTRARY, MENEM'S PATH TO ECONOMIC RENEWAL IS THE RESULT OF A GREAT DEAL OF SERIOUS AND FOCUSED PREPARATION. VICE PRESIDENT EDUARDO DUHALDE CHAIRED A GROUP OF RANKING PERONISTS WHICH PLANNED FOR A POST-ELECTION RESTRUCTURING OF THE ARGENTINE STATE A FULL SIX MONTHS PRIOR TO THE MAY 14 BALLOTING. OBVIOUSLY, THE ECONOMIC AND LEGISLATIVE PROGRESS REALIZED TO DATE COULD NOT HAVE BEEN THE RESULT OF THE MENEM GOVERNMENT'S COLLECTIVE KNEE JERKING ON INAUGURATION DAY. CLEARLY, THESE PLANS FOR ECONOMIC RENEWAL PRE-DATE THE ELECTION EVEN IF THEIR ANNOUNCEMENT HAD TO BE DELAYED UNTIL VICTORY WAS ASSURED. INDEED, MENEM'S BLUE COLLAR CONSTITUENCY WOULD NOT HAVE UNDERSTOOD HIS BREAK WITH THE PERONIST TRADITION OF STATE OWNERSHIP HAD THEY KNOWN OF IT IN ADVANCE. MORE IMPORTANT NOW, HOWEVER, THAT THE CHOICE HAS BEEN MADE, IS THE PRESIDENT'S ULTIMATE SUCCESS IN DEMONSTRATING TO HIS PEOPLE THE VALUE OF AN OPEN

AND FREE MARKET ECONOMY TO THEIR MATERIAL WELL-BEING.
IN SUM, MENEM'S EFFORTS IN THE DOMESTIC ARENA HAVE
BEEN BOTH CONSIDERABLE AND RAPID.

-
5. ON THE INTERNATIONAL FRONT, MENEM HAS ALSO
MADE DRAMATIC MOVES, NOT THE LEAST OF WHICH ARE
HIS OVERTURES TO THE BRITISH IN AN EFFORT TO GET
THE FALKLANDS/MALVINAS ISSUE BEHIND HIM. HERE
TOO, MENEM'S ECONOMIC PRAGMATISM IS EVIDENT AS HE
RECOGNIZES THE NEED FOR ARGENTINA TO SECURE ACCESS
TO A UNITED EUROPEAN MARKET AFTER 1992. MENEM
HAS ALSO, AT LEAST IN HIS PUBLIC PRONOUNCEMENTS
IN SUCH FORA AS THE NON-ALIGNED MOVEMENT, SOUGHT
TO MINIMIZE CONFLICT WITH THE INDUSTRIALIZED WEST,
IN PARTICULAR THE U.S. IN HIS OWN BACKYARD, MENEM
HAS GIVEN ADDITIONAL PUSH TO BONDS WITH HIS
NEIGHBORS, PARTICULARLY ECONOMIC INTEGRATION WITH
BRAZIL. HE HAS ALSO EXPRESSED A GREAT INTEREST
IN A MULTILATERAL, EVEN FULLY HEMISPHERIC APPROACH
TO THE WAR ON DRUGS, HAVING RECENTLY OFFERED
MATERIEL SUPPORT IN THE FORM OF AIRCRAFT TO
BELEAGUERED COLOMBIAN PRESIDENT BARCO.

-
6. IN THE INTEREST OF CREATING A GOVERNMENT OF
NATIONAL UNITY, HE HAS DRAWN ON TALENT FROM ACROSS

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~~SECRET~~ SECTION 02 OF 03 BUENOS AIRES 09696
NSC FOR BRIGGS, STATE FOR ARONSON AND SKOL
E.O. 12356 DECL: OADR
TAGS: PGOV, AR
SUBJ: MENEM AND ARGENTINA: THE FIRST 100 DAYS
THE POLITICAL SPECTRUM. HIS ADVISOR ON DEBT MATTERS,
ALVARO ALSOGARAY, IS THE FOUNDER OF ARGENTINA'S
MOST CONSERVATIVE POLITICAL PARTY AND THE HISTORIC
NEMESIS OF THINGS PERONIST. MENEM CHOSE ALSOGARAY'S
DAUGHTER TO BREAK UP THE STATE-OWNED TELEPHONE
COMPANY AND SELL IT OFF TO INVESTORS. HIS FOREIGN
MINISTER IS NOT EVEN A MEMBER OF THE PRESIDENT'S
PARTY.

7. WHILE THERE HAS BEEN LESS MOVEMENT IN THE AREA
OF NUCLEAR AND MISSILE NON-PROLIFERATION, MENEM
HAS INDICATED RECEPTIVITY TO U.S. CONCERNS IN
THESE AREAS. WITH CONTINUED AND WELL-DOCUMENTED
EXPRESSIONS OF CONCERN ON OUR PART, REAL PROGRESS
ON BOTH ARGENTINE ADHERENCE TO TLAELOLCO AND
THE CONDOR II MISSILE PROGRAM IS POSSIBLE.

-
8. MENEM'S SUCCESS, WHILE REMARKABLE, HAS NOT
OCCURRED ENTIRELY IN THE ABSENCE OF OPPOSITION.
THE OPPOSITION RADICAL PARTY HAS FOR THE MOST PART
HONORED ITS PLEDGE NOT TO OPPOSE KEY PERONIST
LEGISLATIVE INITIATIVES DURING THE EARLY DAYS OF

THE ADMINISTRATION, BUT FRAGMENTATION WITHIN UCR RANKS HAS MEANT SOME SNIPING, MOST IMPORTANTLY BY IMMEDIATE PAST PRESIDENT ALFONSIN.

9. WITHIN AND WITHOUT THE PERONIST PARTY ITSELF, THERE ARE THOSE WHO FIND MENEM'S QUEST FOR A MORE OPEN ECONOMY AND HIS EFFORTS AT PRIVATIZATION UNWELCOME, OR SUSPECT AT BEST. THESE INCLUDE NOT ONLY THOSE WHO ARE EMPLOYED IN MASSIVE NUMBERS BY THE STATE-OWNED ENTERPRISES BUT ALSO, AND POSSIBLY PERHAPS MORE IMPORTANTLY, THOSE BUSINESSMEN WHO HAD ENJOYED CONSIDERABLE PROFITS FROM SELLING TO THESE SAME PUBLIC COMPANIES. UNLIKE THEIR COUNTERPARTS ELSEWHERE IN THE WEST, ARGENTINE ENTREPRENEURS EARN MORE FROM CONTRACTING WITH GOVERNMENT (ON LESS THAN COMPETITIVE TERMS) THAN FROM DEALING WITH EACH OTHER. PROBLEMS FROM THIS QUARTER ARE NOT EXPECTED TO BE CRITICAL, BUT NEITHER CAN THEY BE DISCOUNTED AS THEY HAVE YET TO PARTICIPATE IN MENEM'S ECONOMIC REVIVAL.

10. ANOTHER AREA WHERE MENEM HAS FOUND OPPOSITION IS HIS LIKELY DECISION TO ISSUE A GENERAL PARDON TO MILITARY OFFICERS. THE PRESIDENTIAL PARDON MAY ENCOMPASS HUMAN RIGHTS VIOLATORS FROM THE ERA OF THE DIRTY WAR, INCOMPETENTS DURING THE FALKLANDS/MALVINAS STRUGGLE AND INDIVIDUALS ACCUSED OF INVOLVEMENT IN THREE UNSUCCESSFUL MILITARY UPRISINGS. ABOUT 80,000 RECENTLY DEMONSTRATED OPPOSITION TO A PARDON IN THE STREETS OF BUENOS AIRES AND POLLS INDICATE MOST ARGENTINES ARE AGAINST, AT LEAST IN PRINCIPLE. MENEM, NEVERTHELESS, HAS EVIDENTLY WEIGHED HIS OPTIONS AND DETERMINED THAT SOCIAL PEACE AND NATIONAL UNITY ARE HIGHER IDEALS THAT MUST BE SERVED.

11. THE MOST SERIOUS IMMEDIATE CHALLENGE MENEM FACES IS FROM ORGANIZED LABOR. STABILIZATION PLANS OVER THE PAST THIRTY YEARS HAVE FOUNDERED ON SUCCESSIVE GOVERNMENTS' INABILITY TO HOLD THE LINE ON WAGES. REAL WAGES ARE STILL 50 PERCENT LOWER THAN LAST JANUARY AND ALMOST A THIRD OF THE POPULATION IS NOW BELOW THE POVERTY LINE. FEARS OF STATE SECTOR WORKERS THAT THEY WILL LOSE THEIR JOBS UNDER PRIVATIZATION AND RESTRUCTURING, AND A POTENTIAL SPLIT IN THE NATIONAL LABOR CONFEDERATION (CGT) FURTHER COMPLICATE THE SITUATION. MENEM HAS MADE IT CLEAR ON A NUMBER OF OCCASIONS THAT HE WILL STICK TO HIS ECONOMIC PLAN, BUT THAT RESOLVE WILL BE SEVERELY TESTED IN THE MONTHS AHEAD.

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~~SECRET~~ SECTION 03 OF 03 BUENOS AIRES 09696
NSC FOR BRIGGS, STATE FOR ARONSON AND SKOL

E.O. 12356 DECL: OADR

TAGS: PGOV, AR

SUBJ: MENEM AND ARGENTINA: THE FIRST 100 DAYS

12. LASTLY, NO REVIEW OF THE FACTORS INFLUENCING ARGENTINE POLITICAL DEVELOPMENT IS COMPLETE WITHOUT MENTION OF THE MILITARY PER SE. THE ARMED FORCES ARE IMPORTANT IN THE SCHEME OF THINGS, ALBEIT LESS SO THAN THEY ONCE WERE. DEVASTATED BY AN INANE WAR WITH THE BRITISH, THE MILITARY HAVE YET TO RECOVER FROM THE FALKLANDS/MALVINAS DEBACLE--BOTH IN TERMS OF SELF-ESTEEM AND SUPPORT AMONG THE POPULACE GENERALLY. THE ARMED FORCES CAN BE EXPECTED TO KEEP TO THE SIDELINES FOR THE FORESEEABLE FUTURE AS THERE IS NO CALL FOR THEIR PARTICIPATION BY ANY SIGNIFICANT SECTOR OF THE POPULATION. ALSO, AND POSSIBLY MORE TO THE POINT, THE ARMED FORCES, HAVING BEEN BURNED IN THE PAST, HAVE NO INTEREST IN INTERVENING IN THE VAGUERIES OF THE POLITICAL PROCESS.

13. THE MEETING BETWEEN PRESIDENTS BUSH AND MENEM IS TREMENDOUSLY IMPORTANT BOTH IN TERMS OF TIMING AND CONTENT. IT PROVIDES AN OPPORTUNITY TO DEMONSTRATE U.S. SUPPORT FOR MENEM AT A POINT WHEN DOMESTIC OPPOSITION, WHILE NOT YET SERIOUS, IS NEVERTHELESS, BEGINNING TO COALESCE. IT WILL ALSO ENHANCE MENEM'S STANDING AS HE ATTEMPTS TO DEAL WITH THE FALKLANDS/MALVINAS ISSUE AND BEGINS TO CARVE OUT A LARGER ROLE FOR ARGENTINA IN THE WAR ON DRUGS. MOST IMPORTANTLY, HOWEVER, THE MEETING WILL BE A HIGHLY VISIBLE VEHICLE FOR US TO DEMONSTRATE CONTINUED STRONG USG SUPPORT FOR DEMOCRATIC CIVILIAN GOVERNMENT IN SOUTH AMERICA. IT IS FAIR TO SAY THAT THE LESSONS OF THIS AND FUTURE U.S.-ARGENTINE DIALOGUE WILL NOT BE LOST ON THE RECENT AND SOON-TO-BE ELECTED GOVERNMENTS ELSEWHERE IN THE HEMISPHERE. THE OPPORTUNITIES INHERENT IN A SUCCESSFUL SUMMIT ARE THERE FOR BOTH THE ARGENTINES AND OURSELVES.

SERVICE

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SECTION: 02 OF 03

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THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

WITH SECRET ATTACHMENTS

7756

September 30, 1989

CHRON FILE

MEETING WITH
MEXICAN PRESIDENT CARLOS SALINAS DE GORTARI

DATE: October 3, 1989

LOCATION: Oval Office and Cabinet Room

TIME: 10:30 - 11:30 a.m.

FROM: BRENT SCOWCROFT

DECLASSIFIED
PER E.O. 13526

2009-1113-MR
5/21/2014 MM

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3/4

I. PURPOSE

To encourage and support President Salinas' efforts to move Mexico to a more open, market oriented economy; to improve anti-narcotics cooperation; to increase Mexican support for our foreign policy objectives, especially regarding Nicaragua, Panama and Cuba; to foster improved trade relationships and border cooperation; and to maintain and strengthen the exceptionally positive relationship we now enjoy with Mexico.

II. BACKGROUND

Salinas comes to the U.S. at a time when U.S.-Mexican relations are better than they have been in many years. He has acted decisively on both the political and economic fronts, arresting powerful and corrupt labor leaders and narcotics kingpins, accepting his party's defeat in State elections, and moving to open and privatize the economy. While maintaining Mexico's traditional foreign policy objectives publicly, he has moved toward pragmatism in practice.

Although he is politically much stronger than when he took office, Salinas will continue to face challenges from traditional PRI politicians and economic interests who oppose his reforms. He will be counting on this visit to boost his international image and strengthen his position at home. We want to help him.

During his stay in the U.S., Salinas will: visit you privately at Camp David on Sunday; host private meetings and a small dinner on Monday; begin his official participation with the formal arrival ceremony, a White House meeting, a luncheon by Secretary Baker and your State dinner on Tuesday; meet with congressional leaders, address a joint session of Congress, speak to the National Press Club, and dedicate the new Mexican Embassy on Wednesday; meet with the

cc: Vice President
Chief of Staff

~~CONFIDENTIAL~~

WITH SECRET ATTACHMENTS

Declassify on: OADR

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~~CONFIDENTIAL~~

WITH SECRET ATTACHMENTS

-2-

Council of the Americas and UN Secretary General Perez de Cuellar in New York and then go to Brown to receive a degree on Thursday; and return to Mexico on Friday.

Salinas' official White House meeting will begin with a one on one in the Oval Office, move to a signing ceremony in the Roosevelt Room, at which you and President Salinas will make brief remarks, and then to an expanded meeting in the Cabinet Room. The two agreements to be signed by Secretary Baker and Foreign Minister Solana in your presence are on trade and investment facilitation and on Mexico City's environment. Five other agreements will be signed at the State Department, covering tourism, tax information exchanges, border air pollution, Tijuana sanitation and trade and investment promotion.

A memorandum from Secretary of State Baker to you on the visit is included at Tab D.

III. PARTICIPANTS

See Tab B.

IV. PRESS PLAN

- Photo opportunity in Oval office - Open photo, writing pool
- Signing ceremony in Roosevelt Room - Open press
- Expanded meeting in Cabinet Room - White House Photographer

V. SEQUENCE

Photo opportunity in Oval office, followed by signing ceremony in Roosevelt Room, followed by expanded meeting in Cabinet Room.

Attachments

Tab A	Points to be Made
Tab B	Participants Lists
Tab C	Biographies
Tab D	Secretary of State Memo to the President

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POINTS TO BE MADE FOR MEETING WITH
MEXICAN PRESIDENT CARLOS SALINAS DE GORTARI

OPENING

- I want to congratulate you once again on your success in your first year in office. There is no more important relationship for us than the one we have with your country. I look forward to discussing the broad range of issues concerning our two countries.
- How would you like to begin the discussions?

DEBT

- Your agreements with the IMF, the Paris Club, and commercial banks are a tribute to your courageous actions to modernize and reinvigorate Mexico's economy.
- We are pleased to support Mexico by participating with other countries in a \$2 billion bridge loan.
- We hope the external financial support will permit a medium-term focus on growth and structural reform.
- I am sure your bold actions will bring greater foreign investment and the return of flight capital.

TRADE AND INVESTMENT

- I applaud Mexico's efforts to reduce its barriers to trade and foreign investment. To underline U.S. support, Secretary of Commerce Mosbacher will lead a mission to Mexico in November to promote confidence and investment.
- I know you are particularly concerned about Mexico's trade balance. I am pleased that our experts have been able to resolve a number of trade irritants.

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- We need to work together to resolve remaining impediments to the free flow of trade. The agreement just signed should open the way for negotiations on trade and investment.
- The protection of intellectual property rights is also important. I am pleased to learn the Mexico is committed to provide comprehensive IPR protection next year.
- We are determined to treat Mexican trade and investment issues as a priority within our overall goal of improving the multilateral trading system (GATT) by the end of 1990.

OTHER TRADE ISSUES

- Our steel policy facilitates increased access for imports. Mexico will have a larger share of the U.S. market. I am pleased that Mexico will join the United States in seeking an international consensus on fair steel trading rules.
- Our review of GSP for next year is well under way, and Mexico stands to benefit greatly.
- I hope our negotiators will soon complete the mid-term major review of the U.S.-Mexican bilateral textiles and apparel agreement.

TOURISM

- I am pleased that our nations will today sign a bilateral agreement to facilitate and enhance tourism and related investment, expanding and extending our 1977 agreement.

ENERGY

- Mexico is an important and reliable oil supplier to the U.S. market. We want this relationship to prosper.
- Important that there continue to be adequate investment in exploration and development. We recognize the historical

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sensitivities involved, and keeping these in mind, would like to discuss ways to enhance your mobilization of these resources.

- (If asked) Understand DOE notified PEMEX at the end of August that the current SPR (Strategic Petroleum Reserve) contract is not expected to be renewed due to different crude oil requirements for the next round of purchases. I understand that the two parties are discussing how to phase out the contract in the most convenient manner.

NARCOTICS

- Just a month ago, I issued our National Drug Control Strategy. It is a wide-ranging attack on the drug problem. We are pressing forward on fighting this problem from within our borders as well as abroad. We recognize that curbing the demand is essential.
- We commend Mexican efforts to reduce narcotics trafficking.
- At the August 7 Binational Commission meeting in Mexico City, our Cabinet officers made excellent progress.
- At the same time, we cannot be complacent. Despite our joint efforts, the flow of drugs into the U.S. remains too high.
- We remain concerned about prosecution of those responsible for the murder of DEA agent Camarena, the direct involvement of Colombian narcotics traffickers in Mexico, money laundering, and the control of precursor chemicals.

IMMIGRATION

- I believe we are managing our immigration issues responsibly. We treat seriously any allegations of

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- mistreatment of Mexicans and are instituting a system to expedite our responses to your concerns.
- Cooperation is the key to reducing border violence. The Joint Immigration Working Groups under the Binational Commission promote this cooperation and we need to continue moving forward.
 - (If asked) A bilateral agreement on agricultural workers between the U.S. and Mexico would require special legislation that would be strongly opposed by some within our Congress. We can accomplish the same objective through more extensive use of the existing special visa program for migrant workers.

CULTURAL COOPERATION

- We need to build further toward fullest mutual understanding in creative and intellectual endeavors. The Mexican art exhibit at the Metropolitan Museum of Art next year will enhance awareness here of Mexico's cultural richness and its impact on the U.S.
- We can pursue cultural cooperation by seeking to complete important existing projects and to develop new programs of academic, scientific/technological and cultural cooperation and taking steps to recognize and encourage private sector cooperation as part and parcel of U.S.-Mexican relations.

BORDER COOPERATION

- I am delighted that Secretaries Solana and Baker recently authorized an agreement for a new bridge near El Paso.
- I am particularly pleased that we may soon be able to authorize the first direct link with your home state of

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Nuevo Leon (the Colombia-Dolores bridge, near Laredo).

- Our agreement in August to construct an international sewage treatment plant at Nuevo Laredo was a great accomplishment.
- The agreement to do the same sort of thing near San Diego and Tijuana is even more momentous.
- I am pleased that we will be honoring the centennial of the International Boundary and Water Commission during your visit. We can both be proud of the IBWC's remarkable record. It is a model for cooperation between nations.
- (If raised) We are very cautious about insisting on an active federal role in cross-border consultations. As I suggested before, our border relationship is dynamic, vital and has many positive facets. These favorable effects seem to strongly outweigh the potential for problems.

ENVIRONMENTAL COOPERATION

- The La Paz agreement in 1983 on border environmental cooperation and have helped reduce pollution of air, water and hazardous substances in the border area.
- I am pleased that we will be working together to reduce pollution in the metropolitan area of Mexico City.
- The agreement to address air pollution along the border beginning with Ciudad Juarez and El Paso being signed is also very important.
- Our environmental agencies have made a good beginning on problems of hazardous wastes and hazardous substances. More remains to be done.

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SUSTAINING RELATIONS

- Annual Binational Commission (BNC) meetings with high-level participation have contributed to the progress of our working groups in key areas (e.g., debt; border and environment; narcotics and law enforcement; immigration; trade and investment, etc.) and to the preparation of State visits. It would be useful to schedule the next meeting without delay.
- Between BNC meetings, creation of a Coordinating Committee to act as its secretariat and meet once or twice at a senior level would help sustain and monitor the progress of our diverse working groups while facilitating interagency coordination in both governments.
- I look forward to meeting with you at a convenient place in Mexico next year.

FUTURE OF THE RELATIONSHIP

- To lay the groundwork for the future, we might consider issuing a statement -- perhaps at our next meeting -- that would express our shared vision of increased cooperation and goals to be accomplished over the next three years.
- Over the longer term, we might consider whether this shared vision should encompass negotiation of an agreement providing for cooperation across the full range of the bilateral relationship. You have spoken out against early movement toward a "free trade area," and we understand. Rather, I would like to see us develop a structured, shared vision that could guide the steps toward increased understanding which are at the heart of our relations.

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REGIONAL ISSUES

Panama

- Noriega's installation of a puppet regime September 1 has been widely condemned, and his regime isolated.
- We understand your problems in this regard and appreciate your efforts to date. We feel that it is important to keep ambassadors out of Panama, decline to accept regime ambassadorial nominees, minimize other diplomatic contacts, cold shoulder regime representatives in international fora and minimize economic relations. Anything you feel you can do would be extremely helpful. (FYI: Mexico's Ambassador is still in Panama but keeps an arms-length relationship. Nevertheless, the Panamanians have taken his presence as a sign of Latin American solidarity and praised their relationship with Mexico.)

Nicaragua

- We support the Esquipulas peace process and are cooperating with the Central Americans, the UN and the OAS to help implement the agreements.
- Democratization is a key principle of the Esquipulas process. Free and fair elections are the most important test of Sandinista commitments.
- The creation of conditions of democracy and safety inside Nicaragua is essential to permit the voluntary return of the Resistance. That is fundamental to the Tela accord.
- The Sandinistas have made significant concessions to the opposition regarding electoral reform, but we must see how

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they implement them. Ortega's violation of his commitment to stop military recruiting is not reassuring.

- The Sandinistas enjoy an enormous advantage in their ability to mobilize state institutions for their campaign. It cannot yet be said that the Nicaraguan electoral campaign is being held on a level playing field.
- I urge you to press the Sandinistas to guarantee elections that are truly fair, not simply on election day, but in the opposition's freedom to organize and its access to media and funding.

Guatemala

- We are encouraged to see that at the last Guatemala/Mexico summit you and President Cerezo agreed to increase cooperation to halt the flow of drugs through your two countries.

El Salvador

- We appreciate your lending Mexican support for the peace talks between the FMLN and the GOES in Mexico. These talks were specifically called for in the Tela Summit.
- In addition, I urge you to use whatever influence your government may have to induce the FMLN to negotiate in good faith with the Salvadoran government.
- The FMLN should be made to realize that they must comply with the accords reached on August 7 at Tela, Honduras which clearly stipulate that FMLN must demobilize and reintegrate into the Salvadoran political process.
- The five Central American presidents reiterated their pledge to end all support to guerrilla groups in the region and to

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work towards the demobilization of all "irregular" forces to achieve peace. I urge you to convince Nicaragua to comply with its commitment.

Cuba

- U.S. policy toward Cuba will not change until Cuban behavior changes.
- Cuba has failed to address our longstanding concerns such as human rights, support for destabilization abroad and its military relationship with the USSR.
- We continue to oppose Cuba's reentry into the OAS.
- Castro's refusal to moderate his behavior has made him a pariah even among his own allies in the Soviet Bloc.
- Cuba continues to provide material support to the FMLN in El Salvador and to radical groups elsewhere.
- Cuba continues to support the Noriega regime in Panama.
- We ask that you help to pressure the Castro government to improve its human rights practices.
- The Castro government perceives international pressure has lessened after the UN Human Rights Commission failed to pass a strong resolution in Cuba in March.
- The human rights situation in Cuba has now regressed with the Ochoa trial and executions and increasing arrests of human rights activists.
- I would like to arrange for my experts to meet with yours and review the situation.

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THE WHITE HOUSE
WASHINGTON

September 30, 1989

MR. PRESIDENT:

The briefing paper for your meeting with Mexican President Salinas on Tuesday, October 3 is being provided to you early due to the private visit and dinner scheduled at Camp David on Sunday, October 1.

F. Wessel for
James W. Cioconi

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CARD 1 OF 20

THE PRESIDENT HAS SET

POINTS TO BE MADE FOR MEETING WITH
MEXICAN PRESIDENT CARLOS SALINAS DE GORTARI

OPENING

- I WANT TO CONGRATULATE YOU ONCE AGAIN ON YOUR SUCCESS IN YOUR FIRST YEAR IN OFFICE. THERE IS NO MORE IMPORTANT RELATIONSHIP FOR US THAN THE ONE WE HAVE WITH YOUR COUNTRY. I LOOK FORWARD TO DISCUSSING THE BROAD RANGE OF ISSUES CONCERNING OUR TWO COUNTRIES.
- HOW WOULD YOU LIKE TO BEGIN THE DISCUSSIONS?

DEBT

- YOUR AGREEMENTS WITH THE IMF, THE PARIS CLUB, AND COMMERCIAL BANKS ARE A TRIBUTE TO YOUR COURAGEOUS ACTIONS TO MODERNIZE AND REINVIGORATE MEXICO'S ECONOMY.

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CARD 2 OF 20

- WE ARE PLEASED TO SUPPORT MEXICO BY PARTICIPATING WITH OTHER COUNTRIES IN A \$2 BILLION BRIDGE LOAN.
- WE HOPE THE EXTERNAL FINANCIAL SUPPORT WILL PERMIT A MEDIUM-TERM FOCUS ON GROWTH AND STRUCTURAL REFORM.
- I AM SURE YOUR BOLD ACTIONS WILL BRING GREATER FOREIGN INVESTMENT AND THE RETURN OF FLIGHT CAPITAL.

TRADE AND INVESTMENT

- I APPLAUD MEXICO'S EFFORTS TO REDUCE ITS BARRIERS TO TRADE AND FOREIGN INVESTMENT. TO UNDERLINE U.S. SUPPORT, SECRETARY OF COMMERCE MOSBACHER WILL LEAD A MISSION TO MEXICO IN NOVEMBER TO PROMOTE CONFIDENCE AND INVESTMENT.
- I KNOW YOU ARE PARTICULARLY CONCERNED ABOUT

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CARD 3 of 20

- MEXICO'S TRADE BALANCE. I AM PLEASED THAT OUR EXPERTS HAVE BEEN ABLE TO RESOLVE A NUMBER OF TRADE IRRITANTS.
- WE NEED TO WORK TOGETHER TO RESOLVE REMAINING IMPEDIMENTS TO THE FREE FLOW OF TRADE. THE AGREEMENT JUST SIGNED SHOULD OPEN THE WAY FOR NEGOTIATIONS ON TRADE AND INVESTMENT.
- THE PROTECTION OF INTELLECTUAL PROPERTY RIGHTS IS ALSO IMPORTANT. I AM PLEASED TO LEARN THE MEXICO IS COMMITTED TO PROVIDE COMPREHENSIVE IPR PROTECTION NEXT YEAR.
- WE ARE DETERMINED TO TREAT MEXICAN TRADE AND INVESTMENT ISSUES AS A PRIORITY WITHIN OUR OVERALL GOAL OF IMPROVING THE MULTILATERAL TRADING SYSTEM (GATT) BY THE END OF 1990.

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SUPPLIER TO THE U.S. MARKET. WE WANT THIS RELATIONSHIP TO PROSPER.

-- IMPORTANT THAT THERE CONTINUE TO BE ADEQUATE INVESTMENT IN EXPLORATION AND DEVELOPMENT. WE RECOGNIZE THE HISTORICAL SENSITIVITIES INVOLVED, AND KEEPING THESE IN MIND, WOULD LIKE TO DISCUSS WAYS TO ENHANCE YOUR MOBILIZATION OF THESE RESOURCES.

-- (IF ASKED) UNDERSTAND DOE NOTIFIED PEMEX AT THE END OF AUGUST THAT THE CURRENT SPR (STRATEGIC PETROLEUM RESERVE) CONTRACT IS NOT EXPECTED TO BE RENEWED DUE TO DIFFERENT CRUDE OIL REQUIREMENTS FOR THE NEXT ROUND OF PURCHASES. I UNDERSTAND THAT THE TWO PARTIES ARE DISCUSSING HOW TO PHASE OUT THE CONTRACT IN THE MOST CONVENIENT MANNER.

NARCOTICS

-- JUST A MONTH AGO, I ISSUED OUR NATIONAL DRUG

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CARD 4 OF 20

FOR IMPORTS. MEXICO WILL HAVE A LARGER SHARE OF THE U.S. MARKET. I AM PLEASED THAT MEXICO WILL JOIN THE UNITED STATES IN SEEKING AN INTERNATIONAL CONSENSUS ON FAIR STEEL TRADING RULES.

-- OUR REVIEW OF GSP FOR NEXT YEAR IS WELL UNDER WAY, AND MEXICO STANDS TO BENEFIT GREATLY.

-- I HOPE OUR NEGOTIATORS WILL SOON COMPLETE THE MID-TERM MAJOR REVIEW OF THE U.S.-MEXICAN BILATERAL TEXTILES AND APPAREL AGREEMENT.

TOURISM

-- I AM PLEASED THAT OUR NATIONS WILL TODAY SIGN A BILATERAL AGREEMENT TO FACILITATE AND ENHANCE TOURISM AND RELATED INVESTMENT, EXPANDING AND EXTENDING OUR 1977 AGREEMENT.

ENERGY

-- MEXICO IS AN IMPORTANT AND RELIABLE OIL

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CARD 6 OF 20

CONTROL STRATEGY. IT IS A WIDE-RANGING ATTACK ON THE DRUG PROBLEM. WE ARE PRESSING FORWARD ON FIGHTING THIS PROBLEM FROM WITHIN OUR BORDERS AS WELL AS ABROAD. WE RECOGNIZE THAT CURBING THE DEMAND IS ESSENTIAL.

-- WE COMMEND MEXICAN EFFORTS TO REDUCE NARCOTICS TRAFFICKING.

-- AT THE AUGUST 7 BINATIONAL COMMISSION MEETING IN MEXICO CITY, OUR CABINET OFFICERS MADE EXCELLENT PROGRESS.

-- AT THE SAME TIME, WE CANNOT BE COMPLACENT. DESPITE OUR JOINT EFFORTS, THE FLOW OF DRUGS INTO THE U.S. REMAINS TOO HIGH.

-- WE REMAIN CONCERNED ABOUT PROSECUTION OF THOSE RESPONSIBLE FOR THE MURDER OF DEA AGENT CAMERENA, THE DIRECT INVOLVEMENT OF COLOMBIAN

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CARD 7 OF 20

NARCOTICS TRAFFICKERS IN MEXICO, MONEY LAUNDERING, AND THE CONTROL OF PRECURSOR CHEMICALS.

IMMIGRATION

- I BELIEVE WE ARE MANAGING OUR IMMIGRATION ISSUES RESPONSIBLY. WE TREAT SERIOUSLY ANY ALLEGATIONS OF MISTREATMENT OF MEXICANS AND ARE INSTITUTING A SYSTEM TO EXPEDITE OUR RESPONSES TO YOUR CONCERNS.
- COOPERATION IS THE KEY TO REDUCING BORDER VIOLENCE. THE JOINT IMMIGRATION WORKING GROUPS UNDER THE BINATIONAL COMMISSION PROMOTE THIS COOPERATION AND WE NEED TO CONTINUE MOVING FORWARD.
- (IF ASKED) A BILATERAL AGREEMENT ON AGRICULTURAL WORKERS BETWEEN THE U.S. AND

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CARD 8 OF 20

MEXICO WOULD REQUIRE SPECIAL LEGISLATION THAT WOULD BE STRONGLY OPPOSED BY SOME WITHIN OUR CONGRESS. WE CAN ACCOMPLISH THE SAME OBJECTIVE THROUGH MORE EXTENSIVE USE OF THE EXISTING SPECIAL VISA PROGRAM FOR MIGRANT WORKERS.

CULTURAL COOPERATION

- WE NEED TO BUILD FURTHER TOWARD FULLEST MUTUAL UNDERSTANDING IN CREATIVE AND INTELLECTUAL ENDEAVORS. THE MEXICAN ART EXHIBIT AT THE METROPOLITAN MUSEUM OF ART NEXT YEAR WILL ENHANCE AWARENESS HERE OF MEXICO'S CULTURAL RICHNESS AND ITS IMPACT ON THE U.S.
- WE CAN PURSUE CULTURAL COOPERATION BY SEEKING TO COMPLETE IMPORTANT EXISTING PROJECTS AND TO DEVELOP NEW PROGRAMS OF ACADEMIC, SCIENTIFIC/TECHNOLOGICAL AND CULTURAL

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CARD 9 OF 20

COOPERATION AND TAKING STEPS TO RECOGNIZE AND ENCOURAGE PRIVATE SECTOR COOPERATION AS PART AND PARCEL OF U.S.-MEXICAN RELATIONS.

BORDER COOPERATION

- I AM DELIGHTED THAT SECRETARIES SOLANA AND BAKER RECENTLY AUTHORIZED AN AGREEMENT FOR A NEW BRIDGE NEAR EL PASO.
- I AM PARTICULARLY PLEASED THAT WE MAY SOON BE ABLE TO AUTHORIZE THE FIRST DIRECT LINK WITH YOUR HOME STATE OF NUEVO LEON (THE COLOMBIA-DOLORES BRIDGE, NEAR LAREDO).
- OUR AGREEMENT IN AUGUST TO CONSTRUCT AN INTERNATIONAL SEWAGE TREATMENT PLANT AT NUEVO LAREDO WAS A GREAT ACCOMPLISHMENT.
- THE AGREEMENT TO DO THE SAME SORT OF THING NEAR SAN DIEGO AND TIJUANA IS EVEN MORE

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CARD 10 OF 20

- I AM PLEASED THAT WE WILL BE HONORING THE CENTENNIAL OF THE INTERNATIONAL BOUNDARY AND WATER COMMISSION DURING YOUR VISIT. WE CAN BOTH BE PROUD OF THE IBWC'S REMARKABLE RECORD. IT IS A MODEL FOR COOPERATION BETWEEN NATIONS.
- (IF RAISED) WE ARE VERY CAUTIOUS ABOUT INSISTING ON AN ACTIVE FEDERAL ROLE IN CROSS-BORDER CONSULTATIONS. AS I SUGGESTED BEFORE, OUR BORDER RELATIONSHIP IS DYNAMIC, VITAL AND HAS MANY POSITIVE FACETS. THESE FAVORABLE EFFECTS SEEM TO STRONGLY OUTWEIGH THE POTENTIAL FOR PROBLEMS.

ENVIRONMENTAL COOPERATION

- THE LA PAZ AGREEMENT IN 1983 ON BORDER ENVIRONMENTAL COOPERATION AND HAVE HELPED REDUCE POLLUTION OF AIR, WATER AND HAZARDOUS SUBSTANCES IN THE BORDER AREA.

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CARD 11 OF 20

- I AM PLEASED THAT WE WILL BE WORKING TOGETHER TO REDUCE POLLUTION IN THE METROPOLITAN AREA OF MEXICO CITY.
- THE AGREEMENT TO ADDRESS AIR POLLUTION ALONG THE BORDER BEGINNING WITH CIUDAD JUAREZ AND EL PASO BEING SIGNED IS ALSO VERY IMPORTANT.
- OUR ENVIRONMENTAL AGENCIES HAVE MADE A GOOD BEGINNING ON PROBLEMS OF HAZARDOUS WASTES AND HAZARDOUS SUBSTANCES. MORE REMAINS TO BE DONE.

SUSTAINING RELATIONS

- ANNUAL BINATIONAL COMMISSION (BNC) MEETINGS WITH HIGH-LEVEL PARTICIPATION HAVE CONTRIBUTED TO THE PROGRESS OF OUR WORKING GROUPS IN KEY AREAS (E.G., DEBT; BORDER AND ENVIRONMENT; NARCOTICS AND LAW ENFORCEMENT; IMMIGRATION;

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CARD 12 OF 20

- TRADE AND INVESTMENT, ETC.) AND TO THE PREPARATION OF STATE VISITS. IT WOULD BE USEFUL TO SCHEDULE THE NEXT MEETING WITHOUT DELAY.
- BETWEEN BNC MEETINGS, CREATION OF A COORDINATING COMMITTEE TO ACT AS ITS SECRETARIAT AND MEET ONCE OR TWICE AT A SENIOR LEVEL WOULD HELP SUSTAIN AND MONITOR THE PROGRESS OF OUR DIVERSE WORKING GROUPS WHILE FACILITATING INTERAGENCY COORDINATION IN BOTH GOVERNMENTS.

FUTURE OF THE RELATIONSHIP

- I LOOK FORWARD TO MEETING WITH YOU AT A CONVENIENT PLACE IN MEXICO NEXT YEAR.

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CARD 13 OF 20

- TO LAY THE GROUNDWORK FOR THE FUTURE, WE MIGHT CONSIDER ISSUING A STATEMENT -- PERHAPS AT OUR NEXT MEETING -- THAT WOULD EXPRESS OUR SHARED VISION OF INCREASED COOPERATION AND GOALS TO BE ACCOMPLISHED OVER THE NEXT THREE YEARS.
- OVER THE LONGER TERM, WE MIGHT CONSIDER WHETHER THIS SHARED VISION SHOULD ENCOMPASS NEGOTIATION OF AN AGREEMENT PROVIDING FOR COOPERATION ACROSS THE FULL RANGE OF THE BILATERAL RELATIONSHIP. YOU HAVE SPOKEN OUT AGAINST EARLY MOVEMENT TOWARD A "FREE TRADE AREA," AND WE UNDERSTAND. RATHER, I WOULD LIKE TO SEE US DEVELOP A STRUCTURED, SHARED VISION THAT COULD GUIDE THE STEPS TOWARD INCREASED UNDERSTANDING WHICH ARE AT THE HEART OF OUR RELATIONS.

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CARD 14 OF 20

REGIONAL ISSUES

PANAMA

- NORIEGA'S INSTALLATION OF A PUPPET REGIME SEPTEMBER 1 HAS BEEN WIDELY CONDEMNED, AND HIS REGIME ISOLATED.
- WE UNDERSTAND YOUR PROBLEMS IN THIS REGARD AND APPRECIATE YOUR EFFORTS TO DATE. WE FEEL THAT IT IS IMPORTANT TO KEEP AMBASSADORS OUT OF PANAMA, DECLINE TO ACCEPT REGIME AMBASSADORIAL NOMINEES, MINIMIZE OTHER DIPLOMATIC CONTACTS, COLD SHOULDER REGIME REPRESENTATIVES IN INTERNATIONAL FORA AND MINIMIZE ECONOMIC RELATIONS. ANYTHING YOU FEEL YOU CAN DO WOULD BE EXTREMELY HELPFUL. (FYI: MEXICO'S AMBASSADOR IS STILL IN PANAMA BUT KEEPS AN ARMS-LENGTH RELATIONSHIP. NEVERTHELESS, THE PANAMANIAN HAVE TAKEN HIS PRESENCE AS A SIGN OF LATIN AMERICAN SOLIDARITY AND PRAISED THEIR RELATIONSHIP WITH MEXICO.)

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CARD 15 OF 20

NICARAGUA

- WE SUPPORT THE ESQUIPULAS PEACE PROCESS AND ARE COOPERATING WITH THE CENTRAL AMERICANS, THE UN AND THE OAS TO HELP IMPLEMENT THE AGREEMENTS.
- DEMOCRATIZATION IS A KEY PRINCIPLE OF THE ESQUIPULAS PROCESS. FREE AND FAIR ELECTIONS ARE THE MOST IMPORTANT TEST OF SANDINISTA COMMITMENTS.
- THE CREATION OF CONDITIONS OF DEMOCRACY AND SAFETY INSIDE NICARAGUA IS ESSENTIAL TO PERMIT THE VOLUNTARY RETURN OF THE RESISTANCE. THAT IS FUNDAMENTAL TO THE TELA ACCORD.
- THE SANDINISTAS HAVE MADE SIGNIFICANT CONCESSIONS TO THE OPPOSITION REGARDING ELECTORAL REFORM, BUT WE MUST SEE HOW THEY

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CARD 16 OF 20

IMPLEMENT THEM. ORTEGA'S VIOLATION OF HIS COMMITMENT TO STOP MILITARY RECRUITING IS NOT REASSURING.

- THE SANDINISTAS ENJOY AN ENORMOUS ADVANTAGE IN THEIR ABILITY TO MOBILIZE STATE INSTITUTIONS FOR THEIR CAMPAIGN. IT CANNOT YET BE SAID THAT THE NICARAGUAN ELECTORAL CAMPAIGN IS BEING HELD ON A LEVEL PLAYING FIELD.
- I URGE YOU TO PRESS THE SANDINISTAS TO GUARANTEE ELECTIONS THAT ARE TRULY FAIR, NOT SIMPLY ON ELECTION DAY, BUT IN THE OPPOSITION'S FREEDOM TO ORGANIZE AND ITS ACCESS TO MEDIA AND FUNDING.

GUATEMALA

- WE ARE ENCOURAGED TO SEE THAT AT THE LAST GUATEMALA/MEXICO SUMMIT YOU AND PRESIDENT

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CARD 17 OF 20

CEREZO AGREED TO INCREASE COOPERATION TO HALT THE FLOW OF DRUGS THROUGH YOUR TWO COUNTRIES.

EL SALVADOR

- WE APPRECIATE YOUR LENDING MEXICAN SUPPORT FOR THE PEACE TALKS BETWEEN THE FMLN AND THE GOES IN MEXICO. THESE TALKS WERE SPECIFICALLY CALLED FOR IN THE TELA SUMMIT.
- IN ADDITION, I URGE YOU TO USE WHATEVER INFLUENCE YOUR GOVERNMENT MAY HAVE TO INDUCE THE FMLN TO NEGOTIATE IN GOOD FAITH WITH THE SALVADORAN GOVERNMENT.
- THE FMLN SHOULD BE MADE TO REALIZE THAT THEY MUST COMPLY WITH THE ACCORDS REACHED ON AUGUST 7 AT TELA, HONDURAS WHICH CLEARLY STIPULATE THAT FMLN MUST DEMOBILIZE AND REINTEGRATE INTO THE SALVADORAN POLITICAL PROCESS.

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CARD 18 OF 20

- THE FIVE CENTRAL AMERICAN PRESIDENTS REITERATED THEIR PLEDGE TO END ALL SUPPORT TO GUERRILLA GROUPS IN THE REGION AND TO WORK TOWARDS THE DEMOBILIZATION OF ALL "IRREGULAR" FORCES TO ACHIEVE PEACE. I URGE YOU TO CONVINCE NICARAGUA TO COMPLY WITH ITS COMMITMENT.

CUBA

- U.S. POLICY TOWARD CUBA WILL NOT CHANGE UNTIL CUBAN BEHAVIOR CHANGES.
- CUBA HAS FAILED TO ADDRESS OUR LONGSTANDING CONCERNS SUCH AS HUMAN RIGHTS, SUPPORT FOR DESTABILIZATION ABROAD AND ITS MILITARY RELATIONSHIP WITH THE USSR.
- WE CONTINUE TO OPPOSE CUBA'S REENTRY INTO THE

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CARD 19 OF 20

- CASTRO'S REFUSAL TO MODERATE HIS BEHAVIOR HAS MADE HIM A PARIAH EVEN AMONG HIS OWN ALLIES IN THE SOVIET BLOC.
- CUBA CONTINUES TO PROVIDE MATERIAL SUPPORT TO THE FMLN IN EL SALVADOR AND TO RADICAL GROUPS ELSEWHERE.
- CUBA CONTINUES TO SUPPORT THE NORIEGA REGIME IN PANAMA.
- WE ASK THAT YOU HELP TO PRESSURE THE CASTRO GOVERNMENT TO IMPROVE ITS HUMAN RIGHTS PRACTICES.
- THE CASTRO GOVERNMENT PERCEIVES INTERNATIONAL PRESSURE HAS LESSENED AFTER THE UN HUMAN RIGHTS COMMISSION FAILED TO PASS A STRONG RESOLUTION IN CUBA IN MARCH.

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CARD 20 OF 20

- THE HUMAN RIGHTS SITUATION IN CUBA HAS NOW REGRESSED WITH THE OCHOA TRIAL AND EXECUTIONS AND INCREASING ARRESTS OF HUMAN RIGHTS ACTIVISTS.
- I WOULD LIKE TO ARRANGE FOR MY EXPERTS TO MEET WITH YOURS AND REVIEW THE SITUATION.

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PARTICIPANTS LIST

Expanded Meeting in the Cabinet Room

U.S.

The President
The Vice President
James A. Baker, Secretary of State
Nicholas F. Brady, Secretary of Treasury
Richard L. Thornburgh, Attorney General
Robert Mosbacher, Secretary of Commerce
Carla Hills, United States Trade Representative
John H. Sununu, Chief of Staff
William J. Bennett, Director of National Drug Control Policy
Brent Scowcroft,
 Assistant to the President for National Security Affairs
Robert M. Gates,
 Assistant to the President and Deputy for National
 Security Affairs
William K. Reilly,
 Administrator, Environmental Protection Agency
Robert Zoellick, Counselor, Department of State
Bernard Aronson,
 Assistant Secretary of State for Inter-American Affairs
John Negroponte, Ambassador to Mexico
William T. Pryce, Senior Director for Latin American Affairs,
 NSC Staff

Mexico

Carlos Salinas de Gortari, President
Fernando Solana, Secretary of Foreign Relations
Gustavo Petricioli, Ambassador the the United States
Pedro Aspe, Secretary of Finance and Public Credit
Jaime Serra, Secretary of Commerce and Industrial Development
Patricio Chirinos, Secretary of Urban Development and Ecology
Jose Cordoba, Presidential Chief of Staff
Enrique Alvarez del Castillo, Attorney General

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08d. Report	Re: Biography (2 pp.)	8/1/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Latin American Files
Subseries: Economic Chronological Files
WHORM Cat.:
File Location: Latin America - Economics (July - October 1989)

Date Closed: 5/14/2009	OA/ID Number: 91139-002
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
 (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
 (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
 (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
 (b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
 (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08e. Report	Re: Biography (1 pp.)	9/20/89	(b)(1)	C

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Collection
Series: Latin American Files
Subseries: Economic Chronological Files
WHORM Cat.:
File Location: Latin America - Economics (July - October 1989)

Date Closed: 5/14/2009	OA/ID Number: 91139-002
FOIA/SYS Case #: 2009-0275-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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(b)(1) National security classified information [(b)(1) of the FOIA]
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THE SECRETARY OF STATE
WASHINGTON

September 28, 1989

~~CONFIDENTIAL~~

MEMORANDUM FOR: THE PRESIDENT

FROM: James A. Baker, III 

SUBJECT: State Visit of Mexican President Carlos Salinas de Gortari

I. SETTING

- o Current relations are exceptionally cooperative and the most promising in many years. The visit will help consolidate our gains and generate further progress.
- o Salinas has acted decisively to promote modernization and reform. Despite a weak electoral mandate, he has shown vigorous leadership, even on sensitive issues like closer relations with the US.
- o Resistance by traditional elements in the ruling PRI Party and nationalists from the left constrains reform and bilateral relations. Although politically strengthened since he took office, Salinas will face stiff domestic challenges over the next two years before midterm congressional elections.
- o The debt agreement and the highly successful August Binational Commission gave high-level attention to key areas of the relationship. The Binational Commission demonstrated the value of high-level commitment to continued progress, sustained by a structured relationship.
- o Salinas is counting on the State Visit to strengthen Mexico's international image and further bolster his prestige at home, enabling his administration to exploit closer cooperation with the US to achieve his reform objectives.
- o Strengthening economic ties with the US is central to Salinas' strategy. Increasing exports through stronger trade ties with the US and the financial and technological benefits of foreign investment are critical components of modernization.

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DECL: OADR

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2009-1113-MR
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~~CONFIDENTIAL~~

- 2 -

- o History and pride demand that Mexico maintain a posture of equality with and independence from the United States. The Salinas administration publicly has pursued traditional foreign policy objectives in the hemisphere, Central America, Cuba and Panama. In practice, however, it demonstrates greater pragmatism, giving priority to economic renewal.

II. OBJECTIVES

- o Strengthen President Salinas' prestige and political position by endorsing his important steps toward economic reform and modernization. An independent, responsible and prosperous Mexico is in our national interest.
- o Demonstrate the importance and uniqueness of US-Mexican relations. Convince the Mexicans that they are being treated as equals. Consolidate the progress made to date by structuring our relationship to ensure continued high-level interest and developing a mechanism to sustain this interest and dialogue.
- o Improve narcotics cooperation by publicly renewing our joint commitment to combat this common threat, noting the need for continued vigorous actions against narcotics trafficking and the steps which the United States and Mexico are taking to reduce demand.
- o Explore the future evolution of our economic relations. Highlight Mexico's successful negotiation of a debt agreement as a centerpiece of our Latin American debt strategy. Renewed investor confidence and growth in the Mexican economy will contribute to political stability, ease pressures for illegal migration and provide important benefits for our trade and economic development.
- o Encourage continued Mexican privatization, deregulation, and trade liberalization, providing incentives by promoting increased US investment and Mexican access to protected sectors of our market.
- o Encourage even greater pragmatism in Mexican foreign policy, exchanging views on a broad range of hemispheric and international issues. Recognizing Mexico's different national interests and priorities, highlight areas where our interests can coincide. Emphasize our determination to upgrade the level and equality of our foreign policy consultations.

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~~CONFIDENTIAL~~

- 3 -

- o Structure our complex bilateral relationship to improve coordination of our respective bureaucracies and facilitate continued action on the full range of issues now being treated under our Economic Framework agreement and Binational Commission working groups.

III. STRATEGY

- o We should use this visit to further cement personal relations between you and Salinas and respective cabinet level officials in both countries to sustain the interest and the progress made since the two administrations took office.
- o Focus economic discussion on the future management of debt related issues and the pace and direction of closer economic ties. Mexico wants greater access to the US market in steel and textiles, but we will find it difficult to respond in these sensitive areas to the extent the Mexicans wish.
- o You should discuss the current umbrella framework on economic cooperation, how both nations might give greater visibility to our economic relationship, counter growing European protectionism, stimulate the mutual reduction of trade barriers, and promote deregulation and foreign investment in Mexico.
- o You should brief Salinas on our views regarding changes in Europe, the Soviet Union, Asia and Japan that have important implications for this hemisphere. Ask for his views about Cuba's policies and the threat to regional stability represented by Noriega in Panama and the Sandinistas in Nicaragua. Express our hope for a non-confrontational UN General Assembly this fall.
- o Noting the importance of our bilateral relationship, emphasize the advantages for Mexico of distancing from itself regimes and groups on the far left that threaten the long term security of both nations. Encourage Mexico to take diplomatic steps to signal disapproval of Noriega and his involvement in drug trafficking, while approving those steps taken by Mexico to date.

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- 4 -

- o The signature of several diverse US-Mexican agreements by you or by the cabinet secretaries will demonstrate our interdependence and show the benefits of bilateral cooperation in many areas. The agreements envisioned for signature are in the areas of trade, investment, border, the environment and tourism. To give highest visibility to US-Mexican relations, the two most important agreements -- a Framework Economic agreement and an agreement on Mexico City air pollution -- could be signed at the White House.
- o Our public statements regarding the visit should emphasize Mexico's growing importance to the United States, the achievements of the Salinas administration and the improved nature of our bilateral relationship initiated by the spirit of Houston. Salinas' remarks at the Congress and the National Press Club provide a platform to discuss Mexican reforms and issues like drugs and US-Mexican relations.
- o To maintain positive momentum and structure our relations, you and Salinas should decide in principle on the time and place for the next meeting of the Binational Commission in 1990 and the next Presidential meeting. Agreement to create a mixed US-Mexican Coordinating Committee to meet periodically to monitor progress of the relationship and the Binational Commission working groups would help sustain and consolidate momentum.

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~~WITH SECRET ATTACHMENT~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

September 29, 1989

ACTION

MEMORANDUM FOR BRENT SCOWCROFT:

FROM:

WILLIAM T. PRYCE *WTP*

SUBJECT:

Meeting with Mexican President Carlos
Salinas de Gortari

Attached at Tab I is a memorandum from you to the President for
use in his October 3 with Mexican President Carlos Salinas
Gortari.

RECOMMENDATION

That you sign the Memorandum to the President.

Concurrences by:

WTP for RB Randy Beers, *WTP for EDM* Eric Melby

Attachments

Tab I Scowcroft Memorandum to the President

Tab A Points to be Made

Tab B Participants Lists

Tab C Biographies

Tab D Secretary of State Memo to the President

DECLASSIFIED

White House Guidelines

E.O. 13526, SEC 3.4 (b), September 11, 2006

By *ED* NARA, Date *6/25/13*

~~CONFIDENTIAL~~
~~WITH SECRET ATTACHMENTS~~
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~~SECRET~~

5980

THE WHITE HOUSE
WASHINGTON

October 16, 1989

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OCT 17 1989

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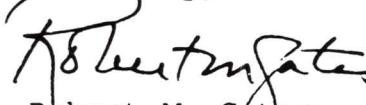
Dear Mr. Costello:

Thank you for your letters to me and to General Scowcroft forwarding materials on a conference on Mexican debt sponsored by the Citizens Network on Foreign Affairs. The Citizens Network is indeed an impressive group of distinguished businessmen, statesmen, economists, and former public servants and we are pleased to see your involvement in promoting a greater understanding of the U.S. role in the global economy.

As you know, a few short weeks after the conference, the Mexican Government concluded a debt relief agreement with its foreign commercial creditors. It was the first application of the Brady Plan to the complex problem of Third World debt, and a hopeful sign that arrangements can be concluded with the banks that will permit debt reduction and new resources to flow to the affected countries.

Of course, the agreement is only the framework for a solution, which will require good faith by all parties, including continued economic reform programs by the Mexican Government and new investment by domestic and foreign lenders. You have indicated that your organization is following up on successful strategies for investment. Creative thinking on this subject is necessary, and I wish your organization the best in its work in this area.

Sincerely,



Robert M. Gates
Assistant to the President
and Deputy for National
Security Affairs

Mr. John H. Costello
Executive Vice President
The Citizens Network
1616 H Street, N.W.
Washington, D.C. 20006

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

5980

October 12, 1989

Deputy Natl Sec Advisor
has seen

ACTION

MEMORANDUM FOR ROBERT M. GATES

THROUGH: WILLIAM T. PRYCE *DAB for*

FROM: DAVID A. PACELLI *DAB*

SUBJECT: Reply to Letters on Mexico's Foreign Debt from the
Citizens Network for Foreign Affairs

John Costello, Executive Vice President of the Citizens Network on Foreign Affairs, has sent you (Tab II) and Brent (Tab III) letters concerning a conference held in late June in Houston on Mexico's foreign debt and its impact on the Texas economy. His organization is a bipartisan group aimed at promoting understanding of the U.S. stake in global economic growth, particularly with how we are affected by Third World economic development. It is a distinguished group; the Chairman is Mel Laird and President is Henry Fowler.

The conference, held several weeks before the Mexican debt relief agreement, issued predictable statements on that issue and on the need for increased foreign investment. The local angle was addressed in the conference's call for infrastructure development along the Texas-Mexico border.

Your brief reply to Costello at Tab I thanks him for sending the material on the conference, praises the Citizens Network, and notes that the debt relief agreement is a hopeful sign for Mexico's future development.

Concurrence by: Tim Deal. *DAB for*

RECOMMENDATION:

That you sign the letter to Costello at Tab I.

Attachments

Tab I Gates Reply to Costello
Tab II Costello Letter to Gates/Attachments
Tab III Costello Letter to Scowcroft/Attachments

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2009-1113-MR
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5980

Staff

July 20, 1989

**THE
CITIZENS
NETWORK**
FOR FOREIGN AFFAIRS

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Mr. Robert M. Gates
Deputy Assistant to the President
for National Security Affairs
The White House
Office of National Security Advisor
Washington, DC 20500

Dear Mr. Gates:

On June 30, 1989, the Citizens Network for Foreign Affairs held an important all-day roundtable discussion in Houston on Mexico's Foreign Debt and Its Impact on the Texas Economy.

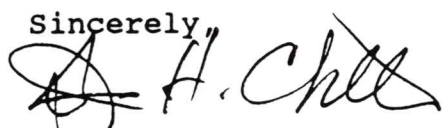
The conference, which was hosted by Congressman E (Kika) de la Garza, Chairman of the House Committee on Agriculture, was attended by 50 private sector and government leaders from both Texas and Mexico, including Gustavo Petricioli, Ambassador of Mexico to the U.S. and Miguel Aleman, Ambassador-at-Large of Mexico.

After an open and frank exchange of views, the participants, at the end of the day, agreed on five conclusions and recommendations which I believe are quite significant and which I think will be of interest to you. Congressman de la Garza will present these conclusions to his colleagues in Congress. Enclosed is a copy for your information.

The Citizens Network, together with Chairman de la Garza and Ambassador Petricioli, is exploring a number of specific strategies to follow up this successful conference -- particularly at implications for investment -- and I will keep you informed of our future plans.

I am also enclosing a copy of the meeting agenda and a list of the participants. Any comments you might wish to make on this conference would be most welcome.

Sincerely,



John H. Costello
Executive Vice President

Enclosures

THE CITIZENS NETWORK

FOR FOREIGN AFFAIRS

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WASHINGTON, D.C. 20006
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ALEXANDER B. TROWBRIDGE

July 14, 1989

JUL 17 1989

The Honorable Brent Scowcroft
Assistant to the President
for National Security Affairs
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

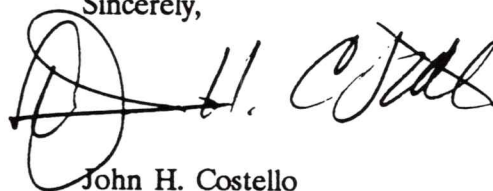
Dear General Scowcroft:

Just this month the Citizens Network for Foreign Affairs successfully conducted a roundtable discussion in Houston, Texas, on the critical significance of Mexico's public debt for the Texas economy. At this session, some fifty private-sector leaders from Texas agriculture, finance, manufacturing, and trade, along with representatives from the Mexican Government, described their personal and organizational stake in reaching some form of relief for Mexico's debt burden.

Now, as President Bush and other world leaders gather in Paris to discuss the implications of Third World debt on global economic health, I thought you might find interesting the draft conclusions adopted by the roundtable participants. As well as a list of participants, I am also enclosing a copy of the Network's latest issue of Global Focus, "Mexico: Third Largest Market for U.S. Goods," which details the extent of US-Mexican interdependence, in particular the employment benefits in this country resulting from our bilateral trade flow.

Any comments you have on the work of the Network, our newsletter, or the roundtable conclusions would be most welcome.

Sincerely,



John H. Costello
Executive Vice President

Enclosures