**Originally Processed With FOIA(s):**
2009-0275-S

**FOIA Number:**
**2009-0275-S**

# FOIA MARKER

**This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.**

| | |
|---|---|
| **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:** | 91139-006 |

**Folder Title:**
Latin America - Economics (May - June 1990)

| 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 | Meg Lundsager to Brent Scowcroft<br>Re: U.S. Economic Policy Towards Latin America: EPC Meeting, 10:00-11:30, May 24, Roosevelt Toom (4 pp.) | 5/23/90 | (b)(1) | S |
| 01b. Memo | The Economic Policy Council to POTUS<br>Re: U.S. Economic Policy Toward Latin America: Partnership of the Americas (13 pp.) | 5/22/90 | (b)(1) | S |
| 01c. Report | Re: Latin American Initiatives (2 pp.) | n.d. | (b)(1) | S |
| 02a. Memo | Carla A. Hills to POTUS<br>Re: Strategy for Pursuing a Free Trade Agreement with Mexico (3 pp.) | 5/24/90 | ~~(b)(1)~~ | |
| 02b. Draft | Re: Mexican Draft of the Joint Communique by the President of Mexico and The President of the United Staes of America Regarding Bilateral Trade Relations (2 pp.) | 5/14/90 | ~~(b)(1)~~ | ~~C~~ |
| 03a. Memo | Eric Melby/Donald Johnson to Brent Scowcroft<br>Re: Mexico FTA (1 pp.) | 5/25/90 | ~~(b)(1)~~ | ~~C~~ |
| 03b. Memo | Brent Scowcroft to POTUS<br>Re: Mexico FTA (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 (May - June 1990)

**Pinksheet Number:** cap1159
**OA/ID Number:** 91139-006
**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 |
|---|---|---|---|---|
| 04. Memo | Meg Lundsager to Brent Scowcroft<br>Re: G-24 Coordinating Group for Central America and the Caribbean (1 pp.) | 5/31/90 | ~~(b)(1)~~ | ~~C~~ |
| 05. Memo | Timothy E. Deal to Brent Scowcroft<br>Re: EPC Meeting on Latin America (2 pp.) | 6/1/90 | (b)(1) | S |
| 06. Memo | Carla A. Hills to POTUS<br>Re: My Trip to South America (2 pp.) | 6/11/90 | ~~(b)(1)~~ | ~~C~~ |

Page 2 of 2

**Collection:**

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**WHORM Cat.:**
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**Pinksheet Number:** cap1159
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**Date Closed:** 5/14/2009
**FOIA/Sys Case #:** 2009-0275-S
**Re-review Case #:**
**P-2/P-5 Review Case #:**

~~SECRET~~
NSC/S PROFILE

RECORD ID: 9004100
RECEIVED: 23 MAY 90 10

CHRON FILE

TO: SCOWCROFT

DOC DATE: 23 MAY 90
SOURCE REF:

FROM: LUNDSAGER
DEAL

KEYWORDS: EPC
WH REFERRAL

LATIN AMERICA
ECONOMICS

2

PERSONS:

SUBJECT: US ECONOMIC POLICY TWDS LATIN AMER RE EPC MTG ON 24 MAY

ACTION: NOTED BY SCOWCROFT    DUE DATE: 26 MAY 90    STATUS: C

STAFF OFFICER: LUNDSAGER    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 |
| --- | --- | --- |
| | | DEAL |
| | | LUNDSAGER |

**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: NSDAI    CLOSED BY: NSMEN    DOC 2 OF 3

~~SECRET~~

ACTION DATA SUMMARY REPORT

| DOC | ACTION OFFICER | CAO | ASSIGNED | ACTION REQUIRED |
|---|---|---|---|---|
| 001 | | X | 90052313 | FOR RECORD PURPOSES |
| 001 | | Z | 90052317 | REOPEN / FOR FURTHER ACTION |
| 002 | SCOWCROFT | Z | 90052317 | FOR INFORMATION |
| 002 | | X | 90052510 | NOTED BY SCOWCROFT |
| 003 | | X | 90052408 | FOR RECORD PURPOSES |

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# (George Bush Library)

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|---|---|---|---|---|
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**File Location:** Latin America - Economics (May - June 1990)

**Date Closed:** 5/14/2009
**OA/ID Number:** 91139-006
**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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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]
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(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

NATIONAL SECURITY COUNCIL
EXECUTIVE SECRETARIAT STAFFING DOCUMENT

SECRET

TIME STAMP

RECEIVED

SYSTEM LOG NUMBER: 4100

90 MAY 23 A10 : 03

ACTION OFFICER: FOR RECORD PURPOSES DUE: ______

- [ ] Prepare Memo For Scowcroft/Gates
- [ ] Prepare Memo For Cicconi
- [ ] Prepare Memo ______ to ______
- [ ] Appropriate Action
- [ ] Prepare Memo for Hughes

CONCURRENCES/COMMENTS* PHONE* to action officer at ext. ______

| | FYI | | | FYI | | | FYI | |
|---|---|---|---|---|---|---|---|---|
| ☐ | ☒ | Basora | ☐ | ☐ | Lampley | ☐ | ☐ | Rostow |
| ☐ | ☐ | Beers | ☐ | ☐ | Levin | ☐ | ☐ | Salvetti |
| ☐ | ☐ | Blackwill | ☐ | ☐ | Mahley | ☐ | ☐ | Tilley |
| ☐ | ☐ | Charles | ☐ | ☐ | Mandel | ☐ | ☐ | Tobey |
| ☐ | ☐ | Coulson | ☐ | ☐ | Melby | ☐ | ☐ | Van Eron |
| ☐ | ☐ | Davis | ☐ | ☐ | Menan | ☐ | ☐ | Watson |
| ☐ | ☒ | Deal | ☐ | ☐ | Merchant | ☐ | ☐ | Welch |
| ☐ | ☐ | Dorminey | ☐ | ☐ | Miller | ☐ | ☐ | Whitley |
| ☐ | ☐ | Dyke | ☐ | ☐ | Needels | ☐ | ☐ | Wilson |
| ☐ | ☐ | Gordon | ☐ | ☐ | Paal | ☐ | ☐ | Working |
| ☐ | ☐ | Grimes | ☐ | ☒ | Pacelli | ☐ | ☐ | Zelikow |
| ☐ | ☐ | Haass | ☐ | ☐ | Passage | ☐ | ☐ | |
| ☐ | ☐ | Hayden | ☐ | ☐ | Pilling | ☐ | ☐ | |
| ☐ | ☐ | Hutchings | ☐ | ☐ | Popadiuk | ☐ | ☐ | |
| ☐ | ☐ | Jackson | ☐ | ☒ | Pryce | ☐ | ☐ | |
| ☐ | ☐ | Kanter | ☐ | ☐ | Rademaker | ☐ | ☐ | |
| ☐ | ☐ | Kitchen | ☐ | ☐ | Rice | ☐ | ☐ | |
| ☐ | ☐ | LaMagna | ☐ | ☐ | Rodman | ☐ | ☐ | |

INFORMATION
- [ ] Hughes
- [ ] Scowcroft (advance)
- [x] Sittmann
- [ ] Gates (advance)
- [x] Exec. Sec. Desk
- [x] Secretariat

COMMENTS

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

~~SECRET~~

Logged By EA

Return to Secretariat

~~SECRET~~

Document No. 4100

# WHITE HOUSE STAFFING MEMORANDUM

DATE: 05/22/90 ACTION/CONCURRENCE/COMMENT DUE BY: --------

SUBJECT: ECONOMIC POLICY COUNCIL MEETING--THURSDAY, MAY 24th, 10:00am, ROOSEVELT ROOM

| | ACTION | FYI | | ACTION | FYI |
|---|---|---|---|---|---|
| VICE PRESIDENT | ☐ | ☑ | MCCLURE | ☐ | ☑ |
| SUNUNU | ☐ | ☑ | NEWMAN | ☐ | ☐ |
| SCOWCROFT | ☐ | ☑ | PORTER | ☐ | ☑ |
| DARMAN | ☐ | ☑ | ROGICH | ☐ | ☐ |
| BATES | ☐ | ☑ | UNTERMEYER | ☐ | ☐ |
| CARD | ☐ | ☑ | BOSKIN | ☐ | ☑ |
| CICCONI | ☐ | ☑ | | ☐ | ☐ |
| DEMAREST | ☐ | ☑ | | ☐ | ☐ |
| FITZWATER | ☐ | ☑ | | ☐ | ☐ |
| GRAY | ☐ | ☑ | | ☐ | ☐ |
| HAGIN | ☐ | ☐ | | ☐ | ☐ |

REMARKS:

The attached is for your information.

RESPONSE:

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

James W. Cicconi
Assistant to the President
and Deputy to the Chief of Staff
Ext. 2702

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

May 22, 1990

MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

FROM: OLIN L. WETHINGTON, OLW EXECUTIVE SECRETARY

SUBJECT: EPC MEETING - U.S. ECONOMIC POLICY TOWARD LATIN AMERICA, MAY 24, 1990 - 10:00-11:30 A.M. THE ROOSEVELT ROOM

The Economic Policy Council will meet on Thursday, May 24, 1990 at 10:00 A.M. in the Roosevelt Room. The subject for the meeting is U.S. economic policy toward Latin America.

Please find enclosed the paper for the meeting. The paper has been developed as a discussion document through the sub-cabinet EPC Working Group on Latin America.

You will be receiving tomorrow a separate background document that contains a lengthy compilation of possible initiatives examined by the Working Group in the course of its review.

Enclosure

# Withdrawal/Redaction Sheet
# (George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|---|---|---|---|---|
| 01b. Memo | The Economic Policy Council to POTUS<br>Re: U.S. Economic Policy Toward Latin America: Partnership of the Americas (13 pp.) | 5/22/90 | (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 (May - June 1990)

| | |
|---|---|
| **Date Closed:** 5/14/2009 | **OA/ID Number:** 91139-006 |
| **FOIA/SYS Case #:** 2009-0275-S<br>**Re-review Case #:**<br>**P-2/P-5 Review Case #:** | **Appeal Case #:**<br>**Appeal Disposition:**<br>**Disposition Date:** |
| **AR Case #:**<br>**AR Disposition:**<br>**AR Disposition Date:** | **MR Case #:**<br>**MR Disposition:**<br>**MR Disposition Date:** |

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|---|---|---|---|---|
| 01c. Report | Re: Latin American Initiatives (2 pp.) | n.d. | (b)(1) | S |

**Collection:**

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# U.S. DIRECT INVESTMENT IN LATIN AMERICA

Balance, End of Period ($US Millions)

| | 1970 | 1975 | 1980 | 1985 | 1988(b) |
|---|---|---|---|---|---|
| Latin America (a) | 14,760 | 19,169 | 32,008 | 35,644 | 41,199 |
| (Pct of Total FDI) | 18.9% | 15.4% | 14.8% | 15.5% | 12.6% |
| (Pct of FDI in LDCs) | 68.8% | 73.1% | 60.0% | 67.6% | 53.6% |
| | | | | | |
| South America | NA | NA | 16,295 | 17,623 | 21,687 |
| Argentina | 1,281 | 1,154 | 2,494 | 2,705 | 2,390 |
| Brazil | 1,847 | 4,579 | 7,703 | 8,893 | 11,810 |
| Chile | 748 | 174 | 536 | 88 | 731 |
| Other S.A. | NA | NA | 5,562 | 5,937 | 6,756 |
| Central America | 1,875 | 2,611 | 4,209 | 4,570 | 6,925 |
| Panama | 1,251 | 1,907 | 3,171 | 3,959 | 6,140 |
| Other C.A. | 624 | 704 | 1,038 | 611 | 785 |
| Mexico | 1,786 | 3,200 | 5,989 | 5,088 | 5,516 |
| Caribbean (a) | NA | NA | 5,515 | 8,363 | 7,071 |
| | | | | | |
| By Industry: (a) | 14,760 | 19,169 | 32,008 | 35,644 | 41,199 |
| Petroleum | 3,938 | 3,208 | 4,500 | 5,199 | 4,860 |
| Manufacturing | 4,621 | 8,562 | 14,535 | 14,739 | 17,826 |
| Trade | NA | 2,169 | 3,856 | 2,533 | 2,434 |
| Banking | NA | NA | 2,502 | 5,362 | 4,800 |
| Other (c) | NA | NA | 6,615 | 7,811 | 11,279 |

NOTES:

(a) *Excludes Bermuda and Netherlands Antilles, except in 1970 and 1975.*

(b) *IF Latin America's share of total U.S. Direct Investment in 1988 had held at 15% instead of declining precipitously, investment in the region would have reached $49.0 billion -- some $7.8 billion more than actually occurred.*

(c) *Mining was the dominant investment platform in 1970 and was still of major importance in 1975.*

SOURCE: U.S. Department of Commerce, "Survey of Current Business"

# U.S. TRADE WITH LATIN AMERICA

(Millions of Dollars)

| | 1980 | | | 1989 | | |
|---|---|---|---|---|---|---|
| | Exports | Imports | Balance | Exports | Imports | Balance |
| South America | 17,132 | 14,123 | 3,009 | 14,005 | 23,090 | (9,085) |
| Argentina | 2,625 | 741 | 1,884 | 1,037 | 1,398 | (361) |
| Bolivia | 172 | 182 | (10) | 148 | 117 | 31 |
| Brazil | 4,344 | 3,715 | 629 | 4,799 | 8,379 | (3,580) |
| Chile | 1,354 | 515 | 839 | 1,411 | 1,308 | 103 |
| Colombia | 1,736 | 1,248 | 488 | 1,916 | 2,548 | (632) |
| Ecuador | 864 | 862 | 2 | 641 | 1,484 | (843) |
| Paraguay | 109 | 81 | 28 | 194 | 37 | 157 |
| Peru | 1,172 | 1,385 | (213) | 690 | 815 | (125) |
| Uruguay | 183 | 97 | 86 | 133 | 218 | (85) |
| Venezuela | 4,573 | 5,297 | (724) | 3,036 | 6,786 | (3,750) |
| Mexico | 15,145 | 12,573 | 2,572 | 24,969 | 27,186 | (2,217) |
| Central America | 3,757 | 2,240 | 1,517 | 3,309 | 2,543 | 766 |
| Caribbean | 3,546 | 7,920 | (4,374) | 5,244 | 4,010 | 1,234 |
| TOTAL LATIN AME | 39580 | 36856 | 2724 | 47527 | 56829 | -9302 |

* 1988 data

#4611

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

CHRON FILE

2.

May 24, 1990

Brent/Carla –
(1) I agree
(2) It is important that Salinas be given an advance look at our position (prior June 11)
GB
5-25

MEMORANDUM FOR THE PRESIDENT

FROM: Carla A. Hills CAH

SUBJECT: Strategy for Pursuing a Free Trade Agreement with Mexico

**Background**

The Mexican government is pressing for immediate initiation of formal negotiations on a free trade agreement (FTA) with the United States. Their objective is to maintain the existing momentum for economic reform in Mexico, as well as to encourage continued foreign investment. The government recently completed a round of private sector and legislative consultations, which indicated substantial support for an FTA.

In the U.S. government, an EPC working group has been evaluating an FTA, and concluded that a comprehensive agreement -- i.e., one covering the lowering of barriers not only to trade in goods, but to services and investment as well, and including intellectual property protection -- would be trade creating, and thus mutually beneficial.

The "fast track" provision of the 1988 Trade Act, which provides for a straight up or down vote without amendments, is the only viable means of securing Congressional approval of an FTA. In order to use the fast track, we must (1) receive a formal request from Mexico to begin negotiations, and (2) notify Congress of our intent to negotiate an FTA. This notification triggers a 60 legislative day period (which can be 6-9 calendar months) during which either the Senate Finance or House Ways and Means Committee can preclude use of the fast track by simple majority vote.

Before initiating formal negotiations and triggering the 60 legislative day period, there are several key issues to consider:

**Timing:**

The Mexicans want to jointly announce on June 11 that "we have decided to initiate negotiations, as soon as possible." (See attached language.) This would effectively require us immediately to notify Congress, triggering the 60 legislative day period.

**However, several factors indicate that without more time to consult and lay the groundwork, we cannot be confident that Congress will approve use of the fast track:**

- Domestic Opposition: Certain U.S. sectors have already indicated that they will oppose an FTA with Mexico. Specifically, labor (e.g., Tom Donohue, Secretary-Treasurer of the AFL-CIO and Chairman of our Labor Advisory Committee), and Southwestern agricultural interests (e.g., Roger Baccigallupi, CEO of Blue Diamond Growers and a member of our Advisory Committee on Trade Policy Negotiations) have stated that their sectors will oppose an FTA. The automobile, textile, leather, and footwear industries can also be expected to fight trade liberalization. Further consultation with these groups might at least minimize their opposition, while giving us time to build support in other sectors.

- Confusion with the Uruguay Round: Certain key groups that in principle would support an FTA, will oppose immediate negotiations for fear of diverting resources from the Uruguay Round. For example, the Business Roundtable, chaired by Jim Robinson of American Express, will shortly release a report which, while endorsing an FTA, will oppose initiation of negotiations until after the Uruguay Round. Several key members of Congress, including Sam Gibbons, who chairs the Ways and Means Trade Subcommittee, have told me that they, too, are opposed to initiating formal FTA negotiations until after the Uruguay Round.

- Congressional Prerogatives: Finally, certain members of Congress, including Chairmen Bentsen and Rostenkowski, have warned me that without adequate Congressional consultations prior to triggering the 60 legislative day period, we may create unnecessary opposition on the Hill, thereby imperiling use of the fast track.

**Content:**

The only FTA which is of benefit to the United States and capable of garnering broad private sector and Congressional support is one which covers services, investment and intellectual property, in addition to trade in manufactured goods. However, our discussions to date with the Mexicans indicate that they contemplate a more limited, and thus one-sided, FTA.

Specifically, the Mexicans have proposed language calling for the elimination of barriers to the "flow of goods and factors of production" only. (See attached draft.) This language purposefully excludes services, investment, and intellectual property because of their "political sensitivity" in Mexico;

however, the Mexicans have indicated that they are willing to "talk about" these issues.

More importantly, our discussions with the Mexicans, as well as President Salinas' recent public statements, confirm that the phrase "factors of production" is meant to encompass the free movement of labor. The inclusion of free immigration would almost certainly scuttle the negotiations due to U.S. domestic opposition.

Finally, the Mexican draft calls for "eliminating unilateral measures," which is meant to encompass our section 301 authority, as well as our antidumping and countervailing duty laws. This, too, would be a domestic non-starter for us.

## Evaluation and Recommendation

The benefits of a comprehensive FTA would be immense, and I believe we should enthusiastically pursue one. None of the foregoing problems -- on timing or content -- are insurmountable, if we properly lay the groundwork. I would recommend the following strategy.

When you meet President Salinas on June 10-11, we should issue a joint statement, which says in relevant part:

> "The two Presidents have determined that the United States and Mexico would each benefit from a comprehensive bilateral free trade agreement ... [and they have directed their trade ministers] to initiate immediately the preparatory work and consultations needed before beginning negotiations ... and to report back to the two Presidents no later than their next meeting in December."

This language includes an unequivocal endorsement of an FTA, thus giving Salinas the political impetus and certainty he desires to continue reform and attract investment. In turn, it provides us with an opportunity to minimize domestic opposition, build supportive constituencies, and consult thoroughly with Congress. During this period, we would also pursue intensive discussions with the Mexicans in order to obtain agreement on the coverage of an FTA. We could also do an enormous amount of necessary technical work, particularly on tariffs.

Moreover, we would not necessarily wait until December to initiate formal negotiations. Rather, we would intend to notify Congress as soon as we are confident that the relevant groundwork has been laid.

In short, we should persuade Salinas that showing some prudence now will help both to ensure success, and perhaps accelerate it, later.

MEXICAN DRAFT (MAY 14, 1990)



**DRAFT OF THE JOINT COMMUNIQUE BY THE PRESIDENT OF MEXICO AND THE PRESIDENT OF THE UNITED STATES OF AMERICA REGARDING BILATERAL TRADE RELATIONS**

① Would trigger Congressi[onal] 60-da[y] clock

We have decided to ① initiate negotiations, as soon as possible, to establish a free trade agreement between Mexico and the United States of America. The negotiations will be abide by the ② internal procedures required in our two countries and by the principles laid down in our respective constitutions.

② State-owned petroleum per Mexican Constitution

③ Capi[tal] and Labor

The objective of the negotiations will be to achieve a gradual and comprehensive elimination of tariff and non tariff barriers in the flow of goods and ③ factors of production between both countries, taking into consideration the different levels of ④ economic development between Mexico and the United States and with due respect to the national sovereignty of both nations. ⑤ – No discussion of services, investment, IPR

④ want S&D treatment

The agreement will seek the largest possible tariff reduction ⑥ for the exports of both countries; the minimization of non-tariff barriers to bilateral trade; the assurance of a stable access to markets; and the establishment of a fair and impartial settlement mechanism for the resolution of disputes between both parties, [eliminating ⑦ unilateral measures.]

⑥ – elimin[ation]

⑦ Section 301, AD, CVD coverage?

The agreement should establish a climate of greater predictability and confidence for trade and for the economic relations between both countries, so that larger trade and investment flows translate into higher welfare for the people of both nations, especially for those who most need it.

We reconfirm our commitment to the General Agrement on Tariffs and Trade and we will work to increase its effectiveness. (8) what about commitment to the Uruguay Round?

We have charged Dr. Jaime Serra Puche, the Mexican Minister of Commerce and Industrial Development, and Ambassador Carla Hills, the United States Trade Representative, to immediately establish a bilateral mechanism to initiate the negotiations of the agreement and to report to us periodically.

THE WASHINGTON POST
THURSDAY, MAY 24, 1990

# Mexico Eyes Pacts With U.S., Canada

## *President Salinas Rules Out Any European-Style Common Market*

E1

By William Branigin
Washington Post Foreign Service

MEXICO CITY, May 23—President Carlos Salinas de Gortari declared today that Mexico will seek to negotiate free-trade agreements with the United States and Canada, but he ruled out entry into any European-style common market in North America.

In a meeting with Mexican senators, Salinas said that Mexico wanted to take advantage of trade opportunities in a changing world, but it would insist on maintaining political and economic sovereignty. He described a common market as "incompatible with the national objectives of sovereignty that we have always defended."

Salinas also insisted that a proposed free-trade pact include provisions guaranteeing Mexicans certain rights to work in the United States—a subject regarded by U.S. analysts as a potential obstacle to a trade treaty. In effect, Salinas put U.S. political and business leaders on notice that if they want greater access to Mexico's markets and cheap labor pool, they will have to help Mexico economically and politically by giving Mexicans job opportunities in the United States as well.

Mexican officials did not specify what kind of provisions on labor flows they would propose, nor when negotiations on an agreement would begin. They ruled out signing a preliminary accord when Salinas visits Washington June 10-12 for talks with President Bush.

A free-trade agreement between the United States and Canada took effect in January 1989, shifting the focus in the North American trade zone to the U.S.-Mexican relationship.

Currently, more than two-thirds of Mexico's foreign trade is with the United States, by far the country's largest trading partner. For the United States, Mexico ranks as the third-largest foreign market. In 1989, trade between the two countries exceeded $52 billion.

When he took office in December 1988, Salinas opposed Mexican entry in a free-trade pact or common market with the United States and Canada on grounds that Mexico would suffer serious disadvantages as the junior partner. Since then, he has become convinced that a lesser-developed country can reap a much larger share of the benefits from a free-trade agreement, including new investment, technology transfers and wage increases for Mexican workers, economic analysts said.

In addition, they said, Salinas returned somewhat disappointed from a recent tour of Western Europe, whose trade focus he perceived as having shifted markedly toward its eastern neighbors. With the approach of Western European integration in 1992, one economist said, Salinas sees the world evolving increasingly into economic blocs and "does not want Mexico to be left out."

Salinas made the remarks after accepting a Mexican Senate recommendation Tuesday that his government negotiate a free-trade agreement with the United States. The recommendation was contained in a 60-page report that resulted from three weeks of national debate on the subject.

The report cited "Mexico's geographical location, history of trade relations and the complementary relation of the U.S. economy" as reasons for a free-trade agreement.

The leftist opposition Democratic Revolutionary Party, which holds only four of the 64 seats in a Senate dominated by the long-ruling Institutional Revolutionary Party, complained that a free-trade pact with Washington would increase Mexican "dependence" on the United States. It urged instead that the government join a Latin American trading bloc.

~~CONFIDENTIAL~~
NSC/S PROFILE

RECORD ID: 9004223
RECEIVED: 25 MAY 90 18

UNKOWN FILE

2

TO: SCOWCROFT

DOC DATE: 25 MAY 90
SOURCE REF:

FROM: MELBY
JOHNSON
DEAL

KEYWORDS: MEXICO INTL TRADE

PERSONS: NEGROPONTE, JOHN D SALINAS, CARLOS

SUBJECT: US - MEXICO FREE TRADE AGREEMENT / FTA

ACTION: NOTED BY SCOWCROFT DUE DATE: 29 MAY 90 STATUS: C

STAFF OFFICER: MELBY LOGREF:

FILES: WH 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 |
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| | | JOHNSON |
| | | MELBY |



COMMENTS:

DISPATCHED BY ______ DATE ______ BY HAND W/ATTCH

OPENED BY: NSLMS CLOSED BY: NSDAI DOC 1 OF 2

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~~CONFIDENTIAL~~ ~~CONFIDENTIAL~~

4223

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 25, 1990

OBE

ACTION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: TIMOTHY E. DEAL/WILLIAM T. PRYCE

FROM: ERIC MELBY/DONALD JOHNSON

Natl Sec Advisor has seen

SUBJECT: Mexico FTA

At Tab I is an information memo for the President on the Mexico FTA. The paper has been cleared in draft with State, USTR, Treasury, Commerce, Agriculture and Labor.

We have asked John Negroponte to see President Salinas early next week to discuss his political needs for going forward quickly with an FTA and to explain our requirements.

Upon receipt of Negroponte's views, we will prepare an options paper for the President.

RECOMMENDATION

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

~~CONFIDENTIAL~~
Declassify on: OADR ~~CONFIDENTIAL~~

~~CONFIDENTIAL~~ ~~CONFIDENTIAL~~ 4223

THE WHITE HOUSE

WASHINGTON

DECLASSIFIED
PER E.O. 13526
1999-0062-F
ew 1/5/12

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: BRENT SCOWCROFT

SUBJECT: Mexico FTA

President Salinas wishes, at his June 10 meeting with you, to have a joint announcement that the U.S. and Mexico will begin negotiating a free trade agreement.

All your advisers endorse the goal of negotiating an FTA with Mexico. However, opinion is divided on procedures and timing. An immediate start, as preferred by Salinas, would be an important, visible symbol of our political support for him. It would require us immediately to notify Congress before laying the groundwork with domestic constituencies, giving the Ways and Means and Finance Committees 60 legislative days (i.e., 6-9 calendar months) in which either committee could reject fast-track negotiating authority, which means that the final bill is voted up or down with no amendment permitted.

A more measured approach, endorsing the goal of an FTA but delaying formal start to negotiations, would provide additional time to consult with Congress and domestic constituencies before beginning negotiations.

Ambassador Hills reports that key Members of Congress favor an FTA, but only after completion of the Uruguay Round. The Business Roundtable is of the same opinion. The AFL-CIO opposes an FTA.

You are also likely to get a request from Brian Mulroney for consultations and maybe even a seat at the table during any exploratory talks. Opinion is divided on how to respond to such a request.

State is sending instructions to Ambassador Negroponte, asking him to meet with Salinas early next week to get a better idea of his political imperative for starting negotiations now and to explain our consultative process with Congress and needs of our domestic constituencies. Once we receive Negroponte's report, we will forward a options paper for your decision.

cc: Vice President
Chief of Staff

~~CONFIDENTIAL~~
Declassify on: OADR ~~CONFIDENTIAL~~

Three possible options are described below. We have indicated where agencies currently stand, although Cabinet officers have not yet been consulted formally.

Option A -- June Announcement of Initiation of Negotiations

On June 10, you would respond favorably to President Salinas' formal request for negotiation of an FTA. The Administration would notify Congress, starting the 60 legislative day clock. (Favored by: )

Pro:

-- Responsive to President Salinas' desires; visible sign of U.S. support for Mexico;

-- Lessens possible adverse effect of FTA announcement on Mexico's 1991 congressional/gubernatorial elections.

-- Allows Congressional notification to be completed by May 1991, i.e., as early as the legislative calendar would permit.

Con:

-- Leaves little time for consultation on content of FTA with Mexico, and for building positive coalition with Congress, business and labor;

-- May create excessive Mexican expectations on our (and their) ability to conclude negotiations rapidly;

-- May interfere with completion of Uruguay Round because of diversion of resources. Business prefers to complete Round first.

Option B -- June Announcement of Intent to Negotiate FTA with December Initiation

On June 10, both you and President Salinas would endorse negotiation of an FTA and ask your Trade Ministers to report back by early December on the scope and content of the FTA. Formal initiation of FTA negotiation would come at December Bush/Salinas meeting. (Favored by: USTR, USDA, Labor)

Pro:

-- Allows U.S. to commit to FTA without beginning Congressional clock;

-- Allows time to build affirmative domestic coalition;

-- Responsive to Congressional and business desires to complete Uruguay Round first;

-- Allows more time to get agreement with Mexico on content of FTA, avoiding potential political misunderstandings later.

Con:

-- Would probably not satisfy Salinas' domestic political requirements;

-- Postpones completion of Congressional notification until July 1991;

-- Risks missing window of opportunity and allowing opponents of FTA more time to develop their arguments.

Option C -- June Announcement of Intent to Negotiate FTA with August Initiation

On June 10, you and President Salinas would announce that we will negotiate an FTA, and ask your Trade Ministers immediately to work out the scope and content of the FTA (and allow us to consult with Congress). Formal initiation of FTA would come in August, perhaps in connection with the Binational Committee meeting. (Favored by: State, possibly Treasury)

Pro:

-- Allows U.S. to commit to FTA without beginning Congressional clock immediately;

-- Allows more time to get agreement with Mexico on content of FTA, avoiding potential political misunderstandings later.

Con:

-- May not satisfy Salinas' domestic political requirements;

-- Postpones completion of Congressional notification.

~~CONFIDENTIAL~~ ~~CONFIDENTIAL~~

CHRON FILE 4377

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 31, 1990

Come see me
B

2.

INFORMATION

MEMORANDUM FOR BRENT SCOWCROFT

THROUGH: TIMOTHY ~~E~~. DEAL/WILLIAM T. PRYCE

FROM: MEG LUNDSAGER ML

Natl Sec Advisor has seen

SUBJECT: G-24 Coordinating Group for Central America and the Caribbean

We would like to meet with you to discuss Secretary Baker's idea for a G-24 coordinating group for Central America and the Caribbean. Zoellick and Aronson claim that Baker already has obtained the President's approval for this initiative and urge that we move ahead with a broad proposal for a new U.S.-led mechanism. State proposes that this include creation of an official Secretariat, more elaborate and formally structured than the staff the EC Commission has set up in the case of Eastern Europe. We will ask Florence for time on your schedule early next week to discuss this matter.

Background

Baker raised this idea with EC Commission President Delors during the U.S.-EC Ministerial in April. State subsequently sent out an uncleared message to G-24, Central American and Caribbean capitals, describing the initiative.

Our concerns center on the efforts now nearing completion to develop a cohesive, comprehensive strategy for our economic policy in the Latin American region. These include the Andean Trade Initiative, the EPC proposals focusing on aid, trade, investment and debt, as well as the Mexican FTA. We fear that State's rapid movement on the G-24 idea could dilute and distract from what should be a broader program for Latin America under development in the EPC exercise. State has no clear idea how to secure additional U.S. financial resources, which would seem essential if we are to take the lead on such an initiative. For example, OMB is just now being consulted about this proposal, which, as yet, has no price tag. There is a proposal in the EPC paper for $100 million for investment in Central America and the Caribbean. Perhaps this initiative could be used to put some flesh on the bare bones of the G-24 idea.

We have additional concerns we wish to raise with you.

Concurrence by: Adrian Basora ML for

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 3/1/24

~~CONFIDENTIAL~~
Declassify on: OADR

~~CONFIDENTIAL~~

BS/Mtg to discuss 6-24 coordinating Group for Cen America & the Caribbean

National Security Council
The White House

PROOFED BY: EA

URGENT NOT PROOFED:

BYPASSED WW DESK:

LOG # 4377

SYSTEM PRS NSC INT

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| | SEQUENCE TO | HAS SEEN | DISPOSITION |
|---|---|---|---|
| ~~Bill~~ Sittmann | 1 | W | I |
| Bob Gates | 2 | 8 | |
| Brent Scowcroft | 3 | ✓ | |
| Bill Sittmann | | | |
| Situation Room | | | |
| West Wing Desk | 4 | | N |
| NSC Secretariat | 5 | | N |
| ~~Lindsay~~ | | | |
| | | | |

RECEIVED
JUN 10 P 1:25

A = Action I = Information D = Dispatch R = Retain N = No further Action

cc: VP Sununu Other

Should be seen by: (Date/Time)

COMMENTS

~~SECRET~~
NSC/S PROFILE

RECORD ID: 9004100
RECEIVED: 23 MAY 90 10

CHRON FILE

TO: SCOWCROFT

FROM: DEAL

DOC DATE: 01 JUN 90
SOURCE REF:

2

KEYWORDS: EPC
WH REFERRAL

LATIN AMERICA
ECONOMICS

PERSONS:

SUBJECT: EPC MTG ON LATIN AMER

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ACTION: NOTED BY SCOWCROFT

DUE DATE: 26 MAY 90

STATUS: C

STAFF OFFICER: LUNDSAGER

LOGREF:

FILES: PA

NSCP:

CODES:

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

COMMENTS:

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DOC 4 OF 4

~~SECRET~~

# Withdrawal/Redaction Sheet
# (George Bush Library)

| Document No. and Type | Subject/Title of Document | Date | Restriction | Class. |
|---|---|---|---|---|
| 05. Memo | Timothy E. Deal to Brent Scowcroft<br>Re: EPC Meeting on Latin America (2 pp.) | 6/1/90 | (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 (May - June 1990)

| | |
|---|---|
| **Date Closed:** 5/14/2009 | **OA/ID Number:** 91139-006 |
| **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

UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 9004036
RECEIVED: 21 MAY 90 18

TO: SCOWCROFT

CHRON FILE

2

FROM: CICCONI, J

DOC DATE: 12 JUN 90
SOURCE REF:

KEYWORDS: ARGENTINA, BRAZIL, CHILE, PARAGUAY, INTL TRADE, FOREIGN TRAVEL

PERSONS: HILLS, C

SUBJECT: HILLS RPT OF TRIP TO ARGENTINA & BRAZIL

ACTION: OBE / STATUS ORIGINAL UNKNOWN    DUE DATE: 24 MAY 90    STATUS: C

STAFF OFFICER: JOHNSON    LOGREF:

FILES: WH    NSCP:    CODES:

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| | | JOHNSON |
| | | NSC CHRON |

COMMENTS:

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OPENED BY: NSMDC    CLOSED BY: NSJRP    DOC 4 OF 4

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UNCLASSIFIED
NSC/S PROFILE

RECORD ID: 9004036
RECEIVED: 21 MAY 90 18

ON FILE

TO: SCOWCROFT

FROM: CICCONI, J

DOC DATE: 12 JUN 90
SOURCE REF:

KEYWORDS: ARGENTINA, BRAZIL, CHILE, PARAGUAY, INTL TRADE, FOREIGN TRAVEL

PERSONS: HILLS, C

SUBJECT: HILLS RPT OF TRIP TO ARGENTINA & BRAZIL

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ACTION: PREPARE MEMO FOR SCOWCROFT    DUE DATE: 24 MAY 90    STATUS: S

STAFF OFFICER: JOHNSON    LOGREF:

FILES: WH    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 |
|---|---|---|
| JOHNSON | | GANTT |
| | | MELBY |
| | | PACELLI |
| | | PRYCE |

COMMENTS: 6/13 OBE - The President has already seen the memo, and wrote his comments.

DISPATCHED BY ____________ DATE ________ BY HAND W/ATTCH

OPENED BY: NSMDC    CLOSED BY: NSLMS    DOC 4 OF 4

UNCLASSIFIED

This may be a dup. If not, send to Staff FYI with a copy back

Ex Sec

THE WHITE HOUSE
WASHINGTON

4036

Date: 06/12/90

TO: GENERAL SCOWCROFT

FROM: **JAMES W. CICCONI**
**Assistant to the President and**
**Deputy to the Chief of Staff**

The attached has been forwarded to the President.

~~CONFIDENTIAL~~

THE UNITED STATES TRADE REPRESENTATIVE
Executive Office of the President
Washington, D.C. 20506

4036

June 11, 1990

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 3/1/24

MEMORANDUM FOR THE PRESIDENT

FROM: Carla A. Hills CAH

SUBJECT: My Trip to South America

My trip to South America as your representative to the 100th Anniversary of the Organization of American States (OAS), and subsequently to Brazil and Argentina, was quite productive:

OAS: The OAS meeting in Asuncion, Paraguay, was energized by the economic and political reforms sweeping the region. In my speech to the General Assembly, I urged Latin American leaders to capitalize on this reform movement and forge with us a new **partnership** based upon a balance of benefits and obligations, wherein the United States would respond constructively to Latin American economic reforms. Specifically, I urged that we work together to open markets and:

- Expand trade within the region, looking toward a hemispheric zone of open markets; and

- Expand trade globally by successfully completing the Uruguay Round, thus making the Latins world class competitors.

The response to this message was uniformly positive. In a series of bilateral meetings, Chile, Uruguay, Brazil, Argentina, and others expressed interest in negotiating with us new commercial agreements, such as the trade and investment agreements we recently signed with Eastern Europe, and bilateral framework agreements, such as the one we recently signed with Bolivia, to facilitate trade.

Brazil: In Brazil, President Collor promised a written commitment to introduce legislation within 12 months to provide product patent protection. This commitment, which we have agreed to keep confidential until the Brazilians announce it on July 23, will enable us to eliminate the retaliation we have had in place pursuant to a 1988 301 action, and to increase Brazil's benefits under the GSP program. Most importantly, this action will help create a climate in Brazil conducive to the foreign investment

Classified by: CAH
Declassify on: OADR

~~CONFIDENTIAL~~

that Collor is trying to attract. Collor also agreed to direct his Uruguay Round negotiators to take a more constructive stance in Geneva. Finally, we made progress on a series of bilateral issues, ranging from telecommunications to computer software. Your telephone call to Collor was reportedly quite well received, and the timing could not have been better.

Overall, Collor and his team strike me as extremely able and firmly committed to bringing about dramatic, market-oriented reforms. The crucial issue is whether they can maintain domestic support for what are often painful steps in the near term. Happily, the United States is very ably served by our Ambassador, Richard Melton, who is first rate in every regard.

Argentina: In Argentina, I had productive meetings with President Menem and his foreign affairs and economics ministers, who have moved to liberalize trade and investment, and lower tariffs. I emphasized the need for us to cooperate together in the Uruguay Round, where we agree on the crucial need for fundamental agricultural reform, and to improve further the investment climate by strengthening intellectual property protection.

Conclusion: In sum, when you visit the region later this year, you will find a political and economic revolution underway. As a result, you will be urged by many, both here and abroad, to "do something" for Latin America; and, indeed, there is much to be done. However, whereas in the past Latin leaders talked most about what we could do for them, today you may find them talking more about what they can do for themselves. This is a positive development that we should encourage by treating them as increasingly mature trading partners.

Thus, I would suggest that the best thing we can do for the Latins is to urge a successful conclusion to the Uruguay Round, which will geometrically increase their global trading opportunities, especially in the all-important agricultural sector.

Bilaterally, we should stand ready to negotiate new trade and investment agreements conditioned on the Latins first undertaking concrete and lasting reforms. I am confident that the U.S. private sector, and businesses worldwide, will then respond enthusiastically with the capital, technology, and trade these countries seek.