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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Speechwriting, White House Office of
Series: Speech File Backup Files
Subseries: Chron File, 1989-1993

OA/ID Number: 13723
Folder ID Number: 13723-005

Folder Title:
Latin American Trade Initiative 6/27/90 [OA 7562]

Stack:	Row:	Section:	Shelf:	Position:
G	26	20	6	4

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memo	Economic Policy Council to POTUS, Re: U.S. Economic Policy Toward Latin America: Partnership for Economic Growth. (10 pp.)	06/22/90	P-5	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Backup
Subseries:
WHORM Cat.:
File Location: Latin American Trade Initiative 6/27/90

Date Closed: 10/19/2004	OA/ID Number: 13723-005
FOIA/SYS Case #: S	Appeal Case #:
Re-review Case #: 2004-2265-S	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

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

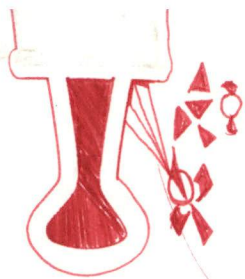
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Deed of Gift Restrictions

- C(1) Closed by Executive Order 13526, governing access to national security information
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- PRM. Removed as a personal record misfile

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

- P-2 Relating to the appointment to Federal office [(a)(2) 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]



DRAFT
June 22, 1990

June __, 1990

MEMORANDUM FOR THE PRESIDENT

FROM: THE ECONOMIC POLICY COUNCIL

SUBJECT: U.S. Economic Policy Toward Latin America:
Partnership for Economic Growth

Issue

Should the United States launch a long-term Latin America trade and investment strategy to support and encourage Latin efforts to achieve sustainable growth?

Background

On April 11, 1990, Secretary Brady requested the Economic Policy Council to undertake a comprehensive review of U.S. economic policy toward Latin America.

The time is ripe for an historic initiative toward Latin America. While the nations of Latin America enter the 1990s with a record of high expectations, frustrated hopes, and a daunting inventory of economic problems, they are entering a new stage in their economic and political history. Extreme nationalism, unfettered populism, and a naive confidence that government can solve all problems have given way to a growing sense of interdependence with the world economic community, renewed respect for market solutions, and a willingness to reexamine the role of the state in the economy.

There is also fear within the region that scarce capital resources will flow elsewhere unless Latin countries make themselves more competitive with East European, Asian, and industrial country economies.

In addition, Latin America is experiencing an unprecedented commitment to representative democracy -- a development not foreseen even a few years ago. With these shared objectives of political and economic freedom in both Latin America and the United States, the region is ripe for a new hemispheric partnership.

If we become active partners in restoring growth through expanded trade and investment, we can expect benefits on a variety of fronts, including narcotics, immigration, and foreign policy.

A Strategy for the 1990s: Partnership for Economic Growth

The United States needs a coherent, long-term hemispheric strategy for the 1990s that can be adapted over time to particular countries and sub-regions. The strategy must make the Hemisphere a high public priority. The U.S. cannot impose a blueprint on the region; our approach requires dialogue with the leaders of the region. Yet, it must link U.S. actions directly to performance by the Latin countries, thereby creating a balance of benefits and obligations between partners, rather than a one-sided grant of unconditional benefits from the United States.

The EPC proposes that such a strategy be centered around two Presidential initiatives.

- o A major trade initiative for Latin America, defining a vision for long-term movement toward a broad regime of free and fair trade within the Hemisphere.
- o A comprehensive investment initiative for Latin America designed to attract capital into Latin America and to use new instruments for debt and debt-service reduction.

Although some elements of the initiative have U.S. budgetary consequences in FY 1992 and beyond,* the strategy is not centered on massive amounts of new economic assistance. A plan keyed to massive foreign assistance flows would not be conducive to cooperative reduction of trade and investment barriers or to creating incentives for Latin nations to undertake needed economic reform.

I. The Trade Initiative

Barriers to trade present a serious obstacle to growth. Trade within the region is abnormally low due to restrictive policies. A principal issue in Latin America has been the perceived U.S. obstacles to Latin American exports. U.S. exporters also continue to suffer from relatively diminished markets in the region.

The most effective way of promoting long-term trade growth in Latin American and more fully integrating Latin countries into the global trading system is to successfully conclude the Uruguay Round. A successful Round will geometrically increase the global

*See attachment. The Secretary of Defense has advised "that transfers or offsets from the constrained Defense budget are no longer a realistic option for funding foreign aid initiatives."

trading opportunities of Latin countries, especially in the all-important agricultural sector. Moreover, the Round will work to open developing country markets in areas of key interest to the United States, such as services, investment, and manufactured goods.

The trade initiative should complement our Uruguay Round efforts to integrate Latin America into the global trading system by defining a long-term vision of a Hemisphere-wide open trading system. The United States would encourage movement toward that vision. The trade initiative would contain the three separate elements identified below.

A. Free Trade Agreements (FTAs) with Latin America

The United States should publicly set forth a long-term vision for the Hemisphere of movement toward economic integration in the region, including ultimately comprehensive free trade agreements. Free Trade Agreements (FTAs) offer significant, permanent economic benefits and are likely to lock in needed structural reforms. To achieving this end, we should announce our willingness -- where we would be responding to specific Latin American interest -- to enter into FTAs with Latin American countries, and particularly, groups of countries which would associate for purposes of liberalization. The United States would emphasize the benefits of comprehensive FTAs among groups of Latin American countries willing to pursue trade liberalization among themselves. Latin America must take the lead in specifically proposing FTA arrangements to the United States. The United States should not proceed faster than our Latin American partners are willing to go.

U.S. participation in any FTA would be conditioned on a demonstrated commitment by the Latin countries involved to economic reform, including trade and investment liberalization and sound macroeconomic policies. The U.S. will not pursue new one-way preferential arrangements. FTAs must be comprehensive and fully reciprocal and must be genuine vehicles for liberalization.

In announcing this long-term vision, the United States should stress that this vision would not be realized overnight. It would take years - maybe a decade or more. Moreover, completion of the Uruguay Round would precede formal negotiations on FTAs. The intended result over a period of years would be the eventual development of a Hemispheric free trade zone.

As in the case of the projected agreement with Mexico, FTAs with hemispheric groups should be GATT consistent. Since they would be based upon trade liberalizing and growth stimulating policies, they should be considered a complement to, and not a

substitute for, the strengthened multilateral rules and market expansion measures we seek in the Uruguay Round.

Mexico's example should provide a useful model for other efforts in the hemisphere. Mexican President Salinas took the initiative in pressing for an FTA. The U.S. and Mexico are now committed to the goal of an FTA, and preparations for negotiations will proceed; Mexico will be our first priority for an FTA in Latin America.

It is difficult now to gauge U.S. public and congressional reaction, as well as Latin American opinion, but on the whole we judge it will be supportive. However, opposition can be expected from those interests threatened by free trade. For example, domestic labor opposes the FTA with Mexico and is likely to oppose FTAs with other Latin American countries. To assure broad domestic support, FTAs would need to contain a comprehensive array of market-opening measures. There would also need to be thorough consultation with the Congress and the public at every stage in order to build and maintain support for the effort.

B. Targeted Trade Actions in the Uruguay Round

The most effective way of promoting long-term trade growth in Latin America is by more fully integrating Latin countries into the global trading system. Latin American participation in a successful Uruguay Round is essential to a successful trade strategy for the region.

In the Uruguay Round negotiations, we can identify a package of incentives of particular interest to the Latin Americans. The United States would undertake these concessions on an MFN basis, while targeting products important to Latin America. The package could include the following measures, which could be presented as specific offers in the request/offer process now underway in Geneva:

- o Unilaterally make tariff offers in the Uruguay Round negotiations on selected items of interest to Latin American countries, instead of waiting for the Latins to request concessions from the United States.
- o Offer to go beyond the limits for tariff cutting set forth in the 1988 Trade Act for products of interest to Latin American countries. Such exceptions to our statutory negotiating authority would require congressional approval as part of the Uruguay Round implementing legislation.

The U.S. would make unilateral tariff offers in the Round, but these offers would be contingent on agreement to a final tariff

package that contained balanced concessions by all parties, most particularly other industrialized countries. The U.S. offers would also serve as incentives to Latin American countries to support generally U.S. positions in the Round and participate actively in market access negotiations.

The EPC also considered certain questions of particular interest to Latin American countries, such as eliminating the U.S. sugar import quota and providing unilateral preferential market access to Latin American countries. However, it was decided that these questions should not be addressed before the results of the Uruguay Round are known. A successful Round may include agreement on sugar trade. Moreover, such steps would require legislation and because of domestic political opposition could not in any case be achieved prior to the conclusion of the Round.

C. Framework Agreements with Latin American Countries

Framework agreements -- which serve as vehicles for enhancing ~~trade and investment liberalization~~ and as consultative mechanisms on specific bilateral issues -- exist with Mexico and Bolivia. The U.S.-Mexico Framework Agreement has been particularly effective. The agreement with Bolivia has recently been finalized. The United States should announce that it is willing to negotiate additional framework agreements with individual Latin American countries or groups of countries. //

Framework agreements afford the opportunity to negotiate step-by-step the elimination of trade barriers (e.g., standards, procurement impediments, licensing barriers) in selected sectors, in exchange for greater access to the U.S. market. Framework agreements can lay the foundation for subsequent movement toward FTAs.

II. The Investment/Debt Reduction Initiative

The nations of the region face increased worldwide competition for external capital, especially for equity capital. Latin America has suffered a substantial loss of foreign direct investment which, together with capital flight, has added significantly to the rising shortfall of investment resources. Without policies that create an attractive environment for investment, there is little chance that the huge stocks of flight capital held outside the region will return. Since large-scale renewed commercial bank lending to the region is unlikely to resume in the foreseeable future, alternative capital inflows are key to increasing productive investment and growth. Our goal should be to replace debt with equity by encouraging direct, private investment.

INV. REFORMS.

Because policies on foreign direct investment raise issues of sovereignty and nationalism, it is vital that policies to advance the investment objectives not appear to be confrontational. The most appropriate vehicle for accomplishing such an approach would be the Inter-American Development Bank (IDB). The IDB is 53% owned by Latin American governments, and is seen as a Latin American institution. At the same time, the IDB is strongly influenced by the United States (34.7% ownership) and by other non-regional developed countries.

The EPC has developed a range of proposals, the most significant of which are as follows:

A. New IDB Sector Lending Program.

The United States would work with Latin American nations to create a new IDB sector lending program, with conditionality requiring that Latin American countries open their investment regimes, including in the financial sector. This initiative would be funded out of current IDB resources during the 1990-1993 replenishment period.

B. Fund for Investment, Privatization and Growth.

Latin The United States could propose creation of a five-year multinational fund for Latin American countries. Although the Fund would be available to any country that meets the criteria, there would be a particular emphasis on Central America and the Caribbean. The Fund would provide up to \$300 million per year in grants in response to specific market-oriented, investment policy initiatives and reforms aimed at attracting foreign investment and, in that context, facilitating privatization. The United States would contribute \$100 million annually to the Fund and would seek matching contributions from Europe and Japan. Because the Fund would be designed to serve as an incentive, funds would only be disbursed after reforms were enacted.

Funds would be used to support reforms in investment regimes directly supported by IDB or IBRD sector lending. Special consideration would be given to those reforms that would spur use of private foreign direct investment flows to help fund privatization. These funds could be used for investment in human capital (i.e., training and education), and in business infrastructure (e.g., telecommunications) where such investments were directly supportive of privatization. The Fund would be open to contributions from any nation and would be administered by the IDB. This initiative would have a total estimated outlay impact of \$190 million for the 1992-1995 period.

C. Debt Initiatives.

big as, much as
up to 80% in some cases

The strengthened debt strategy launched in the spring of 1989 has resulted in enhanced reform efforts in a number of Latin American debtor countries and has generated financing packages between a number of debtor countries and their creditor banks which involve substantial reduction of debt and debt service burdens. The United States is now in a position to add several important additional elements to its debt strategy which could include:

Now done by IMF/WB

- o Support new authority for the IDB to use its resources to assist in commercial bank debt and debt service reduction. If the IDB were also to provide interest support resources of the type already established in the IMF and World Bank, IDB enhancements of up to \$1.4 billion per year could be available to debtor countries undertaking investment reform programs. This initiative can be implemented by the IDB using resources available under its current replenishment. Thus, there would be no U.S. budgetary impact during the current replenishment, at least through 1994.

*to back up
or support
security*

- o [Insert]

D. High-level Regional Conference on Investment.

The United States would support convening of a high-level regional conference on investment in Latin America in order to generate confidence in the region and thereby mobilize and attract capital. The key purpose for such a conference might be adoption of a framework agreement or protocol, whereby Latin governments could pledge to undertake needed economic and investment policy reforms. The IDB would be a potential sponsor and source of funding for such a conference, since Latin initiative in promoting the conference would be important. The conference could also be structured to involve significant private sector participation, as well as senior U.S. and Latin government officials.

III. Other Supporting Initiatives

In addition to the Presidential measures discussed above, other supporting actions have been identified as having significant potential for furthering our objectives. These are listed below.

*AID.
+ P480.*

(FOOD FOR PEACE)

*7 B for all
L.A.*

Development Fund for Latin America. The Administration would request unearmarked bilateral assistance appropriations for Latin America, with only regional totals. Country allocations would be based on performance criteria. This approach could increase the

*EXIM
CCC*

10% = 460m.

*Honduras
El Salvador.*

measure of interest in support of environmental projects.

-8-

effectiveness of U.S. assistance, although at some political cost in terms of relations with non-performing countries. The EPC will develop a detailed proposal over the next 90 days for inclusion in the Administration's 1992 budget submission. This proposal would preserve drug-related assistance called for in NSD-18. There is no budgetary cost to this proposal, as it seeks to achieve improved programming and flexibility within existing funding levels.

- o Debt-for-Nature Swaps. The IDB would be encouraged to take an active role in debt-for-nature swaps. This would address the concerns of environmental groups by increasing the local currency resources devoted to environmental and conservation concerns. This action would be funded out of current IDB resources during the 1990-93 funding replenishment period.
- o Eximbank "Bundling". As it has begun to do in Mexico, Eximbank would work with central banks and commercial banks to bundle financing requests for many smaller industrial restructuring projects into a single transaction on more favorable terms. The single transaction is then sold in capital markets and will provide new sources of financing for debt-ridden countries that cannot easily access capital markets. While this initiative might lead to outlay savings of as much as \$50-\$75 million during FY 1992-95 from increased fee income, potential liabilities from the increased guarantees involved would increase by \$300 million per year.
- o Expansion of OPIC Activities. In order to assist investors in Latin America, OPIC could also broaden the scope of its programs to provide indirect support to investments in equity securities of new, expanding, or privatizing companies. Thus, OPIC loan guarantees could be used to support loans by U.S. financial institutions to newly-established sub-regional growth funds. These growth funds would be privately managed by and owned by U.S. and other investors. This program would be undertaken within OPIC's existing budget authority. Any expansion of OPIC's budgetary authority for this purpose would be considered in future fiscal years.
- o Agricultural Development Assistance. USDA and AID would provide expanded technical assistance toward development of Latin America's untapped potential for economic growth in the agricultural sector. The proposal would be a major supplement to efforts to

→ Andean Trade Initiative.

Anclan

encourage alternatives to narcotics related production, particularly in the Andean subregion. The effort would be to work with Latin governments and the private sector to identify agricultural products that have significant potential for increased production and trade. Feasibility studies can begin immediately within existing resources. Specific funding for this initiative will be proposed for FY 1992 in light of these studies.

- o Bilateral Investment Treaties (BITs). To encourage investment in Latin America, the United States would announce its willingness to negotiate a BIT with any country in the region that desires one. The U.S. would not compromise its traditional position on key elements of the BIT, but the U.S. would become pro-active, rather than simply responsive to Latin inquiries.
- o Transportation Infrastructure and Policy. AID and the Department of Transportation would enter into a dialogue with Latin countries on the effects of aviation, shipping, railroad, and other transportation policies on economic growth. There would be special emphasis on the benefits of domestic deregulation and privatization in the transportation sector. As part of this effort, the U.S. could propose a free-market arrangement for international airline traffic (so-called "open-skies") with Latin American countries -- which would go into effect once sufficient countries had signed to reach a critical mass.
- o Private Sector Involvement. Due to the essential role of new investment and of attracting the return of private funds, the Administration would consult with representatives of U.S. private sector organizations to help identify impediments to investment and trade. The Administration can play an active role in promoting investment and trade opportunities in Latin America that result from institutional and policy reforms in the region. The Administration could also undertake high-level trade and investment missions to those countries committed to economic reform and to creating new opportunities for private sector-led development.

Implementation of the Initiative

The timing and method of announcing the new approach to the Hemisphere and its related initiatives are not addressed herein. A plan for implementing the new strategy for Latin America is being developed for your consideration. Nonetheless, a variety

of preliminary suggestions have been made. These include the following:

- o You should launch the new Latin American policy prior to the Houston Summit with a major public statement. The statement would set forth broad policy elements and point the direction for the future. It would contain announcement of the key initiatives, but not necessarily spell out the full array of supporting initiatives. Prior congressional and foreign consultation would also be desirable.
- o You might encourage convening in 1991 a Latin American Summit on trade and investment for purposes of enhancing Latin American economic reform and growth.
- o You could use the Houston Economic Summit in July to develop support among other industrialized countries for key elements of the initiative.
- o Your projected trip to Latin America in September offers many possibilities for building on the initiative.
- o 1992 is the 500th anniversary of Christopher Columbus' discovery of the Americas. That commemorative year offers major opportunities to build hemispheric relationships. The Administration should actively consider how it might encourage commemorative events that would promote its objectives both within Latin America and among the Hispanic community in the United States.
- o The State Department is exploring a coordinating mechanism for Central America to support political and economic reform similar to the G-24 mechanism for Eastern Europe.

Specific recommendations as to implementation will be forthcoming shortly.

RECOMMENDATION

That you approve the trade and investment initiative for Latin America outlined above.

Approve _____ Disapprove _____ Let's Discuss _____

Attachment

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. List	List of meeting attendees with personal information. (1 pp.)	n.d.	(b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Backup
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WHORM Cat.:
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Presidential Records Act - [44 U.S.C. 2204(a)]

- P-2 Relating to the appointment to Federal office [(a)(2) 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]

Withdrawal/Redaction Sheet

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03a. Memo	Nicholas F. Brady to POTUS, Re: Latin America Debt Reduction Proposal. (1 pp.)	06/14/90	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Backup
Subseries:
WHORM Cat.:
File Location: Latin American Trade Initiative 6/27/90

Date Closed: 10/19/2004	OA/ID Number: 13723-005
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03b. Report	Summary Proposal, Re: Latin America Debt Reduction Proposal. (5 pp.)	n.d.	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Speechwriting, White House Office of
Series: Speech File, Backup
Subseries:
WHORM Cat.:
File Location: Latin American Trade Initiative 6/27/90

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6/21
4:00
pm

I.

**Program for the Americas:
A Partnership for Trade, Investment, and Growth**

We live today in a world of revolutionary change. Democracy and freedom are bursting forth in Eastern Europe and Latin America, bringing in their train a broad re-evaluation of international relations.

This revolution is political, but it is also economic. The yearning for freedom and the desire for economic opportunity are often inseparable. Command economies have failed to provide economic prosperity for their people. But now the message that "freedom works" is gaining ground and producing results. Where the beachhead of liberty is made, economic freedom and progress must secure the land.

This great enterprise must be a shared effort of the industrial democracies and the emerging nations that seek greater freedom and economic progress. Together we can encourage political and economic reform, and the entire world will benefit.

No region is more important to the United States than Latin America and the Caribbean. Geography makes us natural allies. We share a rich historical and cultural heritage and strong economic ties that go back centuries. We are closer today and exchange more people, capital, and goods than ever before. And we share democracy and democratic values more widely today than at any time in the past.

Cultural heritage

Accordingly, I am proposing today a new cooperative effort to strengthen our economic ties and encourage economic growth and development throughout the Western Hemisphere. *Democracy* A new "Program for the Americas" will give us a foundation for economic progress and prosperity in the coming years.

If the values of democracy and the fruits of economic freedom are to be secured, there must be economic progress. Turning today's potential into reality will depend in large part on the success of the economic policies we put into place now. *we must begin now,*

The nations of Latin America and the Caribbean have endured a difficult decade of painful economic adjustment. Democracy has flourished, but economic progress has lagged. The debt crisis has tested the resolve of virtually every government in the region. Failed economic policies and over-management by governments have contributed to economic decline. Countries have suffered diminished trade, debilitating financial imbalances, the flight of their own citizens' capital, and the harsh reality of insufficient growth in a world short of resources.

The United States has not gone untouched by this crisis. As Latin America and the Caribbean cut imports, postponed investment, and struggled to service its foreign debt, we too were affected. We lost trade, markets, and opportunities. Financial instability in our neighbors has also affected us in important, if less visible, ways.

Latin American and Caribbean leaders have made a great deal of progress in coping with this crisis. A new generation of democratically elected leaders is turning the tide away from economic decline. Their chief tools to date are new, more open, market-oriented economic policies, and the will of their people to implement change.

mandate

This is a revolution no less dramatic than that of Eastern Europe. As many countries of Latin America and the Caribbean adjust their economies to internal and external realities, they are seeing the promise, and in some countries the beginnings, of a new harvest.

The United States must help in Latin America's historic effort to rise from the economic demoralization of the 1980's to the reality of economic progress in the 1990's. Like all successful efforts among neighbors, first steps begin at home, but success is assured by many hands working together.

A New Partnership for Trade, Investment and Growth

Three months ago I asked Treasury Secretary Brady to lead a review of U.S. economic policy toward Latin America and the Caribbean. We needed a fresh assessment to better understand the problems and opportunities facing us and the hemisphere in the 1990's. That review is now complete, and its conclusions were both clear and concise -- we must move quickly to build a stronger and more comprehensive economic partnership with our neighbors.

Our goal must be to promote economic progress to the benefit of all nations in the hemisphere. Our means will be to collaborate with our neighbors to address the region's commanding economic problems: trade, investment, debt, and environment.

Therefore, today I am announcing a major economic policy initiative for Latin America and the Caribbean. Its first pillar is a broad-based trade initiative which defines the vision and sets out the challenge for movement toward a broad regime of free and fair trade within the hemisphere. The second pillar is an investment initiative that will encourage capital flows, reduce debt burdens, and improve the environment.

Twin pillars

The Trade Initiative

Let me begin with the trade initiative. Barriers to trade represent a serious obstacle to growth. Trade within our hemisphere has seriously lagged the pace of growth in world trade during all of the 1980's. Limited trade opportunities have constrained the growth of the hemisphere's most competitive industries and the spawning of new companies, products, and services. To achieve broader economic growth in all our economies, we must expand the potential for trade.

Our new
~~The~~ trade initiative addresses this pressing need. It would contain three mutually reinforcing elements:

3) (1) We are prepared to negotiate free trade agreements with individual countries with large national markets, as well as with groups of countries interested in ^{forming forces} aligning to liberalize trade. As we have begun to see in our trade with Canada and (hope to see with Mexico,) such agreements can offer significant and lasting benefits for both sides.

2) (2) As an initial stepping stone toward this end -- and for those which are not yet positioned to embrace a free trade agreement -- we are prepared to develop bilateral framework agreements. Such agreements can help establish principles for bilateral cooperation on trade issues.

1) (3) We are also prepared to work with Latin countries to help address their specific trade concerns within the Uruguay Round, and to seek authority for deeper tariff cuts on specific products of interest to them.

By opening our borders to trade, the nations of the Americas can all boost economic activity -- creating more jobs, higher incomes, and new opportunities to expand growth. Each of these steps would help move us toward a long-term vision of a truly open hemispheric trading system.

Beck

The Investment Initiative

The second pillar of our program is an investment initiative to unlock the potential for domestic and foreign investment as the region's strongest hope for financing growth in a world short of resources. Central to this initiative will be a program aimed at accomplishing significant debt reduction under our bilateral concessional loan programs.

The competition today for capital is particularly fierce. More and more countries are building market economies which will appeal to both domestic and foreign investors. An increased flow of investment resources both at home and abroad is essential for the recovery of sustained growth in Latin America and the Caribbean. This will mean turning around the conditions that have, over the last decade, led U.S. investors to look away from the region to other markets -- a diversion of capital flows that led to less investment and more debt.

and encourage LAT America's own investors
Economic policy reform, and in particular the reform of investment regimes, is a vital part of attracting resources, including the repatriation of flight capital. Reduction of the region's debt burden is an essential complement to these reform efforts.

To encourage appropriate policies and help the nations of Latin America and the Caribbean attract indispensable capital, the

United States is prepared to pursue with them a four-point program.

First, we propose to work with Latin governments and the President of the Inter-American Development Bank to develop a new investment sector loan program within the IDB. The program could provide both technical advice and financial support for privatization efforts, and liberalization of investment regimes -- possibly in conjunction with the World Bank.

2. In a parallel effort, I will seek support from the U.S. Congress and other industrial countries to establish a multilateral investment fund to provide additional resources to advance comprehensive investment reforms in Latin America and the Caribbean. This Fund could provide up to \$300 million annually in response to broad investment reforms as well as efforts to privatize government-owned industries and to finance worker training, education, and health programs to develop vital human capital. The IDB could serve as a conduit and trustee for these funds, which would complement both IDB and World Bank sector lending programs.

3. As a further incentive for investment reform, we intend to build on the progress already being made in addressing the debt problems of the region. Heavy debt burdens themselves have a tremendous impact on overall confidence in Latin American and Caribbean economies. For this reason, we initiated last year a major international effort to reduce commercial bank debt burdens.

Mexico: reduction commercial
bank debt - reversed
~~capital flight...~~

As we have already seen in cases such as Mexico and Chile, reduced debt servicing burdens, in combination with strong domestic economic reforms, are having a profound impact on capital flows and confidence in these economies.

To support this process, we would propose that the IDB provide an additional source of enhancements under the existing debt strategy to back specific transactions negotiated by Latin American and Caribbean countries with their commercial banks. As in the IMF and World Bank, the availability of these resources will be directly linked to economic reform efforts.

→ ease overhang of official debt.

We also recognize that many countries in the region are burdened by large official bilateral debt, which has been increasingly difficult to service on a timely basis. In many countries, U.S. bilateral obligations account for a significant portion of such debt. To address this problem, I will propose legislation to Congress to permit the United States to reduce and restructure bilateral concessional loans for Latin American and Caribbean countries with serious debt servicing difficulties.

??

This reduction of official bilateral debt will complement commercial bank debt reduction under the existing debt strategy.

Action will be taken on a case-by-case basis for those countries in the region which adopt strong economic reform programs in conjunction with the IMF and World Bank and which are pursuing comprehensive investment reforms with the Inter-American Development Bank or other multilateral institutions. We expect this program to

Examples:
open inv. climate
Peru?
Mexico - Banking reform

Salinas: 80% wanted de-nationalize the banks.
Bolton - Brazil: Privatization

produce substantial debt reduction on U.S. claims, particularly for the smaller countries of the region. At the same time, new flows of foreign assistance to the region would be maintained.

To underscore our commitment to sustainable natural resource management as a key component of a hemispheric growth strategy, we will make dedication of resources to the environment a fundamental part of the restructuring of U.S. concessional debt. Interest payments on remaining concessional claims will be accepted in local currency and placed in trusts to support environmental projects agreed with each participating government.

We will also seek Congressional authority to sell a portion of outstanding bilateral commercial credits to help facilitate foreign investment and to fund action in support of the environment. These sales of credits held by Eximbank and the Commodity Credit Corporation would be undertaken to make available in the market obligations of countries that have set up specific debt/equity or debt/nature swap programs.

Increased support for investment reforms and reduction of official debt burdens can produce broad benefits for Latin America and the Caribbean. The measures I have described will help these countries attract new resource flows and encourage the return of capital held by their nationals overseas. This capital will provide a powerful stimulant for growth. By dedicating financing to the environment, we hope to provide for continued prosperity tomorrow.

Conclusion

Together, the trade and investment initiatives in the "Program for the Americas" can signal the beginning of a new era of cooperation among the nations of the hemisphere. It is my firm view that by combining our ambitions and determination, we can put mutual goals within reach.

There are great economic, financial, and developmental differences among individual countries within Latin America. As a result, the broad program I have described can only be applied effectively on a country-by-country basis. But through joint efforts and commitments, I have confidence that we will build a stronger and more stable hemisphere.

During the 1980s, U.S. initiatives and our relations with the nations of the region were focused on problem-solving. We now want to build -- through dialogue and cooperation -- the framework for a productive and lasting relationship that will provide for bright futures for our children.

In just two years we will all join in celebration of the 500th anniversary of Christopher Columbus' introduction to the "new" world that is now our own. Let us move now to prepare for this historic event. By joining forces to promote economic growth, we will advance stability and prosperity -- and carry on the great tradition of our hemisphere as a center of promise for the future.

debt is debt
to investment...

debt that
decreases
investment -
a load of their
backs.

NSC

Rec'd
10 AM 6/25

JUNE 23
1200

PRESIDENT'S SPEECH ON ECONOMIC RELATIONS
WITH LATIN AMERICA

Date: TBD

Place: East Room

Scenario: Ambassadors are seated; President enters and makes speech; mixes and mingles briefly on leaving.

President's Speech followed by briefing for the Press by Secretary Brady, at which time copies of the speech and fact sheets can be handed out.

Action assigned to: EPC

I wish to welcome you to the White House today, and I propose that we initiate with this meeting a new partnership for stability and prosperity in the Americas.

Since taking office as President, I have devoted every ounce of my energy to forging lasting and stable relationships in the world. My goal is to make our world a safer place for ourselves, our children, and those yet unborn.

Over the past months, we have made progress in reducing tensions with the Soviet Union. We are moving away from confrontation toward what we all hope will be greater understanding. We have been successful in reducing tensions in some of the regional "hot spots" of the world, such as Nicaragua, Ethiopia, and Angola. We have worked very hard to insure that the new political map of Europe will be one of enhanced stability.

Many leaders, including those in our hemisphere, realize that a reduction of tensions between the United States and the Soviet Union, and the democratization of Central and Eastern Europe benefit all mankind. I think President Barco of Colombia expressed this best. In his June 4 commencement address at MIT, he remarked that "the long-running match between Karl Marx and Adam Smith is finally coming to an end. I applaud this development." We all applaud President Barco for his courage and insight.

I hasten to add, however, that our efforts on behalf of world peace and stability do not mean that we will ignore our hemispheric neighborhood. My vision of a more stable and prosperous world cannot be achieved without Latin America.

transitional gov't

(HAITI + CUBA)

This region has been undergoing a profound (but often little-noticed) transformation. During the 80's the hemisphere moved at an ever-quickening pace toward civilian democracy. More than 95% of the population of this hemisphere now lives under popularly elected civilian government. We encouraged this transition, and we supported it. It was a transition accomplished in almost all cases by ballots and not bullets. And I want to state very clearly: The preservation and consolidation of civilian democracy in this hemisphere is and will continue to be the cornerstone of our policy. It cannot be otherwise.

At the same time, I realize that many of you here today feel that your exhilarating transition from dictatorship to democracy has not been noticed by the rest of the world-- that world attention has been diverted by the changes in Eastern and Central Europe. While those changes are truly revolutionary, I believe that the transformation in our own hemisphere is equally inspiring. With one conspicuous exception, we have completed the transition to democracy in this entire hemisphere.

Today, we have to look farther down the road. With the hemisphere's transition to democracy nearly complete, we need to chart the course for the transition to prosperity. To achieve this goal, I propose that we work together, in a partnership for democracy and development, (democracy and prosperity, free peoples and free markets).

Our goal is to achieve the economic well-being that has eluded many countries in the recent past. We want to raise living standards throughout our common hemispheric homeland, and insure that the benefits of prosperity are shared widely in every country. We want to do so in a way that lasts, and which nurtures democracy.

To achieve this, we all must contribute. The proposals I am making here today are the result of a three-month review of economic policy led by Secretary Brady. This analysis concluded that we must shift dramatically the focus of our economic interaction with our hemisphere. Prosperity depends on trade, not aid. And prosperity requires more, not less, of an economic partnership.

Expanded econ. Partnership.

I am proposing:

- In trade, that we begin the process of creating a hemisphere-wide free trade area;
- In investment, measures to bring capital flows back to this region;
- And on debt, I am advancing a new element to our debt strategy, doing so in such a way as to improve the environment.

(3→7 policy)

Trade Set-up

Turning first to trade, let me give you some background. During the 80's, trade within our hemisphere lagged well behind the growth in world trade. For example, the region's share of world exports dropped from 7 per cent at the beginning of the decade, to just 3 per cent in 1988. Our exports to the region also stagnated. In the late 1970's, the region accounted for over 10 per cent of our exports. By 1988-89, Latin America absorbed under 7 per cent. Trade within the region has also declined, down to the range of 16-20 per cent as compared to 22-28 per cent at the beginning of the 80's. We want to turn these figures around, because these figures mean lost jobs, lost incomes, and lost opportunities.

To remedy the situation, I propose three mutually reinforcing elements:

- Trade ① ✓
1. We will stand ready to negotiate free trade agreements with countries of this region, and particularly with groups of countries which are willing to associate for purposes of trade liberalization. As we have begun to see in our trade with Canada, and hope to see with Mexico, such agreements offer significant and lasting benefits for both sides. Our long-term goal is a hemisphere-wide free trade zone.
 - Trade ② ✓
 2. As an initial stepping stone toward this end -- and for those countries which are not yet positioned to embrace a free trade agreement -- we are prepared to develop bilateral framework agreements. These agreements can establish principles for bilateral cooperation on trade.
 - Trade ③
 3. We will work with the region's countries to address specific trade concerns within the Uruguay Round. To demonstrate my commitment to expanding trade with you, I will seek authority for deeper tariff cuts on specific products of interest to the region.

I want to repeat here my very strong view that the most effective way of promoting long-term trade growth in our region is to successfully conclude the Uruguay Round. A successful Round will increase geometrically the global trading opportunities of all countries, especially in the vital agricultural sector. It is an outcome from which we all can and should benefit.

(PENDING PRESIDENTIAL DECISION;

Andean
I also want to call attention to one special feature of our trade policy. When this review process began, I directed that special consideration be given to the Andean countries. My summit meeting with the leaders of Peru, Colombia, and Bolivia impressed upon me need for us to respond to their special problems. These countries contributed much to our effort to rid this hemisphere of the scourge of drug consumption and production. They will benefit from the broad program that I am outlining here, but I also plan to ask Congress for special authority to provide duty free treatment to their goods. This would be similar to the treatment provided in the Caribbean Basin Initiative.)

INVEST
↓
The second pillar of our program centers on promoting investment. Unlocking the potential for domestic and foreign investment is the region's strongest hope for financing long-lived growth and development. At the heart of this initiative lies a plan to help restore domestic confidence in these economies by reducing significantly the debt owed to the U.S. under our bilateral concessional loan programs.

The competition today for capital is particularly fierce. More and more countries are building market economies which will appeal to both domestic and foreign investors. An increased flow of investment resources both at home and abroad is essential for the recovery of sustained growth in the region. This means turning around the conditions that have, over the last decade, led U.S. and other investors to look away from the region to other markets -- a diversion of capital flows that led to less investment and more debt.

Economic policy reform, and in particular the liberalization of restrictive investment regulations, is a vital part of attracting resources, including flight capital. To give confidence to these investors that their money will not turn around and be sent to industrial countries to pay debt, it is essential that we reduce the region's debt burden.

To encourage the right economic policies and to help the nations of the region attract indispensable capital, the United States is prepared to pursue with them a four-point program.

First, we will encourage and assist the region's governments and the President of the Inter-American Development Bank in developing a new loan program within the IDB designed to promote investment reform. The program could provide both technical advice and financial support for efforts to privatize state-owned companies, and to open investment opportunities through decontrol of investment decisions. The World Bank could also contribute to this process.

2

2 In a parallel effort, I will seek support from the U.S. Congress and other industrial countries to establish a multilateral investment fund to provide additional resources to advance comprehensive investment reforms in the region. This fund could provide up to \$300 million annually in response to broad investment reform as well as efforts to privatize government-owned industries and to finance worker training, education, and health programs to develop vital human capital. The IDB could serve as a conduit and trustee for these funds, which would complement both IDB and World Bank sector lending programs.

As a further incentive for investment reform, we intend to build on the progress already being made in addressing the debt problems of the region. Heavy debt burdens themselves have a tremendous impact on overall confidence in Latin American and Caribbean economies. For this reason, we initiated last year a major international effort to reduce commercial bank debt burdens.

Brady Plan

As we have already seen in cases such as Mexico and Chile, reduced debt servicing burdens, in combination with strong domestic economic reforms, are having a profound impact on capital flows and confidence in these economies.

3 To support this process, we propose that the IDB participate as an additional source of funding under the existing debt strategy to finance debt transactions negotiated by Latin American and Caribbean countries with their commercial banks. As in the IMF and World Bank, the availability of these resources will be directly linked to economic reform efforts.

ADD: IS EFFORTS TO THOSE OF THE IMF & WB

4 We also recognize that many countries in the region carry the burden of large official bilateral debt, that is, debt to other governments. This debt has also been increasingly difficult to service on a timely basis. U.S. bilateral obligations account for a significant portion of such debt. To confront this problem, I will propose legislation to Congress to permit the United States to reduce and restructure bilateral concessional loans for these Latin American and Caribbean countries with serious debt servicing difficulties.

This reduction of debt owed to the United States will be an important complement to the commercial bank debt reduction now occurring under the existing debt strategy. We will take action geared to each individual country's needs, and will tailor our program to help those countries that are adopting strong economic reform programs in conjunction with the IMF and World Bank. We will expect these countries to also be pursuing far-ranging investment reform with the IDB or other multilateral

IN RETURN, WE EXPECT SIGNIF REFORM...

1

institutions. This program should generate substantial reduction in U.S. claims, particularly for the smaller countries of the region. Importantly, our new flows of foreign assistance will be maintained.

By reducing the outstanding level of concessional debt owed to the U.S. Government, we will be reducing the principal owed to us and the annual interest payable on the debt. Payments on the remaining principal will be spread out over a number of years and will be tailored to each country's economic situation. The interest on this greatly reduced debt will remain concessional, but will be payable in a most unique fashion aimed at achieving another important goal we share with all countries in the region: preserving the environment.

To underscore our commitment to sustaining our joint natural resources, which we all need for future growth, we will dedicate financial resources to the environment through implementation of this part of the debt strategy. We will do this by accepting the interest payments on the remaining concessional debt in local currency and will place those funds in local trusts to support environmental projects agreed with each participating government.

In addition, to encourage stronger private sector interest in the U.S. and elsewhere in Latin America and the Caribbean, we will also seek congressional authority to sell a portion of outstanding bilateral commercial credits. This program will be designed to facilitate both private foreign investment and activities directly in support of the environment. By selling a portion of loans now held by our Export-Import Bank and the Commodity Credit Corporation, we will make available to the market Latin American and Caribbean country debt which can then be swapped into local investment or local environmental programs in those countries with debt-for-equity and debt-for-nature swap programs.

Increased support for investment reforms and reduction of official debt burdens can produce broad benefits for the region. The measures I have described will help these countries attract new resource flows and encourage the return of capital held by their nationals overseas. This capital will provide a powerful stimulus for growth. By dedicating financing to the environment, we hope to provide for continued prosperity tomorrow.

link
ENVIR

Debt-for-Nature

General

To complement the above measures, I also propose to take the following steps:

- ADD-ONS
- I will ask the Congress for unearmarked bilateral assistance appropriations for the region. We need more flexibility to meet challenges, and my pledge to the Congress is that our allocations will be based on performance criteria.
 - Agriculture is an area where the U.S. excels. We want to work with governments and the private sector to tap Latin America's potential for agricultural growth, and will ask the Congress for funds for technical assistance and disease control in future fiscal years. The effects of this policy will be felt particularly in the Andean countries.
 - We propose a dialogue with hemisphere countries on the effects of aviation, shipping, railroad and other transportation policies on economic growth. One proposal we would like to look at is an "open skies" agreement for this hemisphere.

Each of these elements is small in an of itself. When examined as part of the coherent policy which we propose, each one contributes to greater trade and closer cooperation among us.

As I said at the beginning, ours is a commitment to a world at peace. This year marks the 100th anniversary of the Inter-American system. The Organization of American States, which is so ably headed by Secretary General Joao Baena Soares, recently celebrated this event in Paraguay-- a country which only last year rejoined the ranks of democracies in this hemisphere.

We want to continue in the same spirit that animated those who set in motion the inter-American system. Free peoples and free markets must work together.

I am committed personally to make our partnership work. I look forward with great anticipation to my trip to Brazil, Uruguay, Argentina, Chile and Venezuela in September and my state visit to Monterrey, Mexico, in December. I want to visit even more countries, as well, if you are agreeable. My administration stands ready to work with our Congress and private sector to make this partnership a vibrant example of how free peoples and free markets can meet the challenges of the future. Thank you very much.

WHITE HOUSE STAFFING MEMORANDUM

DATE: 05/16/90 ACTION/CONCURRENCE/COMMENT DUE BY: 2:00pm 05/17/90

SUBJECT: PRESIDENTIAL REMARKS: COUNCIL OF THE AMERICAS
(05/16 6:15 pm draft)

	ACTION FYI			ACTION	FYI
VICE PRESIDENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>	✓ <u>MCCLURE</u> <i>N/C</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SUNUNU	<input type="checkbox"/>	<input type="checkbox"/>	<u>NEWMAN</u>	<input type="checkbox"/>	<input type="checkbox"/>
SCOWCROFT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	✓ <u>PORTER</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
✓ <u>DARMAN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	✓ <u>ROGICH</u> <i>N/C</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
✓ <u>BATES</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>UNTERMAYER</u>	<input type="checkbox"/>	<input type="checkbox"/>
<u>CARD</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>ROGERS</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>CICCONI</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	✓ <u>PINKERTON</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>DEMAREST</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>WINSTON</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>FITZWATER</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	✓ <u>BOSKIN</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
✓ <u>GRAY</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>
<u>HAGIN</u>	<input type="checkbox"/>	<input type="checkbox"/>	_____	<input type="checkbox"/>	<input type="checkbox"/>

REMARKS:

Please provide any comments/recommendations directly to Chriss Winston by 2:00 p.m. on Thursday 05,17, with a copy to my office. Thanks.

RESPONSE:

NSC'S ATTACHED →

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

1990 MAY 16 PM 6:43

McGroarty/Dooley
May 16, 1990
6:15 pm
[AMER]

PRESIDENTIAL REMARKS: COUNCIL OF THE AMERICAS
THE STATE DEPARTMENT
MAY 22, 1990
11:00 A.M.

Thank you, Mr. Secretary [Baker]. [Introductory
acknowledgements. *DAVID Rockefeller (Ch.) Ambassador London Pres*
~~President~~ and Chairman of Council of the
Americas.] *BERNARD Anonson -- our very able A. Sec For Inter-American Affairs.*
[Admin. Members, State officials.]

I am pleased once again to speak to this influential group -
- pioneers in the private-sector effort to expand trade and
investment between the U.S. and Latin America. And I'm delighted
to address this gathering after what has been a remarkable year
of change.

Over the past twelve months, it has sometimes seemed that
the eyes of the world rest solely on Eastern Europe -- on the
miraculous transformation that has taken place there. Our
friends in Latin America have watched these historic events
unfold, with inspiration and awe. But also, I know, with an
unmistakable **sense of anxiety** -- concern that our **active
involvement in Europe** will mean a **decline in U.S. interest in
Latin America.**

I am here today to assure you -- just as I've assured the
many Latin American leaders I've met with -- that the events of
the past year have increased U.S. interest in this region --

strengthened our desire to forge a new partnership with the growing forces of freedom in Latin America.

Because the fact is, the great drama of democracy is unfolding right here in our own hemisphere. //

Think about the tremendous gains made for freedom this past year. / When I spoke here last May, the people of Panama were preparing to go to the polls -- even as the dictator of Panama was preparing to steal the election. In Nicaragua, civil war raged, the Sandinistas ruled -- and the brave men and women of the Nicaraguan opposition were just beginning the long campaign that led to this year's great victory for democracy.

In Central America -- Nicaragua and Panama. In South America -- Paraguay and Chile. All across the Americas, today more people live under freely-elected governments than ever before -- and we are closer than ever before to the day when all the people of the Americas, North and South, will live in freedom. //

Even in Haiti, the scene of so much anguish and turmoil, the provisional government has now announced its intention to hold free elections. / Only Cuba remains -- Castro's island prison, isolated, out of step with the democratic tide. // But today -- on the anniversary of Cuban Independence -- let me say with certainty that even in Cuba, democracy will not be denied. //

As we in the U.S. welcome our Central and South American neighbors into the ranks of democracy, we owe them our help -- and something more. We owe them our respect -- the respect due

one free nation from another. The outstretched hand of partnership, from the nation that will be, by the year 2000, home of the world's second-largest Spanish-speaking culture -- the United States. //

I've worked to strengthen our ties. Just this year alone, I've met with Presidents Barco, Paz and Garcia, at the Andean Drug Summit in Cartagena. Here in Washington, I've hosted Presidents Perez and Paz, Cristiani and Endara, Collor de Mello, Calderon and Callejas, and Prime Minister Manley. In each case, I've come away from our talks with a strong sense of optimism. And I believe every one of those leaders left the White House knowing that **the U.S. is engaged as never before in the future of this hemisphere.**

While from country to country conditions differ, we know now that our challenge is to consolidate democracy -- and accelerate development.

That means advancing the **intellectual revolution** now sweeping Latin America -- a movement away from stale, Statist doctrines. Away from dictatorships of the Right and Left. Toward democracy -- free government -- free enterprise. Toward the true political and economic **empowerment of the people.**

That means encouraging, for the first time in many cases, genuine free market reform. Even in countries that claimed no kinship with communism, economies have been **capitalist in name only.** In practice, they were rigged to favor the ruling elite - - organized to ensure the prosperity of the people in power --

not to open an avenue toward upward mobility for anyone ready and willing to work.

Peruvian economist Hernando de Soto describes the maze of bureaucratic barriers that stood in the way of the entrepreneur and stifled economic growth in his country. de Soto also shows how much Lima, Peru's capital, owed its economic vitality to the ~~what~~ ^{what he calls the "informal sector", indep +} ~~illegal, shadow economy~~ -- ~~run by~~ ^{thousands of independent} enterprising individuals without the consent of the State.

what is
doing business

de Soto's prescription -- and mine -- is to free this economic force. Unleash the million sparks of energy and enterprise. Let the incentive of reward inspire men and women to work to better themselves and their families.

Already, Latin America is discovering this path. In Brazil, Argentina, Venezuela, Mexico, ^{Costa Rica,} and Jamaica, free market reforms are going forward, creating space for private initiative to take hold and flourish. As they succeed -- as they reap the rewards that will follow what can be a painful transition -- ~~there is hope~~ ^{+ Bolivia} ~~that~~ these nations will bring others in their wake.

ARONSON:

And there's no reason to stop there -- no reason not build on this shift towards the free market philosophy, and make our ultimate aim a free trade agreement that links all of the Americas -- North and South. We look forward to the day when not only are the Americas the first fully democratic hemisphere -- but when all are equal partners in a free trade zone stretching from the Alaska's Port of Anchorage to Argentina's Tierra del Fuego. //

BATES:
BARKER
R. AS.

Handwritten notes at the bottom right of the page, including the name "FRANCO" and other illegible scribbles.

And we in the U.S. must do all we can to ensure the future of free markets in the Americas -- because our nation has a stake in the economic health of this hemisphere. Last year, for the first time ever, two-way trade between the U.S. and Latin America topped \$100 billion dollars. As that trade continues to grow -- so will the link between our prosperity and the prosperity of our Latin American partners.

Let me provide a few statistics to drive home this point: *Poskin* → Last year, the ⁹Columbian economy grew ⁴3 percent. U.S. exports to ⁹Columbia rose 9 percent. // Mexico's economy grew 3 percent -- and U.S. exports to that country climbed 21 percent. // In Chile, with an overall growth rate of 10 percent, U.S. exports increased by triple that rate -- more than 30 percentage points.

Now, let's take a fresh look at a familiar statistic. We all know total Latin debt ^{IS ABOUT} ~~exceeds~~ \$400 billion dollars, and we've all heard analyses of what that means for development in Latin America. Well, I ask you today to consider what it means for the U.S.: by one estimate, the debt burden ^{has cost the United States as much as \$75 billion in lost exports over the past ten years.} *Porter* *see Porter.* *the price of the debt burden has cost the United States as much as \$75 billion in lost exports over the past ten years.*

That's why I'm so pleased to report on the progress we've made this past year under the Brady Plan. Mexico, Venezuela and Costa Rica have all reached agreement with their creditors on ways to ^{restructure their debt} ~~restructure their debt~~ -- ways that complement their efforts to restructure their economies along free-market lines. *Porter*

Because in the long-term, the free market remains the only path to sustained growth.

[[Of course, the private sector plays a crucial role. I know Council of the Americas is committed to expanding opportunities for trade and investment. And I'm pleased to hear ^{of your efforts to translate that commitment into reality - jobs + growth} about the promising new ventures generated by your own recently completed Caribbean/Central American Action mission to Nicaragua.]]

Taking advantage of new investment opportunities is good for business -- but, at this critical moment, there's something beyond the bottom line. Something that can't be measured in simply in terms of GNP. The role the Council of the Americas can play -- expanding trade and strengthening the private sector -- contributes not just to economic growth -- but to the growth of democracy. //

Now, there is an important role for government to play as well -- especially during the difficult days of transition from dictatorship to democracy. That's why I've called on Congress to provide more than \$700 million dollars in emergency economic aid to Panama and Nicaragua. This aid is critical. / A little over a week ago, I received a ^{64cc} ~~note~~ from President Chamorro -- just three weeks into her term in office, ~~dealing with a crippling strike staged by pro-Sandinista unions~~ -- telling me that Nicaragua was bankrupt. And yet, for more than 2 months now, this emergency aid has been bogged down on Capitol Hill, as Congressmen take advantage of these two nations' dire needs to

tack on unrelated amendments -- and load onto our aid request funding for their pet projects.

Meanwhile, for the people of Nicaragua and Panama --
democracy hangs in the balance. //

So let me say to the Congress: not one more day of delay.
The fate of freedom rests in your hands. Rise above parochial
interests and the politics of pork barrel. Do the work of
democracy -- and pass this emergency aid package now. ///

Today, I began by speaking about the changes that have riveted world attention on Europe. Part of the power of the story is that it can be told in intensely personal terms -- as the story of the dissident playwright who is now president. Of the electrician who came to symbolize his people's hopes for freedom. // Democracy's advance in Latin America has produced its share of heroes -- and today I'll close with three from one country alone -- Latin America's newest democracy: Nicaragua.

For four years -- beginning in 1979, the year the Sandinistas took power -- Enrique Dreyfus was head of Nicaragua's Supreme Council of Private Enterprise -- a private-sector group in many ways similar to this one. His criticism of Sandinista rule put him on the Sandinista black list, and landed him in prison. Today, with the Sandinistas swept from power, Enrique Dreyfus is not just free from persecution -- he is Nicaragua's new Foreign Minister.

In 1985, members of the Sandinista internal security force beat Sofonias Cisneros for criticizing the way the Sandinistas

had politicized the schools. Today, Ms. Cisneros is Minister of Education. //

And on July 10, 1988, opposition leader Myriam Arguello was beaten, taken from her home in the middle of the night by Sandinista police -- tried, and sentenced to six months in prison. Today, Myriam Arguello is President of Nicaragua's freely-elected National Assembly. //

Three stories that underscore in personal terms the truly revolutionary political change that's taken place not just in Nicaragua -- but across the Americas. Change that proves beyond doubt that the day of the dictator is over -- and democracy's day has come. //

For our part, we in the United States must do all we can to help secure for all the Americas the freedom, the peace and prosperity we enjoy. // Once again, thank you -- and God bless the United States of America.

#

Enterprise

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Dammann.

McGroarty/Cawley
June 26, 1990
10:45 am
[LATAM]

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**PRESIDENTIAL REMARKS: LATIN AMERICAN TRADE AND
INVESTMENT INITIATIVE
THE EAST ROOM
JUNE 27, 1990
2:30 P.M.**

It is my pleasure to welcome to the White House so many distinguished guests with strong interests in the vital Latin American and Caribbean region.

Mr. Diche

In the past 12 months, every one of us -- from the man in the White House to the man on the street -- has been fascinated by the tremendous changes -- positive changes -- taking place around the world. / Freedom has made great gains -- not just in Eastern Europe -- **but right here, / in the Americas.** / We've seen a resurgence of democratic rule -- a **rising tide of democracy never before witnessed in the history of this hemisphere.** //

The **political transformation** sweeping Latin America has its parallel in the **economic sphere.** / Throughout the region, nations are turning away from the statist economic policies that stifle growth -- and are now looking to the **power of the free market** to help Latin America realize its untapped potential for progress. **A new leadership is emerging -- backed by the strength of the people's mandate -- leadership that understands that the future of Latin America lies with free government and free markets.** // In the words of Colombia's courageous leader --

Barco's
MIT speech
6-4-90

President Virgilio Barco: "the long-running match between Karl Marx and Adam Smith is finally coming to an end" with the "recognition... that open economies with access to markets can lead to social progress." //

For the U.S., these are welcome developments -- developments we must encourage every way we can. / At the same time, we must recognize that we cannot -- and must not -- attempt to impose on our Latin American neighbors a prescribed course of change. / There is no blueprint -- no one-size-fits-all approach to reform. / The primary burden of achieving economic growth lies with the Latin American nations themselves. Our challenge in the United States is to respond in ways that support the positive changes now taking place in Latin America. We must marshal the resources of the Americas -- public and private -- and forge a **genuine partnership for free market reform.** //

I.p. 3-4
Program for
the Americas
Draft

With these new realities in mind, three months ago, I asked Treasury Secretary Brady to lead a review of U.S. economic policy toward Latin America and the Caribbean region -- to make a fresh assessment of the problems and opportunities we'll encounter in the decade ahead. That review is now complete. The results are in -- and the need for new economic initiatives is clear and compelling. //

I've asked you here in order to take this opportunity to outline a comprehensive strategy for Latin America -- a **broad-based initiative -- a partnership for the 90's** that I call **Enterprise for the Americas:** one that creates incentives that

reinforce Latin America's growing recognition that free market reform is the key to sustained growth and political stability.

The three pillars of our new initiative are trade, investment, and debt. //

Let's begin with trade. In the 1980's, trade within our hemisphere trailed the overall pace of growth in world trade. One principal reason: over-restrictive trade barriers that wall off the economies of the nations of Latin America from each other, and from the United States -- at great cost to us all. / These barriers are the legacy of the misguided notion that a nation's economy needs protection in order to thrive. The great economic lesson of this century is that **protectionism stifles progress -- and free markets breed prosperity.** //

To this end, we've formulated a **three-point trade plan** to encourage the emerging trend toward free market reform now gathering force in Latin America.

First, the essence of this challenge: a vision for the hemisphere of a Free Trade Zone. I am announcing today that the U.S. stands ready to enter into **Free Trade Agreements** with significant markets in Latin America -- particularly with groups of nations that form associations for purposes of liberalizing their trade policies. //

There is no reason not to build on the trend we see toward free markets, and make our ultimate aim a free trade agreement that links all of the Americas -- North, Central and South. //

We look forward to the day when not only are the Americas the

I.P.4
Program for
the Americas
Draft

Remarks

I.P.5
Program for
the Americas
Draft

first fully free democratic hemisphere -- but when all are equal partners in a free trade zone stretching from Alaska's Port of Anchorage to Argentina's Tierra del Fuego. //

We must all recognize that we won't bring down barriers to free trade overnight. Changes so far-reaching may take years of tough negotiations. But the payoff -- in terms of mutual prosperity -- is worth every effort. / **Now is the time to make a comprehensive Free Trade Zone for the Americas our long-term goal.** We are ready to take the first step -- as we are doing with Mexico -- to a future that promises expanded trade and greater prosperity to all parties.

Second, I understand that some countries aren't yet ready to take that dramatic step to a full Free Trade Agreement. That's why we're prepared to negotiate with any interested Latin American nation **bilateral trade agreements** to establish a **framework for freer trade.** //

Such agreements already exist with Mexico and Bolivia. Framework agreements will enable us to move forward on a step-by-step basis to eliminate counter-productive barriers to trade -- and towards our ultimate goal of free trade. // That's a prescription for greater growth and a higher standard of living in Latin America -- and right here at home, **new markets for American products, and more jobs for American workers.** ///

Third, as we enter the final months of the current Uruguay Round of the world trade talks, I pledge close cooperation with the nations of Latin America. **The successful completion of the**

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p.3-4

I.p.5
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for the
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Uruguay Round remains the most effective way of promoting long-term trade growth in Latin America -- and the increased integration of Latin nations into the global trading system.

Our aim in the Uruguay Round is free and fair trade. And we will insist on a rigorous enforcement of existing trade rules. But we will listen to the specific trade concerns of our Latin American neighbors -- and whenever possible, we will seek authority for deeper tariff reductions on products of special interest. //

Dismantling barriers to trade is just one of three key elements in our Americas Enterprise Initiative. The second is increased investment.

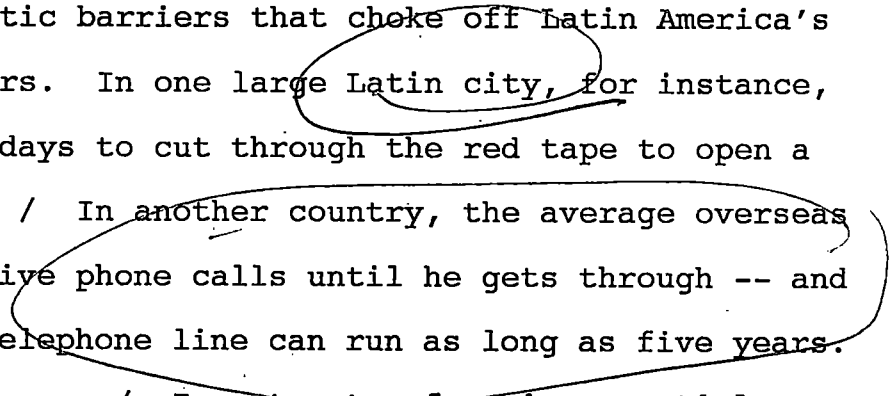
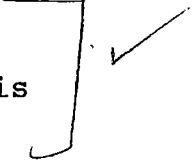
The competition for capital today is fierce. The key to increased investment is to be competitive -- to turn around the conditions that have discouraged both foreign and domestic investment. / Reduce the regulatory burden -- clear away the thicket of bureaucratic barriers that choke off Latin America's aspiring entrepreneurs. In one large Latin city, for instance, it takes almost 300 days to cut through the red tape to open a small garment shop. / In another country, the average overseas caller has to make five phone calls until he gets through -- and the wait for a new telephone line can run as long as five years. / That's got to change. / Investment reform is essential -- to make it easier to start new business ventures -- and make it possible for international investors to participate and profit in Latin American markets. //

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In order to create incentives for investment reform, the U.S. is prepared to take the following steps:

First, the U.S. will work with the IDB -- the Inter-American Development Bank -- to create a new lending program for nations that take significant steps to remove impediments to international investment. //

Second, we propose the creation of a new Investment Fund for the Americas. This fund, administered by the IDB, could provide up to \$300 million dollars a year in grants in response to market-oriented investment reforms and progress in privatization. The U.S. is ready to contribute \$100 million to the fund -- and we will seek matching contributions from Europe and Japan. //

But in order to create an attractive climate for new investment, we must build on our successful efforts to ease the debt burden -- the third pillar of our Enterprise for the Americas initiative. //

Many nations have already undertaken painful economic reforms for the sake of future growth -- but the investment climate remains clouded by the heavy burden of debt. Under the Brady Plan, we are making significant progress. The agreements reached with Mexico, Costa Rica and Venezuela are already having a positive impact on investment in those countries. Mexico -- to take just one example -- has already seen a reversal of the destructive capital flight that drains so many Latin American nations of precious investment resources.

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p. 6

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p. 6

Debt

consequences of
CAP FLIGHT.

larger/lg debt.

deny local benefits

As one means of expanding our debt strategy, we propose that the IDB add its efforts and resources to those of the International Monetary Fund and the World Bank to finance commercial debt transactions in Latin America. And -- as in the case of World Bank and IMF -- IDB funds should be directly linked to economic reform. //

While the Brady Plan has helped nations reduce commercial bank debt, for nations with high levels of official debt -- debt owed to governments, rather than private financial institutions -- the burden remains heavy. Today, across Latin America, official debt owed to the U.S. Government amounts to nearly \$12 billion dollars -- with \$7 billion of that amount in concessional loans. // And in many cases, Latin America's heaviest official debt burdens fall on some of the region's smallest nations -- countries like Honduras, El Salvador, Jamaica.

That's a problem we must address. Today -- as the key component in our expanded debt strategy -- I am proposing a new initiative to reduce Latin America's official debt to the U.S., for countries that adopt strong economic and investment reform programs with the support of international institutions.

Our debt reduction program will deal separately with concessional and commercial types of loans. Concessional debt -- loans made from AID or Food for Peace accounts -- may be reduced by as much as 40 to 80% for the most heavily burdened countries. And we will also sell a portion of outstanding U.S. commercial loans to facilitate debt-for-equity and nature swaps

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in countries that have set up such programs. These actions will be taken on a case-by-case basis. //

For an increasing number of our Latin neighbors, the need for free market reform is clear. // These nations need economic **breathing room** to enact **bold reforms**. **And this official debt initiative is one answer: a way out from under the crushing burden of debt that slows the process of reform.** //

Finally, one measure of prosperity -- and the most important long-term investment any nation can make -- is environmental well-being. As part of the Enterprise for the Americas investment initiative, we will take action to strengthen **environmental policies** in the hemisphere. Debt-for-nature swaps are one example -- patterned after the innovative agreements reached by some Latin American nations and their commercial creditors. We will also call for the creation of Environmental Trusts -- where interest payments owed on restructured U.S. debt will be paid in local currency and set aside to fund environmental projects in the debtor countries. ///

I know there is some concern that the revolutionary changes we've witnessed this past year in Eastern Europe will shift our attention away from Latin America. I assure all of you here today -- the **United States will not lose sight of the tremendous challenges and opportunities here in our own hemisphere.** /

Less than two years from now, our hemisphere will celebrate the 500th anniversary of an epic event -- Columbus' discovery of America: our new world. We trace our origins -- our shared

Treasury
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history -- to the time of Columbus' voyage, and the courageous quest for the advancement of man.

Today, the bonds of our common heritage are strengthened by the love of freedom -- and a common commitment to democracy. Our challenge today -- our new enterprise -- is to secure this shared dream and all its fruits for all the people of the Americas, / North, Central and South. //

The comprehensive plan I've just outlined -- this -- ambitious Enterprise for the Americas -- is proof positive the United States is serious about forging a new partnership with our Latin American neighbors. We're ready to play a constructive role at this critical time in the history of this hemisphere. //

We in the United States will do all we can to help secure for all the Americas the freedom, peace and prosperity we enjoy - - to make ours the first fully free hemisphere in all of history.
// Thank you -- and God bless the people of the Americas.

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ENTERPRISE
(Spain)

Impresa = company

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Treasury.

Rec'd 12 noon
6/25

McGroarty
June 24, 1990
6:00 pm
[LATAM]

PRESIDENTIAL REMARKS: LATIN AMERICAN TRADE AND INVESTMENT
THE EAST ROOM
JUNE 27, 1990
XX:00 P.M.

[Introductory acknowledgements.] It is my pleasure to welcome to the White House so many distinguished guests with strong interests in the vital Latin America ^{and Caribbean} region.

In the past 12 months, every one of us -- from the man in the White House to the man on the street -- has been fascinated by the tremendous changes -- positive changes -- taking place around the world. / Freedom has made great gains -- not just in Eastern Europe -- **but right here, / in the Americas.** / We've seen a resurgence of democratic rule -- a rising tide of **democracy never before witnessed in the history of this hemisphere.** //

Today, **only 1 percent** of all the people in the Americas are living under a dictator's rule. They are the ten million men and women on Castro's island prison. And even there, in Cuba --we all know freedom will not forever be denied. The day will come when Cuba, too, joins the ranks of the world's democracies -- **and makes the Americas fully free.** //

The **political transformation** sweeping Latin America has its parallel in the **economic sphere.** / Throughout the region, nations are turning away from the statist economic policies that

stifle growth -- and are now looking to the power of the free market to help Latin America realize its untapped potential for progress. A new leadership is emerging -- backed by the strength of the people's mandate -- leadership that understands that the future of Latin America lies with free government and free markets. //

For the U.S., these are welcome developments -- developments we must encourage every way we can. / At the same time, we must recognize that we cannot -- and must not -- attempt to impose on our Latin American neighbors a prescribed course of change. / ~~There is no blueprint -- no one size fits all approach to reform.~~ Each nation in the region must make its own choices and move at its own pace. / Our challenge is to marshal ^{the} American resources ^{of the Americas} -- public and private -- in ways that support the positive changes now taking place in Latin America. //

With these new realities in mind, three months ago, I asked Treasury Secretary Brady to lead a review of U.S. economic policy toward Latin America and the Caribbean region -- to make a fresh assessment of the problems and opportunities we'll encounter in the decade ahead. That review is now complete -- the results are in -- and the need for new economic initiatives is clear and compelling. //

I've asked you here in order to take this opportunity to outline a comprehensive strategy for Latin America -- a broad-based initiative for the 90's I call Enterprise for the Americas: one that puts in place incentives that reinforce Latin America's

growing recognition that free market reform is the key to sustained growth and political stability. //

The twin pillars of our new initiative are trade and investment. //

Let's begin with trade. In the 1980's, trade within our hemisphere trailed the overall pace of growth in world trade. The principal reason: over-restrictive trade barriers that wall off the economies of the nations of Latin America from each other, and from the United States -- at great cost to us all. / These barriers are the legacy of the misguided notion that a nation's economy needs protection in order to thrive. The great economic lesson of this century is that protectionism stifles progress -- and free markets breed prosperity. //

To this end, we've formulated a three-point trade plan to encourage the emerging trend toward free market reform now gathering force in Latin America.

^{SECRET} First, I am announcing today that the U.S. is ready to enter into negotiations to establish Free Trade Agreements with any interested Latin American nation -- or groups of nations that unite to form a larger market. //

There is no reason not to build on the trend we see toward free markets, and make our ultimate aim a free trade agreement that links all of the Americas -- North, Central and South. //

We look forward to the day when not only are the Americas the first fully free democratic hemisphere -- but when all are equal

partners in a free trade zone stretching from Alaska's Port of Anchorage to Argentina's Tierra del Fuego.

We must all recognize that we won't bring down barriers to free trade overnight. Changes so far-reaching may take years of tough negotiations. But the payoff -- in terms of mutual prosperity -- is worth every effort. / Now is the time to make a *comprehensive Zone of free trade* ~~Free Trade Agreements~~ our long-term goal. We are ready to take the first step *as we are doing with Mexico,* to a future that promises expanded trade and greater prosperity to all parties. //

Second, I understand that some countries aren't yet ready to take that dramatic step to a full Free Trade Agreement. That's why we're prepared to negotiate with any interested Latin American nation bilateral trade agreements to establish a framework for freer trade. // Such agreements already exist with Mexico and Bolivia. ~~[Example(s) of positive impact?]~~

Framework agreements will enable us to move forward on a step-by-step basis to eliminate counter-productive barriers to trade -- and towards our ultimate goal of free trade. // That's a prescription for greater growth and a higher standard of living in Latin America -- and right here at home, **new markets for American products, and more jobs for American workers.** //

And third, as we enter the final months of the current Uruguay Round of the world trade talks, I pledge close cooperation with the nations of Latin America. Our aim in the Uruguay Round remains **free and fair trade.** And we will insist on a **rigorous enforcement of existing trade rules.** But we will

listen to the specific trade concerns of our Latin American neighbors -- and whenever possible, we will seek authority for deeper tariff reductions on products of special interest. //

Dismantling barriers to trade is just one of two key elements in our Americas Enterprise Initiative. The other is increased investment -- and here, easing the debt burden plays a central role. //

SEPT
 The key to increased investment is to reduce the regulatory burden -- clear away the thicket of bureaucratic barriers that choke off Latin America's aspiring entrepreneurs. In one large Latin city, for instance, it takes almost 300 days to cut through the red tape to open a small garment shop. *2nd Ex. [To Come]*

Investment reform is essential -- to make it easier to start new business ventures -- and make it possible for international investors to participate and profit in Latin American markets. //

In order to create incentives for investment reform, the U.S. is prepared to take the following steps:

First, the U.S. will work with the IDB -- the Inter-American Development Bank -- to create a new lending program for nations that take significant steps to remove impediments to international investment. //

Second, we propose the creation of a new Investment Fund for the Americas. This fund ^{to be administered by the IDBs} could provide up to \$300 million dollars a year in grants in response to market-oriented investment reforms and progress in privatization. The U.S. is ready to

contribute \$100 million to the fund -- and we will seek matching contributions from Europe and Japan. //

Third, we must build on our successful efforts to ease the debt burden. / Many nations have already undertaken painful economic reforms for the sake of future growth -- but the investment climate ^{also} remains clouded by the heavy burden of debt. Under the Brady Plan, we ^{are making} ~~we made~~ significant progress. The agreements reached with Mexico, Costa Rica and Venezuela are already having a positive impact on investment in those countries. Mexico -- to take just one example -- has already seen a reversal of the destructive capital flight that drains so many Latin American nations of precious investment resources.

While the Brady Plan has helped nations ^{reduce} ~~cope with~~ commercial bank debt, for nations with high levels of official debt -- debt owed to governments, rather than private financial institutions -- the burden remains heavy. Today, across Latin America, official debt owed to the U.S. Government amounts to ^{nearly \$12} ~~more than \$7~~ billion dollars, ^{of which \$7 billion represents concessional loans.} // And in many cases, Latin America's heaviest official debt burden ^{S/} falls on some of the region's smallest and poorest nations -- nations like Honduras, El Salvador, Jamaica.

That's a problem we must address. Today -- as the ~~topic and~~ key component in our package of investment reform incentives -- I am proposing a new initiative to reduce and restructure Latin America's official debt ^{to the U.S.} -- in the case of some countries, by as much as 80%. //

INSERT
NEW #

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As part of the Enterprise for the Americas investment. In addition to these significant new trade and investment initiatives, ~~we will take actions to support strengthened environmental policies in the Hemisphere.~~ ~~we will explore other ways to employ economic policy in the service of positive change.~~ ~~Debt-for-nature swaps are one example -- patterned after the innovative agreements reached by some Latin American nations and their commercial creditors. And our Enterprise for the Americas initiative will call for the creation of Environmental Trusts -- where a portion of interest payments owed on U.S. debt will be ~~set aside~~ ^{restructured} ~~paid in local currency and will be set aside~~ to fund environmental projects in the debtor countries. //~~

I know there is serious concern in some quarters that the revolutionary changes we've witnessed this past year in Eastern Europe will shift our attention away from Latin America. I assure all of you here today -- the United States will not lose sight of the tremendous challenges and opportunities here in our own hemisphere. /

I am convinced that Latin America stands at a turning point -- on the threshold of a new era of freedom, prosperity and progress. // The comprehensive plan I've just outlined is proof positive the United States is serious about forging a new partnership with our Latin American neighbors. We're ready to play a constructive role at this critical time in the history of this hemisphere. //

We in the United States will do all we can to help secure for all the Americas the freedom, peace and prosperity we enjoy -- to make ours the first fully free hemisphere in all of history. // Thank you -- and God bless the people of the Americas.

- o Page 1 -- paragraph 3 --

X Reference to Castro will not be taken well by this particular audience.



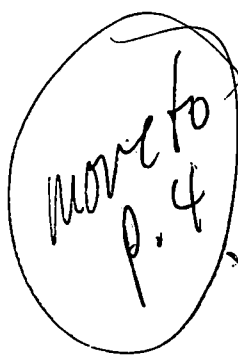
- o Page 2 -- paragraph 2, insert the following in place of deletion:

"As with all successful efforts among neighbors, first steps begin at home, but success is assured by many hands working together."

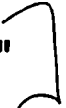


- o Page 3 -- paragraphs 3 and 4, change to read as follows:

"To this end, we've formulated a challenge to encourage the emerging trend toward free market reform now gathering force in Latin America. [The essence of this challenge is a vision for the Hemisphere of a free trade zone. [The most effective way of promoting long term trade growth in Latin America and more fully integrating Latin Americas countries into the global trading system is to successfully conclude the Uruguay Round. However, comprehensive free trade agreements also further trade liberalization.]]



Thus, I am announcing today that the U.S. stands willing to enter into Free Trade Agreements with significant markets in Latin America -- particularly groups of countries that have associated for purposes of liberalization."



- o Page 5 -- replace paragraphs 3 & 4 with the following:

from drafts

"The competition for capital today is fierce. The key to increased investment is to be competitive -- to turn around the conditions that have discouraged both foreign and direct investment. [Latin America must clear away the thicket of bureaucratic barriers that choke off aspiring entrepreneurs and attract home the savings of their own people."]

- o Page 6, after paragraph 1 add the following:

"To build on these successes, we are encouraging the IDB to provide more resources to support the reduction of commercial bank debt in the region. As in the IMF and World Bank, the availability of these resources will be directly linked to economic reform efforts."

✓

- o Page 6, add the following at bottom of page:

2 points

"U.S. (concessional) debt will be restructured through exchanges that will reduce the debt burden. [We will also sell a portion of outstanding U.S. commercial loans to facilitate debt-for-equity and nature swaps in countries that have set up such programs. These actions will be taken on a case-by-case basis for countries in the region which adopt strong economic and investment reform programs with the support of international institutions."]

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Olin:
EPC

Rec'd 12^{noon} 6/25

McGroarty
June 24, 1990
6:00 pm
[LATAM]

PRESIDENTIAL REMARKS: LATIN AMERICAN TRADE AND INVESTMENT
THE EAST ROOM
JUNE 27, 1990
XX:00 P.M.

[Introductory acknowledgements.] It is my pleasure to welcome to the White House so many distinguished guests with strong interests in the vital Latin America region.

In the past 12 months, every one of us -- from the man in the White House to the man on the street -- has been fascinated by the tremendous changes -- positive changes -- taking place around the world. / Freedom has made great gains -- not just in Eastern Europe -- **but right here, / in the Americas.** / We've seen a resurgence of democratic rule -- **a rising tide of democracy never before witnessed in the history of this hemisphere.** //

→ Today, **only 1 percent** of all the people in the Americas are living under a dictator's rule. They are the ten million men and women on ^{Cuba's} ~~Castro's~~ island prison. And even there, in Cuba --we all know freedom will not forever be denied. The day will come when Cuba, too, joins the ranks of the world's democracies -- **and makes the Americas fully free.** //

The **political transformation** sweeping Latin America has its parallel in the **economic sphere.** / Throughout the region, nations are turning away from the statist economic policies that

stifle growth -- and are now looking to the power of the free market to help Latin America realize its untapped potential for progress. A new leadership is emerging -- backed by the strength the people's mandate -- leadership that understands that the future of Latin America lies with free government and free markets. //

For the U.S., these are welcome developments -- developments we must encourage every way we can. / At the same time, we must recognize that we cannot -- and must not -- attempt to impose on our Latin American neighbors a prescribed course of change. / There is no blueprint -- no one-size-fits-all approach to reform. Each nation in the region must make its own choices and move at its own pace. / Our challenge ^{in the United States} is to ~~marshall American resources~~ ^{respond}

~~-- public and private~~ in ways that support the positive changes now taking place in Latin America. // We seek genuine partnership ^{with the region.}

With these new realities in mind, three months ago, I asked Treasury Secretary Brady to lead a review of U.S. economic policy toward Latin America and the Caribbean region -- to make a fresh assessment of the problems and opportunities we'll encounter in the decade ahead. That review is now complete -- the results are in -- and the need for new economic initiatives is clear and compelling. //

I've asked you here in order to take this opportunity to outline a comprehensive strategy for Latin America -- a broad-based initiative ^{-- a partnership --} for the 90's I call Enterprise for the Americas ^{Partnership for Growth in} one that puts in place incentives that reinforce Latin America's

The primary burden of economic growth lies with the Latin American countries themselves.

for (Econ) Partnership

Our approach requires

growing recognition that free market reform is the key to sustained growth and political stability. //

The twin pillars of our new initiative are trade and investment. //

Let's begin with trade. In the 1980's, trade within our hemisphere trailed the overall pace of growth in world trade. The principal reason: over-restrictive trade barriers that wall off the economies of the nations of Latin America from each other, and from the United States -- at great cost to us all. / These barriers are the legacy of the misguided notion that a nation's economy needs protection in order to thrive. The great economic lesson of this century is that protectionism stifles progress -- and free markets breed prosperity. //

challenge

To this end, we've formulated a three-point trade plan to encourage the emerging trend toward free market reform now gathering force in Latin America.

However, comprehensive free trade agreement also further trade liberalization.

Thus
~~First, I am announcing today that the U.S. is ready to enter into negotiations to establish Free Trade Agreements with any significant interested Latin American nation -- or groups of nations that unite to form a larger market. //~~
into negotiations to establish Free Trade Agreements with any significant interested Latin American nation -- or groups of nations that unite to form a larger market. //
particularly countries

There is no reason not to build on the trend we see toward free markets, and make our ultimate aim a free trade agreement that links all of the Americas -- North, Central and South. //

We look forward to the day when not only are the Americas the first fully free democratic hemisphere -- but when all are equal

The essence of this challenge is a vision for the Hemisphere of a free trade zone. The most effective way of promoting long term trade growth is to bring nations and our fully...

partners in a free trade zone stretching from Alaska's Port of Anchorage to Argentina's Tierra del Fuego.

We must all recognize that we won't bring down barriers to free trade overnight. Changes so far-reaching may take years of tough negotiations. But the payoff -- in terms of mutual prosperity -- is worth every effort. / **Now is the time to make a comprehensive zone of free trade**
~~Free Trade Agreements~~, our long-term goal. We are ready to take the first step, to a future that promises expanded trade and greater prosperity to all parties. //

Second, I understand that some countries aren't yet ready to take that dramatic step to a full Free Trade Agreement. That's why we're prepared to negotiate with any interested Latin American nation **bilateral trade agreements** to establish a **framework for freer trade**. // Such agreements already exist with Mexico and Bolivia. ~~[Example(s) of positive impact?]~~

Framework agreements will enable us to move forward on a step-by-step basis to eliminate counter-productive barriers to trade -- and towards our ultimate goal of free trade. // That's a prescription for greater growth and a higher standard of living in Latin America -- and right here at home, **new markets for American products, and more jobs for American workers**. //

And third, as we enter the final months of the current Uruguay Round of the world trade talks, I pledge close cooperation with the nations of Latin America. Our aim in the Uruguay Round remains **free and fair trade**. And we will insist on a **rigorous enforcement of existing trade rules**. But we will

Staffed Copy

McGroarty/Cawley
June 25, 1990
2:50 pm
[LATAM]

PRESIDENTIAL REMARKS: LATIN AMERICAN TRADE AND
INVESTMENT INITIATIVE
THE EAST ROOM
JUNE 27, 1990
11:15 A.M.

Acknowledges:
Mr. Diehl

It is my pleasure to welcome to the White House so many distinguished guests with strong interests in the vital Latin American and Caribbean region.

In the past 12 months, every one of us -- from the man in the White House to the man on the street -- has been fascinated by the tremendous changes -- positive changes -- taking place around the world. / Freedom has made great gains -- not just in Eastern Europe -- but right here, / in the Americas. / We've seen a resurgence of democratic rule -- a rising tide of democracy never before witnessed in the history of this hemisphere. //

Today, only 1 percent of all the people in the Americas are living under a dictator's rule. They are the ten million men and women on Cuba's island prison. And even there -- we all know freedom will not forever be denied. The day will come when Cuba, too, joins the ranks of the world's democracies -- and makes the Americas fully free. //

The political transformation sweeping Latin America has its parallel in the economic sphere. / Throughout the region, nations are turning away from the statist economic policies that

stifle growth -- and are now looking to the power of the free market to help Latin America realize its untapped potential for progress. A new leadership is emerging -- backed by the strength of the people's mandate -- leadership that understands that the future of Latin America lies with free government and free

markets. // In the words of Colombia's courageous leader -- President Virgilio Barco: "the long-running match between Karl Marx and Adam Smith is finally coming to an end" with the "recognition... that open economies with access to markets can lead to social progress." //

For the U.S., these are welcome developments -- developments we must encourage every way we can. / At the same time, we must recognize that we cannot -- and must not -- attempt to impose on our Latin American neighbors a prescribed course of change. / There is no blueprint -- no one-size-fits-all approach to reform. Each nation in the region must make its own choices and move at its own pace. / The primary burden of achieving economic growth lies with the Latin American nations themselves. Our challenge in the United States is to respond in ways that support the positive changes now taking place in Latin America. We must marshal the resources of the Americas -- public and private -- and forge a genuine partnership for free market reform. //

With these new realities in mind, three months ago, I asked Treasury Secretary Brady to lead a review of U.S. economic policy toward Latin America and the Caribbean region -- to make a fresh assessment of the problems and opportunities we'll encounter in

Barco's speech @ MIT 6-4-90

F.P. 3-4 Program for The Americas Draft

the decade ahead. That review is now complete -- the results are in -- and the need for new economic initiatives is clear and compelling. //

I've asked you here in order to take this opportunity to outline a comprehensive strategy for Latin America -- a broad-based initiative -- a partnership for the 90's that I call Enterprise for the Americas: one that creates incentives that reinforce Latin America's growing recognition that free market reform is the key to sustained growth and political stability.

The twin pillars of our new initiative are trade and investment. //

Let's begin with trade. In the 1980's, trade within our hemisphere trailed the overall pace of growth in world trade. The principal reason: over-restrictive trade barriers that wall off the economies of the nations of Latin America from each other, and from the United States -- at great cost to us all. These barriers are the legacy of the misguided notion that a nation's economy needs protection in order to thrive. The great economic lesson of this century is that protectionism stifles progress -- and free markets breed prosperity. //

To this end, we've formulated a three-point challenge to encourage the emerging trend toward free market reform now gathering force in Latin America.

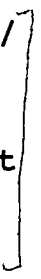
First, as we enter the final months of the current Uruguay Round of the world trade talks, I pledge close cooperation with the nations of Latin America. The successful completion of the

I.P. 4
Program for the Americas Draft

I.P. 4
Program for the Americas Draft

I.P. 4
Program for the Americas Draft

I.P. 5
Program for the Americas Draft



EPC Draft p.4

Uruguay Round remains the most effective way of promoting long-term trade growth in Latin America -- and the increased integration of Latin nations into the global trading system.

Our aim in the Uruguay Round is free and fair trade. And we will insist on a rigorous enforcement of existing trade rules. But we will listen to the specific trade concerns of our Latin American neighbors -- and whenever possible, we will seek authority for deeper tariff reductions on products of special interest. //

I.P.5 Program for the Americas Draft

Second, the essence of this challenge is a vision for the hemisphere of a Free Trade Zone. I am announcing today that the U.S. stands ready to enter into Free Trade Agreements with significant markets in Latin America -- particularly with groups of nations that form associations for purposes of liberalizing their trade policies. //

I.P.5 Prog. For the Americas Draft

There is no reason not to build on the trend we see toward free markets, and make our ultimate aim a free trade agreement that links all of the Americas -- North, Central and South. //

We look forward to the day when not only are the Americas the first fully free democratic hemisphere -- but when all are equal partners in a free trade zone stretching from Alaska's Port of Anchorage to Argentina's Tierra del Fuego.

EPC Draft p.3-4

We must all recognize that we won't bring down barriers to free trade overnight. Changes so far-reaching may take years of tough negotiations. But the payoff -- in terms of mutual prosperity -- is worth every effort. / Now is the time to make

a comprehensive Free Trade Zone for the Americas our long-term goal. We are ready to take the first step -- as we are doing with Mexico -- to a future that promises expanded trade and greater prosperity to all parties.

E.P. 5 Program for the Americas Draft

Third, I understand that some countries aren't yet ready to take that dramatic step to a full Free Trade Agreement. That's why we're prepared to negotiate with any interested Latin American nation bilateral trade agreements to establish a framework for freer trade. //

EPC DRAFT P. 3-4

Such agreements already exist with Mexico and Bolivia. Framework agreements will enable us to move forward on a step-by-step basis to eliminate counter-productive barriers to trade -- and towards our ultimate goal of free trade. // That's a prescription for greater growth and a higher standard of living in Latin America -- and right here at home, new markets for American products, and more jobs for American workers. ///

Dismantling barriers to trade is just one of two key elements in our Americas Enterprise Initiative. The other is increased investment -- and here, easing the debt burden plays a central role. //

EPC Draft, P. 5

The competition for capital today is fierce. The key to increased investment is to be competitive. / Reduce the regulatory burden -- clear away the thicket of bureaucratic barriers that choke off Latin America's aspiring entrepreneurs. [[Examples to come.]]

Investment reform is essential -- to make it easier to start new business ventures -- and make it possible for international investors to participate and profit in Latin American markets. //

In order to create incentives for investment reform, the U.S. is prepared to take the following four steps:

First, the U.S. will work with the IDB -- the Inter-American Development Bank -- to create a new lending program for nations that take significant steps to remove impediments to international investment. //

Second, we propose the creation of a new Investment Fund for the Americas. This fund, administered by the IDB, could provide up to \$300 million dollars a year in grants in response to market-oriented investment reforms and progress in privatization. The U.S. is ready to contribute \$100 million to the fund -- and we will seek matching contributions from Europe and Japan. //

And in order to create an attractive climate for new investment, we must build on our successful efforts to ease the debt burden. / Many nations have already undertaken painful economic reforms for the sake of future growth -- but the investment climate remains clouded by the heavy burden of debt. Under the Brady Plan, we are making significant progress. The agreements reached with Mexico, Costa Rica and Venezuela are already having a positive impact on investment in those countries. [Mexico -- to take just one example -- has already seen a reversal of the destructive capital flight that drains so many Latin American nations of precious investment resources.]

Jeff Buzzel - DOTR.

PC Draft
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As the third in our four-point plan to encourage investment, we propose that the IDB add its efforts and resources to those of the International Monetary Fund and the World Bank to finance commercial debt transactions in Latin America. And -- as in the case of World Bank and IMF -- IDB funds should be directly linked to economic reform. //

While the Brady Plan has helped nations reduce commercial bank debt, for nations with high levels of official debt -- debt owed to governments, rather than private financial institutions -- the burden remains heavy. Today, across Latin America, official debt owed to the U.S. Government amounts to nearly \$12 billion dollars -- with \$7 billion of that amount in concessional loans. // And in many cases, Latin America's heaviest official debt burdens fall on some of the region's smallest nations -- countries like Honduras, El Salvador, Jamaica.

That's a problem we must address. Today -- as the fourth and final component in our package of investment reform incentives -- I am proposing a new initiative to reduce and restructure Latin America's official debt to the U.S. -- in the case of some countries, by as much as 80%. //

In return, we will expect these countries to adopt strong economic and investment reform programs, with the support of international institutions. ///

As part of the Enterprise for the Americas investment initiatives, we will take action to employ economic policy in the service of strengthened environmental policies in the hemisphere.

Debt-for-nature swaps are one example -- patterned after the innovative agreements reached by some Latin American nations and their commercial creditors. We will also call for the creation of Environmental Trusts -- where interest payments owed on restructured U.S. debt will be set aside to fund environmental projects in the debtor countries. ///

I know there is some concern that the revolutionary changes we've witnessed this past year in Eastern Europe will shift our attention away from Latin America. I assure all of you here today -- the United States will not lose sight of the tremendous challenges and opportunities here in our own hemisphere. /

I am convinced that Latin America stands at a turning point -- on the threshold of a new era of freedom, prosperity and progress. // The comprehensive plan I've just outlined -- this -- ambitious Enterprise for the Americas -- is proof positive the United States is serious about forging a new partnership with our Latin American neighbors. We're ready to play a constructive role at this critical time in the history of this hemisphere. //

We in the United States will do all we can to help secure for all the Americas the freedom, peace and prosperity we enjoy - - to make ours the first fully free hemisphere in all of history. // Thank you -- and God bless the people of the Americas.

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Speech of President Virgilio Barco

At the Commencement Exercises of the
Massachusetts Institute of Technology
June 4, 1990

President Gray, Members of the Board, Distinguished Guests, Class of 1990:

In a few short days, each of you will be entering a new stage in life, new careers, new opportunities, new challenges. In a few short months, I will be leaving the office of President of Colombia. I have been on a long and fascinating journey since that day in 1943 when, like all of you today, I received my degree from MIT.

I remember that day well. So many things raced through my mind. So much was happening in the world. So much was happening so fast. Social, political and economic orders were turned upside down by events around the world. Overnight, it seemed, borders were changing in Europe. No one was sure what tomorrow would bring.

All of this must sound strangely familiar to each of you with the rapid rate of change in Europe and around the world. All of it may be a bit overwhelming as well. I can understand the feeling. In my senior year, in my room at the Graduate House, I remember feeling a bit overwhelmed myself for what the future might bring.

Little did I know that a few years later, I would be deeply involved in politics, elected to the House of Representatives, only to have Congress shut down as violence against my party broke out. A year later, I returned to Boston with my new wife to obtain a graduate degree at MIT. Soon after, my first child, Carolina, was born here at Massachusetts General Hospital, at the same time my friend and young professor Paul Samuelson and his wife had triplets.

I knew I had to return to Colombia at a time of crisis, but little did I know what extraordinary events would shape my life in public service. I have learned that our lives and careers are shaped by outside forces, often beyond our control. Throughout our lives, we are faced with important choices. In the end, I realized how important it is to establish a set of values and beliefs to guide these choices.

I also realized that a strong foundation in the humanities, economics and technology was the key, for it is through these basic disciplines that we manage change. They are truly at the core of social progress. Now these enormously powerful tools of change rest in your hands and the fate of future generations depends on your ability to put to good use all that you have learned. Your families, your professors and I are all confident that each of you can meet the challenge.

This pace of change, and the rigors of academic life have at times, I'm sure, left you gasping for breath, wondering if the whirl of learning around you will ever slow down.

Barco Speech 2-2-2**June 4, 1990**

Today, you can stop and take a breath. Look back on the years you have spent at MIT; look beyond the long hours and hard work. What you have achieved today is a true compliment to all of you and you should stop and savor the moment. Commit to memory the time you have spent here and what you have done. In the future you will look back on these years as a time of great excitement, of great challenges and of great ideas. It was a time when many of life's mundane details could be set aside so you could focus on ideas, on learning, on experiencing the thrill of academic life. You will look back at these years as a time when life was lived to its fullest, when bonds of friendship were built, bonds that will last your entire lives. Never forget what you have learned here; it will serve you well for years to come. Indeed, it has served me very well.

In many ways, this is also a proud day in my life. Today, I also find myself poised on the edge of a new time in my life. This speech to the class of 1990 at my alma mater will be one of the last major speeches of my presidency. Soon I will depart elected office and seek new challenges in my life. Some have asked how I managed the job of president at such difficult times. I tell them that it is nothing compared to taking the oral PhD examinations at MIT.

In many ways, my situation is much like yours: together we enter a new time in our lives, a time with new opportunities and new responsibilities. We must enter this new time bravely, holding dearly to the values that we have been taught to cherish at home, at school and here at MIT.

No doubt, all of you expect me to talk about an issue that has stirred the hearts and minds—and emotions—of millions around the world. It is an issue I have come to represent, one which has even led to some controversy on this campus. I am sure you expected me to use this time with you to discuss the scourge of illegal narcotics.

But that is not what I have come here to speak about today. I hope my views on this issue are well known by now. Every day, you read about our struggle against narco-terrorism and drug trafficking in Colombia. This struggle will continue when I leave office, for good men and women everywhere will not tolerate the misery and violence bred by those who push and those who consume illegal drugs.

No, today I want to explore with you a wider vision and the events that will shape a new global order in the 21st century. For of all days—a day which has such personal importance to me and to each of you—this is a day to look forward, not to look back.

Like most of you here, in Colombia we watched on television the wall come down in Berlin with rapt attention. From "People Power" in the Philippines to Václav Havel's "Velvet Revolution" to the "NO" vote in Chile, democracy is on the rise around the globe as totalitarian governments are tossed off by people restless to experience a world of freedom. For all those devoted to the cause of freedom, we share in their celebration of democracy.

Democracy is not a distant notion at all in Colombia. Indeed, our position in Latin America is somewhat unique. Our Constitution is nearly as old as yours and our democratic institutions have long been a model for our neighbors. This is the true significance of our current struggle, for the greatest threat to our democracy is narco-terrorism and the insatiable worldwide demand for drugs which fuels it. In the past, we usually saw extremist ideologies as the most serious threat to democracy, but now drugs and organized crime are even more dangerous, not only to our democracy, but to yours as well.

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This is an auspicious moment to reflect on our changing world and a new global order. Look at what has happened since I graduated from MIT. In 1943, a terrible war was raging in Europe and in Asia, taking lives and devastating the countryside at every turn. No one can ever forget the tragedy of this war: the 45 million killed, the Nazi death camps, the destruction of towns, cities, of lives and hopes of generations to come, the use of atomic weapons at Hiroshima and Nagasaki.

Seven years later, when I returned to MIT for postgraduate studies, Europe was still rebuilding the ravages of this war and the Cold War appeared to be a reality that would never leave. Soviets and Americans stood poised, ready to strike each other at a moment's notice, threatening the existence of the human race.

Around the world, democracy was in retreat and totalitarian regimes flourished on nearly every continent. The result of totalitarian regimes in Latin America was the same as everywhere: the crushing of the will of the people, the violation of fundamental human rights, the demise of democracy.

During this cold war, the developed world chose to look the other way as millions in Latin America suffered under oppression. US foreign policy remained fixated on East-West competition. A North-South view rarely came into focus.

And yet, in the last decade, democratic change has swept our continent. Ten years ago most countries of Latin America suffered under the weight of dictatorships. Just look at the change. Peru returned to democracy in 1980, Bolivia in 1982, Argentina in 1983, Brazil in 1985, Chile, Nicaragua and Panama in the last year alone. Almost a whole continent has moved from military rule to legitimately elected leaders. Still, as evidence of North American's bias to the cold war ideology, this dramatic change so close to your borders receives relatively little attention.

Now it is time to open our eyes to a new world. After years of superpower conflict, each one vying for gains in the high-stakes game for global military advantage, we are now able to see beyond the East-West confrontation. Today's global order no longer rests on the foundation of security concerns; military might is no longer what determines a country's place in the international system.

We are now able to look beyond the myopia of the Cold War, beyond our previously clouded horizon, to where a new world is waiting. A world where economic growth and technological innovation will be of critical importance, not sheer military strength. A world where entrepreneurs and innovators will lead the way, not the generals of yesterday.

Witness Japan—a country that spends little on its military but that has suddenly leaped to the front ranks of world powers. It is a country that gives more economic aid to the Third World than any other nation—including the historically generous United States. The small military establishment of Japan presents no serious threat to the vast armies of the US or Soviet Union, but through its economic might it wields true global influence today. Which country, I ask, do others most want to emulate today—Japan or the Soviet Union?

The economic growth throughout Asia and in Europe has been extraordinary. Now we must work to expand the economic success of these dynamic regions to other areas. This is particularly true for the fragile new democracies of the world. For these countries to solidify their political gains, they will need economic success. From Poland, to Argentina,

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to the Philippines, newly free people expect economic growth and improved living standards and, in order to maintain stability, those expectations must be met.

It is your responsibility, and those in other wealthy countries, to ensure the fostering of global economic growth. In this way you can help these fledgling democracies as they struggle to spread their wings. This is especially true in Latin America, a region which historically has received far too little attention. The best way to foster North-South cooperation will not be through military means, but rather by guaranteeing access of Latin America's democracies to economic prosperity and change.

Just as history will recall the 1980's as an era when democratic forces swept the globe, it will also be remembered as a decade of resurgence in free market economics. This is a revolution of enormous significance, a recognition of our global economy and a confirmation that open economies with access to markets can lead to social progress. It seems that the long-running match between Karl Marx and Adam Smith is finally coming to an end.

I applaud this development, but at the risk of sounding passe, let me issue a warning. In our rush to embrace free market forces, let us not lose sight of the fundamental role of government, as it embodies the free and collective will of its people. There is a role for both market forces and the state in solving social problems. Free market policies should not be used as an excuse for the lack of political will, whether it is assuring justice and fighting drug trafficking or providing basic education and health care. Free market economics is not a magic wand which somehow will relieve us of the obligation to care for our fellow human beings.

Nowhere is the role of the State as clear as with another global issue which has been pushed aside for too long: the preservation of our environment. This is a struggle that must be one of our highest priorities in the decade of the 90s. I firmly believe that the industrialized countries have an ecological debt to humanity. In less than two centuries, industrial development not only has destroyed most of the native forests of Europe and North America, but also has brought pollution, acid rain and destruction to the Ozone layer. This is an ecological debt to future generations who will have to live with the consequences of the thoughtless ways in which the developed countries have achieved their standards of living.

The burden of sustaining a viable planetary environment now rests clearly on the shoulders of the Third World, for we are the last frontier of unspoiled lands. The only way our countries can meet this challenge is by defeating rural poverty and economic stagnation. The best way for the United States and other industrialized countries to pay their ecological debt to humanity is to be partners in this cause.

My administration has already set aside more than 40 million acres of rain forest as Indian reserves in the Amazon region, an area larger than the six New England states together. Let us pledge to seek sane development policies which recognize the value of our most precious resources. Let us pledge to retire this debt now for future generations.

You are indeed as fortunate as I was to be embarking on new careers during a watershed period. The record of human history is marked by these moments of fundamental change. You now inherit a new global order with new challenges and extraordinary opportunities.

As you watched the joy of your young German colleagues dancing in the streets, or the sorrow on the faces of those brave young students of Tianamin Square, or the courage

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of young Colombian soldiers fighting for democracy against narco-terrorism, it may have been difficult for you here on this beautiful campus in Boston to truly appreciate such democratic fervor. Here in America, where so much is so often taken for granted, the struggle for democracy may indeed seem distant.

However, you are all now graduates of one of the world's most prestigious academic institutions. That honor brings with it a special responsibility. The new democracies around the world are fragile and need your help to survive. As you look to your future I ask one thing: do not let today's flowering democracies wither on the vine. Extend your arms to those who have for too long lived in oppression, in fear and in poverty. Like all newborns, these infant democracies around the world may at times falter and stumble, hesitantly trying their first steps. Yet, they *must* prevail. This is our first duty. All of us, especially you here in the United States, now have an opportunity to build in peace what is often unavailable by force. It is our collective responsibility to ensure that this opportunity does not pass us by.

You have been well trained. I have no doubt that you have the intellectual power to face any challenge. I harbor the hope that you will also have the heart to meet these challenges with fairness and compassion. I know you will, for this, after all, is our shared heritage.

And you, my friends, are now the guardians of our shared vision.

Privatization, Venezuelan Style

CARACAS—Perhaps the most famous hotel in this city is known for its beautiful white tower on top of the Avila Mountain overlooking the valley of Caracas. However, the hotel—connected to the city only by cable car—does have a problem: It has stood empty for more than a quarter of a century, a constant reminder of the virtues of government planning.

The last military dictator of Venezuela, Gen. Marcos Perez Jimenez (no kin of the current president, Carlos Andres Perez), was responsible for getting the state involved in many grandiose investment projects. The most infamous of these include

The Americas

By Carlos Bail

the disastrously inefficient iron and steel complexes, the nationalized telephone company (formerly British-owned) and a chain of hotels that has been losing money for more than 30 years.

Now, in keeping with world trends, President Perez has announced intentions to "privatize" hotels and other state holdings. But even though practically everyone is convinced of the inefficiency of state-run enterprises, there are ominous signs that genuine privatization may not be just around the corner. Start with the example of the state telephone company.

The state takeover of the telephone company was perhaps the most tragic and costly nationalization project, in terms of slowing down economic development. During working hours it is practically impossible to call Valencia, the main industrial city, just 100 miles to the southwest of the capital. According to a World Bank study leaked to the Venezuelan press last month, less than 50% of all local calls are completed, while only 30.4% of intercity and 20.6% of international calls, in turn, get through. That means that you have to dial

an average of five times before reaching your overseas number. In some areas of the capital, you automatically get a busy signal even if the person you are calling is not using the phone. The obsolete exchanges in those areas simply cannot handle the volume.

To get a new phone is a difficult task indeed, requiring a combination of money, patience and shrewdness. There are four ways to get a phone installed in Venezuela: (1) Place an ad in the local newspaper, offering to pay \$1,000 or more for a number; (2) stop the first phone-company truck you see in the street and negotiate with the crew; (3) get a cellular phone and pay outrageous rates; (4) fill out an application and wait from one to five years, visiting the phone office periodically to replace lost forms.

There is, of course, a fifth way, but this one requires you to be a member, in good standing, of the *nomenklatura*: Just call the Communications minister or the president's private secretary and you will have a telephone within days. And, if you are important enough, tapping is added at no extra cost.

In 1988—the last year for which figures are available—the Venezuelan Telephone Co. (CANTV) lost \$22 million on revenues of \$210 million. In all, CANTV would seem an excellent candidate for privatization.

However, two recent public announcements spell trouble for privatization efforts: (1) CANTV's president proudly disclosed that a decade-old debt with AT&T had been paid and soon Venezuelans in the U.S. will be able to call home collect (they can now do so); (2) a telephone-union official said that the company would be privatized "over my dead body."

The CTV, Venezuela's equivalent of the AFL/CIO, is the backbone of President Perez's ruling party, Democratic Action. In the face of growing dissension between government officials and party officials over economic policy, it is extremely im-

portant for both groups to enjoy union support. Thus, telephone privatization may well have to take a back seat to politics for some time.

The hotel-privatization plan is a very different matter. It has the enthusiastic backing of the CTV, ruling party members and the executive branch of government. Only the political opposition, the Independent unions and the Federation of Tourism Chambers are against the deal.

The plan can be described as "privatization" only in a surrealist, corporatist sense, conforming to the traditional Latin American menage a trois: big government, big business and big unions.

However, the plan can be described as "privatization" only in a surrealist, corporatist sense, conforming to the traditional Latin American menage a trois: big government, big business and big unions. Crony capitalism, by another name.

In 1987, a "privatization" law was passed. And while not a single company has been sold in three years, it allows for creative new ways to bleed the country. This law allows the sale of state assets without public bid, if labor groups, unions or cooperatives buy at least 30% of the company or assets being sold by the government.

Under such a convenient law, a deal to sell three of the state-owned hotels came to the surface last fall. The hotels in question are three of the better ones: the Barquisimeto Hilton, the Mella Caribe and the Mella Puerto La Cruz. The purchaser is Traemel, a joint venture of the Spanish group

Mella (49%), a CTV labor-union subsidiary (40%) and Inversiones 42309 (11%). (Since the registry has run out of corporate names, new companies often choose a number as an official name.)

Inversiones 42309 was incorporated 15 months ago with a \$600 capitalization, and it is owned by one of the principal partners of the local Baker & McKenzie law firm, the reported deal-maker. The terms were very sweet indeed, even by standards applied to friends of the party: 10% down, a three-year grace period, and 20 years to pay at an 8%-9% rate of interest, when recent rates in Venezuela have fluctuated between 31% and 48% (in face of last year's 61% inflation and a 30% estimate for the current year).

After intense public criticism of the deal, the government ordered a new appraisal of the hotels and is demanding payment in cash. However, union participation must remain at the same level. Traemel has the right of first refusal or must come up with the money by June 30. Mella, the Spanish connection, already has offered to lend the union its share of the purchasing price, supposedly to be paid back from future profits.

This means that Mella is buying 49%, but paying for 89% of the deal, which can be explained either by Mella's deep love for labor unions, or by the fact that it is getting such a good bargain for its share that it wants to avoid the highly inconvenient alternative of a public bid. Any criticism of the deal is rejected outright as anti-labor. But, of course, no common laborer is going to benefit from this or has any chance of staying at one of the three luxury hotels; it is only the union bosses who will be able to afford bigger yachts.

This is privatization, Venezuelan style.

Mr. Bail is a Venezuelan journalist and director of Cedice, a Caracas free-market think tank.



United States Department of State

Washington, D.C. 20520

DATE June 25, 1990

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I wish to announce today a long-term, comprehensive strategy for Latin America--a strategy for the 1990's. The following key principles will guide our efforts:

First, our central economic objective for the region is **sustained growth**. Growth will promote political stability and democratic government. Growth will lift the human condition and create alternatives to drug trade.

Second, **market oriented economic policies** are the basis for sustained economic growth. Liberalized trade and investment regimes will assist economic efficiency and attract foreign investment and flight capital.

Third, **partnership** with Latin America is the kind of relationship we seek. The United States cannot impose a blueprint on the region; our approach requires dialogue and consultation with the leaders of the region.

Fourth, the **primary burden of achieving economic growth lies with the Latin American countries themselves**. U.S. policy must be a response to Latin American initiative for reform.

Fifth, **global interdependence** is a reality. Long-term growth in Latin America will flow from fully integrating Latin countries into the global economic system.

Consistent with these principles, I am today announcing a set of major economic policy initiatives:

- o A major trade initiative for Latin America, defining a vision for long-term movement toward a broad regime of free and fair trade within the Hemisphere, and

- o A comprehensive investment initiative for Latin American designed to address the region's debt situation and to attract capital into Latin America.

Carolyn's
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June 25, 1990
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PRESIDENTIAL REMARKS: LATIN AMERICAN TRADE AND
INVESTMENT INITIATIVE
THE EAST ROOM
JUNE 27, 1990
11:15 A.M.

It is my pleasure to welcome to the White House so many distinguished guests with strong interests in the vital Latin American and Caribbean region.

In the past 12 months, every one of us -- from the man in the White House to the man on the street -- has been fascinated by the tremendous changes -- positive changes -- taking place around the world. / Freedom has made great gains -- not just in Eastern Europe -- but right here, / in the Americas. / We've seen a resurgence of democratic rule -- a rising tide of democracy never before witnessed in the history of this hemisphere. //

Today, only 1 percent of all the people in the Americas are living under a dictator's rule. They are the ten million men and women on Cuba's island prison. And even there -- we all know freedom will not forever be denied. The day will come when Cuba, too, joins the ranks of the world's democracies -- and makes the Americas fully free. //

The political transformation sweeping Latin America has its parallel in the economic sphere. / Throughout the region, nations are turning away from the statist economic policies that

stifle growth -- and are now looking to the power of the free market to help Latin America realize its untapped potential for progress. A new leadership is emerging -- backed by the strength of the people's mandate -- leadership that understands that the future of Latin America lies with free government and free markets. // In the words of Colombia's courageous leader -- President Barco: "the long-running match between Karl Marx and Adam Smith is finally coming to an end" with the "recognition... that open economies with access to markets can lead to social progress." //

For the U.S., these are welcome developments -- developments we must encourage every way we can. / At the same time, we must recognize that we cannot -- and must not -- attempt to impose on our Latin American neighbors a prescribed course of change. / There is no blueprint -- no one-size-fits-all approach to reform. Each nation in the region must make its own choices and move at its own pace. / The primary burden of achieving economic growth lies with the Latin American nations themselves. Our challenge in the United States is to respond in ways that support the positive changes now taking place in Latin America. We must marshal the resources of the Americas -- public and private -- and forge a genuine partnership for free market reform. //

With these new realities in mind, three months ago, I asked Treasury Secretary Brady to lead a review of U.S. economic policy toward Latin America and the Caribbean region -- to make a fresh assessment of the problems and opportunities we'll encounter in

the decade ahead. That review is now complete -- the results are in -- and the need for new economic initiatives is clear and compelling. //

I've asked you here in order to take this opportunity to outline a comprehensive strategy for Latin America -- a broad-based initiative -- a partnership for the 90's that I call Enterprise for the Americas: one that creates incentives that reinforce Latin America's growing recognition that free market reform is the key to sustained growth and political stability.

The twin pillars of our new initiative are trade and investment. //

Let's begin with trade. In the 1980's, trade within our hemisphere trailed the overall pace of growth in world trade. The principal reason: over-restrictive trade barriers that wall off the economies of the nations of Latin America from each other, and from the United States -- at great cost to us all. / These barriers are the legacy of the misguided notion that a nation's economy needs protection in order to thrive. The great economic lesson of this century is that protectionism stifles progress -- and free markets breed prosperity. //

To this end, we've formulated a three-point challenge to encourage the emerging trend toward free market reform now gathering force in Latin America. The essence of this challenge is a vision for the hemisphere of a Free Trade Zone.

Thus, I am announcing today that the U.S. stands ready to enter into Free Trade Agreements with significant markets in

Latin America -- particularly with groups of nations that form associations for purposes of liberalizing their trade policies.

There is no reason not to build on the trend we see toward free markets, and make our ultimate aim a free trade agreement that links all of the Americas -- North, Central and South. // We look forward to the day when not only are the Americas the first fully free democratic hemisphere -- but when all are equal partners in a free trade zone stretching from Alaska's Port of Anchorage to Argentina's Tierra del Fuego.

We must all recognize that we won't bring down barriers to free trade overnight. Changes so far-reaching may take years of tough negotiations. But the payoff -- in terms of mutual prosperity -- is worth every effort. / Now is the time to make a comprehensive Zone of Free Trade for the Americas our long-term goal. We are ready to take the first step -- as we are doing with Mexico -- to a future that promises expanded trade and greater prosperity to all parties.

Second, I understand that some countries aren't yet ready to take that dramatic step to a full Free Trade Agreement. That's why we're prepared to negotiate with any interested Latin American nation bilateral trade agreements to establish a framework for freer trade. //

Such agreements already exist with Mexico and Bolivia. Framework agreements will enable us to move forward on a step-by-step basis to eliminate counter-productive barriers to trade - - and towards our ultimate goal of free trade. // That's a

prescription for greater growth and a higher standard of living in Latin America -- and right here at home, new markets for American products, and more jobs for American workers. //

And third, as we enter the final months of the current Uruguay Round of the world trade talks, I pledge close cooperation with the nations of Latin America. The successful completion of the Uruguay Round remains the most effective way of promoting long-term trade growth in Latin America -- and the increased integration of Latin nations into the global trading system.

Our aim in the Uruguay Round is free and fair trade. And we will insist on a rigorous enforcement of existing trade rules. But we will listen to the specific trade concerns of our Latin American neighbors -- and whenever possible, we will seek authority for deeper tariff reductions on products of special interest. //

Dismantling barriers to trade is just one of two key elements in our Americas Enterprise Initiative. The other is increased investment -- and here, easing the debt burden plays a central role. //

The competition for capital today is fierce. The key to increased investment is to be competitive. / Reduce the regulatory burden -- clear away the thicket of bureaucratic barriers that choke off Latin America's aspiring entrepreneurs. [[Examples to come.]]

Investment reform is essential -- to make it easier to start new business ventures -- and make it possible for international investors to participate and profit in Latin American markets. //

In order to create incentives for investment reform, the U.S. is prepared to take the following four steps:

First, the U.S. will work with the IDB -- the Inter-American Development Bank -- to create a new lending program for nations that take significant steps to remove impediments to international investment. //

Second, we propose the creation of a new Investment Fund for the Americas. This fund, administered by the IDB, could provide up to \$300 million dollars a year in grants in response to market-oriented investment reforms and progress in privatization. The U.S. is ready to contribute \$100 million to the fund -- and we will seek matching contributions from Europe and Japan. //

And in order to create an attractive climate for new investment, we must build on our successful efforts to ease the debt burden. / Many nations have already undertaken painful economic reforms for the sake of future growth -- but the investment climate remains clouded by the heavy burden of debt. Under the Brady Plan, we are making significant progress. The agreements reached with Mexico, Costa Rica and Venezuela are already having a positive impact on investment in those countries. Mexico -- to take just one example -- has already seen a reversal of the destructive capital flight that drains so many Latin American nations of precious investment resources.

As the third in our four-point plan to encourage investment, we propose that the IDB add its efforts and resources to those of the International Monetary Fund and the World Bank to finance commercial debt transactions in Latin America. And -- as in the case of World Bank and IMF -- IDB funds should be directly linked to economic reform. //

While the Brady Plan has helped nations reduce commercial bank debt, for nations with high levels of official debt -- debt owed to governments, rather than private financial institutions -- the burden remains heavy. Today, across Latin America, official debt owed to the U.S. Government amounts to nearly \$12 billion dollars -- with \$7 billion of that amount in concessional loans. // And in many cases, Latin America's heaviest official debt burdens fall on some of the region's smallest and poorest nations -- nations like Honduras, El Salvador, Jamaica.

That's a problem we must address. Today -- as the fourth and final component in our package of investment reform incentives -- I am proposing a new initiative to reduce and restructure Latin America's official debt to the U.S. -- in the case of some countries, by as much as 80%. //

In return, we will expect these countries to adopt strong economic and investment reform programs, with the support of international institutions. ///

As part of the Enterprise for the Americas investment initiatives, we will take action to employ economic policy in the service of strengthened environmental policies in the

hemisphere. Debt-for-nature swaps are one example -- patterned after the innovative agreements reached by some Latin American nations and their commercial creditors. We will also call for the creation of Environmental Trusts -- where interest payments owed on restructured U.S. debt will be set aside to fund environmental projects in the debtor countries. ///

I know there is serious concern in some quarters that the revolutionary changes we've witnessed this past year in Eastern Europe will shift our attention away from Latin America. I assure all of you here today -- the United States will not lose sight of the tremendous challenges and opportunities here in our own hemisphere. /

I am convinced that Latin America stands at a turning point -- on the threshold of a new era of freedom, prosperity and progress. // The comprehensive plan I've just outlined is proof positive the United States is serious about forging a new partnership with our Latin American neighbors. We're ready to play a constructive role at this critical time in the history of this hemisphere. //

We in the United States will do all we can to help secure for all the Americas the freedom, peace and prosperity we enjoy -- to make ours the first fully free hemisphere in all of history. // Thank you -- and God bless the people of the Americas.

#

INVITEES TO PRESIDENTIAL ADDRESS ON LATIN AMERICAN INITIATIVE:

NO The Vice President *Priscilla*

Betsy 4245

CABINET:

✓ Secretary Baker, State *Linda*

Linda Dewan 647-6108

YES Secretary Brady, Treasury *Meredith*

Meredith Oliver 566-5500

✓ Secretary Cheney, Defense *WCSK*

Kathy Embody 695-5261

Attorney General Thornburgh,
Justice

Kathy Dickey 633-1955

Secretary Lujan, Interior

Charlene Yanes 343-7351

YES Secretary Yeutter, Agriculture *Sharon*

Sharon Marshall 447-3631

✓ Secretary Mosbacher, Commerce *Megan*

Megan Molloy 377-5880

Secretary Dole, Labor

Susan Thiepen 523-7917

Secretary Kemp, HUD

Sharon Zelaska 755-6417

Secretary Sullivan, HHS

Julie Perrier 245-3410

Secretary Skinner, Transportation

Sandy Bushue 366-1111

Secretary Watkins, Energy

Vicky Thornton 586-5534

Secretary Cavazos, Education

Cindy Beezley 732-3043

Secretary Derwinski, VA

Diane Ferraro 233-5351

NO Director Darman, OMB *Abbie*

Meg Brackney 4840

YES Ambassador Hills, USTR *Anne*

Anne Kienlen 3204

NO Director Bennett, ONDCP *Noreen*

Noreen Burns 673-2520

YES Director Webster, CIA *Peggy*

Peggy Devine 482-6363

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<i>Yes</i> Andrew Card <i>Linda</i>	Linda Gambatesa	2533
<i>Yes</i> Roger Porter <i>Nancy</i>	Nancy Jones	2705
<i>Yes</i> Dave Demarest	Sharon	7620
<i>Yes</i> Boyden Gray <i>Jeanie</i>	Jeanie	2632
<i>Yes</i> Jim Cicconi <i>Diane</i>	Jane Farmer	2702
<i>Yes</i> Fred McLure <i>Karen</i>	Karen	2230
Marlin Fitzwater	Natalie Wozniak	2100
<i>Yes</i> Robert Gates	Diane Edwards	2257
<i>Yes</i> Ede Holiday <i>Shirley</i>	Shirley	2174

<i>Yes</i> Steve Danzansky, OCA <i>Marcy</i>	Marcy Anderson	6630
Olin Wethington, OCA <i>Fran</i>	Fran Kearney	7968
<i>Cathy</i> Steve Farrar, OEDP	Cathy Mays	2315
<i>Yes</i> Tim Deal, NSC <i>Pat</i>	Pat Battenfield	3622
Eric Melby, NSC	Pat Battenfield	4985
<i>Yes</i> Meg Lundsager, NSC <i>Betty</i>		3543
<i>Yes</i> William Pryce, NSC <i>Deborah</i>	Deborah Baker	6942
<i>Yes</i> Don Johnson, NSC <i>Deborah</i>	Mary Blair	4592
<i>Yes</i> Robert Howard, OMB <i>Janet</i>	Janet	4657
William Diefenderfer, OMB	Gertrude Graydon	4742
<i>Yes</i> Amb. Katz, USTR <i>Anne</i>	Earlyne	5114

TREASURY:

David C. Mulford, Under Secretary for International Affairs	566-5363
Hollis S. McLoughlin, Assistant Secretary for Policy Management Valerie	535-6214
Roger Bolton, Assistant Secretary for Public Affairs and Public Liaison	566-8191
Bryce L. Harlow, Assistant Secretary for Legislative Affairs	566-2037
Jeffrey H. Bunzel, Special Assistant to the Under Secretary for International Affairs	3-1-56 566-8286
Mark Collins, Special Assistant to the Assistant Secretary for International Affairs	533-58-2590
Mary E. Chaves, Director, Office of International Debt Policy	566-8532
Bruce M. Juba, Assistant Director for Latin America, Office of Developing Nations	566-2349

STATE:

Under Secretary for Economic Affairs McCormack	647-7575
Counselor Zoellick	647-6240
Assistant Secretary Aronson	647-9210
EB Assistant Secretary McAllister	647-7971

OTHERS:

John Macomber Chairman, Export-Import Bank	566-8144]
Eugene Lawson Vice Chairman, Export-Import Bank	566-8988
Fred Zeder President, OPIC	457-7001]
James D. Berg Executive Vice President, OPIC	457-7002
Adm. Roskens, AID	647-9620
Director Gelb, USIA	485-8742]
Chairman Alan Greenspan, Federal Reserve System	452-3201]
Under Secretary Richard Crowder, Agriculture	447-3111

40 dipl
60 adm.

M.D.

NEED 55 yield

Treasury List

<ul style="list-style-type: none"> Gene DeFoeze ← Jerry Joseph Billy McCarty • Lane Kirkland
--

- NAM Bill
- Chamber (Lester) Cong. Briefing cabinet rec

- Pepsi
- Coke
- IBM
- Xerox
- World Bank - Lehman

U S Econ Policy
Towards Latin Am

- Carl Lender
- Chiovita

10:30 meeting

arrive
before - 2:15 -
East Visitors Gate

833-9502

Charles

RANKING

OPL Michel Camdessus *Europe*
Managing Director of the IMF
Room 12-300 *NO → ERB*
Phone 623-4600 *disconnected called*

OPL Barber Conable *message*
President, International Bank
for Reconstruction & Development
Room E-1227
Phone 477-2001

✓ OPL Enrique Iglesias *YES* - *call back*
President of the Inter-American Bank
Phone: 623-1100

OPL William Rhodes
Chairman, Restructuring Committee
Citibank, N.A.
Phone 212/860-5448 *message machine*
559-1666

2-7-39 ✓ OPL John Reed *YES*
Chairman, Citibank, N.A.
Phone: 212/559-2732 *secretary*
031-32-8787

OPL Mr. David Rockefeller *Europe*
Chairman, Council of the Americas
Phone: 659-1547 *Alice - Exempt*

OPL Mr. E. Gerald Corrigan *unavailable*
President, Federal Reserve Bank of
New York
Phone: 212/720-6173

Honorable Alan Greenspan *YES*
Chairman, Federal Reserve System
Phone: 452-3201

OPL Mr. Lewis T. Preston *in cabinet*
~~Chairman of the Board~~
Morgan Guaranty Trust Company
of New York
Phone: 212/483-3770 or 483-2323

OPL Paul Volcker *YES* *Europe*
Co-Chairman of the Bretton Woods,
Phone: 212/909-8100

✓ OPL Dr. Charles E. Walker *not available*
Co-Chairman of the Bretton Woods,
Phone: 202/393-4760

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Date Closed: 10/19/2004	OA/ID Number: 07562
FOIA/SYS Case #:	
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---	--

OPV Ambassador Henry Owen - See
Co-Chairman of the Bretton Woods,
Phone: 202/783-7000

OPV Mr. James C. Orr - ~~message~~ ✓
Executive Direct for the
Bretton Woods
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OPV Peter McPherson
Executive Vice President,
Bank of America
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A.W. Clausen

OPV Robert Murphy
Executive Vice President
Chase
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Ronald Wagner ~~message~~
Executive Vice President, Morgan
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Theodore A. Doremus

OPV John McGillicutty ~~message~~
Chairman, Manufacturers Hanover
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E. Michael Hunter ~~message~~
Executive Vice President,
Lloyds Bank, New York
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Amb. Zeder - OPIC

TREASURY INVITEES

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Secretary of the Treasury

David C. Mulford
Under Secretary for International Affairs

Hollis S. McLoughlin
Assistant Secretary for Policy Management

Roger Bolton
Assistant Secretary for Public Affairs and
Public Liaison

Bryce L. Harlow
Assistant Secretary for Legislative Affairs

Jeffrey H. Bunzel
Special Assistant to the Under Secretary
for International Affairs

Mark Collins
Special Assistant to the Assistant Secretary
for International Affairs

Mary E. Chaves
Director, Office of International Debt Policy

Bruce M. Juba, Assistant Director for Latin
America, Office of Developing Nations

no members
of Congress

Re: Beckel - Legis. Aff.

X2230

HOUSE REPUBLICANS

Robert Michel, Republican Leader
Newt Gingrich, Republican Whip
Jerry Lewis, Chairman, Republican Conference
Mickey Edwards, Chairman, Republican Policy Committee and
Ranking Republican, Foreign Operations Appropriations
Subcommittee
William Broomfield, Ranking Republican, Foreign Affairs
Committee
Chalmers Wylie, Ranking Republican, Banking, Finance &
Urban Affairs Committee
Jim Leach, Ranking Republican, Banking Subcommittee on
International Development, Finance, Trade and Monetary
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Walter Fauntroy, Chairman, Banking Subcommittee on
International Development, Finance, Trade and Monetary
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Jesse Helms, Ranking Republican, Foreign Relations Committee
Gordon Humphrey, Ranking Republican, Subcommittee on
International Economic Policy, Trade, Oceans and
Environment
Bob Kasten, Ranking Republican, Subcommittee on Foreign
Operations

SENATE DEMOCRATS

George Mitchell, Majority Leader
Claiborne Pell, Chairman, Foreign Relations Committee
Paul Sarbanes, Chairman, Subcommittee on International
Economic Policy, Trade, Oceans and Environment
Patrick Leahy, Chairman, Subcommittee on Foreign Operations
Christopher Dodd - Strong interest in Latin America

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Germany
Canada
Japan

Latin American and Caribbean Countries

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Bahamas
Barbados
Belize
Bolivia
Colombia
Costa Rica
Dominica
Dominican Republic
Ecuador
Honduras
Jamaica
Peru
St. Lucia
St. Vincent and the Grenadines
Trinidad and Tobago
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El Salvador
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Uruguay
Grenada
Guyana
Haiti
Mexico
Nicaragua
Suriname

St. Kitts + Nevis

Other Organizations

World Bank President
Inter-American Development Bank President
✓IMF Managing Director
Secretary General of OAS - *Baena Soares*
EEC Resident Representative

Department of State

Secretary Baker
Deputy Secretary Eagleburger
Under Secretary Kimmitt
Under Secretary for Economic Affairs McCormack
Counselor Zoellick
Assistant Secretary Bernard Aronson
EB Assistant Secretary McAllister
Assistant Secretary Melvyn Levistky

Treasury Department

Secretary Brady
(Other Names To be provided by Treasury)

Other Cabinet Agencies

The Vice President
Secretary of Commerce Mosbacher
Secretary of Agriculture Yeutter
USTR Carla Hills
ONDCP Director Bennett
OMB Director Darman
Council of Economic Advisers-- Boskins
Economic Policy Council-- Olin Wethington
OPIC President Zeder
EX-IM Bank President
AID Director
USIA Director Gelb

Private Sector

David Rockefeller
Members of the Council of the Americas
Association of American Chambers of Commerce of Latin America
AFL-CIO-- Lane Kirkland
AFL-CIO-- William Daugherty

Environmental Groups

(2 or 3 persons)

*Not yet
Nick briefing*

Academia (?)

Heritage Foundation

Latin American Studies Association
Stanford Latin America Studies Institute
University of Texas at Austin Institute for Latin American
Studies
SAIS
CSIS
Institute for International Economics
American Enterprise Institute
Brookings

Cavagne - C Fred Burston

Congress

~~Speaker Foley
Majority Leader Michel
Agriculture Chairman de la Garza
Ways and Means Committee Chairman Rostenkowski
Rep. Archer
Rep. Gingrich
Majority Leader Mitchell
Finance Chairman Bentsen
Sen. Dole
Sen. Dodd
Sen. Bradley
Sen. Pell
Sen. Mack
Sen. Gramm~~

M D

OPIC LATIN AMERICA LIST
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Mr. Jerome S. Wilkowski
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Bromon Aircraft Corporation
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Mr. John P. Banks
Associate
International Resources Group
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Mr. George Clausen
Vice President, Operations
McCormick & Company Inc.
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Mr. Robert W. Allen
Secretary
Resources of Americas Corporation
202-387-3005

Mr. Phillip W. Rourke
President
The Americas Group, Inc.
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Mr. Mario C. Paredes
Assistant Economic Affairs Officer
UN-ECLAC
202-955-5613

Mr. Lewis Townsend
Vice President
Pan American Development Foundation
202-458-3969

Mr. Richard E. Barnes
President
American Concrete Pipe Association
703-821-1990

INTER-AMERICAN DEVELOPMENT BANK
List of Executive Directors and
Alternate Executive Directors
As of July 1, 1990

OPL
Ex Dir.
only

SAMUEL, Richard — 623-1054	Executive Director
GODTS, Franciscus Belgium, Denmark, Finland, Germany, Italy Netherlands, Norway, Sweden, UK	Alternate Executive Director
AYALES ESNA, Edgar — 623-1024	Executive Director
CRUZ, Arturo Costa Rica, El Salvador, Haiti, Guatemala Honduras, Nicaragua	Alternate Executive Director
PETREI, A. Humberto — 623-1013	Executive Director
ESPINOSA, Juan Guillermo Argentina and Chile	Alternate Executive Director
MALAN, Pedro S. — 623-1002	Executive Director
DARQUEA, Gustavo Brazil, Ecuador, Suriname	Alternate Executive Director
CARIAGA, Juan — 623-1049 (Still Pending Appointment) Uruguay, Paraguay, Bolivia	Executive Director Alternate Executive Director
MELLINGER, Larry K. — 623-1031 (Still Pending Appointment) United States	Executive Director Alternate Executive Director
BARBER, Horace — 623-1039	Executive Director
SIEWPATTAN, Jagdeesh Bahamas, Barbados, Guyana, Jamaica, Trin. and Tobago	Alternate Executive Director
CAMBRAY, Claude — 623-1059	Executive Director
BRUGGMANN, Hugo Austria, France, Israel, Japan, Portugal, Spain Switzerland, Yugoslavia	Alternate Executive Director
McWHINNEY, William — 623-1019	Executive Director
HARLEY, Kenneth Canada	Alternate Executive Director
FLORES, Jose Luis — 623-1044	Executive Director
READ VITTINI, Mario Mexico, Dominican Republic	Alternate Executive Director
PEREZ, Sonia — 623-1034	Executive Director
CASTULOVICH, Juan Manuel Venezuela and Panama	Alternate Executive Director
RUIZ LARA, Jorge — 623-1010 (Still Pending Appointment) Colombia, Peru	Executive Director Alternate Executive Director

INVITEES FOR LATIN AMERICA SPEECH

Argentina	His Excellency Guido Jose Maria DI TELLA	939-6400
Antigua and Barbuda	His Excellency Edmund Hawkins LAKE	362-5211
Bahamas	Her Excellency Margaret E. McDONALD	944-3390
Barbados	His Excellency Sir William DOUGLAS	939-9218
Belize	His Excellency Edward A. LAING	363-4505
Bolivia	His Excellency Jorge CRESPO-VELASCO	483-4410
Brazil	His Excellency Marcilio Marques MOREIRA	745-2700
Canada	His Excellency Derek H. BURNEY	682-1740
Chile	His Excellency Patricio SILVA	785-1746
Colombia	His Excellency Victor MOSQUERA	387-8338
Costa Rica	His Excellency Danilo JIMENEZ	234-2945
Dominica	No Washington representation..... NA	
Dominican Republic	His Excellency Carlos A. MORALES	332-6280
Ecuador	His Excellency Jaime MONCAYO	234-7200
El Salvador	His Excellency Miguel Angel SALAVERRIA	265-3480
France	His Excellency Jacques ANDREANI	944-6000
Germany (FRG)	His Excellency Juergen RUHFUS	298-4000

Grenada	His Excellency Albert O. XAVIER	265-2561
Guatemala	His Excellency John SCHWANK	745-4952
Guyana	His Excellency Dr. Cedric Hilburn GRANT	265-6900
Haiti	Mr. Louis Harold JOSEPH	332-4090
Honduras	His Excellency Jorge Ramon HERNANDEZ-ALCERRO	966-7702
Italy	His Excellency Rinaldo PETRIGNANI	328-5500
Jamaica	His Excellency Keith JOHNSON	452-0660
Japan	His Excellency Ryohei MURATA	939-6700
Mexico	His Excellency Gustavo PETRICIOLI	728-1600
Nicaragua	Mrs. Leonor de HUPER	939-6570
Panama	His Excellency Eduardo VALLARINO	483-1407
Paraguay	His Excellency Marcos MARTINEZ MENDIETA	483-6960
Peru	His Excellency Cesar G. ATALA	833-9860
St. Kitts and Nevis	Mr. Erstein M EDWARDS	833-3550
St. Lucia	His Excellency Dr. Joseph Edsel EDMUNDS	463-7378
St. Vincent and the Grenadines	No Washington representation	N/A
Suriname	His Excellency Willem A. UDENHOUT	244-7488
Trinidad and Tobago	His Excellency Angus Albert KHAN	467-6490
United Kingdom of Great Britain	His Excellency Sir Antony ACLAND	462-1340

Uruguay Mr. Juan PODESTAPINON 331-1313
(Minister and Chargé de Affairs)

Venezuela His Excellency
Simon Alberto CONSALVI 342-2214

Organization of American States
Secretary General
Joao Baena SOARES 458-3841



BUSINESS

~~Michael Camdessus~~

~~Michael Camdessus~~

- Richard Erb, Deputy Managing Dir - IMF
- Barber Conable - Pres. IBRD
- John Reed - chairman, Citibank
- David Rockefeller, Chairman, Council of the Americas
- Enrique Iglesias - Pres. Inter Am^{Dev.} Bank
- Alan Greenspan, Chairman, Fed Res Sys
- ~~Paul Volcker - Co-Chair of Bretton Woods~~
- John McGilliatty - Chair - Manuf. Hanover
- Amb. Zeder - OPIC
- World Bank -

US

AFL-CIO — Kirkland

DIPLOMATS

- L.Am :
- Europe :
- Carib :
- Japan :
- OAS sec-gen :

OVERVIEW OF ATTENDEES

- MEMBERS OF CONGRESS ⇒ none
- DIPLOMATS ⇒ Latin American
European
Caribbean
Japan
OAS Sec. Gen.
- US OFFICIALS ⇒ cabinet
VP
James CCB
USIA - Gubb
Greenspan

- BUSINESS ⇒

EXIM

OPIC

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Barber Conable - Pres., IBRD

Enrique Iglesias - Pres., Inter-Am. Bank

John Reed, Pres., Citibank

DAVID ROCKEFELLER - Chmn. Council of the Americas.

[Der. Bank?]