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Frank Ray
Desk Officer, State Dept.
647-3338

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(Smith/Garmey)
November 18, 1990
2 P.M.
VENEZ

PRESIDENTIAL REMARKS: EMBASSY GREETING
CARACAS, VENEZUELA
SATURDAY, DECEMBER 8, 1990

*Pat Broe
Philip McClane's
dc. New dep
asst. sec. 647-6754*

o Ambassador and ~~will this offend?~~ Mrs. Skol friends. Barbara and I are pleased to meet with the American Embassy Community at the home of America's first family in Venezuela.

o Let me say that I am glad the Ambassador and Claudia made it here before I did. I imagine for a while you were uncertain who would get here first. //

Frank Ray

o But now that the long wait for a new Ambassador is over, I am sure you will be delighted. It is a privilege to greet you here in this magnificent setting.

Frank Ray

o ((Incidentally, I am told that the view from the chancery building to be constructed in Valle Arriba will be even more majestic. So just bear with us. Before long our embassy in Caracas will be among the most beautiful in the world.)) //

Frank Ray

o [As you know, I have come to Venezuela a number of times. I was last here in 1981 as Vice-President.] My son, Jeb, and his wife, Columba, lived in Caracas for several years. *one year*

Barbara and I will always treasure our visits.

o As guests, we knew from our experience in China that there is no more dedicated group than the men and women -- American and foreign -- who staff our embassies. Our Embassies evoke a touch of America so many miles from home. //

o Nine years ago, I met with the Embassy community. The American staff members who were here then have all rotated out. But most of the Venezuelan members of the Embassy team are the same. This shows how without you we would have no continuity and little institutional memory. I am especially grateful for your work, and your dreams.

o I am also proud of the U.S. staff. I understand that one of you was once a prisoner in Castro's jails, and has gone on to win awards for valor in our foreign service. ~~Another survived a North Vietnamese prison camp and is making a fine contribution to USIS.~~ The commercial counselor was the last American on the roof of our embassy in Saigon and helped save the lives of many others. //

o Today -- like then -- you are serving freedom and democracy. Helping Venezuela consolidate its democratic institutions and restructure its economy. Showing -- under President Perez -- that a prosperous Venezuela can make ours a better, more decent world.

o It's public servants like you -- and Ambassador Skol - - who make me proud of Americans serving abroad. Thank you for what you've done to make our visit a success. God bless the United States of America.

#

THE WHITE HOUSE
WASHINGTON

Need name of ^{Am.} Ambassador in Venezuela, & wife's name
Michael & Claudia Skol
→ Serwer (Sur-wur)

Also — Bush's son Jess worked in Venezuela
for several yrs — is his wife & her his wife
Columb's? in 1978 for
one yr.
from — Don Rhodes

from Jeb's office → worked for ~~the~~
a Texas bank
asst to the ~~VP~~ Ch. of
B.P.
asst VP
rep. of bank
in Caracas, Ven. Aug. 74 — May 79
in Ven From 78 til 79

VENEZUELA: SUGGESTED DEPARTURE STATEMENT

It has been a real pleasure visiting Venezuela once again, and I am delighted to have had the opportunity to meet and consult with President Perez, an international leader whom I respect and admire.

Although President Perez and I talk regularly, this was a welcome opportunity to exchange views in greater length and detail, and to enjoy the warm hospitality of the Venezuelan people.

At this moment of great historical change -- not only in Latin America, but throughout the globe -- I value discussing the regional and world situation with a leader of such standing and experience. I can tell you that our bilateral relations have never been better, and I look forward to continuing the close working relationship we have enjoyed with Venezuela.

It has also a pleasure to be able to discuss regional issues with President Collor of Brazil, President Menem of Argentina, President Lacalle of Uruguay, and President Aylwin of Chile. As I travelled throughout the continent over the past week, what came through most clearly is that there is a new, modern South America which has emerged out of the era of military dictatorships and centralized economies. The Latin America of today is blossoming under the freedoms and opportunities offered by true democracy, and governments throughout the region are making the tough economic decisions which will carry this continent into the 21st century with unprecedented growth and momentum.

Again I would like to express my thanks to President Perez and the Venezuelan people for the warm welcome that was extended to Barbara and me.

SEARAAND 2079: VE: Bush Trip Departure
Drafted by AmEmbassy Caracas
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S/P:PSimons

VENEZUELA: Q'S AND A'S FOR PRESS AVAILABILITY

1:00

Q. What special concessions is the U.S. willing to give Venezuela for serving as a secure supplier of oil during the crisis in the Middle East?

A. -- VENEZUELA'S PRODUCTION INCREASE HAS BEEN AN IMPORTANT CONTRIBUTION TO STABILITY IN THE WORLD OIL MARKET DURING THE GULF CRISIS.

-- KEEPING SUPPLIES AND PRICES STABLE HAS BEEN IN VENEZUELA'S INTEREST AS WELL AS IN THAT OF THE U.S.

-- HIGH OIL PRICES ARE A SERIOUS PROBLEM FOR THE WORLD ECONOMY, THREATENING TO SEND THE DEVELOPED COUNTRIES INTO RECESSION AND DEVASTATE THE FRAGILE ECONOMIES OF THE DEVELOPING COUNTRIES.

-- THIS IS WHY VENEZUELA'S ROLE HAS BEEN SO IMPORTANT. AS A RELIABLE SUPPLIER, VENEZUELA ENHANCES THE PROSPECTS OF ENERGY COOPERATION AMONG THE COUNTRIES OF THE HEMISPHERE, A CONCEPT THAT WE ENDORSE.

-- VENEZUELA'S PARTICIPATION, ALONG WITH MEXICO, IN SUPPLYING OIL UNDER THE SAN JOSE ACCORDS TO SUPPORT THE GROWTH OF DEMOCRACY IN CENTRAL AMERICA AND THE CARIBBEAN IS ANOTHER IMPORTANT CONTRIBUTION WE RECOGNIZE.

Q. Is the U.S. prepared to invest in increasing Venezuela's oil production capacity?

A. -- THE QUESTION OF U.S. INVESTMENT REALLY PERTAINS MORE TO OUR PRIVATE SECTOR THAN TO THE U.S. GOVERNMENT. THERE ARE, HOWEVER, THINGS THAT BOTH GOVERNMENTS CAN DO TO PROMOTE U.S. INVESTMENT IN VENEZUELA.

-- VENEZUELA HAS TAKEN A NUMBER OF STEPS TO LIBERALIZE ITS INVESTMENT REGIME. THIS MAKES FOREIGN INVESTMENT HERE AN ATTRACTIVE PROPOSITION. AS A MATTER OF FACT, OVER HALF OF THE FOREIGN INVESTMENT IN VENEZUELA IS U.S. INVESTMENT.

-- SHOULD VENEZUELA DECIDE THAT IT WANTS TO WORK WITH FOREIGN FIRMS, WE WOULD CERTAINLY ENCOURAGE AMERICAN FIRMS TO EXPLORE THE OPPORTUNITIES.

-- OF COURSE, THE TERMS OF THEIR PARTICIPATION IN THE EXPANSION OF VENEZUELA'S OIL INDUSTRY WOULD HAVE TO BE CONSISTENT WITH VENEZUELAN LAW AND ITS OWN BUSINESS INTEREST.

-- RENEWED ACTIVITY OF THE U.S. TRADE AND DEVELOPMENT PROGRAM (TDP) IN VENEZUELA HAS MADE FUNDING AVAILABLE FOR FEASIBILITY STUDIES FOR SEVERAL MAJOR PROJECTS IN THE PETROLEUM AND PETROCHEMICAL SECTORS -- A REFLECTION OF U.S. COMMITMENT TO VENEZUELA AND THE WILLINGNESS AND INTEREST OF OUR PRIVATE SECTOR IN SUPPORTING YOUR DEVELOPMENT PLANS.

Q. What do you feel you have accomplished with this trip to Latin America?

A. -- THE RESURGENCE OF DEMOCRACY IN EASTERN EUROPE HAS CAPTURED THE ATTENTION OF THE WORLD, BUT THE SWEEP OF DEMOCRACY THROUGH THE AMERICAS IS EQUALLY IMPORTANT TO THE U.S.

-- THIS TRIP HAS GIVEN ME THE OPPORTUNITY TO VISIT SOME OF THOSE COUNTRIES WHICH ARE JUST BEGINNING TO SAVOR AGAIN THE TASTE OF LIBERTY, AS WELL AS TO SPEND SOME TIME WITH THE DEMOCRATICALLY ELECTED LEADERS OF COUNTRIES LIKE VENEZUELA, WHICH HAVE WELL-ESTABLISHED DEMOCRATIC GOVERNMENTS.

-- WE KNOW WELL THE IMPORTANT ROLE OF ECONOMIC GROWTH IN ENSURING DEMOCRATIC STABILITY, AND THIS TRIP HAS GIVEN ME THE OPPORTUNITY TO CONFER WITH THE KEY ECONOMIC POWERS OF THIS CONTINENT ABOUT OUR ENTERPRISE FOR THE AMERICAS INITIATIVE.

-- I AM CONVINCED THAT THE APPLICATION OF FREE MARKET ECONOMIC FORCES, BY OPENING THE TRADING AND INVESTMENT RELATIONS AMONG OUR COUNTRIES, WILL ASSURE OUR PROSPERITY INTO THE NEXT CENTURY. THIS WILL GIVE VENEZUELA THE OPPORTUNITY TO ATTRACT FUNDS FROM OUR LARGE, FLEXIBLE CAPITAL MARKETS, AND PROVIDE STILL GREATER ACCESS FOR ITS EXPORTERS TO AN AFFLUENT U.S. MARKET OF 240 MILLION PEOPLE.

Q. What does the Bush Enterprise for the Americas initiative have to offer Venezuela?

A. -- THE PROGRAMS WHICH WE ENVISION UNDER THIS NEW INITIATIVE WILL BENEFIT VENEZUELA PRIMARILY BY PROMOTING INCREASED TRADE AND INVESTMENT.

-- WE ENCOURAGE VENEZUELA TO JOIN US IN WORKING TOWARDS OUR GOALS OF FREE TRADE AND AN OPEN INVESTMENT CLIMATE THROUGHOUT THE HEMISPHERE.

-- WE ARE WORKING ON A BILATERAL FRAMEWORK AGREEMENT ON TRADE AND INVESTMENT THAT WILL GIVE US A MECHANISM WITHIN WHICH TO WORK FOR REDUCED TRADE BARRIERS AND INCREASED FLOWS OF TRADE AND INVESTMENT. OUR TWO-WAY TRADE TOTALLED ALMOST 10 BILLION DOLLARS LAST YEAR, WITH A SIZABLE BALANCE IN VENEZUELA'S FAVOR: VENEZUELAN EXPORTS TO THE U.S. GREW 31 PERCENT FROM THE PREVIOUS YEAR.

-- A THIRD PILLAR OF THE INITIATIVE INVOLVES REDUCTION OF BILATERAL OFFICIAL DEBT. FUNDING FOR THE ENVIRONMENT WILL ALSO BE MADE AVAILABLE THROUGH THIS PROCESS. BECAUSE VENEZUELA'S DEBT TO THE U.S. IS VERY SMALL, ITS DIRECT BENEFITS FROM THIS ELEMENT OF THE INITIATIVE WOULD BE LIMITED. VENEZUELA COULD, HOWEVER, EXPERIENCE SIGNIFICANT BENEFITS THROUGH THE REDUCTION OF THE BILATERAL DEBTS OF ITS SMALL REGIONAL TRADING PARTNERS.

-- WE WERE VERY PLEASED TO NOTE THE SUCCESSFUL CONCLUSION OF VENEZUELA'S COMMERCIAL DEBT NEGOTIATIONS WITH THE INTERNATIONAL BANKING COMMUNITY. THE OUTCOME IS A VOTE OF CONFIDENCE IN VENEZUELA'S FUTURE.

Q. Is it true that Venezuela is increasingly important as a transit point for drugs and are the Venezuelans doing anything about it?

A. -- THERE HAS BEEN AN INCREASE IN THE TRANSHIPMENT OF ILLICIT DRUGS AND PRECURSOR CHEMICALS THROUGH VENEZUELA IN THE LAST SEVERAL YEARS, AS THE TRADITIONAL "LANES" OF SHIPMENT ELSEWHERE HAVE BEEN SHUT DOWN OR MADE MORE RISKY FOR THE DRUG TRAFFICKERS.

-- VENEZUELANS SHARE OUR CONCERN ABOUT THIS SITUATION. THE ESTABLISHMENT OF A MINISTRY OF STATE FOR DRUGS, PRESIDENT PEREZ'S RECENT DRUG POLICY SPEECH (NOTE: SCHEDULED FOR NOVEMBER 23) AND THE ONGOING EFFORT IN THE VENEZUELAN CONGRESS TO REFORM THE 1984 DRUG LAW ARE INDICATIONS OF THE GREATER IMPORTANCE WHICH THE VENEZUELAN GOVERNMENT ATTACHES TO THE DRUG ISSUE.

-- WE APPLAUD THESE MEASURES AND WE ARE COMMITTED TO ASSISTING THE VENEZUELANS IN THEIR ANTI-DRUG EFFORTS.

Q. What levels and what type of anti-drug assistance is the United States providing to Venezuela?

A. -- IN ADDITION TO THE PROVISION OF LAW ENFORCEMENT EQUIPMENT AND TRAINING TO DETECT AND INTERDICT DRUGS, THE UNITED STATES GOVERNMENT IS PROVIDING MATERIALS, INFORMATION AND TRAINING ON SUCCESSFUL DRUG AWARENESS AND PREVENTION PROGRAMS IN THE UNITED STATES WHICH COULD BE ADAPTED FOR USE HERE IN VENEZUELA.

-- CURRENTLY, THE U.S. IS SPENDING OVER \$1 MILLION ANNUALLY ON COUNTRY-NARCOTICS ASSISTANCE PROGRAMS FOR VENEZUELA.

Q. Is Venezuela becoming a major money laundering center? What measures have the Venezuelan authorities been taking to prevent money laundering in the country?

A. -- VENEZUELA HAS BECOME AN IMPORTANT MONEY LAUNDERING CENTER, AND THE GOVERNMENT OF VENEZUELA IS WORKING TO DEVELOP MECHANISMS TO PREVENT DRUG TRAFFICKERS FROM USING VENEZUELAN BANKS TO LAUNDER THEIR MONEY. THE RECENT SIGNATURE OF A U.S.-VENEZUELAN BILATERAL MONEY LAUNDERING AGREEMENT PROVIDES A GOOD FOUNDATION ON WHICH OUR TWO GOVERNMENTS CAN BUILD A STRONGER COOPERATIVE EFFORT.

Q. What gives the U.S. the right to resort to the use of force, like you did in Panama?

A. -- THE U.S. DOES NOT AND WILL NOT USE FORCE
INDISCRIMINATELY. WE WILL ACT TO PROTECT AMERICAN
LIVES, BUT IT IS HARD TO IMAGINE A PARALLEL SITUATION
IN THIS HEMISPHERE TO MANUEL NORIEGA'S DICTATORSHIP.

-- AN INDICTED DRUG TRAFFICKER, HE BRUTALLY DEFIED THE
RESULTS OF DEMOCRATIC ELECTIONS IN WHICH GUILLERMO
ENDARA WAS FREELY ELECTED PRESIDENT. HE DENIED THE
WILL OF THE PANAMANIAN PEOPLE AND THEN PROCEEDED TO
CREATE AN ATMOSPHERE WHICH THREATENED, AND ULTIMATELY
CLAIMED, AN AMERICAN LIFE.

-- I KNOW THAT OUR FRIENDS IN LATIN AMERICA HAVE A
HISTORIC CONCERN ABOUT U.S. USE OF FORCE, BUT I ALSO
KNOW THAT THEY SHARED WITH ME THE SENSE OF FRUSTRATION
AT THE INABILITY OF INTERNATIONAL ORGANIZATIONS TO
TAKE EFFECTIVE ACTION TO GET NORIEGA TO RESPECT THE
DEMOCRATICALLY EXPRESSED WILL OF THE PANAMANIAN PEOPLE.

SEARAAND 2077: VE: Bush Trip Press Availability

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ARA:JFMack

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ARA/AND:DBecker

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EB/ERF/EPC:DPeashock

ARA/ECP:DFinnerty

ARA/PAN:RDotson

INM/P:MTrejo

USTR:BStillman

TREASURY:WMcGrew

C:MFoulon

PA:RBoucher

S/P:PSimons