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Series: Davis, Mark, Files
Subseries: Subject File, 1989-1991

OA/ID Number: 13873
Folder ID Number: 13873-001

Folder Title:
Mexico-South America / Mexican Speech, 11/90

Stack:	Row:	Section:	Shelf:	Position:
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POTUS VISIT TO MEXICO: FACT SHEET

- POTUS notified the Congress on Sept. 25 that the U.S. and Canada intended to negotiate a free trade agreement (FTA) (gradual elimination of trade barriers)
- U.S. and Mexico share a 2000 mile border, one of the longest bilateral borders in the world.
- Trade between our two nations is expected to swell to an all-time high of 60 billion this year.
- Mexico is our third largest trading partner and third largest export market- behind only Canada and Japan.
- Total U.S. direct investment totals over 5.5 billion, and total Mexico investment over 1 billion.
- Increased U.S. exports means more jobs: every 1 billion of exports generates roughly 22,000 U.S. jobs.
- A GATT agreement is near completion.
- the trend towards greater trade cooperation between our nations has been spurred in recent years by a General Agreement on Tariffs and Trade in 1986, the U.S./Mexico Framework Agreement in 1987, and the Trade and Investment Facilitation Agreement in 1989.
- Recently, Secretary Mosbacher and Mexican Secretary of Commerce and Industrial Development Serra established the Joint Committee for Investment and Trade (JCIT)
- U.S. exports to Mexico were up 20% in 1989 to \$25 billion. Imports grew by 17% to \$27 billion.
- In '89, 82% of U.S. exports to Mexico and 72% of imports were manufactured good.
- total trade between the two nations has risen by 75% since 1986.
- Mexico recently concluded a new debt agreement with international creditors; this will free resources for continued economic modernization and increased imports.
- Mexico's economy has continued to improve throughout 1989 and '90, with the Gross Domestic Product growing by 3% over this time. Employment has been rising. Furthermore, since the signing of the Economic Solidarity Pact ("the Pact") was announced in December of 1987, public sector deficit has been declining, and the annual inflation rate has fallen from 160% in 1987, to 52% in 1988, to 20% in 1989. The 1990 figure is expected to be something like 25-27%.
- Mexico has been helping alleviate the oil crisis in the past few weeks, increasing its exports by 100,000 barrels/day over this time.



**A Message to U.S. Exporters
From Secretary of Commerce Robert Mosbacher**

An exciting new era in U.S.-Mexico relations is beginning as President Bush formally notified Congress on Sept. 25 of his intent to enter free trade negotiations with Mexico.

This issue of *Business America* is devoted to the evolving commercial climate in Mexico. I strongly encourage you to take a close look at the magazine—and at the Mexican market. Economic reforms in Mexico are rapidly translating into growth for Mexico and business opportunities for U.S. exporters and investors. President Bush has said of our relations with Mexico, “Together we’ve improved opportunities for bilateral trade and investment and nurtured our environment.” A free trade agreement would continue to improve our economic relations and foster substantial rewards for the United States and Mexico.

The U.S. Department of Commerce, with its Mexico division, 67 domestic field offices, and three commercial offices in Mexico, stands ready to help you take advantage of this new U.S.-Mexico partnership.



UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D. C. 20230

REVISED 11/8/90
6:00 PM

INVITATION STATUS
SECRETARIAL/PRESIDENTIAL MEXICAN FTA MEETING

ACCEPTS

Maurice Greenberg
Chairman, President and CEO
AMERICAN INTERNATIONAL GROUP, INC.
212/770-7000

Heinz Prechter
Chairman
ASC INC.
313/246-0201

Riley Bechtel
President and CEO
BECHTEL GROUP, INC.
415/768-1234

Kay R. Whitmore
Chairman, President and CEO
EASTMAN KODAK COMPANY
716/724-4000

Trammell Crow
Chairman
TRAMMELL CROW COMPANIES
214/979-5110

Robert J. Stempel
Chairman and CEO
GENERAL MOTORS CORPORATION
313/556-5000

Thomas H. Cruikshank
Chairman and CEO
HALLIBURTON COMPANY
214/978-2600

Sam E. Barshop
Chairman, President and CEO
LA QUINTA MOTOR INNS INC.
512/366-6000

Gary Jacobs
President
LAREDO NATIONAL BANK

PAGE TWO

ACCEPTS (Continued)

Robert Day
Chairman
TRUST COMPANY OF THE WEST
213/683-4000

Jerry K. Pearlman
Chairman and President
ZENITH ELECTRONICS CORPORATION
708/391-7000

REGRETS

William W. Adams
Chairman and President
ARMSTRONG WORLD INDUSTRIES, INC.
717/397-0611

James K. Baker
Chairman and CEO
ARVIN INDUSTRIES, INC.
812/379-3000

William D. Ruckelshaus
Chairman and CEO
BROWING-FERRIS INDUSTRIES, INC.
713/870-8100

Edgar S. Woolard, Jr.
Chairman and CEO
E.I. DUPONT DE NEMOURS AND COMPANY
302/774-1000

Ken Lay
Chairman, President and CEO
ENRON CORP.
713/853-6161

John F. Welch, Jr.
Chairman and CEO
GENERAL ELECTRIC COMPANY
203/373-2211

Edwin L. Artzt
Chairman and CEO
THE PROCTER AND GAMBLE COMPANY
513/983-1100

90 OCT 23 A 9:18 **WHITE HOUSE STAFFING MEMORANDUM**

DATE: 11/23/90 ACTION/CONCURRENCE/COMMENT DUE BY: NOON TODAY

SUBJECT: PRESIDENTIAL REMARKS: SIX SPEECHES FOR STATE VISIT TO MEXICO

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

REMARKS:

Please forward any comments directly to Chriss Winston, Rm. 122, x2930, no later than NOON TODAY, Friday, November 23, with a copy to my office. Thank you.

RESPONSE:

*OMB Phone in comments
NB*

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

PRESIDENTIAL REMARKS: CASINO MEETING
MONTERREY, MEXICO
TUESDAY, NOVEMBER 27, 1990
11:45 A.M.

Secretary Serra, Secretary Mosbacher, Mrs. Hills, friends.
Thank you, Mr. President, for that kind introduction and for the warm friendship that has grown between our families and our countries.

You know, forty-seven years ago, the last American President to visit Monterrey, Franklin Roosevelt told of his hopes that one day every Mexican and American President would feel at "liberty to visit each other just as neighbors visit each other"-- just as neighbors talk things over and get to know one another." Today, that dream of a special relationship between the United States and Mexico is no longer a dream. It is as real as the spirit and drive, the compassion and courage of this great Mexican President and his people.

Bernal Diaz, a great 16th Century writer, once wrote of Mexico "that never in the world would there be discovered other lands such as these." The Mexico of 1990 lives up to that early vision. Yours is a land of beauty and the boundless energy of a creative people. It is a land of optimism and a land of infinite opportunity.

You are a nation proud of yesterday and hopeful for the future, and it is a future the United States wants to share.

2

It is easy to see why Mexico is so strong-- and why the relationship between our two nations has never been more important or interrelated. Today, more people are crossing the borders joining our countries than ever before - crossing legally and establishing strong social, cultural and economic ties.

Today, our governments are working closely to win the war on drugs -- a war that takes a terrible toll on the lifeblood of both Mexico and the United States. And our efforts are beginning to pay off as we see more illegal drugs seized than ever before.

We also see more and more universities on both sides of the border developing exchange programs as we work to encourage intellectual achievement and better understanding between our peoples. And we have committed ourselves to protect our environment.

But it is difficult to imagine any theme more vital than the one you are discussing this morning -- how the private sector can create and expand the economic resources that sustain our relationship as a whole.

I can tell you that I am convinced that the most important step we can take together as nations and as two peoples with drive and determination is the passage of a Free Trade Agreement between the United States and Mexico.

You know that free trade means more jobs and productivity for both Mexicans and Americans. You understand the economic importance of the United States; and America, too, realizes the economic importance of Mexico. Consider that Mexico is now

Casino

3

America's third-largest trading partner -- \$52 billion in trade in 1989, and this year's number should be even higher. Since every billion dollars of exports creates roughly 25,000 jobs, more cooperation means more prosperity for more people.

I know there is no blueprint; no one size fits-all approach to progress and reform. Each nation in this region must decide how best to achieve economic growth. But it was President Salinas who said in his recent State of the Union Address, "Mexico doesn't want to be a third world nation. It wants to be a first world nation.

He understands that prosperity in this hemisphere depends on trade not aid. Already, your automotive, electronic, tourism and other industries have shown world-class productive capability and when you grow, we grow. A Mexico that wants to get out and compete has selling power, but it also has buying power. That's good for Mexico and good for America.

Negotiating a Free Trade Agreement won't be easy. We will hear criticism -- just as we did when we negotiated the Free Trade Agreement with Canada. But we should remember what trade liberalization can and already has done.

In 1988, Mexico entered the GATT-- and bilateral trade soared to \$52 billion -- up \$17 billion from the year before, ~~The bond industry took hold and reached growth rates of 20 percent a year,~~ creating half-a-million jobs. Virtually, everyone favors free trade, but not everyone has the vision to make it a reality. I believe Mexico and the United States do --

OMB
Phoned in

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and I ask you not only to help make it happen but to make it succeed.

Both our peoples can then look to a future of peace and prosperity. A proud future for two nations sharing not just common borders -- not just common ideals but a friendship that last generations.

Thank you for your kindness and a truly wonderful visit. Thanks to my good friend President Salinas -- and God bless the great nation of Mexico.

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11/23 - Don Johnson (NSC)

- (Mexico speech)

- hotel

- top CEOs - of both countries - 14 from each country?

- 8-9 a.m.

- 5-6 minutes

- object - we are committed to FTA

- there hope can play major role in this at 2 days

- do sound - need to build confidence on both

countries - private sector in support of them

- full commit. to effort - call on them to help out -

- FTA - will be good for all people, create jobs, opportunities, private sector - clean property -

- 50 b. in order in 1989 -

- pay bill - need your help - make currency

border, big jobs people from both sides -

- make item heard in Congress

- very quickly, very short -

- FDCVS - ~~at~~ the matter to CB, on the agenda, we polit. capital to make happen -

- unequal service in yr

- let them

- opportunities -

1. Introduction - 15/10

2. Background - 15/10

3. Methodology - 15/10

4. Results - 15/10

5. Discussion - 15/10

6. Conclusion - 15/10

7. References - 15/10

8. Appendix - 15/10

9. Summary - 15/10

ness worlds -- to state my absolute and unequivocal commitment to the Federal Trade Agreement. \\ \\ This precedent-setting, bilateral compact is a tremendously exciting proposition that will be good for all our peoples. It will bring a dynamic new future of prosperity for our countries. What could be a more powerful idea than a two-nation commitment to creating jobs and business opportunities by involving the private sector? \\ \\

There is one absolutely crucial element for the FTA's success. And that is you. You can play a major role in making this work. \\ You can play a major role in our nations' economic futures. For the FTA to succeed, we must build a coalition of cooperation that will bridge our borders. \\ \\

The FTA has my full commitment -- and that of the Mexican government. Now we need the same from you. We need the top businessmen from both countries to show their unconditional enthusiasm for this venture. And we need to hear your voices of support in the halls of Congress, too. \\ The FTA matters deeply to the U.S. I pledge to do all I can to make it a dramatic success. And I do so trusting that all of you will be behind me.

Abraham Lincoln left legacies of powerful words which have been adopted and admired by both our countries. Something he said struck me as relevant to the work we are beginning -- together -- today. This great man of the people said: "Towering genius disdains a beaten path. It seeks regions hitherto unexplored." \\

We're looking toward the FTA to lead us -- all of us -- as we venture together into more unexplored regions of economic creativity. Thank you, good luck, and God Bless our countries.

(Hinchliffe)
November 23, 1990 2 p.m.
CEO

**PRESIDENTIAL REMARKS: AMERICAN-MEXICAN CEO BREAKFAST
Tuesday, November 27, 1990
Monterrary, Mexico**

Thank you for that warm welcome. I'm glad to be here, among friends who understand the very special bond our two countries share. \\ You know, there's something else we share, too: a tradition where people turn their backs on work, close their eyes and go to sleep. You call it a "siesta." We call it "Congress." \\

I've always felt a kinship with Mexico -- I spent so much of my life just over the border, in Texas. But I tell you, coming here now feels different. There's a kind of excitement in this country today -- and it's made up of pride in your very real accomplishments -- confidence in your strength -- and optimism that says: "bring on the future, we're ready, we can't wait." \\

We want to share that future with you. As we share so much already. Together, we've improved opportunities for bilateral trade and investment -- spurred by our agreements in 1986, 87 and 89. As a result, trade between our nations is expected to swell to an all-time high of \$60 billion this year. \\ Mexico is our third largest trading partner and third largest export market: as a matter of fact, trade between our countries has risen by 75% since the first of those agreements was signed four years ago. U.S. businesses have invested over \$5.5 billion in Mexico; and it has invested over \$1 billion in our country. \\

And this is going to increase. I am delighted to have this opportunity to meet with you -- the leaders of our nations' busi-

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our Commerce secretaries have recently established the Joint Committee for Investment and Trade. \\\

We're excited to watch -- and learn from -- the growth of your economy. The GDP has grown 3% in just a year; employment has risen; and in two years the inflation rate has fallen from 160% to 20%. I recall President Salinas' pledge in his recent State of the Union address: "Mexico doesn't want to be a third world nation. It wants to be a first world nation." Well, already under his gifted leadership, economic reforms here have rapidly translated into growth for Mexico and business opportunities for U.S. exporters and investors.

We see lessons accomplished here that we want to tell the world about. With courage and political determination Mexico has stared down the threat of economic collapse and has wrestled that crisis into control. We know it wasn't easy. Tax reform and cuts in spending can be difficult at first. But now your country's budget is for all intents and purposes balanced. What a tremendous example.

And at the same time you have reversed tracks and moved from protectionist view of trade to becoming one of the most open

ecnomics in the world. You've reduced importa barriers and have become a world player in industries like computer chips, satellite components, teleivision, and cars. And by liberalizing regulations, you have opened up to foreign capital in a broad-based way.

And one more dramatic point: Mexico has always met its payments on foreign debt. This dependability has encouraged bond market financing of new understakings in this country.

THE WHITE HOUSE
WASHINGTON

October 28, 1990

MEMORANDUM

TO: DAVID DEMAREST
CHRISS WINSTON
SPEECHWRITER/RESEARCHER TO BE ASSIGNED

FROM: CAROLYN CAWLEY

SUBJECT: PREADVANCE TO MONTERREY, MEXICO

President Bush will be traveling to Monterrey, Mexico November 26 -27, 1990. Mrs. Bush and Secretary Baker will accompany him.

The proposed schedule is as follows:

November 26, 1990

11:45 a.m. Arrive Monterrey, Mexico.
Welcomed by Foreign Minister Solano

12:00 p.m. Helicopter departure to Agua Leguas, hometown of
President Salinas

12:30 p.m. Meet President and Mrs. Salinas at an
informal arrival

12:50 p.m. Rodeo demonstration at the local corral

1:45 p.m. Barbecue for the townspeople hosted by
President Salinas. 5000 attendees expected.
Very brief remarks -- Hello, thank you for
the hospitality, etc.

3:15 - Downtime and private meetings
5:00 p.m.

5:00 p.m. Depart for Monterrey

2

5:30 p.m. POTUS and President Salinas arrive Monterrey for official arrival ceremony with full honors

5:40 - Government Palace -- they'll be received by thousands of citizens in the Plaza. Firework displays and brief remarks by both Presidents.

6:30 p.m. thousands of citizens in the Plaza. Firework displays and brief remarks by both Presidents.

6:30 p.m. End of official day

November 27, 1990

9:00 a.m. Private One on One Meetings between the two Presidents. Photo opportunities.

9:20 a.m. Expanded bilateral meetings

10:40 a.m. City Theatre -- 15 minutes of remarks by each President. 1400 attendees representing a cross section of the citizens of Monterrey.

11:45 a.m. Casino Monterrey -- join the end of a meeting between Mexican business leaders hosted by Secretary Mosbacher and Trade Representative Hills. 250 attendees. Very brief remarks.

12:30 - Palacio Gobierno -- Dedication Ceremony for a new Mexican - American Studies Institute. Very brief remarks.

12:45 p.m.

1:00 - Palacio Gobierno -- Official Luncheon. 150 attendees. Toasts.

2:05 p.m.

2:30 p.m. Arrive Airport

2:45 p.m. Depart Monterrey, Mexico for Andrews AFB

PREADVANCE NOTES -- MONTERREY, MEXICO

Contacts:

** Bob Earle, Embassy PAO (Mexico City) **
Bob Gibbons, US Consulate in Monterrey

On economics: Paul Trivelli, US Embassy in Mexico City
Don McConnell, US Embassy in Mexico City

Notes of Interest:

The Agua Leguas Rodeo and Barbecue:

Agua Leguas means "Far Waters". It is President Salinas' ancestral home. It's located about 1 1/2 hours from Monterrey by car. Extremely rural small town. The town square is about all there is.

The BBQ is expected to draw 5,000 people, many of whom will be Mexican children. This is really down home entertainment by President Salinas -- any remarks should acknowledge POTUS' pleasure at having been invited to this small town, the wonderful hospitality, etc. Draw on the years he spent in Texas etc.

The BBQ plaza is down the street one half block from the Salinas home.

- Benito Juarez is known as the Father of Mexico. The dedication ceremony room at the Palace is named for him.
- You may also want to check up on Octavio Paz, recent Nobel Prize winner for literature. I was told he is very popular with the Mexican people and also very quotable for POTUS.
- A major landmark in Monterrey is Saddle Mountain. It does resemble a saddle and is visible from virtually everywhere. See photos.
- Note that Monterrey is a very small city that is far from everything else in Mexico. It's flat, but surrounded by hills. The countryside around it is almost desert-like, strewn with sagebrush and tumble weed. The land between Monterrey and Agua Leguas is virtually unpopulated, except for shack once in a great while.

Monterrey is located in "Estado de Nuevo Leon"...
the state of the new lion. (check this translation!)

Though it's far from everything else, Monterrey is Mexico's #2 industrial center. It's the home of a group of 10 conglomerates in steel, glass, and beer. The story says two guys decided to produce beer and decided they should also produce the bottles, then the caps, etc. All of Mexico's major brands of beer are made here.

It's boom came in the 1890's with the railroad, though it has been a trading center since the 16th century.

-- The national symbol, seen in all the government buildings including the facade above the podium for the Palace/ firework speeches is: an eagle landing on a cactus. It is an Aztec symbol for the founding of Mexico.

-- I was told that FDR was the last US President to visit Monterrey, in April 1943. Reagan visited Mexico, though not Monterrey. Check on Bush's visits as VP.

-- You may want to look into Lincoln quotes for these speeches. I saw several quotations of his displayed in various buildings, though they were in Spanish and I didn't have time to write them down.

The City Theatre is a very modern structure. The main auditorium, site of the speeches, is gray and black and fairly nondescript. It's mainly used for performing arts. There are two tiers of seats, just like any performance hall.

Palacio Gobierno is a huge and magnificent structure at one end of a major plaza. The plaza has a big fountain in the center and has 4 statues of historical figures. See photos. The mountains in the distance appear larger than life. The two Presidents will appear on the front steps of the Palace and will make brief remarks there following a fireworks display.

Palacio Gobierno Luncheon. Luncheon for 100-150 guests. It will be held either in an open courtyard or an enclosed one topped with stained glass.

Salon de Benito Juarez. Room for the dedication ceremony for the Mexican-American Studies Institute. The program is a joint venture between the University of Nuevo Leon/ the Monterrey Technical Institute and US Universities. I couldn't find anyone to tell me more. Best to check with Bob Earle, PAO at the Embassy in Mexico City!

**United States
Information
Service**

Embassy of the United States of America
Mexico, D.F.

647-8386



November 8, 1990

MEMORANDUM TO: ARA - Ms. Salley Grooms Cowal
ARA - Mr. Richard Howard ✓

FROM: CPAO - Robert L. Earle *RE*

SUBJECT: Draft Presidential Public Remarks and
State Luncheon Toast

I have prepared drafts for all the President's public remarks during the State visit, including "contingent" remarks for various sites where he may or may not be asked to speak. All these texts have been cleared by the Ambassador and Country Team.

The attached drafts are presented in the order in which I expect they will be delivered. They are:

CONTINGENT PRESIDENTIAL REMARKS SHOULD ARRIVAL STATEMENT
BE NECESSARY AT MONTERREY AIRPORT

CONTINGENT PRESIDENTIAL REMARKS IF ARRIVAL CEREMONY IS
HELD AT AGUALEGUAS

DRAFT PRESIDENTIAL REMARKS AT FIESTA FOLLOWING CHARREADA
IN AGUALEGUAS

DRAFT PRESIDENTIAL REMARKS ON STEPS OF GOVERNOR'S PALACE

DRAFT PRESIDENTIAL REMARKS ON RECEIVING KEYS TO MONTERREY

DRAFT PRESIDENTIAL REMARKS ON CREATION OF U.S. - MEXICO
COMMISSION ON EDUCATIONAL AND CULTURAL EXCHANGE

DRAFT PRESIDENTIAL REMARKS FOR USE AT MEETING WITH
BUSINESSMEN IN MONTERREY CASINO

DRAFT PRESIDENTIAL TOAST AT STATE LUNCHEON

DRAFT PRESIDENTIAL STATEMENT FOR USE, IF NECESSARY AT
MONTERREY AIRPORT DEPARTURE CEREMONIES

Attachments

**DRAFT PRESIDENTIAL STATEMENT FOR USE, IF NECESSARY AT
MONTERREY AIRPORT DEPARTURE CEREMONIES**

NOVEMBER 27, 1990

President Salinas, Governor Trevino, friends and neighbors:

I leave Monterrey more firmly convinced than ever before that Mexico and the United States are seizing every opportunity to prepare our bilateral relationship for the global competition of the 1990s.

In my talks with President Salinas, we agreed on the need to advance both the Uruguay Round of GATT and our bilateral Free Trade Agreement as expeditiously as possible.

There's no time to lose in modernizing our economic cooperation and putting it to work in creating jobs, raising productivity, and facilitating cost-effective investments.

A strong Mexico is good for the United States, a strong United States is good for Mexico, and free trade is a sure path to greater prosperity for us both.

At the same time, we discussed ways to ensure that our societies are as healthy as our economies are dynamic. The war against drugs, educational and environmental cooperation, and close coordination all along our 2,000 mile border are ways to reach this goal.

President Salinas, your leadership has done so much to make a strengthened partnership between Mexico and the United States possible. Your far-sighted commitment to modernization, eloquently expressed in your recent State of the Nation address, points the way to bilateral cooperation that simply is better than ever.

My impression these last two days persuade me that a new Mexico is in the making. Monterrey's industrial resilience, Agualeguas' heart, and Nuevo Leon's energy give Mexico's future unique promise. Our relationship, our hemisphere, and our world are sure to be the beneficiaries of your success.

Barbara and I thank you and Cecelia for your wonderful hospitality, and we look forward to receiving you both when we next meet in the United States.

Thank you very much.

DRAFT PRESIDENTIAL TOAST AT STATE LUNCHEON

NOVEMBER 27, 1990

President Salinas, if I may, I would like to raise my glass to you in thanks for your friendship, your counsel and your commitment to a stronger relationship between our two countries.

When we first met in Houston in 1988, neither of us had assumed office, but both of us were fully aware of the challenges we would face in giving this relationship leadership and direction.

Speaking for the United States, no country is more important to us than Mexico. Our southwest bears the imprint of your culture. You are our third largest trading partner. Twelve million Americans call Mexico their madre patria, and challenges such as conflict in Central America and powerful narco-traffickers in the Andes test our will and our wisdom.

Yet in Houston and in our five meetings since then, you always have brought Mexico's perspective into positive focus, pointing the way to the kind of communication and cooperation that has benefitted us both so much.

Perhaps no gesture of Mexico's goodwill and interest has been more expressive than the magnificent exhibition, "Mexico: Thirty Centuries of Splendour," now on display at the Metropolitan Museum of Art in New York.

Now we are on the verge of negotiating an historic Free Trade Agreement which will be the symbol of how far our two countries have come in learning to understand, trust, and work with one another.

This agreement will unleash powerful energies in both our economies. Countless new ventures will emerge. Jobs, higher-standards of living, and greater productivity will make us both more competitive on the global scene.

Mr. President, a relationship between two countries that are so different will always be a challenge, but your penetrating insight into our common interests and lasting friendship has radically altered its terms for the better.

In your second State of the Nation address, you emphasized Mexico's determination to reach out to global change and seek to embrace it. Without minimizing uncertainty, you saw fresh hope. Without ignoring risks, you celebrated new freedoms.

Mr. President, I share your views and celebrate them myself. We are not on an easy path, but I firmly believe we are on the right one, and there is no one with whom I would rather travel it than with you and the Mexican people.

I raise my glass to the great leader of a great nation,
President Carlos Salinas de Gortari.

DRAFT PRESIDENTIAL REMARKS ON STEPS OF GOVERNOR'S PALACE

November 26, 1990

President Salinas, Governor Trevino, Mayor Rizzo, friends and neighbors:

Thank you for your warm words of welcome. It's wonderful to be in Mexico, and it's wonderful to be in Monterrey.

As I look out at this beautiful Macro Plazo, I realize that I stand before Mexico's greatest heroes.

Hidalgo and Morelos, who set this great nation on the road to independence.

Juarez and Escobedo, who defined and defended the principles of justice and freedom that guide the Mexican state even to this day.

President Carlos Salinas de Gortari, who is modernizing Mexico within its own cherished framework of values and beliefs.

And the Mexican people themselves, all of you here tonight, who have helped create this great city of Monterrey, this great state of Nuevo Leon, and this great country of Mexico.

I come here myself to show the enormous respect the people of the United States have for your dynamism and vigor.

As you know, I am a Texan, a neighbor near at hand. ^{We are all} ~~And I~~ ^{Westerners who came to these once barren lands to seek our} ~~think the time I've spent under the big sky down here~~ ^{fortunes, to develop our wilderness and to shape our values.} ~~gives me all the more reason to admire your vision and~~
your accomplishments.

When Franklin Delano Roosevelt came to Monterrey in 1943 to meet with President Avila Camacho, Texas and Mexico were quiet parts of the globe, far away from the center stage of a world at war.

~~No~~ ^{West to Texas} When my wife Barbara and I come ~~south~~ after ~~the war was~~ ~~over~~, we never imagined that forty years later we would be visiting a border that might well be called the frontier of the future.

Yet that is the splendid course history has taken. Mexico and the United States are on the move. And in our consultations President Salinas and I are discussing how we can go even further in building a stronger relationship. ~~full of exciting new ideas and opportunities.~~

We want to see if we can advance the idea of free trade, so vital to ~~our~~ creating jobs and prosperity in your economy and our own. We want to consult on how we can put an end to the scourge of drugs, so threatening to our youth. We have a precious environment to protect and future generations to educate--these are ^{Subjects} ~~themes~~ we must address as well.

And of course there is a changing and in some cases troubled world beyond our borders. What can each of us do to make peace and prosperity the foundations of a new world order? The reconstruction of Central America, the peaceful restoration of the legitimate government of Kuwait, and the successful conclusion of world trade talks under GATT are a few of the ^{topics} ~~themes~~ we already have begun to discuss.

What we seek, to put it simply, is a world that looks like the U.S.-Mexico relationship itself--oriented towards cooperation, communication, and respectful partnership in seizing the many opportunities that lie before us.

Looking out at you and the statues of your great men, it's clear to me that history is on our side. Abundant moral reserves give us direction and give us courage.

And in President Salinas, I know I have the kind of friend who will answer any challenge with the same ideals that move me and the people of the United States. Hard work, total candor and full respect will be our guides as we join together in building a stronger Mexico, a stronger United States, and a better world.

Thank you for your warm reception, God bless you all, and viva Mexico!

DRAFT PRESIDENTIAL REMARKS AT FIESTA FOLLOWING CHARREADA
IN AGUALEGUAS

November 26, 1990

President and Mrs. Salinas:

Let me just say how delighted Barbara and I are to be here in your home town of Agualeguas and to be able to spend the kind of informal time together we shared at Camp David last year.

To Mayor Reynaldo Canales Vela, and the people of Agualeguas:

Let me just say how thrilled we are to join you, and how deeply grateful we are for your wonderful hospitality.

It's obvious to me where your President gets his special touch and why he is so close to the needs and feelings of the people of Mexico.

He comes from the people right here in Agualeguas, and he has never lost his roots in the small town family values of community and family.

~~There's trust, here, and warmth, and some of the best~~
horsemanship I've seen in years.

As I look around this pretty plaza, I realize this is a glimpse of Mexico I'll never forget.

Mr. President, thank you so much for having us here among your family and friends.

CONTINGENT PRESIDENTIAL REMARKS
IF FORMAL ARRIVAL CEREMONY IS HELD AT AGUALEGUAS

November 26, 1990

President and Mrs. Salinas, Mayor Reynaldo Canales Vela,
friends, and neighbors:

I come here today to carry on a tradition established by
many presidents before us. Mexico and the United States
are neighbors, close neighbors, and we have things to talk
about. Like two sides of those beautiful mountains we see
in the distance, we have risen up on the same continent
and come together to build a vast relationship -- broad
and solid at the base, weathered in places but
strengthened by time, and ~~arching upwards~~.

Our people, our cultures, our ^{geographies} ~~difficulties~~ and our
~~accomplishments~~ all have brought us together. ~~Managing~~ so
much ~~interaction effectively always has been a challenge,~~
and ~~it has never been more important to meet that~~
~~challenge than today~~.

^{our}
In ~~my~~ ~~many~~ ~~and~~ frequent talks with ~~President Salinas~~ since
we both were elected, I think ^{Mr. Salinas + I} ~~we~~ have established a new
clarity in ^{our} ~~this~~ relationship -- about the problems we want
to see solved, and the opportunities we think ought to be

CONTINGENT PRESIDENTIAL REMARKS SHOULD ARRIVAL STATEMENT
BE NECESSARY AT MONTERREY AIRPORT

November 26, 1990

Foreign Minister Solana, friends and neighbors:

I want to say first of all how pleased I am to be here in Mexico to consult with President Salinas and to hear the views of his closest advisors.

This regular exchange of visits reflects the permanent importance Mexico has for the people of the United States.

There's so much we can do together to ensure the health, welfare and prosperity of our societies and economies. At the top of the agenda rank issues like free trade, the war against drugs, education and the environment. They all require careful ^{monitoring} ~~assessment~~ to sustain the kind of exciting progress we have seen in the U.S.-Mexico relationship over the last two years.

And I know that's the kind of ^{attention} ~~assessment~~ they'll get. I'm proud to say that President Salinas and I have come to share a frank and open dialogue on the full range of bilateral and international issues.

In the next two days I look forward to spending time with him here in the part of the country he and his family call home. In the process, I'm sure that I will get to know Mexico and the Mexican people better, too, and that, most assuredly, is all to the good.

Communication is the key to facing the many challenges that lie ahead of us. It's the surest way I know of to strengthen an overwhelmingly positive bilateral partnership--a partnership based not just on common interests but also on the friendship, candor and mutual respect that bind our two great nations so closely together.

Thank you very much.

**DRAFT PRESIDENTIAL REMARKS FOR USE AT MEETING
WITH BUSINESSMEN IN MONTERREY CASINO**

November 27, 1990

Secretary Serra, Secretary Mosbacher, friends and neighbors:

We're making important progress in every dimension of our relationship with Mexico. More people cross the border than ever before. More illegal drugs are being seized than ever before. More universities are developing exchange programs than ever before. And more is being done between us to protect our precious environment -- up here along the border and as far south as the Lacandon tropical forest.

But it is difficult to imagine any theme more important than the one you are discussing here this morning.

You in the private sector create the economic resources that sustain our relationship as a whole, and that's why the negotiation of a Free Trade Agreement between Mexico and the United States is so vital.

Free trade means jobs, investments, productivity and prosperity. I know you in Mexico have long understood the economic importance of the United States. Now we see just as clearly the economic importance of Mexico. For us you are our number three trading partner in all the world, \$52 billion dollars last year, and the numbers are rising this year towards a total that is even higher.

Since we calculate that every billion dollars of exports creates 25,000 jobs, we are talking about major contributions to the welfare of many, many Mexicans and Americans.

In his recent State of the Nation address, President Salinas said Mexico doesn't want to be a third world nation; it wants to be a first world nation.

Well, that's what we want for Mexico, too, and that's what we see happening.

In your automotive, electronic tourism and other industries, you have world-class productive capabilities. More than that, you've got youth, drive, and dreams on your side. And we think that's good for us both -- a Mexico that wants to get out and compete, a Mexico with purchasing power and a Mexico with selling power.

When the economic crisis hit Mexico hard in the early 1980s, our southwest border suffered. Fortunately, the principle works the same way in reverse. You grow, we grow.

As we enter into the process of negotiating a Free Trade Agreement, I know that many of you will be as burdened by worries as you are buoyed up by plans. And we'll hear criticisms, just as we did when we negotiated the Free Trade Agreement with Canada.

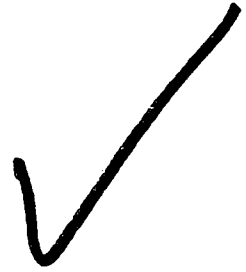
But let's look at what trade liberalization already has done for us. Mexico enters GATT, and bilateral trade soars from \$35 billion in 1987 to the \$52 billion I just cited in 1989. The in-bond industry takes hold and reaches growth rates of 20% a year, creating a half a million jobs.

There's a worldwide consensus in favor of free trade, but not everyone has the vision to make it happen. I think Mexico and the United States do have that vision, and we will be looking to you, far-sighted businesspeople, not only to make it happen, but to make it succeed.

Thank you very much.

**DRAFT PRESIDENTIAL REMARKS ON CREATION
OF U.S. - MEXICO COMMISSION
ON EDUCATIONAL AND CULTURAL EXCHANGE**

November 27, 1990



President Salinas:

This agreement, creating the U.S. - Mexico Commission on Educational and Cultural Exchange, is a major step forward for us all. It will help us develop the future leaders we need to sustain the policy advances our two governments are working so hard to achieve.

Further, it will bring our two societies closer together in new and creative ways, generating fresh approaches to our evolving cultural and intellectual realities.

I cannot think of a better symbol of our friendship than a binational commission that is directed by a board drawn from the private and public sectors alike. This guarantees that the right questions always will be asked, and the best answers always will be given.

Thank you very much.

What We Could Learn From Mexico

The sad spectacle of the U.S. political leadership's fruitless negotiations over the past several months—or is it years now?—to reduce the country's increasingly hard-to-finance budget deficit has prompted some observers to talk about the "Latinamericanization" of the U.S. economy. They refer, presumably, to Latin America's unhappy experience for almost a decade with huge external debt, large budget deficits fueled by too much spending and too few taxes, and closed economies protecting inefficient local industry. Indeed, this characterization of the U.S. economy seems uncomfortably apt.

However, at least one Latin American country stands out as a model of economic modernization, and the United States would do well to emulate its commitment to budget and tax reform. Mexico—yes, Mexico—has demonstrated greater courage, foresight and political will to tackle its economic problems than has its more powerful neighbor to the north. And it is now beginning to enjoy the fruits of those endeavors.

Obviously the countries are vastly different in terms of their economic power. Nevertheless, they share startlingly similar problems, which Mexico has done a better job of solving. After a long spending spree, Mexico's budget deficit soared to 18 percent of gross domestic product by 1982. Through a combination of gut-wrenching cuts in spending and far-reaching tax reform, Mexico's budget today is essentially in balance. Mexico delights in pointing out, accurately, that it has put into effect

the equivalent of three Gramm-Rudmans. Would that our government could achieve even one.

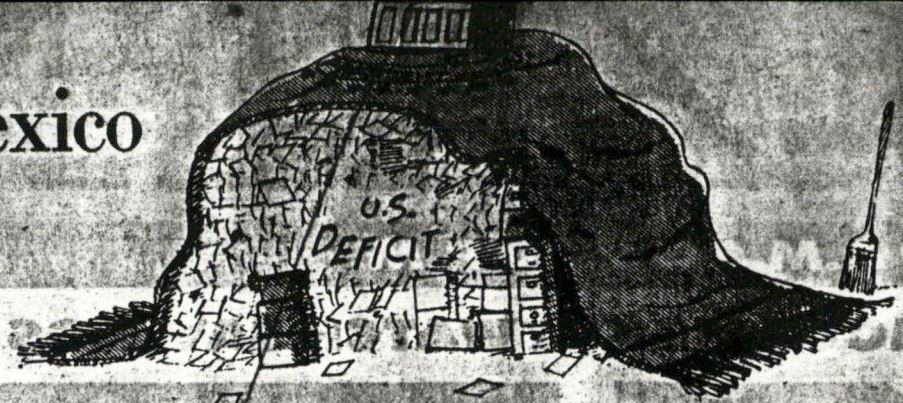
The United States runs chronic trade deficits, and protectionist sentiment, especially in Congress, is strong. The most recent manifestation, coming on the heels of many others, is the textile bill. Though vetoed by the president, it reflects a political consensus in this country that certain sectors, both industrial and agricultural, still need to be protected. Compared with a decade ago, restraints on U.S. imports have doubled. At least 20 percent of U.S. imports are limited by some form of non-tariff barrier, thus not only depriving the consumer of cheaper imports but also subsidizing noncompetitive industry.

Mexico, on the other hand, has dramatically reduced import barriers, transforming itself from one of the most closed economies in the world to one of the most open. Non-oil exports have quadrupled, and Mexico has become a world-class producer of automobiles, automotive parts, televisions, computer chips and satellite and aircraft components.

Foreigners are losing confidence in our inability to solve our budget and trade problems. They are now investing considerably less in the United States, making it much more difficult for us to finance the world's largest national debt—that is, our own. At the same time, sentiment in the United States, especially in Congress, is shortsightedly moving toward restricting foreign investment, just when we need it most.

Mexico, on the other hand, is moving headlong toward opening up to foreign capital. It has long dramatically liberalized foreign investment regulations, even permitting foreign capital into the heretofore sacrosanct petrochemical, telecommunications, steel and banking sectors. Crude-oil production and even electricity may well open up in the near future. In addition, billions of dollars of Mexican and foreign capital are flooding into Mexican treasury notes and into the Mexican stock market, one of the world's fastest-growing. As contrasted with the troubled American exchanges, the Mexican bourse grew by 94 percent in dollar terms in 1988, 68 percent in 1989 and 21 percent so far this year.

It should be kept in mind that while carrying out these far-reaching and painful reforms, Mexico never missed a payment on the debt owed to its external creditors. Global financial markets are finally recognizing the seriousness and irreversibility of Mexico's policies, and for the first time in almost a decade, the bond markets are voluntarily financing development projects there.



Without doubt, Mexico's strong presidency and relatively weak congress have made these dramatic reforms somewhat easier than they would be in a society like the United States', where a powerful Congress can and does stand up to the White House. But the explanation behind Mexico's success and the United States' failure lies less in the nature of their political systems than in the nature of their leadership.

President Carlos Salinas, against considerable odds, has stood up to those in his country, including those in his own party who wanted to keep Mexico from modernizing. While Mexico still has daunting problems, Salinas has gone much farther than the United States in correcting structural imbalances in the economy. President Bush and the leaders of Congress can learn a lesson from our neighbor to the south.

The writer, a deputy assistant secretary of state for Mexico from 1977 to 1979, is a consultant to U.S. and Japanese corporations and banks on Latin America.

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11-21-90