

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Sixto Duran Ballen, President-Elect of Ecuador

PARTICIPANTS: The President  
The Vice President  
James A. Baker III, Secretary of State  
Brent Scowcroft, National Security Advisor  
Robert Gelbard, Acting Assistant Secretary of State for Inter-American Affairs  
William T. Pryce, Senior Director for Latin American Affairs, NSC Staff (Notetaker)

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Sixto Duran Ballen, President-Elect of Ecuador  
Alberto Dahik, Vice President-Elect  
Diego Paredes, Minister of Foreign Affairs-Designate  
Roberto Dunn, Minister of Government-Designate  
Mario Ribadeneira, Minister of Finance and Credit-Designate

DATE, TIME AND PLACE: July 28, 1992, 4:15 - 4:35pm DST  
Oval Office

Before the private meeting started the two Presidents spoke briefly to the press. Copy of the press statement transcript is attached.

President-Elect Duran: As I see it, we will have two big problems to overcome. First, is to combat inflation. The second is to make the state more efficient. (P)

The program that we would like is one which would deal with the social aspects of the problem. We would hope to have public works which would build roads and schools and get the money to the people who need it. We hope for flexibility in the present laws involving government contracting. Part of the failure is the system of completing numerous requirements before disbursement of loans can be made. There is also the problems of procurement where sometimes the regulations are too restrictive. (P)

What I'm asking is that we make it possible for small contractors to be able to construct small units for a large number of people. We had this years ago when I was mayor of Quito. We had about

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2500 (as heard) contractors who perhaps built 100 houses apiece. It was a very effective program. (S)

The President: Why were the laws changed? (S)

President-Elect Duran: I believe to allow for international bidding, which actually has not taken place any way. We want to go ahead with programs which have proven successful in the past. We hope for U.S. help in this. It came in '84. One thing we mentioned in our conversation on the porch .... (S)

The President: I remember the porch. (U)

President-Elect Duran: We asked for ESF funds. We are hoping that if we got funds for someone else in the past, we should be able to get it for ourselves now. If we are to do reforms, we must prove our credibility by getting to work immediately. If we call for the beginning of contracts on the third or fourth day after we take office, we perhaps could have contracts let by September. If the international agencies could all do everything possible to make this rapid process work, it would be very helpful. (S)

The President: Have you talked with the international financial institutions? (S)

President-Elect Duran: We have. (U)

The President: Let's see if we can be of some kind of assistance. (S)

President-Elect Duran: What is the possibility of PL-480? (S)

The President: I'm not completely up to date on that. Does anyone have something to add? (U)

Ambassador Gelbard: We are trying to see if there is end of year money which we could use. The problem is the serious drought in South Africa which is taking up a tremendous amount of resources. (S)

The President: Let's see if we can help somehow to get this new administration off to a good start. Let's see if we can jar something loose. (S)

President-Elect Duran: We talked to Deputy Secretary Eagleburger and told him that we want to enter into the Andean Preference Agreement. We know that EMELEC is a problem. We have already talked with Mr. Scopetta. Rather than keep the attitude of the previous government that the State should run everything, we think that the private cooperation should be sought. If Mr. Scopetta wants to give part of his shares and be compensated, we could do that. My to-be-appointed Minister of Energy has met already with Mr. Scopetta. This is one of the things which is needed for a revitalization of the economy. (S)

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The President: I'm not completely up on the details of your new idea. Does someone have anything to add? (U)

Mr. Pryce: The dispute went to arbitration with both sides agreeing to abide by the decision. There has been a decision awarding a sum to Mr. Scopetta. (Ø)

President-Elect Duran: We have problems in that some of the sectors we are helping do not really have good entrepreneurs. We would buy Mr. Scopetta's rights, which is what the people want. They don't want state-run enterprises. (Ø)

The President: What is the solution? Do I understand correctly that a bilateral investment agreement has not yet been done? (Ø)

President-Elect Duran: We are talking to Mrs. Hills on that. We are also talking about intellectual property rights. (Ø)

We need an increase in help for drug control. (Ø)

The President: That's a tough one. You have been very good on this. Are your major problems in the transshipment side and the financial side? (Ø)

We are not pointing a finger at anyone else. We know that we help contribute to the problem and I salute what has been done to help curb it. (Ø)

President-Elect Duran: Mr. Dunn has talked to your people and he will be talking more to Mr. Martinez. (U)

The President: Do you have a use problem? (Ø)

President-Elect Duran: Not much. (Ø)

The President: What do you think of Gaviria and Escobar? Is there any movement on that? (Ø)

Ambassador Gelbard: Not much at the present. (U)

The President: Do you worry when you go there? (Ø)

President-Elect Duran: Yes. They had tremendous security when we went to Colombia. There is not as much worry about Ecuador, where we don't have much. (Ø)

Secretary Baker: I would like to go back to EMELEC for a minute. Have you made a decision to accept the award? (Ø)

President-Elect Duran: We know that the previous government was trying to appeal the award. I said we should not do that. We could tackle the problem directly. We would try to seek to get private people with possible resources. In a small economy, we want the government to do less. (Ø)

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I know you are very busy and we have talked about just about all I wanted to deal with. Does anyone else want to say anything?  
(Ø)

The President: There is an historical function that we have to go to. I wonder what happened with Febres Cordero? (Ø)

President-Elect Duran: He was elected mayor of Guayaquil. (U)

The President: As part of your campaign? (Ø)

President-Elect Duran: No, as part of the opposition. He was for my opponent. I've never completely understood this. We were both Ministers in a previous government. But he fought against me and I finally had to decide to leave the party to found my own party -- this was very difficult for me. (Ø)

The President: How has the previous President been toward your victory? (Ø)

President-Elect Duran: I think he preferred that I win over the other choice. (Ø)

The President: (Smiling) You know Secretary Baker broke his leg playing tennis. (Ø)

Secretary Baker: Now wait a minute .... (Ø)

President-Elect Duran: I don't play much tennis, I hike, I swim, I do many things, but I don't need to get into a tennis match.  
(Ø)

The President: You look really good. (U)

President-Elect Duran: Well, yes, I walk a good bit and I've gotten tan and we keep moving. (U)

-- End of Conversation --

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