

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Carlos Menem of Argentina

PARTICIPANTS: The President
Nicholas Brady, Secretary of the Treasury
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Lawrence Eagleburger, Deputy Secretary of State
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
David C. Mulford, Under Secretary of Treasury for International Affairs
Terence Todman, Ambassador to Argentina
Bernard Aronson, Assistant Secretary of State for Inter-American Affairs
Everett Ellis Briggs, Special Assistant to the President and Senior Director for Latin America and the Caribbean

Carlos Menem, President of Argentina
Domingo Cavallo, Foreign Minister of Argentina
Guido Di Tella, Argentine Ambassador to the United States
Nestor Rapanelli, Minister of Economy of Argentina
Alberto Kohan, Chief of Staff to President Menem
Humberto Toledo, Spokesman for President Menem

DATE, TIME AND PLACE: September 27, 1989, 11:50 a.m.-12:40 p.m. EST
The Cabinet Room

The President received President Menem at 11:40 a.m. in the Oval Office, after which the two stopped briefly at the edge of the Rose Garden for a friendly exchange with the media pool before going to the Residence to meet Mrs. Bush. They returned to the Cabinet Room at noon for the formal meeting.

The President: I wanted to show President Menem the White House and introduce Mrs. Bush to him. And I wanted our press to see for themselves the affection we feel for this president and friend. I welcome you. Why don't you start? (U)

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President Menem: Thank you. I appreciate this departure from protocol, having a chance to see your beautiful residence, and most of all, to meet your wife. And it is especially nice to see how the American people react to their president, to see how much they love you. (U)

The President: I had a chance to introduce President Menem to some tourists inside the White House. They were surprised to see two presidents! (U)

President Menem They were especially pleased to see their president. (U)

President Menem: I consider the relations with the U.S. now to be excellent. This was not always so. I have wanted to turn Argentina into a serious, reliable country, to build the best relations with the U.S. and the rest of the world. I've put into motion our economic program, with excellent results thus far. Our respective teams are working very well together. (U)

President Menem: As you know, I am governing in a period that is not mine. My predecessor, who is also a personal friend, left office six months ahead of schedule. So I assumed responsibility early, at Argentina's worst time, with the country perhaps near to civil war and with a runaway inflation rate of over 200 percent. We have succeeded in drastically reducing the hyperinflation, and by the end of the year we hope to have brought it under control, and keep it to a "civilized" rate next year of no more than 15 percent. I hope my economists are not misleading me! (U)

President Menem: We are especially eager to improve cooperation with the U.S. in all areas and fields where we need to grow, and towards which we wish to project Argentina in the future. We are making great efforts to simplify what we are doing, including in our foreign relations. (U)

President Menem: We look forward to a series of exchanges with the British. We are meeting here with the British foreign secretary, and will continue our talks in Madrid between October 16 and 17. We need your help as we work towards restoring functioning relations, with embassies in each other's capitals, by the end of this year or the first half of next, at the latest. Restoration of relations with the UK will affect not only our two countries, but will be good for all of Latin America whose countries, in showing solidarity with Argentina, have found themselves in varying degrees of confrontation with the British. (U)

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President Menem: We are working as hard as we can to lighten our foreign debt. It would help us financially if we could sell off some of our excess armaments. We would like to see restrictions on weapons sales lifted. They date from the Malvinas War, but no longer are warranted. We would like to be able to sell some frigates and submarines built in Argentina. We don't need such armaments, and the restrictions block us from selling them. (Ø)

President Menem: We are holding talks here at the ministerial level on reducing the debt, addressing interest payments and the problem of arrears. We don't want material help from you, but we do need help to make it possible for us to sell our primary products. We'd like to see subsidies eliminated. (U)

President Menem: For its part, Argentina will unconditionally fight terrorism, subversion and the drug traffic. In a few days some rigorous new legislation will be enacted to deal with these issues. I spoke with Bennett today. We agreed on many aspects of the drug question. He asked for our help, and we will provide it. I have organized my government in a way similar to yours. I have a new secretariat to deal with the drug problem. Of course, as Argentine President I lead the struggle. (U)

President Menem: We are doing all we can to help Colombia despite our economic difficulties. I have donated three combat aircraft to Barco for use against the narcoterrorists. I see a great possibility of success in this war. And if Barco asked for troops from Argentina, and our congress approved it, we would be willing to help in that way, too. I should like to say this: we are totally committed to fight this terrible evil that is threatening society in the Americas, in Europe, and elsewhere as well. (Ø)

President Menem: We have lifted restrictions on visits and investment by foreigners in Argentina. American citizens can travel to Argentina without a visa as tourists, or settlers. (U)

President Menem: I talked with Treasury Secretary Brady today about a series of laws we have put in motion to consolidate what we are doing. So far the results are excellent. I do not intend to give in to any pressure to stop what we are doing. We shall privatize the State-owned entities. We have opened the doors to private capital, including from abroad, without limitations and under the same conditions as with domestic capital. There will be full repatriation of earnings. We are solving some of our problems. This is not some kind of Argentine "perestroika." What is going on here is a commitment to honesty, decision, and courage. The people are reacting positively to this. Polls show a 50 percent approval rating overall, with 80 percent supporting

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the economic program, and 89 percent endorsing the restoration of relations with the UK. We shall continue. I should like to hear any questions you may have about what we are doing, or any doubts you may care to express. I suppose you have many. (U)

The President: I am glad you are here. I am sorry about your previous engagement at the press club (which will prevent our having lunch together). It is a marvelous forum and I am glad you are speaking to them. I want to congratulate you on your reforms. I am personally interested in hearing about them. You inherited some tough economic problems, and have taken some courageous steps. Have you gone into the question of our supporting an IMF standby, Nick (Brady)? We will support this, and I urge you to stay in close touch with us. Secretary Brady knows my keen interest in seeing Argentina succeed. (U)

The President: On drugs, your Vice President was here recently and we were all very impressed with what Argentina is going. This issue is of vital importance. I also agree that we need to help (Colombian President) Barco. He will be here tomorrow night; and he will be talking as well to our Congress. (U)

The President: You know our concerns on nuclear proliferation. If you can implement the treaty that would be helpful. It would enable us to resume mutually advantageous nuclear relations with Argentina. (U)

The President: Has the Condor issue been touched? (Ø)

Ambassador Todman: Yes, it was discussed this morning. (U)

Foreign Minister Cavallo: In the meeting with Secretary Baker. (U)

The President: I understand you are interested in selling an airplane. (U)

President Menem: It is an excellent aircraft. It flies. (U)

The President: Well, we shall see you get full consideration, though I have to say there is intense competition. (U)

The President: It is very important that you resolve things with the UK. If you can work it out, you can count on our full support. I hope you can reach full normalization. We should like to play a supportive role. You know about our historic, special relationship with the UK, but that does not mean that we would ever want to be unfair to Argentina. So, if you wish, feel free to call me any time, by phone. (Ø)

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The President: I expect that the Commerce Department has mentioned the problem of property rights, especially regarding pharmaceuticals? (U)

President Menem: Yes, it is being discussed. (U)

The President: I want to raise another matter - Panama. We especially do not want the aborting of the Panamanian election to spill over into other countries, such as Nicaragua. With your own recent experience in an election, you can have enormous credibility on the Panama question. Any advice from you would be welcome. We have an historic relationship with Panama; we have the Treaty. We want to see Panama prosper as a democracy. (Ø)

The President: In Cuba, Fidel Castro is swimming against the tide of history. There were some comments from Cuba about being helpful on narcotics, but we have not seen much there, and I am pessimistic that there will be any real change for the better soon. (Ø)

The President: I guess we do not have time for a discussion of the Middle East, but I know of your interest. With your recent election and your background, I suspect you might have some good ideas. (Ø)

The President: Those are the main points I wanted to raise. There is a feeling here, in the Department of State, at Treasury, at Defense, that we want your bold initiatives to succeed. We do not want problems to interfere. (U)

The President: I want to say something else: our ambassador is not only a respected diplomat, but also an old friend. When he speaks he speaks on the basis of a relationship between us that goes back a long way. I want you to know that. (U)

President Menem: I should like to make a brief comment, starting with the last thing you said. You sent us someone who is more than an ambassador. He is a gentleman and a professional of the highest order. Our relations with him are excellent. I know that when I speak to him, I am speaking to you. (U)

President Menem: On nuclear non-proliferation, I want you to know that we are moving forward and anticipate signing (the Tlatelolco Treaty). We are studying it. I hope to have word on this, soon. (Ø)

President Menem: On the Condor, the objective has been realized. The whole point was to gain new technology, not to produce a new weapons system. Our purposes are technological, not warlike. This took several years. Argentina exists for peace, not war. (Ø)

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President Menem: On Panama, Argentina has not requested an agreement for a new ambassador, and has no ambassador in Panama now. At the Group of Eight meeting in Peru, October 11 and 12, we will discuss what to do about Panama. We should like to have the certainty that the U.S. will absolutely comply with the Carter-Torrijos Treaty. We would then have sufficient authority to demand a change in Panama. We also wish to avoid seeming to be interfering in Panama's internal affairs, but we all want democracy in Panama, as elsewhere. (C)

President Menem: On Cuba, this is difficult, too. The regime has been in power some 34 years. I think the problem will persist until Castro dies. This seems to be the case in several parts of the world, where there are strongmen who have mutilated freedom and imposed totalitarian systems. (C)

President Menem: As you said, I can talk with your ambassador in Argentina, or with you on the phone. The same thing goes for me. I think we can cooperate on everything. We have excellent relations with the U.S. now. We want to put an end to the problems of the past. We do not want to revive the old problems. For our part of the continent we want the same kind of arrangement the U.S. has with Canada. We have to get close to our neighbors, in a union based on openness. (U)

President Menem: I have some advice for you, if you will permit me. Put more emphasis on this continent. Not less on Europe, just more on us. (U)

The President: I agree. There is a perception that the U.S. neglects its friends. That is sound advice. We recognize the importance of our relations with the Hemisphere, based both on our friendship, and on our own self-interest. (U)

President Menem: There are 600,000,000 people in Latin America - twice the population of Europe. Our economic potential is much greater than Europe's. Everything is still ahead of us. If the U.S., as the big brother, does not lead us, it could live to regret it, as democracy fails and Latin America is unable to continue as the world's breadbasket. (U)

The President: I only wish we had four more hours to talk. But you have to get to your luncheon. By the way, are you going to Costa Rica for that summit? (U)

President Menem: Yes. (U)

The President: What are we going to do there anyway? Do you know? (U)

President Menem: Drink coffee, maybe. (U)

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The President: Or maybe cerveza. (U)

President Menem: (Laughs) (U)

The President: But we really ought to think about it. I am worried about what is planned. How can you and I have some useful conversation? How can we be properly respectful of Costa Rica but still accomplish something? I am not sure Oscar Arias really knows what he is getting into. We love the guy, but has he thought about the invasion he is going to get from Argentina, the U.S. and Brazil? (Ø)

The President: I wanted to ask you: Do you have any reason to believe Barco would welcome foreign troops? (Ø)

President Menem: Our offer was based on a fear that Colombia is impotent to deal with its problem effectively. I spoke to him by phone. Actually, he called me to thank me for our support. I said I would even be willing to send troops, if he wanted me to, and if our congress approved. It was a gesture of cooperation so he would not feel alone. (Ø)

Foreign Minister Cavallo: Yesterday I spoke with (Colombian Foreign Minister) Londono. He said there was intense sensitivity in his congress regarding foreign troops. So we are being careful about what we say. (Ø)

President Menem: It was meant just to demonstrate our support - that we are available to help. (U)

The President: The reason I mention this is that there has been a lot of speculation here regarding U.S. troops. That sent us a signal, so I let Barco know we had no intention of sending troops unilaterally. But at the same time we sense a growing willingness abroad, including among the Europeans, to send help, if he needs it. The G-7 in Paris, for instance, would be willing. But let me assure you we have no intention of moving on our own. That would be totally counterproductive. (Ø)

President Menem: The last subject I wanted to mention: the Middle East. I know you are trying hard to find a way to peace. I have met the leaders of both sides. They seem positively inclined to our helping in the quest for peace. So if there is any way we could contribute to this, we are ready, and have told the parties. (Ø)

The President: That is good. It is very constructive. Thank you for coming. (U)

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