

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Mexican President Carlos Salinas de Gortari

PARTICIPANTS: The President  
The Vice President  
James A. Baker, Secretary of State  
Nicholas F. Brady, Secretary of Treasury  
Richard L. Thornburgh, Attorney General  
Carla Hills, United States Trade Representative  
John H. Sununu, Chief of Staff  
William J. Bennett, Director of National Drug Control Policy  
Brent Scowcroft, Assistant to the President for National Security Affairs  
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs  
William K. Reilly, Administrator, Environmental Protection Agency  
Robert Zoellick, Counselor, Department of State  
Bernard Aronson, Assistant Secretary of State for Inter-American Affairs  
John Negroponte, Ambassador to Mexico  
William T. Pryce, Director for Latin American Affairs, NSC Staff

President Carlos Salinas de Gortari  
Fernando Solana, Secretary of Foreign Relations  
Gustavo Petricioli, Ambassador to the United States  
Pedro Aspe, Secretary of Finance and Public Credit  
Jaime Serra, Secretary of Commerce and Industrial Development  
Patricio Chirinos, Secretary of Urban Development and Ecology  
Jose Cordoba, Presidential Chief of Staff  
Enrique Alvarez del Castillo, Attorney General

DATE, TIME AND PLACE: October 3, 1989, 10:45-11:35 a.m. EDT  
The Cabinet Room

The President and President Salinas met to discuss U.S.-Mexican relations. (U)

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The President: As we begin, I will repeat what I have already told President Salinas, what a pleasure it is to have all of you here. I had the particular pleasure of meeting informally with President Salinas and his family. We had no agenda, it was informality and friendship. My wife almost killed me when we got back all wet from being out on the golf course. The chemistry was very good -- the score was 4 to 2. What I wanted to do was send a signal that this is a very special relationship and that we have great respect for what you and your Administration have done in such a short time, and I think we have done that. (U)

The President: We will be talking here and tonight there will be the traditional time when President and Mrs. Salinas will be with us privately while the Cabinet ministers have time to finish up any details of talks which have gone on during the day, and there will be opportunity for further talks at the State Department and elsewhere. I don't want you to feel there is not enough time for talks, and we can have more if our delegations feel there is a need. (U)

The President: The press has been yelling at me, "What about a coup, what about a coup?" Knowing of your interest, we will see that you have a full update. We are dealing with a situation where we do not have full information. Whether this happens, the U.S. and the area benefit if the coup is successful. If there is a change, we will have instantly improved relations because our problem is not with the Panama Defense Force; our problem is with Noriega. I learned about this ten minutes before we were to greet you on the White House lawn. We heard rumors yesterday, we don't know where things stand. I welcome you sir, the floor is yours. (U)

President Salinas: Mr. President, I thank you for the great hospitality we have received. Our reception has been very positive. Our relations are particularly important because we are neighbors. We appreciate that your Administration is working so well to be a good neighbor. (U)

President Salinas: Having said that, if you allow me I would like to mention six aspects. I appreciate your speech. I appreciate your sending Secretary Baker and Secretary Brady and your Attorney General, Trade Representative, Commerce Secretary, Environmental Chief and other high-level people to Mexico. They had a very stimulating, positive visit. I would also like to thank them for all the work they did before and after the meeting. (U)

President Salinas: The first subject I would like to mention is trade. We took positive steps to open trade before we got any benefits. Now we are asking for reciprocity. In talks with Carla Hills, we have specific requests. For us, textiles are essential. We hope to arrive at a solution in October or November. (U)

President Salinas: In trade, agricultural goods are very important. When they arrive at the border, there are always one or two officials who say something is wrong. They said, for example, that brooms can't come in because the blind people sell brooms. But only 5 percent of the brooms are made by the blind. The rest are made by large blind broom machines. These are the kinds of problems we need to overcome. There is a new kind of large ventures in textiles. Steel is very important for us. We realize that the U.S. has problems. We need to push for solutions which take into account the needs of both our countries. (Ø)

The President: Did you go into the coffee situation? (Ø)

Secretary Baker: You mentioned coffee with Presidents Sarney in New York and Barco here in Washington. (Ø)

President Salinas: The second item is trade and investment. We are very satisfied with the agreement between Secretaries Serra and Mosbacher. The fact that it covers the kind of trade where we need more investment, and that it contemplates investment in the tourism area is much appreciated. (Ø)

President Salinas: The third area is finance. I want to thank you for all your help. We hope there is more to come. We want to sign agreements which expressly support the banking system. I will direct Secretary Aspe to return to sign. Something very important on the financial side is that we had a terrible drought. We need to import more agricultural goods, but we need more financing from the C.C.C. We need \$2.3 billion. Such financing would be good for farmers in the U.S. (Ø)

The President: Is Secretary Yeutter following up on this? (Ø)

Secretary Brady: We have been talking with Mexico on range of financing. As of now, Mexico has \$1.25 billion of financing and there is a cap of \$5 billion. With such a cap in place, it is difficult to do more. We are financing an extra \$200 million. (Ø)

The President: Excuse me for interrupting, I just want to be sure we follow up on this. (U)

President Salinas: The fourth item relates to the environment. Most of the problems are in Mexico City, the most polluted city in the world. We want to encourage tourism. Children are particularly affected by pollution. We want them to be strong and grow. We have a challenge here. So the agreement we arrived at was very positive. Also the agreement at the border. I had a chance to talk with Senators about this. We are very much interested in a debt for (nature) swap. (Ø)

President Salinas: The fifth item I would like to mention is drug trafficking. In that aspect, I would mention that we are fighting drugs because they are a threat to our national security. Drug trafficking is a scourge. Drug traffickers carry the most dangerous weapons. We seized 22 tons of cocaine last month which is 120 tons for the street and \$130 million. We have jailed many major drug traffickers; we have arrested 8,000, but have jailed 150. Even though these are positive factors, as a global case, we are losing the war. We know that you want to cooperate with us and with other governments. We want to go after consumers, producers, traffickers. We have to take the responsibility to fight traffickers because they are such a danger. We have to hit them where it hurts - in their pocketbooks. When we find poppies being grown we seize their land. We have taken 100,000 acres. We give the land to the small farmers immediately. (Ø)

President Salinas: There is not much money laundering in Mexico. But we would like to hit them hard. In this field, exchange of information is most important. We will not harbor any Colombian. Any Colombian drug trafficker found will be extradited. I am told that we will not be communicating by leaks, but through telephone. This is a fight for our own safety. If it helps the U.S., okay, but mainly it is for us. (Ø)

President Salinas: Last - on Panama. We do not defend a person but we defend principle. We will defend the principle of self-determination and respect for the treaties, but Mr. Noriega is a foreign influence to the Latin American community. (Ø)

The President: Is there any support for him at all? Is he getting some support because he is standing up to us? Is there anybody who thinks he is all right? (Ø)

President Salinas: He is not liked by the majority of Mexicans. We have criticized him publicly. But if he is thrown out by the U.S., then there will be enormous anti-U.S. feeling in Mexico and Latin America. We don't want to make him a hero when he is a crook. There would be criticism in Uruguay, Argentina, Cuba and Guatemala. (Ø)

Secretary Baker: May I ask a question? There was a question about the action the G-8 might take against Panama. It would be our hope that Mexico would be agreeable to some action. (Ø)

The President: What would the action be? (Ø)

Secretary Baker: There is some debate as to how this would be worded, whether it would be exclusion or expulsion. (Ø)

President Salinas: We will accept exclusion. (Ø)

The President: I appreciate what you have just said. We have chosen to work by the multilateral route. My duty is to protect the lives of Americans in Panama. I would do what I have to protect these people. Also, we have certain rights. The very exercise of these rights is seen by some as provocative and this is encouraged by Noriega. There is a problem if we don't exercise our rights, then it becomes a matter of convention and we are criticized when we do. We are in a little bit of a dilemma. We will endeavor to conduct ourselves in a way which will not exacerbate the problem. We are sensitive and I am not going to say to hell with multilateralism. I want to do the right thing. (Ø)

President Salinas: I would say you are the most sensitive President we have had in a very long time. We appreciate your position. We understand your need to protect American citizens. (Ø)

The President: I don't want to dominate our bilateral talks discussing Panama. I asked Dick Thornburgh about the indictments so he could check them out. These are very solid indictments. Dick has told me these are very solid. This puts me in a dilemma. It is very hard for me to say "drop an indictment" when we have worked so hard to energize our people in the war on drugs. (Ø)

President Salinas: We don't have any problem with trying to isolate Noriega. We have stated our opinion about him publicly. (Ø)

Secretary Baker: Any chance you could call back your Ambassador? (Ø)

President Salinas: We have already done so. (Ø)

Secretary Baker: I mean get him out all together. (Ø)

President Salinas: Only if it protects his safety, would we do it. ((Ø))

The President: Is there anything else you would like to cover? (U)

President Salinas: The responses have been so positive that we have covered the important subjects here or elsewhere. (Ø)

The President: Let me express my concern on a matter. It disturbs me when I hear there is mistreatment of Mexicans. I want to see that if more needs to be done, we do it. (Ø)

President Salinas: There are more needs for workers in the U.S. than the supply. That means Mexican workers are needed, so we would like to do it more in a structured way. We would like to

look for more ordered immigration. Inflation has come down. The U.S. needs more workers. We could arrive at some kind of institutional agreement. (Ø)

The President: That might be hard. It would put me right up against a brick wall with U.S. labor. (Ø)

President Salinas: The problem is that U.S. labor does not want an agreement. (Ø)

The President: You may be right in the long run. We will have more jobs than people. Immigration needs to be in a sensitive mode. (Ø)

Attorney General Thornburgh: When the Attorney General and I first met, there were allegations of police brutality. We have had them under investigation. When there are civil rights violations, we will not hesitate to prosecute. There are certain points along the border which are volatile and there is a magnified possibility of problems. I believe we have satisfied the Attorney General that we will proceed with actions if there are problems. (Ø)

The President: Your first comment was on the bilateral meeting. I wonder whether it should be an annual event. To see whether we could do it each year. It was a positive thing. (Ø)

President Salinas: It was very positive and I agree that we should do it once a year if we meet informally more often, and if there is follow-up between meetings. (Ø)

The President: Here's the plan. Secretary Baker has to go to get ready to receive you and you will have no chance to freshen up to see him. I guess General Powell is busy -- but we can arrange to brief you about developments during the day. We have very much appreciated this meeting. I will look forward to seeing you tonight. (Ø)

President Salinas: Thank you very much. Until tonight. (U)

-- End of Conversation --