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MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with President Endara of Panama

PARTICIPANTS: The President
Guillermo Endara, President of Panama
Notetakers: William Pryce/Eric Melby, NSC staff

DATE, TIME January 25, 1990, 9:58-10:08 a.m. EST
AND PLACE: The Oval Office

The President telephoned President Endara concerning the U.S. economic package for Panama. (U)

The President: I wish you well. I wanted to thank you for your letter of January 9 about Panama's economic needs. And I also want to assure you of my personal interest and continuing support of your efforts to firmly establish democracy in Panama. I had a long talk with Ambassador Hinton; I have a lot of respect for what you're trying to do. (C)

Following Larry Eagleburger and John Robson's visit with you, we have been working hard to develop an economic assistance package to help stimulate Panama's economic recovery. (C)

It is based on your commitment to reform Panama's economy and your recognition of the important role of the private sector in Panama's future. We are impressed with the emphasis you're placing there. (C)

But you have a tough road ahead. And today I intend to announce what we are prepared to do to help. (C)

Our plan, which I'm told is valued at over \$1 billion, has four main parts:

- Humanitarian assistance for housing, for emergency public works and to help businesses, that is worth \$42 million;
- \$500 million of loans, guarantees and export opportunities to strengthen Panama's private sector and to help create jobs;

- A \$500 million assistance package for balance of payments support, public investment and restructuring and to assist Panama normalize its relations with the international financial institutions; and
- Rebuilding the U.S. Government working relationship with Panama. (Ø)

These are the steps I'm taking. In addition, I have asked Secretary Cheney, to resume purchases of Panamanian goods and services by the U.S. military authorities in Panama, the Panama Canal Commission, and other U.S. entities. (Ø)

And we will return our military dependents to Panama as soon as the military situation permits. (Ø)

We are going to work closely with Congress on this package to ensure its prompt implementation. I know you don't need any delays; I don't want to see any delays. (Ø)

Ambassador Hinton has the details. Will stay in touch with him and look to him to advise me on additional ways we can help. I am interested in trying to accommodate the real needs of Panama. We don't want to look like we are running things. (Ø)

In that regard, we will make sure that our efforts in the economic realm and other areas are always responsive to your ideas about how things should be done. (Ø)

President Endara: I want to assure you that the Panamanian people are very grateful for all the U.S. people and government have done for the welfare, democracy and liberty of Panama. A recent Gallup poll in Panama shows that the U.S. is Panama's biggest friend. (Ø)

American soldiers in Panama are wonderful and friendly and mingled with the Panamanians like brothers. (Ø)

We know the U.S. is interested in Panama's welfare, and I know that Panamanians will have to work things out themselves. However, this will be a moment in Panama's history in which your name and that of all your assistants will be engraved. Something similar happened in 1903 when Panama achieved independence. (Ø)

The President: How are you doing with your neighbors? I know some were upset with me, and I can understand that. Is there anything we can do to help you? I will be glad to do whatever is right. I am sensitive because I think you deserve support and assistance from your neighbors. (Ø)

President Endara: I made a one-day visit to Costa Rica. President Arias was very supportive as were the Costa Rican people. There is good support in Central America except for Nicaragua. Some in South America think the liberation was an invasion. I have talked many times with Carlos Andres Perez of

Venezuela, he has painted himself in a corner by saying he will not recognize me until U.S. troops left Panama. I told him the U.S. is helping to rebuild the police force and could use their help, too. I said as soon as we are able to function the U.S. forces will leave. They don't want to stay any longer than necessary. We could use more help; they (U.S.) can not leave until the police force is established. I'm sure he (Carlos Andres Perez) is trying to find ways to recognize Panama. (Ø)

The President: You should talk with Ambassador Hinton about plans for the final withdrawal. I told our military to meet your needs. We need to get back to pre-engagement levels as quickly as possible. It is to everybody's advantage for us to get out as soon as possible. (Ø)

President Endara: Of course. We want to be as little militarized as possible. We don't want to return to the old days. U.S. authorities have been wonderful. We are getting all the help. (Ø)

The President: I'm glad. You should let me know if you have a problem. It would be appropriate for us to talk in person. You should speak with Dan Quayle confidentially about anything that concerns you; Dan Quayle will walk right into my office and tell me. I would also want to talk with you by phone. Then we could talk about it when we get together. Give my regards to the two Vice Presidents. I am thinking of you with great respect. (Ø)

President Endara: Thank you for calling, Mr. President. I will be looking forward to the visit of Mr. Quayle. (U)

The President: Good luck, good luck. (U)