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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with President Cesar Gaviria Trujillo of Colombia (U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
Thomas E. McNamara, U.S. Ambassador to Colombia
William T. Pryce, Senior Director for Latin American and Caribbean Affairs, NSC (Notetaker)
Stephanie van Reigersberg, Interpreter

Cesar Gaviria Trujillo, President
Luis Fernando Jaramillo, Foreign Minister
Jaime Garcia Parra, Ambassador-designate to the United States
Gabriel Silva, Presidential Counselor for International Affairs
Miguel Silva, Private Secretary to President Gaviria
Interpreter

DATE, TIME AND PLACE: September 29, 1990, 4:15 - 4:50 p.m. EST
Waldorf Astoria Hotel, New York, NY

President Gaviria: I want to thank you for taking the time from your busy schedule to see me. I know how busy you must be. (U)

The President: No, I'm happy to see you!. Our relations with Colombia are very important. I do have quite a few bilaterals and group meetings, and of course we have a lot to do on domestic affairs right now, like the budget. (U)

President Gaviria: How are things going? (U)

The President: As of about eleven in the morning they seem to be going well. We are getting closer to an agreement. (U)

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But I want to tell you that we have some good news for you about cut flowers. Perhaps someone from my staff can give you the details. Bernie, do you want to elaborate. (C)

Mr. Aronson: We have been able to work it out so that cut flowers which are very important to Colombia, are included in the legislation granting CBI treatment to the Andean Countries. (C)

President Gaviria: What is the legislation involved? (C)

The President: This means that cut flowers would not be off the list of things that are to get duty free treatment. (C)

President Gaviria: What countries are involved? (C)

The President: The Andean Countries. We hope this will work to your interest. We want to support what you are doing. (C)

But listen -- we have a short time together and I just want to listen to anything you have to say. (C)

President Gaviria: We are having a new wave of terrorism. They are kidnapping journalists. They have kidnapped the daughter of former President Turbay. They have kidnapped the daughter of a leading journalist. When this kind of thing happens, people get scared, and we are concerned. We have to find a way to handle this. We need a policy for Colombia. We have a policy for China, for India. We need one for Colombia. We need to worry about the problem. We may face a problem like Peru -- not now but soon. We need specific help. Any kind of specific help is important. Anything, however little, is important. We have terrorism against us and need support to fight it. (C)

The President: What kind of specifics are you talking about? What would make a difference? (C)

President Gaviria: The CBI is a good thing. (C)

The President: That's one step. What are other steps we need to take? (C)

Ambassador McNamara: Mr. President, may I say, that based on conversations with President Gaviria, the Colombians think that what is needed is a clear indication for Colombia that it's sacrifices will be recognized. They can't say that they don't think that the Bolivian people will come around to the degree of anti-narcotics activity that they have demonstrated, and that they deserve special recognition; but what they need is for something specific that demonstrates to the Colombian people that Colombia's efforts against the international drug traffickers are recognized and appreciated. When we do something for the Andean Countries, we are rewarding all countries on a equal basis when

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Colombia has done much more in fighting narcotics. He believes that we have to do something more for Colombia than for the other countries. (C)

Mr. Pryce: The decision on cut flowers is something which will help Colombia much more than the others. (C)

The President: Yes, but he is looking for something specific for Colombia. Is there a way we can do cut flowers outside of the CBI? (C)

Mr. Pryce: No. (U)

The President: Given the level of cooperation with Colombia, I would like to do something special. We have to find ways to be helpful. Can we do something in the investment field? Perhaps we can make Colombia a priority on this under the initiative regarding investment. (C)

The President: There is a problem I wanted to mention. How do you think about shipboarding. Consensual boarding, it is called. I talked with President Barco about it. There was perhaps heavy handed action on boarding ships. We said we would call your guy downtown before boarding. The problem is that it is taking too long. I would like you to see if you can help. Not to allow reckless boarding -- but to cut out the middle level of consultation which is what takes so much time. I don't want to have any misuse of boarding authority but would like to see if we can't hurry up the process. I hope we can get back to where we were before. There are traditions -- questions of international law involved. (C)

Ambassador McNamara: Our people are talking about this right now and we believe progress can be made. (C)

Foreign Minister Jaramillo: We have had talks about this in Bogota. I am optimistic that we can reach a solution to the problem. (C)

President Gaviria: I would like to talk about the possibility of a one billion dollar bond issue. We would like to see what can be done to muster international support for this initiative which would mean underwriting investment in Colombia. (C)

Ambassador McNamara: This issue was raised before by President Barco in a letter, but it sort of fell off the agenda. It was raised by President Gaviria with Vice President Quayle as an item they would like us to look at. But quite frankly this is a new concept which is very involved, and would be terribly difficult to do. (C)

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Secretary Baker: On the Initiative for the Americas there is a possibility for reducing official debt, but there is also a possibility for new investment, and increased trade. (U)

President Gaviria: We could have a problem on a coal project which would cost \$300 million on the trade side. (C)

The President: What do you think about the oil issue? We think that oil prices are highly inflated. There is a lot of speculation. Speculators in Chicago are bidding the price up artificially. I anticipate seeing the price of oil come down. It would be very damaging to have the price stay so high. If you think about it -- I don't want to see the price at \$40. If we have to, to get down we will open up the strategic reserve. We are meeting with the IAEA. (C)

President Gaviria: We are looking at \$20-\$30 barrel energy for Colombia. We are increasing production. (C)

Foreign Minister Jaramillo: We don't want the price of oil to be too high. (C)

The President: We have no sympathy for speculators on the futures market. (C)

President Gaviria: We have a lot of oil in the area in Venezuela, Ecuador, and Colombia. We think it would be worthwhile to coordinate an energy policy. (C)

The President: I think it has been just wonderful the way you are trying to increase production. The more people see that, the more they will have confidence and prices will not rise artificially. (C)

Here at the U.N. I want to mention the aggression by Saddam Hussein. We are very grateful for your support on this matter. I don't want to see young Americans killed. I think that what the U.N is doing is wonderful. Saddam has tried to paint the picture like it's the world against the United States. That is not the way it is. What is happening is that the whole world is turning against Hussein. I hope Saddam will go with United Nations resolutions but I'm pessimistic right now. But I think it is a wonderful thing the way the world is united to seek to stop aggression in a peaceful manner. (C)

Secretary Baker: I want to congratulate Foreign Minister Jaramillo for his speech on Iraq. It was a very useful intervention. I made a point of praising it to other foreign ministers. Our ministries have done well in cooperating for the most part but there are a couple of areas where we have problems. There was a resolution that we are trying to move to bring about free elections in Haiti -- a resolution which would authorize

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electoral support for Haiti where Colombia was not helpful. And we thought a resolution urging the FMLN and the El Salvadoran government to work together to come to an agreement and a cease-fire would have been helpful. (C)

Foreign Minister Jaramillo: We have problems with the Security Council dealing with this matter on Haiti. (C)

President Gaviria: We are talking with Carlos Andres Perez on this and I think we have found a way to work it out. We want to help. (C)

The President: The more we can work together and be seen to be working together, the more effective we will be. (C)

Ambassador Parra: In the area of cooperation, we are interested in debt for energy. We have a problem with a \$300 million coal enterprise. We owe a lot of money to EXIM Bank. We have been paying on the loan but if we could make payments to EXIM Bank on a longer term, it would be better. (C)

Mr. Pryce: I understand the problem is that the Colombian coal company was started up when coal prices were much higher and the project was formulated on the supposition that they would stay high. Coal prices have dropped and the enterprise is no longer economically viable. The government is subsidizing the companies' payments to EXIM Bank in order to maintain Colombia's good credit. (C)

Ambassador Parra: That's exactly right. If we could reschedule the payments to make them lower, this would help. (C)

Secretary Baker: EXIM debts are outside the debt reduction contemplated under the debt reduction for the Enterprise for the Americas but we can look to see what could be done about this project. (C)

Ambassador Parra: This is only part of our debt owed directly to the United States. If you could give us a political lift on this, it would be very helpful. (C)

The President: Let's see what we can do. (U)

On the Uruguay Round, I'd like to solicit your help on agriculture. The Europeans don't want to do anything on this. If they hear from Colombia, it will mean more to them than if it comes from us. (C)

President Gaviria: I mentioned this in my speech. (C)

The President: In Houston, we and the European governments had good talks on including agriculture in the Uruguay Round. But as

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soon as they left Houston, they began backing off. Carla Hills is trying to push agriculture at the Uruguay Round and I support her strongly. (C)

Foreign Minister Jaramillo: You have all of Latin America behind you on this. (C)

The President: I hope I'm not putting our issues on your agenda but we all have to work together on this. We need to keep trying. It is a big problem. Carla Hills estimated that if we could cut tariffs by one third, we would boost the economy by one half trillion dollars. (C)

Foreign Minister Jaramillo: This is critical for Latin America. We need broader markets. (C)

The two Presidents stood up at this point and walked to the door.
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- End of Conversation -

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