

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Carlos Andres Perez of Venezuela (U)

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

Carlos Andres Perez, President
Reinaldo Figueredo Planchart, Foreign Minister
Simon Alberto Consalvi, Venezuelan Ambassador to the United States
Carlos Gonzalez, Ministry of Foreign Relations
Danute Rosales, Interpreter

DATE, TIME AND PLACE: October 1, 1990, 5:00 - 5:30 p.m. EST
Waldorf Astoria Hotel, New York, N.Y.

The President: Did you expect all this rise in oil prices? I'm sure we agree this is a bad situation? I want to say how much we appreciate that Venezuela is upping its oil production. If Venezuela had not taken the lead, we don't know what would have happened. In spite of that, the world price is artificially high. (S)

President Perez: I think that the problem is with the strategic reserve. We should have released more than came out when our desire was to increase production. (S)

The President: The problem is that this would have signaled a world shortage. Your decision showed that there would be a situation where lost production would be made up. We are still debating whether to put more of the strategic reserve into use. (S)

President Perez: This was a strong blow to isolationism. On Saddam Hussein, tomorrow I will propose that we hold a meeting

under United Nations auspices of producers and consumers. We should have OPEC and the International Energy Agency (IEA). This no longer a producers versus consumers situation. I believe OPEC and IEA can work in a spirit of cooperation. (C)

The President: Interesting. I don't know. The Japanese are not quite ready. How about the Germans? (C)

Minister Figueredo: No. (U)

The President: You want to find a way to produce more oil don't you? (C)

President Perez: Yes. We want to increase, but a major increase in which we produce much more than 2.6 million barrels per day. We want to go to 3.5 million per day, but need \$3.8 billion to do this. Under the present prices, our oil industry can do it. But we want prices to go down. (C)

The President: I know there is sensitivity to foreign investment -- will that work at all? (C)

President Perez: Refining is no problem. Exploration could encounter problems. We will have to discuss this domestically. Now we need greater refining capacity. There, foreign capital could be involved. That is what I talked about when we last met. (C)

The President: Exactly. But that would require a change in the law, wouldn't it? (C)

President Perez: Yes. Sovereignty is a problem. (C)

The President: Not only in Venezuela, but also in Mexico. What do you have on your agenda? I am interested in anything you would like to cover. (C)

One thing I would like to discuss is consensual boarding. I would like to urge as much cooperation as possible. We do not want any heavy-handed intervention, but we need to have quick action. (C)

President Perez: We have been talking about this with Colombia. We both want maximum cooperation. We are prepared to have our sailors on U.S. ships. We want there to be timely interaction so that there will not be any delays. Our response will be immediate. We will reply at once. (C)

The President: We changed procedures with Colombia. They felt we should ask the Government and get permission from shore and we worked out a deal to do this, but it takes so long. (C)

President Perez: It would be automatic consent as soon as we got the information. We will give approval without checking. We will agree at once. (C)

The President: I am glad we are talking about this. (C)

I have two other little ones. Haiti -- I don't know what your personal feeling is. We want observers down there. (C)

President Perez: I have been working on this constantly. I have been working with Gaviria and Salinas. Mexico is extremely jealous about sovereignty. They say that to have the Security Council have the right to deal with elections is very dangerous. We had a proposal to the United Nations that is similar. That would include Canada, Spain, Colombia and Venezuela. That they would send military observers. They would send 180 observers between them. I talked with Mulroney and Gonzalez. It is now evident that both military and civilian could be involved. We could avoid the problem of going to the security council. We would do it informally. Countries would act as friends of the Secretary General. Mexico would not send troops, but they approve of troops going. (C)

The President: The only other matter is about the FMLN. You are the man who can work this out. We need to apply pressure to the FMLN and Cuba to see that the insurgency stops. I don't know how you do it. If you can get FMLN to stop the offensive, that would be wonderful. We have problems with the Jesuit case, but Cristiani is a very good man and is doing the best he can, but he has problems. (C)

President Perez: I want to say another word about Haiti. The Secretary General of the UN is in accord with this idea. He will see how we proceed on this. This is urgent. If we delay on this there won't be elections. I am interested in progress from a personal point of view. This is a kind of "ping-pong" match. We are ready to go ahead. (C)

Regarding the FMLN, I am also worried. A week ago, a delegate of the FMLN came to see me. I said we faced a danger. He said the FMLN has no plan to have an offensive. But I said but if the situation remained the same without progress, there would have to be an offensive. The FMLN could not just sit still. He said that was not true; that they rejected the idea of impunity. (C)

I talked with the Secretary General of the United Nations -- I said it was necessary for him to become more active -- to have more presence in the talks. He said he wanted Felipe Gonzalez, Carlos Salinas and me to become active -- that we should become advisors to him to pressure for a settlement. I talked to Gonzalez. He said he was ready to cooperate. I am ready to all possible. There is something there that is slipping things. I talked with Cristiani -- that is I am going to talk to him. I am prepared to call the chief negotiator for the FMLN. (C)

Secretary Baker: What we think is that the FMLN is waiting to see what our Congress is going to do regarding El Salvador. We are hopeful that there will be a holding back of some assistance which we can go with, but conditional on actions of the FMLN.

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If I could suggest that if you could call publicly for negotiations to go non-stop and call for a cease fire, I think that there is a good chance to end the war this year. (S)

President Perez: You are very right. I said the same thing to the FMLN. They are playing on Congress. But, I also told Cristiani that they have to take actions on the Jesuits. (S)

The President: What is the problem? What is he concerned about? That too many of this army is involved? (S)

President Perez: Cristiani does not have enough strength in relation to the army. The second of the command of the army came to see me. I told him if you don't help Cristiani there will not be any aid for El Salvador. (S)

The President: I want to apologize for changing the dates of my trip. (S)

President Perez: Don't worry, we accept. We want another commitment on the upcoming visit. (S)

The President: Let's make this work. I am reminded that you gave me good advice. We have a problem in Iraq and it takes a lot of time. And we have other problems. But CAP gave good advice to George Bush, which is not to neglect Latin America, which is some of the best advice I ever got. (S)

President Perez: We understand you have wide areas of interest. We will talk more on the Enterprise for the Americas Initiative when you get to Venezuela. (S)

The President: We are going to press forward on the Uruguay Round. We plan on accelerating action under the GATT. Agriculture is a key. (S)

President Perez: We have proposed to give you on or before your trip, an accord to create a positive atmosphere. We would study possibilities of having a free trade agreement. We will have the Foreign Minister present a paper on this. (S)

The President: Let's talk about it. As I look down the path towards free trade, I think there is real opportunity. Carla Hills told me that a successful Uruguay Round could yield \$500 billion in additional trade. (S)

President Perez: I am talking to Gonzalez regarding Central America. He doesn't know what to do about the problem. The situation is getting worse. Why don't we do a plan for aid to Central America and see if we can get Salinas to get involved. Our contribution will be small. There is also the Caribbean to consider. (S)

Secretary Baker: This is in keeping with the idea having Venezuela and Mexico help with the Group of 24. (S)

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President Perez: We could have group of friends of the Secretary General, Colombia, Venezuela, Mexico and Spain. We would need to give Cristiani more maneuvering room. We need to avoid a fight among the political parties now that elections are coming up.

(C)

Assistant Secretary Aronson: The U.S. administration could open a channel with the FMLN. (C)

The President: If it wouldn't look like we were undermining Cristiani. (C)

Assistant Secretary Aronson: We think that the FMLN is not negotiating because they are waiting to see what the U.S. Congress is doing with aid. We will have a solution not unlike what was done in Nicaragua. I think we can prevail on a vote where the restrictions which restricts some government activity and adds restrictions on action by the FMLN -- if they don't stay at the negotiating table -- if they start an offensive -- the government would also have restrictions. Thinking about good offices of the Secretary General and the friends of the Secretary General, we can't have recognition of a group that doesn't respect elections and tries to reverse what happened at the ballot box. If we get to that point, before we get support for talking with the guerrilla group that is trying to overturn the results of five elections we would need a change from them. (C)

President Perez: In fact, we are recognizing -- I never talk about giving equal status. We need to strengthen the government's side. Those who can make decisions need to get together. There is another factor. What to do about Cuba? (C)

Secretary Baker: Do you have an idea of what Cristiani's attitude would be -- if we were to talk to the FMLN -- provided they were to guarantee to respect a cease fire? (C)

The President: I want to talk about the Uruguay Round to let you know that we feel strongly that agriculture needs to be included if the Round is to be a success. There is an urgency on this.

(C)

-- Conversation Ended at this Point --

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