

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with President  
Patricio Aylwin of Chile (U)

PARTICIPANTS: The President  
Lawrence Eagleburger, Acting Secretary of  
State  
Robert M. Gates, Assistant to the President  
and Deputy for National Security Affairs  
Bernard W. Aronson, Assistant Secretary  
of State for Inter-American Affairs  
Charles A. Gillespie, U.S. Ambassador to  
Chile  
William T. Pryce, Senior Director for  
Latin American and Caribbean Affairs,  
NSC (Notetaker)  
Barbara Phillips, Interpreter  
  
Patricio Aylwin, President  
Enrique Silva Cimma, Foreign Minister  
Patricio Silva, Chilean Ambassador to the  
United States  
Carlos Bascunan, Chief of Staff to President  
Aylwin  
Carlos Portales, Minister of Foreign  
Relations Director General  
Estela Lorca, Interpreter

DATE, TIME: October 2, 1990, 11:20 - 11:55 a.m. EST  
AND PLACE: The Oval Office

During the photo opportunity, the President said how pleased he was with the developments in Chile. Vice President Quayle had come back from President Aylwin's inauguration and had given him a very positive report on the transition to democracy. The President expressed strong U.S. interest in supporting democracy in Chile. Record picks up after press departed. (U)

The President: I'm sorry that we have had such a short time together. I was talking about the budget with the Congress. The Democrats and many Republicans are opposing the compromise and we have problems. I think we'll succeed. If we get it through,

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this should help your economy and all economies. We hope to cut \$500 billion in five years. A successful budget should cause interest rates to go down and be good for investment worldwide.

(S)

President Aylwin: I know you face a challenge and wish you every success. I want to thank you for the help you and your government have given to democracy in Chile. I think that it will be most useful if I speak with a great deal of frankness about our concerns. I will be very frank. (S)

The President: Okay, please do. (U)

President Aylwin: I certainly have a great deal of sympathy and respect for you and for your government for all you have done to help the democratic process in Chile. We do have the expectation that the return to democracy in Chile will bring about changes in your policies towards our government. (S)

The President: What areas are you specifically interested in?

(S)

President Aylwin: I have four areas: (1) GSP, (2) OPIC, (3) Kennedy/Harkin, and (4) Free Trade. (S)

I want to explain. In GSP, GSP was removed due to the fact that under the Pinochet Administration, the government did not respect the labor laws. Today the labor laws are being completely complied with. Now we find that we have a problem of patents. We have already approved in Congress some laws which will be an improvement. There are a few details which need to be worked out but we hope that with the laws that have been passed this will enable us to move forward. (S)

On OPIC, there was a problem on human rights. Now human rights are fully respected.

We have been dealing positively with the question of Letelier and Mrs. Moffitt. The government is doing all possible within the juridical system. We have a law -- the approval of a law which will allow appointment of a prosecutor has taken longer than we wanted. But the principle was approved by acclamation. (S)

The failure to get revocation of the Kennedy/Harkin Amendment is giving arguments to the friends of Pinochet that nothing changes that there is a bad opinion of the government of the U.S. against the Chilean armed forces. (S)

For the government to achieve a higher degree of loyalty from the military we need to get the Kennedy/Harkin Amendment dropped. This would allow cooperation for us to give compensation to Letelier and Moffitt without having it look like pressure. (S)

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The President: I'm not sure. It seems to me that to have this happen you were transferring jurisdiction from military to civilian. Bernie, is that the way we had it? (C)

Mr. Aronson: Yes. And then the plan for compensation would clear the way. President Aylwin has had some trouble with his legislature in getting the necessary laws passed. (C)

The President: What has to happen to annul the Kennedy Amendment? (C)

Mr. Aronson: We have to certify to Congress that steps have been taken, that significant progress is being made to achieve justice in the case. I think that to get justification we have to be clear that the intended government actions are going to happen. If we get this, we would probably have enough to satisfy our legislation. (C)

The President: I think the mood in Congress is pretty good. Maybe we could resolve the question if we have a little more movement. (C)

Ambassador Gillespie: We have just a little more convincing to do. (C)

The President: We would like to get it done before my visit in December. (U)

On OPIC, I thought that OPIC was going forward. (C)

Mr. Pryce: We have just cleared the decks and haven't told anyone yet. We were saving it for you. (C)

The President: Well, yes, now we can go ahead with the OPIC. I'm very pleased that we are able to do this. (C)

President Aylwin: Yes, I was led to believe you might give me some good news. (C)

Mr. Aronson: OPIC is ready to issue a press release announcing the resumption of their programs in Chile after this meeting. (C)

The President: On GSP, I know that there is a problem with intellectual property rights, particularly regarding pharmaceuticals. There are problems in satisfying the demands of Congress and the pharmaceutical association. Where are we on this? (C)

Mr. Aronson: They have passed legislation but it didn't go as far as the original proposal. (C)

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The President: Maybe the OPIC move will make it a little easier to get the right decision. (C)

President Aylwin: I want to say that the pharmacists are being awfully demanding. The legislation has a fifteen year period of patent instead of 17 years. This should not be a big problem. You know that our pharmaceuticals are jealous of their autonomy. (C)

The President: Bernie, is this a matter of policy? (C)

Mr. Aronson: No, it's in the law but it came later and was not the reason for our denying GSP. (C)

The President: We don't want to be in the position of moving the goal posts. There is a certain urgency. I'd like to get this cleared up before I go. What is the fourth part? (C)

President Aylwin: Regarding your own Enterprise for the Americas, Chile is fully ready to negotiate a full bilateral free trade agreement. This would have great possibilities for our economy. We are concerned that the U.S. Congress will approve legislation which will be a restriction on U.S./Chilean trade. (C)

The President: The framework agreement which has been agreed should lay a good base. On a free trade agreement, we have a commitment to move forward with Mexico as a first step. That is not to be considered the last step -- that we would not talk with others. We can talk more about this before I go down. In principle, we are interested in more and more of these agreements. It's just a matter of how we proceed. We need to keep going with as many agreements as possible. (C)

I don't know what you can do about the Uruguay Round. The Europeans don't want to do anything on this. (C)

I'm glad to hear of your personal interest. We are interested. I'll be ready to talk more when I come down. (C)

President Aylwin: Our interest is exactly the same as yours regarding the GATT and agriculture. We have problems similar to yours with regard to our agricultural exports. But what we think is that regarding fruits and table grapes, we find there are U.S. impediments regarding market orders with quotas which are similar to European quotas. (C)

The President: There is no question but that the Uruguay Round is extremely important. If we get it, it will help get rid of our trade restrictions. We have strong protectionist pressures in the United States. For example, there is a textile bill passed by both Houses. I will veto it but there are powerful interests who will push to override the veto. These restrictions

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are very harmful. As an example, President Ozal of Turkey, who has been very helpful regarding the Persian Gulf, asked for our help on textiles and this legislation is like putting two fingers in his eye. If we are able to have a successful Uruguay Round, we will be more able to get more free trade legislation out of the U.S. Congress. (C)

President Aylwin: I am sure we can make progress. In this sense, I repeat that in the Uruguay Round our interests are the same. I'm hoping you will have a good visit. (C)

The President: I hope you feel the excitement here about the new government in Chile. You have a good long-standing friend of mine as Ambassador and we would like to see things move forward. (C)

President Aylwin: Absolutely! I know that time is short but would you permit me to raise a political problem I have? (C)

The President: Sure. (U)

President Aylwin: I have a political problem in that the Pinochet opposition is aggressive -- small, but very aggressive. At present my government is seen as being very friendly and subservient to the United States but it doesn't seem to get anything out of this new relationship, and this is beginning to affect public opinion. (C)

I need a card to show that democracy in Chile is of direct benefit, that democracy means our friends give us better bilateral treatment. (C)

The President: We certainly want to demonstrate support for your democratic government. One of the differences is that under previous conditions the President of the United States would not go to Chile. I would hope my visit demonstrates a change. My visit is designed in part to support your democratic government in Chile. If we can help, we want to help in as many ways as possible. I understand your problem and want to find other ways to help. I look forward very much to my trip to Chile. (C)

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