

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with President Carlos Salinas of Mexico (U)

PARTICIPANTS: The President
 John D. Negroponte, U.S. Ambassador to Mexico
 Nicholas F. Brady, Secretary of Treasury
 Dick Thornburgh, Attorney General
 Robert A. Mosbacher, Secretary of Commerce
 Carla A. Hills, United States Trade Representative
 William K. Reilly, Administrator, Environmental Protection Agency
 John H. Sununu, Chief of Staff to the President
 Brent Scowcroft, Assistant to the President for National Security Affairs
 Lawrence Eagleburger, Deputy Secretary of State
 Marlin Fitzwater, Presidential Press Secretary
 Robert Zoellick, Counselor, Department of State
 Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
 William T. Pryce, Senior Director for Latin American and Caribbean Affairs, NSC
 Stephanie Van Reigersberg, Interpreter

Carlos Salinas Gortari, President of Mexico
 Fernando Morales Solana, Secretary of Foreign Relations
 Gustavo Petricioli, Ambassador to the United States
 Jaime José Serra, Secretary of Commerce and Industrial Development
 Patricio Calero Chirinos, Secretary of Urban Development and Ecology
 Armella Aspe, Secretary of Finance and Public Credit
 Jose Cordoba, Chief of Staff to President Salinas

~~CONFIDENTIAL~~
Declassify on: OADR

~~CONFIDENTIAL~~

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000 - 0429 - F
PR 8/21/09

Enrique Del Castillo Alvarez, Attorney
General
Manuel Bartlett, Minister of Education
Jorge Blanco, Deputy Ministry of Trade
Dina Kurianski, Interpreter

DATE, TIME November 27, 1990, 9:45 a.m. PT
AND PLACE: Museum de Nuevo Leon, Monterrey, Mexico

President Salinas: (Makes general welcoming remarks in Spanish, then switches to English.) I will move to English now in order to facilitate discussions. We have spoken about the progress on the Free Trade Agreement. Mr. Serra will speak in more detail on this. (C)

Secretary Serra: On the timing of the Free Trade Agreement, we have agreed that January 31 will be the date for deciding about Canadian participation. We have also agreed that our objective is to have the agreement signed by the end of 1991. (C)

We are presently considering separating the negotiations into two areas: one would cover tariffs and trade barriers and the other would cover non-tariff areas such as rules of origin and dumping. (C)

During the first week of December, we will send a new law for intellectual property protection to our Congress. This will be a significant forward step. (C)

Finally on the trade issue, President Salinas mentioned to President Bush our worry about the tendency for interest groups to bring non-trade issues into play regarding the Free Trade Agreement. These issues concerning non-trade matters create unhelpful background noise. Secretary Mosbacher was clear in saying that oil is not an issue. Investment in oil is not on the table because it causes problems. (C)

The President: On the oil question. We are sensitive to history and understand the sensitivity. Secretary Mosbacher is right in what he said. But this doesn't mean that nothing to do with oil can be discussed, because Mexico has proposed "Turn Key" drilling contracts. This is a vast market. We are totally in accordance on equity and owning minerals, having an interest in the oil itself. The press keeps raising this and we can handle that. We understand this. Don't worry. When we talk about oil, we are talking about servicing. (C)

You may hear some Senators who will talk about non-trade issues. They do get involved in issues like environment and human rights. This could be a problem. I have asked President Salinas to let me know if he sees cause for concern. (C)

Ambassador Hills: It is always a pleasure to work with Dr. Serra. We will meet next Sunday. It is premature to make a

decision on whether tariff and non-tariff barriers should be separated. (S)

A statement that oil is absolutely out causes problems for us. (S)

We need to have environmental ministers meet and to talk about problems. So, too, on drug issues. We would have applause if we were to have a trade agreement which covered all of North America. (S)

President Salinas: Ambassador Hills is right that there are issues which are wider than trade which affect it. You have a word, fragility, and Shakespeare, I think, had a phrase "thy name is woman." Whoever made the phrase hadn't met Carla Hills. (S)

Governor Sununu: I would like to ask one question. As Ambassador Hills is going into the final GATT stages, people are saying that Mexico is looking at a Free Trade Agreement as a substitute for GATT. GATT is an important international issue for us, and I hope that focus on a Free Trade Agreement doesn't hurt our efforts to bring about a successful GATT negotiation. (S)

President Salinas: We should say that we stand firmly for the Uruguay Round. Jaime (Serra) you have firm instructions to provide full support! (S)

The President: When I was in Europe I talked to Kohl and Delors. They implied that the United States was trying to stir up others to give them grief on agriculture. I said that we were not stirring people up. But Australia and the CAIRNS group felt strongly about this on their own. Any help you can do to get agriculture on the table in good faith will be appreciated. We have been making strong representations on this for years, by Carla, by Yeutter, by Brock. I would encourage a weighing in by Mexico. It would have great influence. (S)

Minister Serra: Ambassador Hills and I will get together on this in Brussels next week. For Mexico, the Uruguay Round is important. We have already stated that in the Communique. We will be issuing a clear sign of our support. (S)

Ambassador Hills: I am happy that you will offer an intellectual property protection law in December. In defining what is a successful round, we should think in broad terms. Europe, which is not inclined to reduce agricultural tariffs, will be more likely to do so if there is more in it for them. (S)

President Salinas: The Minister of Economy, Mr. Aspe. (U)

Minister Aspe: Yes, there are several points I would like to make. (S)

1. Moving forward in trade is a positive sign. (U)
2. Money Laundering. The U.S. asked for amendments or U.N. recommendations and they are approved. Money laundering is now a crime for the first time in Mexico. (U)
3. Customs. I want to thank President Bush for naming Carol Hallet (as Commissioner of Customs). For the first time, I think, our customs officials really trust each other. There will be a meeting next week in San Diego. (U)
4. Yesterday, Secretary Brady and Deputy Secretary Mulford told me we are confirmed in CCC. This is very good news. (U)
5. EXIM Bank. We are looking for help in financing in petroleum drilling and are discussing this with the President of EXIM. (U)

The President: One point six (1.6) initially then six point five (6.5)? (U)

Minister Aspe: One point five (1.5) initially, up to six point five (6.5). (U)

6. Regarding Central America, we have been discussing possibilities under the initiative for the Americas, we are hoping will help. We think the InterAmerican Development Bank should play a strong role. (U)
7. I want to thank the U.S. Treasury and the Attorney General for a letter to Judge [not heard]. One of the Bells -- a "Baby Bell," Southwest Bell -- needs authorization to buy the Mexican telephone company. We hope the Judge will issue authorization in December. (U)

Secretary Brady: I can't add too much to what Secretary Aspe has said. I share his view (indistinct). I think it could have a significant effect, not only in Latin America, but especially in Central America. (U)

Attorney General Alvarez: In the battle against narcotics traffickers, we have done much. We have shared information. We have made satisfying progress. For example, regarding cocaine, we have taken over 80 tons. This is more significant when you think of it as converting into 1,200,000 doses. We have been eradicating marijuana and poppies. We have dismantled 400 criminal organizations. We have 150 planes. We ought to confirm jointly the effect of the efforts to go after armed organizations. We have to reduce the flow of arms used by drug organizations. This

is a work that has to do with intelligence. We need to cooperate closely on money laundering. I would call attention to sacrifices made by the Attorney General's office, where 64 people have died in the fight against narcotics, and many more have been wounded and crippled. Our purpose is, expand our ability to destroy narcotics organizations and reduce narcotics trafficking as ordered by President Salinas. (S)

Attorney General Thornburgh: The Attorney General has stated very well the excellent performance of the police, what they have done. Like in other areas, there is a very high level of cooperation. We know that demand is the big problem. I shared with my counterparts what is being done in the United States to control demand. Nevertheless, there is too much transit. I learned last night about the upgrading of the police, of their increased salaries and additional training. We will have a second Attorney General's conference. We look for the coming into existence of the Mutual Legal Assistance Treaty. I am very pleased at the general level of cooperation and told the Attorney General of our willingness to expand intelligence sharing. I am happy there will be a money laundering law. And about our new cooperation in the OAS. Despite bumps in the road, we pride ourselves on a determination to serve you and President Bush, and both our peoples. (S)

The President: May I raise a contentious issue -- that is border violence. There is something about it -- something very troublesome that is based on historical experience. I want to get it out on the table and try to get a solution. (S)

President Salinas: Mr. President, we have established a mechanism to work on that. There are problems involving labor and immigration which must be solved. (S)

Attorney General Thornburgh: I would like to talk a little about the border. If left unresolved, the problems there could become very difficult. And let me tell you, President Salinas, that the Attorney General's office takes very seriously its responsibility to move against its officials who abuse their authority. We have sent a memorandum to the State Department, which we assume they have shared with you which shows where we have prosecuted, criminally, law enforcement people who broke the law. We have dismissed a number of enforcement officials along the border. We have had our own people and human rights people review what our laws and procedures and accomplishments are. And this shows that we share a commitment to observe human rights. (S)

President Salinas: There are some doubts about the Free Trade Agreement. We should discuss the problem. I want to thank Secretary Mosbacher and Ambassador Negroponte for all they have done to make progress. As our two countries progress, we must prepare support for the Agreement. (S)

Secretary Mosbacher: We also have the problem of Congressional approval. We may need Mexican help here. (S)

President Salinas: One area where we have made real progress is on the environment and Mexico's sea turtles. Mexico has ten of the eleven species of turtles. We have established a firm ban on their slaughter. It was a tremendous sight to see thousands of new turtles come to the beaches to reproduce. As President Bush knows, we protect not only the sea turtles, but land turtles.

(S)

The President: It is good for both countries to improve the conditions for turtles to make love! (S)

Secretary Chirinos: We have reached agreement on several environmental projects on the border. We are completing the San Diego/Tiajuana plant and are making progress on the Laredo-Nuevo Laredo plant. We talked about the need on the border -- not only on how isolated agreements, but a program covering the fourteen border cities. We need to have a single program. I told Mr. Reilly that your visit has created interest in an institute in the Western Hemisphere to focus attention on climatic changes.

(S)

I would like to say that after the UNICEF Summit on the Child, Mexico has evolved a series of measures to abide by its commitment to evolve a better system for looking after twelve million homeless children. We have rehabilitated 12,000 schools. A scholarship program has been set in motion which will help four million children. (S)

In November, the Mexican Government had a meeting at the United Nations to follow up on progress and see where we are behind.

(S)

Administrator Reilly: As President Bush has said, the atmosphere for a Free Trade Agreement is positive. New progress on the environment is also exciting. The two can reinforce one another. We want to reinforce environmental objectives. (S)

We worked on human waste issues. We have taken back some illegal waste. We have worked on the pollution problems of the El Paso-Juarez area. We are examining the effect in Mexico of alternate fuels. (S)

We have agreed to set up a commission, or task force, which would deal with environment on the border. We hope to improve the situation overall, and to head off criticism of a Free Trade Agreement from an environmental point of view. (S)

President Salinas: Minister Bartlett. (U)

Minister Bartlett: We have signed an agreement on the establishment of a new scholarship commission between Mexico and the United States. Mexico and the United States will both participate in the selection of scholars. This instrument goes with a Memorandum of Understanding. There will be exchanges of delega-

~~CONFIDENTIAL~~

7

~~CONFIDENTIAL~~

delegations. It provides for teaching of English in Mexico, and Spanish in the United States. It will greatly expand the technology on education in both Mexico and the United States. (C)

President Salinas: This has been a very good meeting. Some in Spanish and some in English. But all of us have been speaking the language of communication -- and that is why this has been such a good meeting. (C)

-- End of Conversation --

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~