

THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Carlos Andres Perez of Venezuela

PARTICIPANTS: The President  
James A. Baker, Secretary of State  
John Sununu, Chief of Staff  
Brent Scowcroft, Assistant to the President for National Security Affairs  
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs  
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs  
Michael Skol, U.S. Ambassador to Venezuela  
William T. Pryce, Senior Director for Latin American and Caribbean Affairs, NSC Staff (Notetaker)  
Stephanie van Reigersberg, Interpreter

Carlos Andres Perez, President of Venezuela  
Armando Duran, Minister of Foreign Affairs  
Beatrice Rangel, Minister of the Secretary of the Presidency  
Simon Alberto Consalvi, Venezuelan Ambassador to the U.S.  
Sonia Perez, Executive Director for Venezuelan Affairs, Inter-American Bank  
Danute Rosales, Interpreter

DECLASSIFIED  
PER E.O. 12958,  
AS AMENDED

CE 8/21/2009  
2000-0429-F

DATE, TIME AND PLACE: May 3, 1991, 9:50 - 10:25 a.m. EST  
Oval Office

The President: I am delighted to see you. What's going on that I need to know about? (Ø)

President Perez: Mr. President, you know much more than I. (Ø)

The President: I always get good advice from you and always appreciate it. (Ø)

President Perez: We have a multitude of things to discuss. First I want to talk about Peru. I think Fujimori is making a big effort, but he has tremendous problems. If we do not help him now, he will be overcome by these problems. There are problems of guerrillas, underdevelopment and a possibility of a military coup. If we do not do something to get him out of his crisis now, worse things can happen. This is a matter of money. The Peruvian situation regarding debt to the international financial institutions is very bad. We are trying to see what we

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can do in terms of bridge loans. It is something that will effect Fujimori's future very dramatically. We need to get the cooperation of everybody. (Ø)

The President: We would like to help. We think Fujimori is a pretty good guy. He is certainly an improvement over his predecessor. Does someone want to speak about the situation there now? (Ø)

Assistant Secretary Aronson: We are providing food aid and other developmental aid and we have been working with Peru. We will be able to provide other aid if Peru meets certain criteria which involve human rights and narcotics. If President Fujimori takes the necessary steps, then we can help him. (Ø)

President Perez: Fujimori is going to Canada in about ten days. I will talk with him about this and what he needs to do. (Ø)

Assistant Secretary Aronson: We need to define a little more precisely what needs to be done. We will give you a paper on this. (Ø)

Secretary Baker: Before we leave the subject of Peru, I want to say that about ten years ago Peru lead the charge in repudiating its debt. That is a source of a great deal of its problems today. It shows what happens when you repudiate your debt, rather than try to work it out, roll it over, or make some arrangements to help solve the debt in a positive way. (Ø)

The President: The man there, I understand is an improvement. Is he coming up here? I don't know him, but I gather he may be coming up. (Ø)

Assistant Secretary Aronson: We are talking about it. (Ø)

President Perez: I am glad to hear that you are talking about this. I'm glad to hear about your plans. I am also glad to hear of your plans for going ahead with on trade with Mexico. (Ø)

The President: We are going to win this, but it will be a difficult fight. Our labor unions have come out against it. They are completely prejudiced against Mexico and violently unfair. We are going to take labor on on this. We have good answers for labor and the environment. (Ø)

President Perez: The Latin American labor organizations are positive about free trade, this is the case in Venezuela. (Ø)

The President: If there is a way for labor unions in your country to support the free trade agreement with Mexico, it would be very helpful here. I think it would off-set some of our other criticism if there was positive support within the hemisphere. I do not want to see Mexico treated any different than Canada. We are in good shape in the Senate. We want the Senate to vote first and then give a signal to the House. Anything you could

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say about it here would be helpful. If you feel inclined to mention it, what you say could be picked up and publicized here -- that would be helpful. (Ø)

President Perez: I'll do it. (Ø)

I want to express my joy for what happened in El Salvador. (Ø)

The President: How do you think things stand in El Salvador?  
(Ø)

President Perez: Now the road is really open. In these things you need to make a beginning. This has now been done. The agreement arrived at in Mexico is a beginning. (Ø)

Assistant Secretary Aronson: Yes, but we must not allow too much time to pass for final agreement. The May 30th deadline should be maintained. (Ø)

President Perez: One thing I have been worried about is the hard-line toughness in the treatment of the Sandinistas. Nevertheless, in calls to them, I have talked about the need for elections in El Salvador. The important thing is for you to talk with the FMLN. (Ø)

We have to give the FMLN some incentive to get them to stop being guerrillas and re-enter the political process. (Ø)

Cristiani has done very, very well. He has been very courageous. We need to help him. We need to recognize that once a cease-fire is reached, that is the end of the guerrillas. That is why they are so terrified by the cease-fire. We need to reassure them.  
(Ø)

The President: I'm less positive than you are about the attitude of the FMLN. We are prepared to have meetings with Cristiani's concurrence. We don't want to undermine this man. The other main problem is weapons. We have good information on SA-16s. They are lying when they say they don't have them. We are not making this up just to be difficult. We have good evidence. I hope that a cease-fire means an end of the revolutionary activity. If we are right about the weapons, and I believe we have good evidence, what would you say about this? (Ø)

President Perez: I have taken into account what you have told me, but they say it is not true. They say that if the FMLN got them -- they got them from some other source. They say that the SA-16s are not mobile, that they need a platform and would not be useful. They also that there is no way out, even if Europe supports them. They have to have a relationship. FMLN knows it must come to some kind of agreement. When we talked about your talking to the Sandinistas you always said no -- but you were wrong. The FMLN knows they have to negotiate. They have not gone far because they fear to lose their force in El Salvador. You are a protagonist and you should recognize it. (Ø)

The President: If we had not have been tough in Nicaragua, we would never have had elections. We have had free and fair elections in El Salvador, who are they to say the elections were not free? We want to see them lay down their weapons. I do not think we are being naive. (Ø)

Secretary Baker: The real test is, do we see a resurgence of the offensive before the 30th of May? That will be a true test. If what you say is correct, if they want to negotiate rather than fight, this will be an example. (Ø)

President Perez: I know you can't be sure you can trust them to cooperate. But some risks must be run. They don't have any strength left and we need to make things easy for them. We know these people. If you know these people you know that they have changed from the old leaders. (Ø)

The President: Who are they? (U)

President Perez: The real leaders -- the death of Cardenal [an FMLN commander] was an ambush, but they took it well. They could have reacted strongly -- but they realized that there was no other way out. A bad example in Nicaragua under President Reagan reminds me of the doctor who sees a patient and says that he is very ill and at a large meeting of doctors, he lets the patient die to prove he was right. (Ø)

Secretary Baker: Do you think there will be a military offensive launched by the FMLN prior to May 30th? That will be there real test. (Ø)

President Perez: I do not think so. (Ø)

The President: Tell me, what is the latest on Violeta? We are going to help on the arrears. I know that you have stepped up to the plate. How do you see it? Do you think that the Sandinistas can block the reforms? (Ø)

President Perez: I am optimistic. I don't believe the Sandinistas will block her actions. They have been positive in actions with the trade unions. I think the situation is better than most people think. There is a new problem, but people are acting intelligently. I talked to Bernie Aronson and know what you plan to do. You said you are willing to help more. (Ø)

The President: We are raising our help to \$75 million. (Ø)

President Perez: We are going to make a contribution, but we also need to do something for Peru. We will try to get Colombia to contribute then we can do less. But if Colombia does not contribute, we will do what is needed. (Ø)

The President: She is very outspoken in her praise for you. (Ø)

President Perez: I think you and I both care very much for her. (Ø)

The President: What about the second question? Are the Sandinistas going to block her reforms? (Ø)

President Perez: No. The Sandinistas have decided to play the democratic game. They tried to confront. Now they will work with the Congress. (Ø)

The President: I don't want to reinforce your ideas about my being super hard-line, but as far as Daniel Ortega is concerned -- when he went to see Saddam -- that confirmed my idea about where he stands. (Ø)

President Perez: I understand. (Ø)

The President: I am pleased to hear of your positive assessment. We want to do what we can to see her succeed. We have a lot at stake. (Ø)

President Perez: I want to do all I can. (Ø)

Now I want to talk about our small Khommeni in the area, Aristide. (Ø)

The President: How is he doing? (Ø)

President Perez: Not bad. At one point there was no electricity in Haiti. We are helping. We want to do what we can. I would like to be able to help with residual fuel oil. We could work a situation where they get the oil at Venezuelan internal prices -- this would be very advantageous. We hope you could agree to this. (Ø)

The President: What has happened to Mrs. Truillot? (Ø)

President Perez: Things are going well. He [Aristide] told me that we should let a week or so go by and all would be well. I have talked with him and told him he had to let her go. (Ø)

The President: I have to give you great credit for getting Mrs. Truillot freed. You said you have talked with Arisitide. We thought that this man is a wild man, but you said "no, we could work with him." (Ø)

President Perez: I said that under the circumstances, he would be okay, and you said "why?" (Ø)

I would like to talk about Suriname. We cannot forget that Holland is key. We have to count on the Netherlands. They need to be involved, but not in a way where it looks like they are returning to colonialism, but in a limited way. Now, I am going to visit Holland and will speak to the Dutch government. We do not want a repetition of what happened before. (Ø)

The President: Bouterse has to have elections on the 25th of May. Is that right? Will he? (Ø)

President Perez: He will have elections and they will be clean elections for he doesn't care who wins because they are all terrified of him. It is important that the Constitution be changed to remove the armed forces from active civilian government. (C)

Assistant Secretary Aronson: We have seen this as a problem much the same as President Perez. Secretary Baker met with the Dutch and we are trying to work positively with the Netherlands. Bouterse and the army are the problems. (C)

President Perez: That is certainly true. I want to mention that I give you great credit for the hard work you have done in the Middle East. This is the right line as far as I am concerned. I think it is important. Secretary Baker deserves great credit for his work and we support it. (C)

Secretary Baker: Thank you. I started to tell you that you could guess what we are going to call the plan if it works out. (C)

The President: Right now it is called the Baker plan. The situation is not really helped by current maneuvering. Israelis keeps putting in new settlements and this gets the parties all upset. We get criticized for talks with the Syrians, but doing this can make progress. Jim had a nine-hour conversation with Assad and I think this is laying the base for positive action. (C)

Secretary Baker: It is a little like the guerrillas of the government of El Salvador and the guerrillas of the FMLN. If you can just get people to the table to talk, there is a possibility for making progress. (C)

President Perez: I want to say something about Venezuela. We have been talking about world problems and have said nothing about Venezuela. I'll be criticized if I don't mention something about bilateral relations. (C)

The President: You don't tell me your problems, I won't tell you mine. (C)

President Perez: If I said that it would not be taken well. (C)

We have signed a bilateral framework agreement and this is very important and gives a basis to get down to work. Also we need to talk about petroleum. You have your priorities in this area and we have ours. We have an offer from a German company to make a deep conversion refinery for extra-heavy oil. This is a very important proposal. There is also the possibility of investment from Japanese firms. (C)

On oil we have talked a great deal. (C)

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The President: There are possibilities, but we have real differences on consumer-producer dialogue. We need to be frank. We have a different approach. We can talk about oil again, but I don't want you to think we are wobbly. That is an expression that Mrs. Thatcher used with me at one point. She said during the Middle East situation "now George, don't get wobbly." I'm not sure how that translates into Spanish, but we have firm ideas on free markets. We don't look for cartels or anything like that. (Ø)

President Perez: Governments need to talk. (U)

There must be a free interplay, but the insecurity of markets can be bad. There is a natural monopoly of producers. Oil is not everywhere. Its supply has to be guaranteed. There has to be some sort of a framework. We don't see that a meeting is something to establish prices or regulate production. I think the French will approach you with a draft communique to call for a meeting to discuss the subject. We can't allow oil, which is the benefit to all men, to be subject to such pressures that it fluctuates wildly. We don't want to set up something to control prices. We don't want to have a cartel, but we need some kind of a dialogue. (Ø)

The President: Let me talk about it with my people. I don't want to raise hopes. You talked about a monopoly, that is not what we have in mind. (Ø)

President Perez: Monopoly is in the sense that not any country can produce what it wants. Sixty percent of the oil comes from a few countries. Not just anyone can produce oil. They want not to set prices high to try to ensure more stable production. (Ø)

The President: Thank you for your hard sell. I am going to think about this. (Ø)

President Perez: Gorbachev has problems. People are dealing with the Soviet left. (Ø)

The President: We have problems, but we must work with them. Some say we stick with Gorbachev too much. My idea is that as long as Gorbachev is there, we should deal with him. I do not want to give up on Gorbachev. Yeltzin advocates a lot of things that we stand for. Relations with the Baltics, market economy and other things, but I have worries about him and others say I should worry. We are at a difficult time and it is difficult to know how things will turn out. There is a problem that if he should fail, who will take his place. What will the role of the military be? (Ø)

President Perez: There are difficulties with Gorbachev, but so far as his security, he seems to be okay. We talked about Russia. I am always ready to talk about Cuba. We have an idea that arose. There is going to be a meeting in Mexico called the Iberian Summit which will be including all the countries in the Hemisphere and the Iberian Peninsula. I think this is the last

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time for Fidel to make a step forward. But in order to get him to do something, we have to offer him something. For the Mexican Summit, if we could put an end to the embargo against Cuba, then Fidel in return would announce that he is now open to change. What we need to do is unfreeze what is in Castro's head. He is a Gallego. They are very stubborn people. He still has charisma and some support. He has a fair amount of support. He has No way out. I think we need to give him help, give him something which would really impress Latin America. This will be a help for democracy. (Ø)

The President: That is the question. What he ought to do is to go to a democratic government. He is resisting what all other countries are doing. He is an antiquity. Everyone else is moving towards democracy. We have a great affection for the Cuban people. (Ø)

President Perez: There must be something that will appeal to him. I would be glad to approach him to see what the possibilities are, if that would be helpful. (Ø)

The President: I don't think we should be doing anything to support a dictator. (Ø)

President Perez: Among the Miami Cubans, there is a different idea of what would work. Fidel's position is based on his human condition. In the days just before the inauguration of President Borja of Ecuador, we met at a reception. Castro came at 2:00 a.m. and at a certain moment, an Argentine, asked Fidel what is your perestroika. He replied, "I don't have any. I have been doing it all along." The Soviets have perestroika -- I have been there the whole time. Gorbachev has his perestroika." I interrupted saying that Gorbachev had Brezhnev, but Castro has nothing before him, only Castro. (Ø)

The President: I would like to see free elections in Cuba. But with all the human rights abuses, and others, I don't agree with you that there should be movement towards Castro. If there are things he is willing to do, I don't want to discourage him, but they would have to be significant. (Ø)

Secretary Baker: SA-16s have been in Salvador for a fairly short time. If he has changed his ways, this certainly does not give much confidence to believe it. That is why we are skeptical about Fidel. (Ø)

President Perez: Yes, but if we don't give him some way out, he will never change. (Ø)

Secretary Baker: Yes. But the SA-16s have not been there very long and that tells about the real attitude of Fidel Castro. (Ø)

President Perez: Yes, but in politics, sometimes you have to deal with nuts. (Ø)

-- End of Conversation --