

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Michael Manley of Jamaica

PARTICIPANTS: The President
Lawrence Eagleburger, Acting Secretary of State
David C. Mulford, Under Secretary of the Treasury
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
Glen A. Holden, U.S. Ambassador to Jamaica
William T. Pryce, Senior Director for Latin American and Caribbean Affairs, NSC Staff (Notetaker)

Michael Manley, President
Peter David Phillips, Minister of State
Richard Bernal, Ambassador to the U.S.

DATE, TIME AND PLACE: May 15, 1991, 2:05 - 2:35 p.m. EST
Oval Office

The President: You seem to be looking well. We have followed your leadership with great respect and want to congratulate you on all you have done. (U)

Prime Minister Manley: I want to thank you for making time for me. I know you are very busy. I am glad you are looking so well. (U)

The President: Everything is going fine. (U)

Prime Minister Manley: May I jump right in on our situation? A lot of interesting things have happened. First of all, thank you very much for the Enterprise for the Americas Initiative. (U)

The President: You are a natural for that. (U)

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Prime Minister Manley: We are supporting Enterprise for the Americas Initiative everywhere and we are also supporting the Mexican Free Trade Agreement. We have been talking about it on the Hill. (U)

The President: We must win that one. If we don't win, it will send a very bad signal of discrimination to the Southern Hemisphere. (U)

They were talking about separating the Mexican agreement from other things on fast-track and we are fighting that. (Ø)

Prime Minister Manley: Many were astonished that I spoke about the benefits of a Mexican Free Trade Agreement to the region. We are part of a broader hemisphere. A bigger market will benefit all. I might be able to give a few helpful points in my talks on the Hill. Congressman Rangel, of course, is worried about drugs. (Ø)

The President: In reality, we will have more support for anti-narcotics efforts after the agreement than before. President Salinas has been very supportive on this subject. I think we have better drug cooperation with Mexico than ever before. (Ø)

Prime Minister Manley: I picked up a few things that might be helpful. One is that the environmentalists say that Mexico has strong environmental laws, but doesn't enforce them. I, of course, cannot get people to vote a certain way, or to change their vote, but I might be able to get people to lobby with less hostility. (Ø)

The President: Another area where maybe you could help is on the labor front. We are taking labor displacement fully into account. If labor is displaced, we are pledged to help. I am not sure everyone knows this. (Ø)

Prime Minister Manley: Yes. In the context of that, we feel that the Enterprise for the Americas Initiative is tremendously relevant for countries like Jamaica. We have been able to mobilize the CARICOM to recognize Jamaica as the leader in moving forward under the Enterprise for the Americas Initiative. We are negotiating a trade and investment agreement for the Caribbean at present. President Perez and I are also working on a Free Trade Agreement, so we are working on two fronts. CARICOM has also agreed to let us negotiate for them with the Venezuelans, so this will be taking place. (Ø)

The President: Will they go with your recommendations -- will they accept what you agree to? (Ø)

Prime Minister Manley: We bring along representatives of other countries. We think we will be able to pull it out. (Ø)

Back to the Hill. I had a talk with Bill Gray and he promised 100% support. I also talked with Senator Dodd and he was supportive. (Ø)

Governor Sununu: He was supportive of the Free Trade Agreement?
(Ø)

Prime Minister Manley: Dodd was not so much on the Free Trade Agreement, but more on the Enterprise for the Americas Initiative. I did not direct attention to the Free Trade Agreement with conversations with Dodd. (Ø)

With Bill, I really pressed him on Mexico. On the Enterprise for the Americas Initiative, I really pressed with everyone. (Ø)

I don't want to raise just the Jamaican case. (Ø)

The President: But I want you to. (Ø)

Prime Minister Manley: We are 90% to a market economy. We are working closely with the private sector. We have a moment to turn Jamaica into a success story. We have one last hurdle. We need to set a liberalized foreign exchange. We are going to do it because it represents the best thing to do. If we pull it off, it will be a good example. What is our problem? When we take the final step in October, we need a cushion. Poland and other countries have had a cushion and we need one too. We feel that if there is a cushion -- the mere fact that there is one may be enough -- we may not need it. But if you don't you have a cushion, you could be in trouble. We are trying to put together our resources for one last push. We are calling everyone. We need to have your people to do two things. (Ø)

The Enterprise for the Americas Initiative has PL-480 debt and other debt, but it doesn't do anything to reduce the rate of payment. This means that the benefits are delayed four or five years. If we could get support right now and reduce payments and get one shot of ESF, this would give us that cushion of confidence we need. (Ø)

The President: It is most appropriate that you bring this up. We are talking with Secretaries Brady and Mulford, Larry, and Bernie Aronson. I hope that there is a way we can solve this problem. I hate to cry "poor mouth", but we have very little flexibility. We ought to be able to find a way and we will try very hard. On this one, we should be able to do something -- David [Mulford], you are the expert. (Ø)

Under Secretary Mulford: If we can get AID debt reduction authorization this year, we could give some cash flow relief.
(Ø)

Deputy Secretary Eagleburger: We will look at the ESF situation.
(Ø)

The President: I appreciate what you are doing up on the Hill. CAP was here and he was helpful in saying that they supporting the Mexican Free Trade Agreement. It is very helpful to have

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hemispheric leaders support the agreement when it doesn't involve them directly. (Ø)

If I could say that you and I talked and you supported it, that would be helpful. We appreciate very much what you have done on the Hill. (Ø)

Prime Minister Manley: Another point. If you could look into the Puerto Rican 936, it would be a great help. We have now run into a crazy glitz. The OPIC guarantees are a problem. (Ø)

Deputy Secretary Eagleburger: This is an OMB problem. Brent and I can talk to Dick Darman on this. (Ø)

The President: How does this affect OPIC? (Ø)

Deputy Secretary Eagleburger: They are told by OMB that they cannot guarantee loans which are tax exempt. (Ø)

The President: Is this an OMB regulation done by themselves? (Ø)

Ambassador Holden: This can be cleared up by OMB. I believe there is an old OMB regulation from 1985. (Ø)

The President: We will try on that one. (Ø)

Prime Minister Manley: What sort of scenario do you see on free trade? (Ø)

The President: We expect to have a deal, but I cannot make a prediction regarding time. Anyone have an idea on this? (Ø)

Assistant Secretary Aronson: Maybe we could do it in a year, and then send it up to the Hill for ratification. (Ø)

The President: We also have to think about the GATT. I don't want to pull back from the GATT. We think it is important to open up these markets, especially in agriculture, and we have made some progress. (Ø)

Resistance to the Mexican deal comes from organized labor and environmentalists. We are getting support from Hispanics, businessmen, and from some textile people. What we need to do is hammer out a good deal that will get support. Many worry about labor rates -- so do I. Many worry about the environment -- so do I. Salinas is with us on this. He is totally committed. I don't know what would happen to him if we can't get it. (Ø)

Prime Minister Manley: I was most impressed with Salinas. (Ø)

The President: Would you like to give me about three minutes on your health, or do you just want to let it go by saying that you are feeling well?

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Prime Minister Manley: Well, they have given a clean bill of health, but we are going back to the hospital and check things over again. I am going to have six hours of check ups just to make sure everything is okay. (Ø)

The President: It is smart to do that. Who all is with you on the negotiations for CARICOM. Is Eugenia Charles on board? (Ø)

Prime Minister Manley: Yes. (U)

The President: Interesting. What other countries? Barbados, Trinidad and Tobago, and Guyana are important ones. (Ø)

There was a short, general discussion of the Jones massacres in Guyana. The conversation then ended with exchange of pleasantries. (U)