

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Rafael Callejas of Honduras (U)

PARTICIPANTS: The President
The Vice President
James A. Baker III, Secretary of State
Samuel Skinner, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Bernard Aronson, Assistant Secretary of State
for Inter-American Affairs
Cresencio Arcos, U.S. Ambassador to Honduras
William T. Pryce, Senior Director, Latin
American Affairs, NSC (Notetaker)

Rafael Callejas, President of Honduras
Gilberto Goldstein, Press Secretary
Ricardo Maduro, President of the Central Bank
Jorge Ramon Hernandez, Honduran Ambassador to
the U.S.

DATE, TIME May 6, 1992, 3:00 - 3:25pm, DST
AND PLACE: Oval Office

The President: I am delighted that we were able to reduce \$434 million of official U.S. debt to Honduras. I wish there were ways that we could do more. We are under tremendous pressure to cut foreign aid. People say when there are cuts that need to be made, that we should not cut domestic programs. They say take it out of foreign assistance. We don't want to do this but there are difficulties. (P)

We hope that the message of our interest in Latin America is being heard. I hope the Enterprise for the Americas is sending the message that we give a damn. This program is very important to us. Jim Baker and Brent and Bernie and all have done a lot for all of Latin America. We are also working in Europe with the new emerging democratic nations of Russia and the others. But that is not meant to be a sign of a lack of interest in Latin America. I wonder if that message is misunderstood, if people don't realize how much we care about Latin America. (P)

President Callejas: We understand. At least as far as Central America is concerned, this is the best situation we have ever been in, regarding our relations with the United States. (P)

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The President: Do you have any advice on Peru? The problem is that what he is doing is popular at the moment. He evidentially has a popularity rating of about 70%. (ϕ)

President Callejas: His popularity is for the time being. I don't see how he can survive without the necessary international financial help he needs from the international institutions and from the United States. I can't see Peru moving ahead under current circumstances. We condemned Fujimori's actions strongly. (ϕ)

The President: What kind of a reaction did you get? Negative? (ϕ)

President Callejas: No. But I wish the reaction against the coup, Fujimori's action, had been stronger. I hope that the OAS reaction will be strong in the Bahamas. Mexico will probably hold back. (ϕ)

The President: What about Haiti? We think that Aristide is a weak reed but we need to help democracy. I'm a little uneasy with a situation where you are supporting a former Communist, Rene Theodore, as part of a solution. I sometimes want to say: "hey, let me explain about this." (ϕ)

President Callejas: This is a matter which should be handled by the Organization of American States. (ϕ)

The President: We are still worried about CAP (Carlos Andres Perez, President of Venezuela). Do we feel better about this? (ϕ)

Assistant Secretary Aronson: A little bit. (U)

President Callejas: Venezuela is one of the oldest democracies. If there is trouble there, it sends a bad signal. The problem is that democratic institutions don't move quickly enough. Venezuela needs to move. If not, then a Fujimori type solution will occur. There are dangerous movements, including leftist groups. (ϕ)

The President: Do you have a left wing problem? (ϕ)

President Callejas: No. We brought them into the system. (ϕ)

The President: What kind of a group were they? Did they have a specific cause? (ϕ)

President Callejas: They had a paternalistic socialist approach like the Soviets. That has changed since the events in Eastern Europe and the Soviet Union. We have economic programs which promise more opportunity. We are looking towards an open economy. (ϕ)

The President: We are on the same side. (ϕ)

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President Callejas: We see a need for inflows of \$350 million a year. We are looking for help from the economic community, from the world financial institutions and elsewhere. For us, coffee is a real problem. Coffee prices are at a 30-year low. If we get no support on this, we have a real crisis. (Ø)

Bananas is another problem. Here we find that the European Community violates the GATT, where they ask to have a non-tariff barrier. We hope that you will come out and support us on this. We were willing to have a million tons of bananas come in from the Caribbean separately, but then we would want competition. (Ø)

The President: Where does the Caribbean come in on this? (Ø)

Assistant Secretary Aronson: On the other side. (Ø)

The President: So the Caribbeans are on the other side. (Ø)

President Callejas: We have made a very open proposal. We believe that five years from now, the Caribbeans would be able to have \$350 million. (Ø)

The President: What would they say? (U)

President Callejas: "No." They say the colonies are supposed to get special treatment. (Ø)

The President: How about coffee? (U)

Assistant Aronson: The problem is Brazil. (Ø)

The President: We would like to help. (U)

President Callejas: We have a problem. We have lost \$20 million. There is no increase in demand. (Ø)

Press Secretary Goldstein: There is not an elastic price. There is no response to demand. (Ø)

Secretary Baker: Let me ask if Honduras would be interested in a multilateral approach to the Haitian problem? Haiti seems to be insoluble under present circumstances. When we first faced the problem, there was a sentiment in the OAS to go in and get rid of it by a multilateral force. Would there be any support if the United States were not involved except for transport? Would the OAS be interested in an action to restore Aristide and call for elections? (Ø)

President Callejas: We would accompany such action. (Ø)

Secretary Baker: You would send force? (Ø)

President Callejas: Yes. I don't know if we could bring it up. (Ø)

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Secretary Baker: If Venezuela and Jamaica were willing, you would go? (Ø)

President Callejas: I would go along with Venezuela and Jamaica. Not a significant number. A small number. We knew the problem would be back in the OAS. We had a meeting of the Bahamas coming up. We would be willing to act. (Ø)

Secretary Baker: This was a violation. (Ø)

The President: What's the possibility of a new head of Government? (Ø)

Secretary Baker: You couldn't get a consensus. You would get some people to go along. Venezuela. (Ø)

Mr. Pryce: Venezuela wanted to do it, but their legislature would not let them. (Ø)

President Callejas: We have a great respect for you. We hope you will win the election easily. We think so. (Ø)

The President: I think I will, but the political process sometimes gets so ugly. The U.S. economy is beginning to move. There has been all this hopelessness. Most businesses seem to be getting better. Things are moving. (Ø)

President Callejas: We hope that you will have a successful NAFTA (North American Free Trade Agreement). We will have a meeting on trade with El Salvador, Honduras and Costa Rica and Serrano will also be there. Serrano (President of Guatemala) wants to have good relations with the U.S. and he wants to move forward in Central America. (Ø)

The President: We also want to have good relations. We have had a few problems, but we are making progress. (Ø)

President Callejas: He is trying to do his best, regarding human rights. I think that what you see is that he is making progress. (Ø)

The President: I hope that we will keep making progress. (U)

As the conversation broke up, the President mentioned that he was sorry that he could not be at the 50th anniversary of the El Zamorano agricultural school, but he had a message which he thought his sister was going to read. President Callejas said he very much appreciated that and would look forward to hearing the message. (U)

-- End of Conversation --

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