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THE WHITE HOUSE
WASHINGTON

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2009-0650-MR
SCS 3/1/11

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Patricio Aylwin Azocar,
President of the Republic of Chile (U)

PARTICIPANTS: The President
James A. Baker III, Secretary of State
Nicholas F. Brady, Secretary of the Treasury
Carla A. Hills, United States Trade
Representative
Brent Scowcroft, National Security Advisor
Curtis Kamman, U.S. Ambassador to Chile
Bernard Aronson, Assistant Secretary of State
for Inter-American Affairs
William T. Pryce, Senior Director for Latin
American Affairs (Notetaker)
Stephanie Van Reigersberg, Interpreter

Patricio Aylwin Azocar, President of the
Republic of Chile
Enrique Silva Cimma, Minister of Foreign
Affairs
Patricio Silva, Ambassador to the United
States
Carlos Ominami, Minister of Economy
Alejandro Foxley, Minister of Finance
Edgardo Boeninger, Minister and Secretary
General of the Presidency
Carlos Portales, Director General of
Political Affairs, Ministry of Foreign
Affairs
Carlos Bascunan, Chief of Staff to the
President
Marcelo Trivelli, Advisor to the President
Estela Lorca, Interpreter

DATE, TIME May 13, 1992, 10:35 - 11:30am DST
AND PLACE: The Oval Office

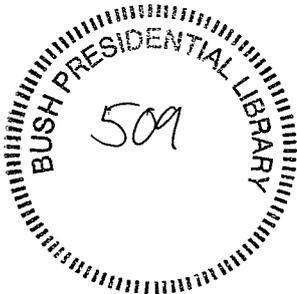
The President: I was pleased to say publicly what I feel about President Aylwin and what a wonderful job he is doing. I was only half kidding when I told the Finance Minister that perhaps we could take some lessons on how to achieve a 6% growth rate. (C)

The American economy is beginning to get better. We haven't reached the level of consumer confidence we would like to see but there are indicators that we are turning the corner. We think the U.S. economy is recovering. The economic indicators suggest that things are moving in the right direction. (U)

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President Aylwin made his strong feelings on a free trade agreement known in the Oval Office. We want to work out language to say that this will take place. We need to say that we need to get the Mexican Agreement finished as well as work out language that will be satisfactory to the Chileans. We need to work this out. We remain committed to free trade and we are having a hell of a time with the GATT. I salute Carla Hills. She has worked so hard on this problem. They are reluctant to do what they must do (the Europeans and Japanese). But Carla Hills will be working on this and we are not yet there but we will keep working. I think that Carla is one of the most over-worked people in the Government. (Ø)

We had a discussion and I want to try to be helpful to the Chilean side. But I don't want to spook a skittish Congress. We can't get on to Chile until we finish with Mexico. But I think we can do it. I wish it were not an election year. But I'm not going to stop because of politics. If we can get agreement with Mexico, we will push it tomorrow. Some members of Congress don't feel that way. Some groups have come out with protectionism. We have stood up to them. But we won't get it through if we don't get the votes. Let's try to treat that by a statement, letting your people know that we want to go forward. (Ø)

But what I really wanted to do was to let you speak and tell us anything you would like to tell us. (U)

President Aylwin: Thank you Mr. President for giving us the ability to speak out frankly. You have done so much to foster good relations with Latin America. The Enterprise for the Americas is great. I would express appreciation for it, not just for Chile but for all of Latin America. It is a new opportunity. It's not the case of the old uncle giving out help to the nephew. It's more a case of a big brother in partnership with the younger brother. But two years have passed and still there is no fruit. Mexico will be the first, Chile comes second. It isn't that Chile isn't coming, but people will say that there is no response to Chileans' effort. Nothing gets done without overcoming obstacles. Washington and Jefferson wouldn't have made the progress they did if they hadn't overcome obstacles. I'm optimistic. We have talked with some Congressmen and we are ready to take on the challenge of your Congress. With frankness I would press the point again. I don't know if you would object to hearing from our Finance Minister on this? (Ø)

The President: No, I would be happy to hear. I like the fact that our conversations are very frank. (U)

Finance Minister Foxley: As you know, we have worked very closely for two years. We have cooperated in the Uruguay Round in GATT. We have found common ground regarding access to markets. We have taken positions very close to yours in the GATT. Mrs. Hills knows that for some time we have supported the Enterprise for the Americas at the very first. We were the first to support it. I was here. This is the first time when we have

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an equal partnership and we feel an equal partnership for free trade. Free trade is the engine for growth. Half of our growth is related to trade. Trade is the key issue in Latin America and certainly the key issue in Chile. What we must do is reconcile traditional problems here with the perception in Latin America in time to act to support democracy.

(b)(1) Everyone knows that we are waiting for a free trade agreement. Senator Bentsen said, regarding this very issue, things that were encouraging. He said he had no objection with fast track for Chile. If we could get the announcement under fast track then we would keep quiet until after the elections and then would go forward. What do you think of that? We think we could get bipartisan support in Congress. We have good relations with the AFL/CIIO. (b)(1)

Chile and the United States have two complimentary economies. This will be the first free trade agreement under the Enterprise for the Americas. The NAFTA was before the Enterprise. In summary, we think that we can get support in Congress and the opposition would not say so publicly. This would have an economic effect throughout Latin America. (C)

The President: What about a statement? After Mexico comes Chile. A public statement. I could say that after NAFTA we would do Chile. I could commit the Administration to doing an agreement. We are for this. We see it as a plan we want to implement. But we don't want Congress to say "You are opening the flood gates" on GATT and on Mexico. They might say this. Let's see if we can make a statement. I say that we move forward with Chile after Mexico. (C)

Minister of Finance Foxley: Bentsen said he could say he would support notification within fast track. He thinks this would raise serious problems in Congress. A statement by you would be helpful but we don't think that is enough. We think that what is necessary is notification. That is what is needed to assure that agreement will be reached. If not, we have to start all over again. It is like saying we will think about it later. (C)

The President: You have seen what's happened in the last year. It has been tough to get a NAFTA. It has been difficult, very difficult for the U.S. to get a GATT Agreement. If you think we aren't trying, that is not a correct impression. Carla Hills is perhaps the most over-worked person in the Cabinet. The Cairns Group has been helpful and that is where we need to work even harder. We don't want too many balls in the air at the same time. I don't want to sound defensive, but I don't want to think that nothing has happened in two years. A lot of effort has taken place. Well, let's think about it. (C)

President Aylwin: I understand your viewpoint. We don't want to have conflicting approaches. I ask you to please look at the situation and only repeating what was said in the past is not substantial progress. Some formula which says within fast track but after Mexico. We are not saying to start. But we need to

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get something on the fast track. If we can find a formulation of this kind we would be grateful. (C)

The President: We will try to find a formulation and talk about it. But I have to see that something that you want doesn't derail what Chile wants. But we will try to work out something. We will see if we can find a formula to work out what Mr. Foxley explained. Perhaps we can try to work it out at lunch -- Secretary Baker and Carla could work it out. (C)

As we try to work something out for Russia and Eastern Europe, I hope you don't think that there is a lack of interest in Latin America. Sometimes I worry that there is that perception. We think that successful support for Russia is good for the whole world. We are working hard with all emerging states. We want to be sure that there is not a return to the problems of nuclear war and other problems which we had before. But that doesn't mean that we aren't very interested in Latin America, because we are. I touched on your interest in Haiti, Peru and Venezuela. (C)

On Haiti, speaking frankly, we are not admirers of Aristide on a personal basis. Our interest is to work with the OAS and get him back, as he represents the institution of democracy. I'm a little bothered that we are supporting a coalition with a former Communist. Are you of the same frame of mind? We are having trouble with the economic flow of refugees. We have all kinds of people wanting to go to the United States. The maximum reserve we have (in Guantanamo) is 12,000 people. Our main interest is in the restoration of democracy. (C)

On Peru, he came up here and there was reference to the problems that he had. But our problem, created by his action is democracy. I told him that. He said that they want to have democracy but they have big problems in terrorism and the economy. He said that "I'm for democracy but I need to do something," and that 70% of the people support him. We have a dilemma. We want him to succeed in fighting terrorism and in developing the economy but if we sit back and do nothing now, this sends a very bad signal. And Venezuela with CAP is getting pressure from the military and this worries us. We are still worried about a possible coup in Venezuela. A lot of the problem is economic but we must support democracy, that is our view. What is yours? There is so much positive in the hemisphere in Argentina and Brazil and other areas. But we don't want to suggest in any way that we don't support democracy. (C)

President Aylwin: We share the same concerns. In the OAS meeting at Santiago, we passed a resolution in defense of democracy. Haiti put it to the test. The measures so far have not worked as well as we hoped. (C)

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(b)(1)

Secretary Baker: We have suspended aid but not all on narcotics aid. (Ø)

Foreign Minister Silva:

(b)(1)

(b)(1)

The President:

(b)(1)

(b)(1)

Are you going to the Rio Summit? (U)

President Aylwin: Yes. (U)

The President: How long will you be staying? (Ø)

President Aylwin: I don't know about the dates but I'll be there for several days and for the signing of the Protocol. (Ø)

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The President: I don't know about the signing of the Protocol. I think that we are planning to be there about the same amount of time. (U)

Secretary Baker: My lunch is tomorrow and Carla has been invited. (U)

President Aylwin: We are having lunch in the Senate. (U)

Secretary Baker: Let me see if we can make a proposal. When we dealt with the Canadian Free Trade Agreement, one of the first, I was then in Secretary Brady's job. We went ahead with notification and we almost lost it right there. The Senate Committee voted 10/10 and almost turned it down. Our real concern is the House of Representatives. If we can, we want to negotiate a free trade agreement as soon as we complete the NAFTA and will notify the Congress at that time. As soon as NAFTA is over we would notify. (Ø)

Minister of Finance Foxley: We need all we can get. We may get an exemption on Chile. Or they say approve the trade bill and they will take away authority for Chile. (Ø)

The President: Where is Rostenkowski? (Ø)

Ambassador Hills: Real set against it. (Ø)

President Aylwin: We have a breakfast with him tomorrow. If there is no fast track authority we will have no agreement. (Ø)

The President: Let's see if we can't work something out. (U)

-- End of Conversation --

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