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THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with President Rafael Calderon of
Costa Rica

PARTICIPANTS: The President
President Rafael Calderon of Costa Rica
Interpreter: Barbara Phillips
Notetaker: John F. McShane/Roseanne Hill

DATE, TIME December 7, 1992, 11:36 - 11:50am EST
AND PLACE: The Oval Office

The President: Rafael. Is that you? (U)

President Calderon: George? (U)

The President: Is this the President? (U)

President Calderon: Yes sir, it's a great pleasure to hear you.
(U)

The President: My golly, I'm glad to talk to you. I'm calling
you to follow up on your letter. I know that you want to talk
about the situation with the property claims. I'm calling about
the outstanding cases and all of that. (Ø)

President Calderon: Thank you very much Mr. President. Thank
you very much for calling me. This is the first time I've called
you in four years, but this is a question of great gravity. (Ø)

President Bush. I've been wanting to talk to you. You've been a
good friend, and I want to be as helpful as I can. Our problem
is that these darn cases have gone on for so long. But I'd like
to hear you explain these cases to me. (Ø)

President Calderon: For many years, Mr. President, these cases
have been outstanding. No government has been able to do
anything about them. Knowing how much you are concerned about
this issue, the first thing I did was establish a commission to
look at these seven cases involving American citizens. Of the
seven cases, already three are in an arbitration process
consented to by both the U.S. citizens and the Costa Rican
parties. Of another three, one of them has already been resolved
and the expropriation lifted. Another is in the courts, and in
the third case, we have put \$1 million into an account for the
heirs of the person involved. Only one case has been left
pending. This one has not seen any progress, but I personally
received the citizen involved in this case last Friday and I
personally will direct the followup to that case. (Ø)

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In view of this situation, I believe that it was reasonable that the United States withheld the \$10 million in assistance until we made progress toward the resolution of these cases. However, now I believe that it is excessive and unfair that, after all that we have done to modernize our economic structures and to open our economy, you would prevent us from receiving the loans from the World Bank and the IDB. (S)

The President: Let me say this to explain my situation. The only real difficulty, and it's a real one for me, is the Gonzalez Amendment. That Amendment instructs our representatives at the international financial institutions to vote against any loan for a country that has expropriated property from U.S. citizens. So let me ask our people, given what you've told me about the cases, to see if we can get an exemption from this Gonzalez Amendment.

(S)

We salute you for what you've done on the economic reforms -- trade liberalization, privatization, and all of that. My only problem is a technical one on the issue of expropriations. So let me go back now and talk to my people to see if there is a way on these cases you mention to let us proceed -- any way that may be helpful to you. (S)

I know that Treasury hoped you would be able to hold back on going forward on the loans until these matters are resolved. But let me go back now after this talk and see if there is flexibility on this question, a question that is very important to you. (S)

President Calderon: Mr. President, I will thank you for anything you can do. The courts in Costa Rica are courts that are trusted internationally and are products of a solid democracy of 100 years. In this last case that we were talking about, the land has been made into an ecological park. The owners have not let us assess the property, and this, of course, is a problem. We need an assessment to resolve the case. But they have used Costa Rican law to hinder the process. (S)

And one more detail, I wanted to tell you in that in spite of all, I have done my best to look at all of the cases and I have all of the details of this situation. I have even accepted offers from the U.S. citizens. I will commit to you that I will do everything I can personally to look after the resolution of these expropriations. (S)

The President: That's very important. Rafael, let me go back and see what we can do. Thanks for your clarification. I want you to understand one thing. Please understand that I have certain constraints on me under this Gonzalez amendment.

(S)

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President Calderon: Thank you very much, Mr. President. (U)

The President: We'll take a look. I hope you and your wonderful family have a happy Christmas. If you ever get to Texas... (Interrupted by Calderon) (U)

President Calderon: Thank you. Please say hello to Barbara and I wish you a merry Christmas. (U)

The President: I'll do it. We're going to Houston soon and I hope you can come to Houston to see us. (U)

President Calderon: Thank you. I expect to see you in Houston soon. And now that you won't be so busy, please come to Costa Rica to fish for sailfish. (U)

The President: There's a good offer. I'll get my hat on and get started. (U)

President Calderon: Thank you very much, Mr. President. (U)

President Bush: Thank you very much sir. Good bye. (U)

-- End of Conversation --

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