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 AND PLACE: December 7, 1992, 11:36 - 11:50am EST
                       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. (☞)

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. (☞)

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. (☞)

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. (☞)
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. (☞)

**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.
(☞)

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. (☞)

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. (☞)

**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. (☞)

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. (☞)

**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.
(☞)
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 --