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THE WHITE HOUSE
WASHINGTON

2901

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Meeting with Prime Minister Esquivel of Belize

PARTICIPANTS: The President
James Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Bernard Aronson, Assistant Secretary of State
for Inter-American Affairs Designate
Robert Rich, Ambassador to Belize
David Pacelli, NSC (Notetaker)

Prime Minister Esquivel
Dean Barrow, Foreign Minister
Edward Laing, Ambassador to the United States
Joy Grant, Counselor of the Embassy of Belize

DATE, TIME April 20, 1989, 3:05 p.m. - 3:25 p.m.
AND PLACE: Oval Office

The President and the Prime Minister had the following exchange as the first contingent of press (photographers) entered:

The President welcomed Prime Minister Esquivel, saying it was nice to see him. He commented that he had never been to Belize but had heard that it was a beautiful country. He was aware of our cooperation with Belize on fighting narcotics, saying that we have to fight it at both ends, at home and abroad.

The Prime Minister expressed his condolences over the loss of life from the explosion on the battleship Iowa.

The President accepted the condolences, saying it was such a heartbreak for the families involved. The President continued that there has been some question of getting rid of the ships themselves with the argument that they are relics. He disagreed, saying that they have other purposes besides serving as gun platforms. He said it was very thoughtful of the Prime Minister to mention this tragedy.

The President and Prime Minister exchanged the following as the second press group (television reporters) entered:

The Prime Minister asked the President how things were going.

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The President said that he was pleased to see Esquivel and grateful for the visit. (The President then commented that they would chat for a minute or two for the benefit of the cameras.) The President said he was aware of the adverse effect of refugees on Belize and would like to discuss that, and he was always interested in talking about enhanced ways to fight drugs. Those are just two of the subjects on our mind for the meeting, he said.

The Prime Minister said that the Caribbean Basin Initiative (CBI) was also on his mind, and he mentioned instability in the border areas of Belize. He welcomed the President's new policy in Central America.

The press then departed, and the President and Prime Minister continued their conversation.

The President said that he had successfully launched his policy towards Central America with the Bipartisan Accord, and that Americans now spoke with one voice on that topic. The Secretary of State had engineered the agreement in an initially hostile political environment. Yet, we got the Congressional leadership here [at the White House] and they became very supportive. There was some dissent, some dissatisfaction and concern, both from liberals and conservatives, but it was accomplished. He thanked the Prime Minister for raising the subject.

The President said that the Central American policy should not be interpreted as lack of interest in democracy. "That underpins the entire idea of Esquipulas." What we want is free and fair--certifiably fair--elections in Nicaragua. We think that is a worthy objective. We will sustain the Contras. Those who want to go back to Nicaragua voluntarily may do so. We urge them to go back and we urge the Sandinistas to live up to their professed goal of democratization.

The Prime Minister characterized the President's plan as the "best hope" for peace. He thought a primary element now was that the Central Americans themselves are taking the lead. This is cause for some optimism. At the same time, he said, we are not that optimistic that everything will happen like it is supposed to happen. But its direction is right, it has a chance to succeed, and we applaud your efforts. The Prime Minister said, "Any support we can give, we will."

The President said that we think along the same lines. Changing the subject, he asked about Belize's border talks with Guatemala, saying in an aside that he did not want to pry into Belize's internal affairs. The President said he did not know if there was a role for the United States in this, but he wanted to ask. "This must bother you a lot," he said.

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The Prime Minister answered that he was bothered, but he was encouraged by the attitude of Guatemalan President Cerezo. He had the right attitude. He is sincere. At the same time, Cerezo's hands had been tied by the military and by political history in Guatemala. He is moving forward on one hand with eagerness, but on the other he shows reluctance and is not wanting to upset anyone. The Prime Minister summed up by saying that the atmosphere was positive, but things were moving very slowly.

The President asked if contacts were better under Cerezo.

The Prime Minister said they were better. There are now many informal exchanges. He cited the case of a Guatemalan Minister who attended the Pan American health meeting in Belize, although not as an official visitor to Belize. Belizeans attend conferences and other events in Guatemala.

The President referred to the visit of the Guatemalan Minister, saying it was a Guatemalan call. Belize says, if you want to come, come.

The Prime Minister said there were other relations and exchanges. Overall, things are better. Every now and then there is an unexpected obstacle. Last week something happened that was an example. The Guatemalans had previously concurred with Belize's application for observer status at the OAS. Yet, he said, they opposed us when we did apply.

The President addressed Secretary Baker, asking about points he brought up in an earlier conversation. You mentioned narcotics, the President began to say.

Secretary Baker said narcotics and foreign military sales. Sales were "zeroed out" last year because of Congressional earmarking.

The Prime Minister observed that in the end Belize got \$250,000. He said that Belize was fairly dependent on foreign military aid. The Ministry of Defense forces have 700 people. It amounts to a half of a million dollars, which equals six percent of the budget. There is very little left for equipment.

Secretary Baker questioned the figure the Prime Minister had just given.

The Prime Minister corrected himself, saying the amount was \$5 million.

Secretary Baker said that would make an \$80 million budget.

The Prime Minister said, "Yes, on the current side."

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The President questioned how it was managed to fight narcotics traffickers with such a small force.

The Prime Minister said that it was difficult. Marijuana used to be the number one problem, but the government had had great success in controlling marijuana. There was only 350 acres left now. Two Thrush aircraft from the United States Government were very effective for aerial spraying. Marijuana production was now only 10 percent of what it was a couple of years ago. The problem is the unpopulated border areas and trafficking along the borders. There is also the introduction of cocaine from South America; they transship it through Belize, causing serious problems for us.

The President said the Prime Minister's account was interesting. He said that he had been down to Central America when he was Vice President. At the time, people used to say that the demand side was all in the United States. Admittedly, we have a tremendous market, a growing market, he said. The President said it has gone on for some time now, with the involvement of the criminal element, but there is no use giving up. Now, there is no big division on this problem. No longer are foreigners saying that the United States accounts for all the demand, and their countries are suppliers. No one is immune from this. Everyone is saying that now, but he was not trying to say that there were not sizable markets at home.

The President said that we wanted CBI to succeed. There was some feeling out there that we are neglecting CBI, which is not true. He turned to Secretary Baker and asked, "There is a new thrust for that on the Hill, isn't that right?" We had to beat back protectionist sentiment on the Hill. The President said that this subject came up in the election campaign and "I was less protectionist than the fellow I was up against." Protectionism has popular appeal, but we will stand against that.

The Prime Minister said that he would try to reach the American people and inform them of the realities of the situation. He did not believe it was all that threatening, yet he was reading some interesting statistics this morning. Belize sends 22 percent of its exports to the United States and receives 32 percent of its imports from the United States.

Secretary Baker asked if the United States ran a surplus.

The Prime Minister said yes, \$34 million.

The President asked what were the main export items.

The Prime Minister replied machinery, petroleum products, some fruit. Sugar is a "dicey one."

The President interjected that it was a tough issue.

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The Prime Minister said he hoped the United States would do whatever it could to assuage his people. He knew that there were many now in the United States who were interested in the Caribbean and willing to act. He cited the Friends of the Caribbean in the Congress. Things are going very well.

Secretary Baker said, you know, Prime Minister, the last administration and this one have tried to get the sugar quotas changed. It is very difficult.

The President said there were powerful lobbies.

Secretary Baker said that we want to help. But it is tough, and even the Friends don't have the votes.

The Prime Minister referred to the bipartisan aspect of the administration's Central American policy and said he sensed an eagerness of the Congress to work with the administration on other issues.

The President said that we will keep going. "I'll have some fights," he said, but they would not be rancorous ones.

The President thanked the Prime Minister and said he was delighted he could come. He had heard wonderful things about Belize. He had heard it was like Texas, and both he and the Secretary were from that area.

The Prime Minister thanked the President and said he was very pleased to come.

As the delegation began to exit, the President took the Prime Minister aside and pointed out where his dog Millie was in the Rose Garden. The President and Prime Minister exchanged good wishes and the party left.

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