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RESTRICTION CODES

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P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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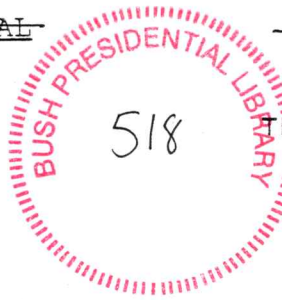
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(b)(1) National security classified information [(b)(1) of the FOIA]
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THE WHITE HOUSE
WASHINGTON

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2009-0650-MR
SCS 3/1/11

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Guillermo Endara, President of
Panama (U)

PARTICIPANTS: The President
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
Deane Hinton, U.S. Ambassador to Panama
William T. Pryce, Senior Director for Latin
American Affairs, NSC (Notetaker)

Guillermo Endara, President of Panama
Boyd Guillermo Ford, Second Vice President of
Panama
Julio Linares, Foreign Minister
Jaime Boyd, Ambassador to the United States
Gilberto Guardia, Administrator, Panama Canal
Commission
Menalco Solis, Executive Secretary, National
Defense Council
Joaquin Franco, Presidential Advisor

DATE, TIME June 11, 1992, 11:45am - 12:20pm
AND PLACE: Presidential Palace, Panama

President Endara: We want to welcome you very warmly. And we want to thank you for all the help you have given us. We needed it. And we have used it well, I think. We want to thank you for your help in developing our democracy. The democratic experience is working well -- too well! We have a major goal in our government -- it is to have a good transition between today and the year 2000. We want to be sure that the transition will be smooth. We have had a lot of help and we don't want to ask for more aid from you but rather from the international financial institutions. (Ø)

The President: All I want to say to start is that I very much appreciate the warm welcome that you gave us. For me it is a very moving experience. I was very pleased to see people all along the way who seemed very positive about our visit and showed friendship for the U.S. I salute you. (Ø)

If you could give me your formula for achieving a 9.3 growth rate, I would be very pleased. (Laughter) But seriously, we are

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plugging along and I think our economy is picking up. But you certainly have an outstanding growth rate. (Ø)

What I will say in the Plaza today is that we will fully comply with the terms of the treaty. I think that an American President should say that. The main thing is to thank you. How are our plans for departure going? (Ø)

President Endara: We are very worried about the situation in Europe, where bananas are being discussed and there is a problem of discrimination. We are worried about the attitude of some of the Europeans. There is a GATT meeting on June 19. (Ø)

The President: I certainly understand what you have said. I had a meeting with Caribbean leaders. We urged that they seek to solve their problems through tariffication. We are on your side, the side of free trade, because if there is a quota for bananas, then there will be a quota for rice, and a quota for a great many items, and the GATT Agreement would be in jeopardy. We have told the European heads about our opinion. We discussed this in our meeting with John Major. The European Community knows our position. I told the President of Honduras this and want to tell your people the same thing. We must find a way to help these small Caribbean economies, and not have their markets diminished, but it should be through tariffication and consistent with GATT. (Ø)

President Endara: I would like to have Vice President Ford to talk about aid. (Ø)

Vice President Ford: Thank you very much. We have said for over a year that what we are trying to do is to rejuvenate democracy. It is not easy. Regaining democracy, it is difficult and so is keeping it and ensuring it, and we appreciate the help you have given us. We don't want to go to the United States to ask for more aid, but we think that the international financial institutions should be able to come to more speedy solutions and have easier terms. They are not reaching us fast enough. We have paid a billion in back payments but we need to get more money dispersed. We need to get the message to the IFI's that they need to find out how to get funds dispersed quicker. (Ø)

The President: Are they asking you to do more? (Ø)

Vice President Ford: We have done the things that they ask. The problem is that it takes the IFI's too long to get things going. They have been good and we have to comply with privatization. The message should be to help all of Latin America. (Ø)

The President: That's a good message. Maybe we can help with some of the IFI's. (Ø)

President Endara: Regarding the reversion of territories. We have a law which says we must have a master plan. We think we can have this plan in ten months. We are very anxious to get to work on this. (Ø)

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The President: Are you happy with the way we are working with you on the Canal? (Ø)

President Endara: We are very happy. We have been very gratified. You have given us a lot of help from everyone, especially General Joulwan. (Ø)

The President: We want to help, to continue working with you. There should be good economic opportunity coming from the steps you have taken. We salute you. (Ø)

President Endara: We understand that there is need for us to comply with conditions for aid programs. (Ø)

The President: How are you moving with the Congress on privatization? (Ø)

President Endara: The law is there. We expect to get it passed before the end of the month. We have been moving on privatization and have had some good experiences, but we need to do more. (Ø)

The President: It has worked in other countries. It has been very successful for Mexico and Argentina. (Ø)

What are your main problems? Is it unemployment? (Ø)

President Endara: Yes, it is high. The progress of 9.3% growth is very good and we have a tentative figure of 11% for the first quarter. (Ø)

The President: Doesn't that promote growth in employment? (Ø)

President Endara: Not enough yet. I have been meeting with business groups -- they have been treated well. We have a man who lost a lot of money, in Operation Just Cause, so they weren't happy. (Ø)

The President: In our country, although the economy is improving, employment is slower to improve. It is a major challenge for me. We are trying to get our Congress to stimulate investment and growth. We are having an experience not totally different from your problems. (Ø)

I am a little more optimistic than many. I talked with Alan Greenspan yesterday. He is more optimistic than most. I hope he is right. He thinks there will be brisk movement in the second quarter. There is a problem with perceptions of our people. They have lost some confidence. So we are linked with you all. (Ø)

How is the fight against narco-traffickers going? Are we helping? (Ø)

President Endara: Oh yes. It is a big fight, we are making progress. We have a lot still to do. We need to keep our

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banking system clean. We think we can. We need more effort on that. (Ø)

The President: Money laundering? (Ø)

President Endara: Yes. We still have a lot to do. We need more effective efforts. (Ø)

The President: I want you to know we are proud of what you are doing. We know we provide a key market for drugs in the U.S. I want to assure you that we are doing all we can, not only on interdiction and education, but also on reducing demand. I always tell our friends to the south that we know we are producing the demand, that we are part of the problem. We are very sensitive to this and want to reduce it and we are working hard on it. (Ø)

The trouble is when we are successful in interdiction they look for other routes and find other ways to operate. We are cooperating with you. How do you see the problem? Do you have a problem of use with your kids? I would like you to know that we want to help. (Ø)

President Endara: We are starting to have a problem. (Ø)

The President: Cocaine? (Ø)

President Endara: Yes, and some heroin. I've been following it closely. We are waiting for the ratification of the MLAT. We are working with other countries also. We have similar agreements with other countries, such as Colombia and England. (Ø)

The President: We hope that the Senate will ratify the MLAT soon, this summer. (Ø)

Vice President Ford: We hope the Senate does not come up with unhelpful amendments, like the DeConcini Amendment. (Ø)

We are committed to fighting this problem. I was shocked to see that we have a great increase in cash flow, an increase in the money supply. We don't know why -- and I don't like the trend. We have to watch this, to investigate it thoroughly. There is a large flow of money in the free zone; 25% of the free zone business is in cash. We don't like this, don't like the trend. (Ø)

The President: The narco-traffickers could be using this. First we want MLAT, which will demonstrate our cooperation. (Ø)

How do you think President Gaviria in Colombia is doing? Is he having trouble with the Cartels? There are stories that the Medellin jailings are not very effective. (Ø)

President Endara: No, he is doing good. He is going in the right direction. Noriega was working with them (narco-

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traffickers) and we had a dictatorship of arms and narcotics.
(C)

The President: We have great respect for Gaviria and what he is trying to do. But we have heard that he put narco-traffickers in jail, but that they operate from jail. Gaviria says this is not happening. I was wondering if you are seeing the effect of his efforts. (C)

Executive Secretary Solis: I think other people are taking over from the people in jail. We have evidence that the narcotics business in Colombia is very much alive. (C)

The President: He probably knows that. I think Gaviria is a dedicated man, but it's just very hard. We are running into situations like in Los Angeles, where people are shocked to learn that the gangs are involved. We see that gangs like the Crypts and the Bloods are into narcotics. We are mounting an offensive against the gangs but it is difficult. We have made pretty good progress in reducing demand among teenagers, but not so much progress concerning addicts. (C)

Vice President Ford: We see the corruption. The situation was worsening in our schools. Now we are making some progress. (C)

The President: Let me ask about Noriega. Do most people here think he got a fair trial? (C)

President Endara and Others: Yes! Most people who followed the trial recognized that he got a very good defense. Of course, the dignity battalions are still in his favor. (C)

The President: Are they still active? (C)

Executive Secretary Solis: Our FBI is watching them. We have some suspicions that they are still active. (C)

Vice President Ford: We think that the guy who was after me (during the demonstration in 1989) may be the one who was involved in killing the Americans. We want to get him. (C)

The President: What did he (Noriega) do for them? The dignity battalions. (C)

President Endara: He paid them big money and he let criminal activity go unpunished and criminals go free. (C)

The President: I didn't know ... (C)

Vice President Ford: His sentencing will be on July 10, which is a black day, black Friday. A day of our fight. It will be a celebration that day (b)(1) (C)

The President: Does he have family here? (C)

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President Endara: No, he doesn't have family in Panama now. His wife was caught shoplifting in the U.S. His other "wife" is in Panama. Did you see him on CNN? (C)

The President: I think he dropped her from the scene. (C)

President Endara: He already had a new mistress. (C)

Vice President Ford:

(b) (6)

(b) (6)

The President: You have done well with your police institution. (C)

President Endara: Yes. We have created a real organization. We have turned a military organization into a police force. We are not 100%, but we have gone a long way. Progress is slow. We are retraining people, and we have to teach them that they should not act like they were acting before. (C)

The President: Are they the same people who were in the police before, retraining? (C)

President Endara: Some, not all. ICITAP has done a good job of training many. (C)

Executive Secretary Solis: We have about a thousand people who have been trained by ICITAP in a new institution -- about 10% of the force and about 90% of the force has been retrained. (C)

The President: Who do they report to? (C)

President Endara: To the Minister of Government and Justice. I am the Chief of Police. (C)

The President: Is that separate from the Army? (C)

President Endara: No, we have no army. (C)

The President: What do you do about the Navy and the Coast Guard? (C)

President Endara: We have a small Navy and we are looking to you for help. (C)

Chief of Staff Skinner: Under our system, the Coast Guard reports to the Department of Transportation. We have had several boats, maybe we could work something out. (C)

The President: I remember a ceremony at the Coast Guard Academy where the Panamanian participant could not have his national anthem played because we thought it would be bad because of Noriega. I always felt sorry about that young man. I always wanted to do something. We still can. (C)

Mr. Pryce: I think you did send him a letter. (U)

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Mr. Franco: I want to make a point. I am a member of a Canal advisory group and wanted to say that we expect to get a law which will help us in the transition. We will go to a new Canal Commission. All regulations will be ready in six weeks. We are working on a commission, then there is another commission. (Ø)

President Endara: Maybe you would like a report from the Canal Administrator? (Ø)

The President: Yes. (U)

Canal Administrator Guardia: I feel we are doing very well. We are looking at an aging Canal but a modern one. We have a 15-year modernization program which means we are looking beyond the day when we will take over the Canal. So the day of transition will just be another day. The Canal is modern even though it is old. The traffic has been fairly flat, although there is an increase in tonnage. The mix of the ships is changing. We are getting a larger number of "Panamax" ships, which are the biggest which will go through the Canal. We projected 2% a year growth. We have approved a resolution by the Board to cooperate in every way with Panama regarding the transition. We have been involved in a lot of briefings with various sectors in Panama, telling them what the Canal is about. And we have been working faithfully for a positive changeover. Now we are operating under the law 9670 and a whole body of U.S. legislation. We have to look to Panama on key issues to keep the Canal functioning and we need proper legislation in Panama to assume control of the process. At some point we may want your help to advise us on this. But things are going well. (Ø)

The President: That's progress. Thank you very much for that very succinct report. (Ø)

Vice President Ford: I want to make a final statement. We are very bullish about Panama. We're committed to democracy. There are problems, but the problems are not as big as they were. We will not miss this opportunity. And Deane Hinton, your Ambassador, is wonderful. And AID is cooperating with us to a great degree. (Ø)

President Endara: Yes, we very much appreciate all that you are doing with us. (Ø)

The President: I want you to know once again that I salute you for what you have been doing and for what you are doing. You are getting democracy going again; and we want to help.

-- End of Conversation --

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