

# Withdrawal/Redaction Sheet

## Clinton Library

| DOCUMENT NO.<br>AND TYPE | SUBJECT/TITLE                                                                                                | DATE       | RESTRICTION |
|--------------------------|--------------------------------------------------------------------------------------------------------------|------------|-------------|
| 001. memo                | To Hillary Clinton from Warren Christopher re: Visit to Nicaragua, Chile, Brazil and Paraguay (2 pages)      | 10/05/1995 | P1/b(1)     |
| 002. memo                | To Margaret Williams from Andrew D. Sens re: First Lady's Travel to Latin America Oct. 12-17, 1995 (2 pages) | n.d.       | P1/b(1)     |
| 003. report              | Scope Paper (1 page)                                                                                         | n.d.       | P1/b(1)     |
| 004. report              | Re: Hemispheric Security (1 page)                                                                            | n.d.       | P1/b(1)     |
| 005. report              | Re: Nicaragua (5 pages)                                                                                      | n.d.       | P1/b(1)     |
| 006. report              | Re: Chile (1 page)                                                                                           | n.d.       | P1/b(1)     |
| 007. report              | Re: Chile (2 pages)                                                                                          | n.d.       | P1/b(1)     |
| 008. report              | Chile: "Hot" Issues (1 page)                                                                                 | n.d.       | P1/b(1)     |
| 009. report              | U.S. government report (1 page)                                                                              | n.d.       | P1/b(1)     |
| 010. report              | U.S. government report (1 page)                                                                              | n.d.       | P1/b(1)     |
| 011. report              | U.S. government report (1 page)                                                                              | n.d.       | P1/b(1)     |
| 012. report              | U.S. government report (1 page)                                                                              | n.d.       | P1/b(1)     |

### COLLECTION:

Clinton Presidential Records  
First Lady's Office  
Melanne Verveer  
OA/Box Number: 15623

### FOLDER TITLE:

HRC Briefing Book for South America 1995 [binder] [1]

2013-0534-S

ryl 725

### RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]  
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]  
P3 Release would violate a Federal statute [(a)(3) of the PRA]  
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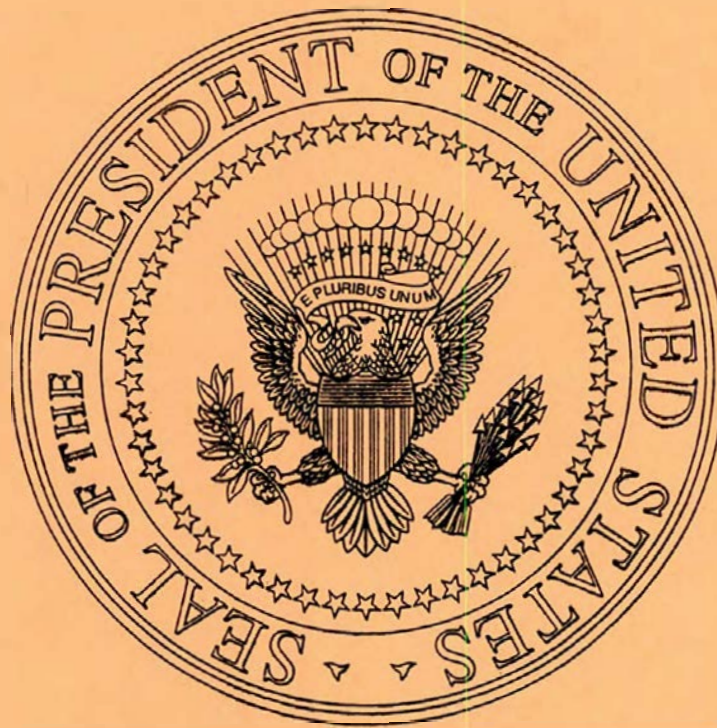
C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



The Trip of The First Lady  
to  
Nicaragua, Chile, Brazil  
and  
Paraguay

October 12 - 17, 1995

**HRC TRIP TO  
NICARAGUA, CHILE,  
BRAZIL AND PARAGUAY  
10/12/95 - 10/17/95**

# NICARAGUA, CHILE, BRAZIL, PARAGUAY BRIEFING BOOK

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### LATIN AMERICA OVERVIEW

- Memo from Warren Christopher
- Memo from Andy Sens
- Overall Scope paper
- Latin America at a Glance
- USAID Assistance in Latin America
- USAID Programs in Latin America and the Caribbean Region
- Health, Education, Poverty, and Women in Latin America
- Country Health/Education Statistics
- Child Labor Issues in Latin America
- OAS Programs on Women and Children
- Hemispheric Security
- Overview of the Summit of the Americas Implementation
- Memo from Mickey Kantor on Trade Issues in Latin America
- USIA in Latin America
- "Turmoil Dims Democracy's Promise in South America," Chicago Tribune, 10/8/95

### BACKGROUND ON NICARAGUA

- Scope paper
- Country Profile
- U.S./Nicaragua Relations
- Political and Social Overview
- Economic overview
- Education
- Women's Issues
- Gender Statistics
- Population and Family Planning
- Children's Issues
- Health Issues
- Human Rights
- Chamorro Government's involvement in Social Issues
- Critical Issues
- USAID Assistance
- Inter-American Foundation's Program in Nicaragua
- USIS Programs in Nicaragua
- Summit of the Americas Implementation
- Press Q's & A's
- Bios
- Local Customs
- Population Reference Bureau memo on Health Status of Women and Children
- Vice President Gore's remarks at Summit for sustainable Development in Nicaragua

## **EVENTS IN NICARAGUA**

- Finca Micro-Credit Event
- Private Meeting with President Chamorro
- Lunch with President Chamorro and Cabinet
- Speech to Nicaraguan Women
- Francisco Buitrago Health Center
- Embassy Meet and Greet

## **BACKGROUND ON CHILE**

- Scope paper
- Background notes
- Country Profile
- U.S./Chile Relations
- Political and Social Overview
- Economic overview
- Education
- Status of Women
- Population and Family Planning
- Children and Poverty Alleviation Issues
- Health Issues
- Human Rights
- Mrs. Frei's involvement in Social Welfare Issues
- Hot Issues
- U.S. Embassy
- USAID Assistance
- Inter-American Foundation's Program in Chile
- USIS Programs in Chile
- Press Q's & A's
- Summit of the Americas Implementation
- Bios
- Local Customs

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- La Pintana Community Center
- Public School
- Lunch with Mrs Frei
- Speech at University of Chile
- Tea with Chilean Women
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- Women's Micro-Credit Listening Session

## **BACKGROUND ON BRAZIL**

- Scope paper
- Background notes
- Country Profile
- U.S./Brazil Relations
- Political and Social Overview
- Economic overview
- Education
- Women's Issues
- Population and Family Planning
- Children's Issues
- Health Issues
- Human Rights
- Mrs. Cardoso's Involvement in Social Welfare Issues
- Hot Issues
- U.S. Embassy
- USAID Assistance
- Inter-American Foundation's Program in Brazil
- USIS Programs in Brazil
- Press Q's & A's
- Summit of the Americas implementation
- Bios
- Local Customs
- Letter from Ambassador Flecha de Lima

## **EVENTS IN BRAZIL**

- Meeting with Mrs. Cardoso
- Reception
- Meeting with President Cardoso
- Embassy Meet and Greet
- Projecto Axe Circus School
- Cidade Mae Community Post
- Lunch with Brazilian Women
- Private Meeting with Jorge Amado
- Olodum Band
- Tsyilla Balbina Hospital

## **BACKGROUND ON PARAGUAY**

- Scope paper
- Background notes
- Country Profile
- U.S./Paraguay Relations
- Political and Social Overview
- Economic overview
- Education
- Women's Issues

- Population and Family Planning
- Children's Issues
- Health Issues
- Human Rights
- Mrs. Wasmosy's involvement in Social Welfare Issues
- U.S. Embassy
- USAID Assistance
- Inter-American Foundation's Program in Paraguay
- USIS Programs in Paraguay
- Hot Issues
- Press Q's & A's
- Summit of the Americas Implementation
- Bios
- Local Customs

## EVENTS IN PARAGUAY

- Peace Corp Event
- First Ladies Conference
  - Tab A - Conference Overview
    - Agenda
    - Draft Declaration (This is in draft form - countries are still making changes)
    - Draft Annex
    - HRC /Wasmosy Letter to the First Ladies
    - HRC letter to Wasmosy
    - Bios of the First Ladies attending
    - List of the First Ladies who were in Beijing [TENT]
  - Tab B - Conference Issues
    - Q & A on PERA
    - PAHO Measles Campaign
    - PAHO Maternal Mortality Campaign
  - Tab C - Summit of the Americas Background
    - Symposium on Children Agenda & Participants
    - UNICEF video script
    - Summit Initiatives on Women, Health and Education

NOTE: Melanne has full Summit document.
  - Tab D - Bios
  - Tab E - Working Session on Health
  - Tab F - HRC speeches
    - PAHO
    - Copenhagen
    - Beijing (in front pocket)
- First Ladies Reception
- Lunch with Paraguayan Women
- Embassy Meet and Greet

## REMARKS

- Speech to Nicaraguan Women (to be provided)
- University of Chile Speech (to be provided)
- First Ladies Conference opening (to be provided)
- Conference Working Session on Health (to be provided)
- Draft Arrival statements
- Draft Departure statements

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## **Clinton Presidential Records Digital Records Marker**

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This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

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**Latin America  
Overview**

Divider Title: \_\_\_\_\_

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## UNCLASSIFIED

### Latin America at a Glance

By virtue of size, proximity and longstanding cultural and economic linkages, Latin America and the Caribbean have a large and increasing impact on the United States. Latin America's population (about 450 million) exceeds that of the European Union. The Summit of the Americas and its follow-up, have given impetus to a multitude of initiatives designed to bring the hemisphere closer -- socially, politically and economically.

The transformation of the region into democratic societies with market-oriented and growing economies is well underway but still fragile, as graphically demonstrated by the Mexican peso crisis. The turn to market policies by most countries in the region has restored growth (exceeding three percent annually in the 1990's). Continued growth is needed to consolidate democracy, maintain support for reform, and provide the resources for stronger cooperation on transnational issues, such as illegal immigration, drug trafficking and environmental degradation.

Over the longer run, the major challenge is to address the region's deep-seated social problems. Despite recent growth, per capita income (about USD 2,500) is still below the 1981 average. Income inequality is probably worse than in any other major world region. More than one-third of Latin America's people live in poverty. The imperative of achieving widely shared prosperity is the overarching theme of the Summit agenda.

US interests depend critically on the success of the economic and political transformation underway in the region. Some key examples of Latin America's importance for the United States:

- o The region provides about one-third of our oil imports (mainly from Mexico and Venezuela).
- o Latin America has been our fastest growing market, with US exports almost tripling in ten years as the region resumed growth and began dismantling its trade barriers. The region buys well over one-third of its goods from the United States, in contrast to Asia's one-seventh and Europe's less than a tenth. Once the Mexican economy emerges from recession, our exports could well outstrip those to the European Union before the end of this century.
- o Due to the region's growing openness to foreign trade and investment, and need to modernize its infrastructure, Latin America and the Caribbean are increasingly attractive to US investors. Over the last ten years, total US investment in Latin America and the Caribbean more than tripled, and accounts for close to one-fifth of our world total. Increased investment is particularly important given that US aid has decreased substantially.

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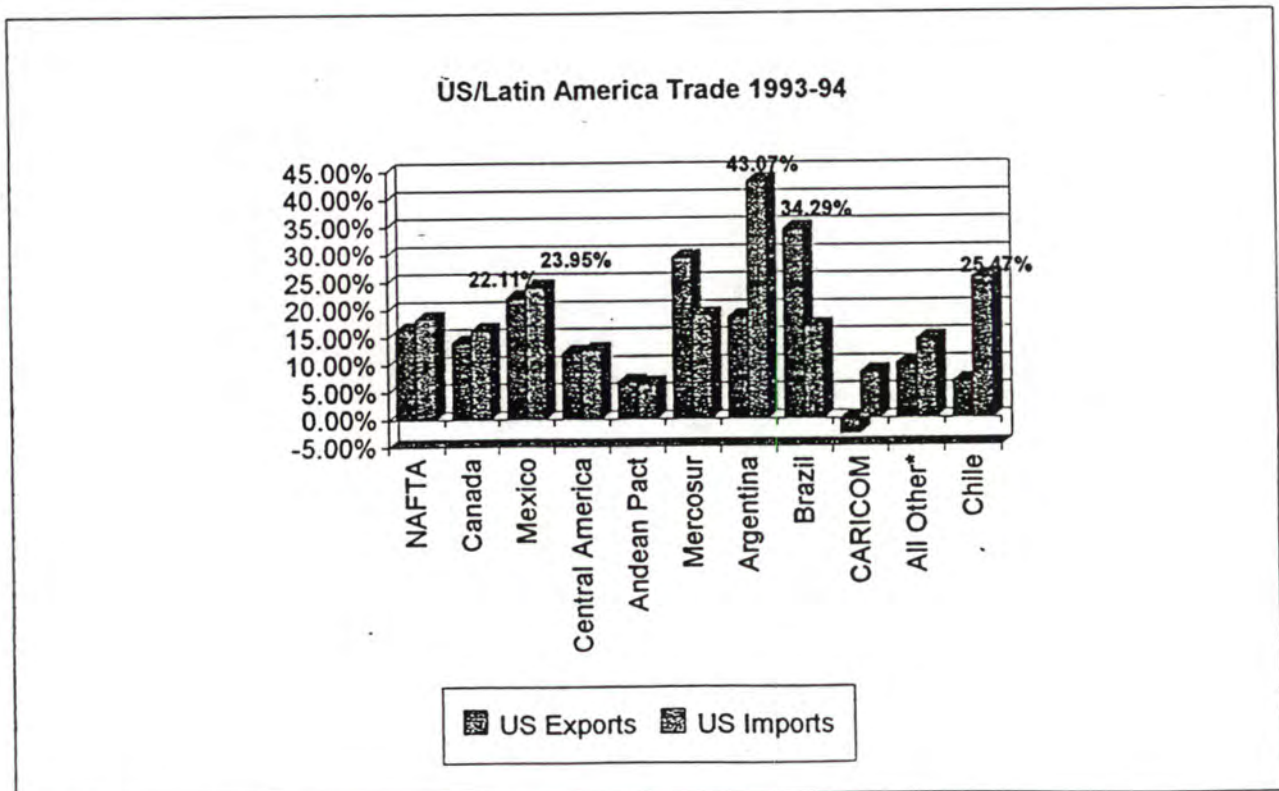
# US/LATIN AMERICA REGIONAL TRADE 1993-94

(\$US millions)

| REGION              | 1993             |                  | 1994             |                  | % Change 93-94 |               |
|---------------------|------------------|------------------|------------------|------------------|----------------|---------------|
|                     | US Exports       | US Imports       | US Exports       | US Imports       | US Exports     | US Imports    |
| NAFTA               | 141,825.9        | 150,851.1        | 165,095.0        | 178,440.3        | 16.41%         | 18.29%        |
| Canada              | 100,190.4        | 110,921.5        | 114,254.7        | 128,947.5        | 14.04%         | 16.25%        |
| Mexico              | 41,635.5         | 39,929.7         | 50,840.3         | 49,492.8         | 22.11%         | 23.95%        |
| Central Americ.     | 4,774.0          | 4,264.3          | 5,350.6          | 4,802.2          | 12.08%         | 12.61%        |
| Andean Pact         | 10,211.5         | 13,517.5         | 10,901.3         | 14,377.4         | 6.76%          | 6.36%         |
| Mercosur            | 10,591.2         | 8,986.9          | 13,689.1         | 10,681.2         | 29.25%         | 18.85%        |
| Argentina           | 3,771.7          | 1,205.9          | 4,466.3          | 1,725.3          | 18.42%         | 43.07%        |
| Brazil              | 6,045.5          | 7,465.6          | 8,118.4          | 8,708.3          | 34.29%         | 16.65%        |
| CARICOM             | 2,949.2          | 2,048.8          | 2,866.0          | 2,219.0          | -2.82%         | 8.30%         |
| All Other*          | 7,751.7          | 5,485.7          | 8,521.0          | 6,269.4          | 9.92%          | 14.29%        |
| Chile               | 2,605.4          | 1,452.2          | 2,775.9          | 1,822.1          | 6.55%          | 25.47%        |
| <b>TOTAL</b>        | <b>178,103.5</b> | <b>185,154.4</b> | <b>206,423.0</b> | <b>216,789.4</b> | <b>15.90%</b>  | <b>17.09%</b> |
| <b>TOTAL L.A.**</b> | <b>77,913.1</b>  | <b>74,233.0</b>  | <b>92,168.3</b>  | <b>87,841.9</b>  | <b>18.30%</b>  | <b>18.33%</b> |

\*Haiti, DR, Other Caribbean, Panama, Chile

\*\*All Latin America excluding Canada



Source: US Dept. of Commerce

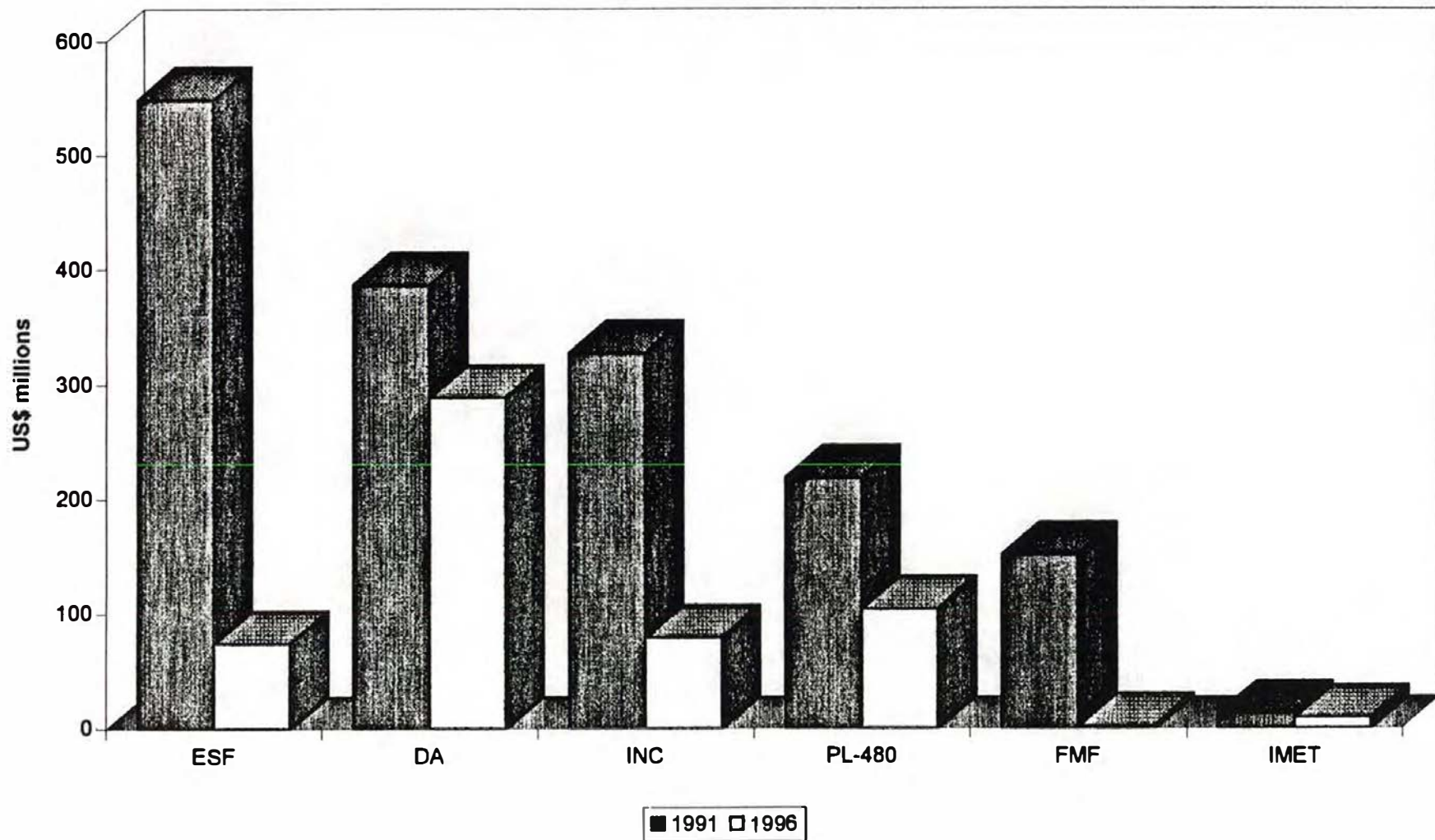
# US/WESTERN HEMISPHERE TRADE 1992-94

| (\$ millions)       |              |              |              |              |              |              |                |              |
|---------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|--------------|
|                     | 1992         |              | 1993         |              | 1994         |              | % Change 92-94 |              |
| COUNTRY             | U.S. Exports | U.S. Imports | U.S. Exports | U.S. Imports | U.S. Exports | U.S. Imports | U.S. Exports   | U.S. Imports |
| Canada              | 90,156.04    | 98,497.19    | 100,190.44   | 110,921.45   | 114,254.74   | 128,947.48   | 26.73%         | 30.91%       |
| Mexico              | 40,597.45    | 35,184.15    | 41,635.49    | 39,929.66    | 50,840.27    | 49,492.80    | 25.23%         | 40.67%       |
| Brazil              | 5,740.15     | 7,610.69     | 6,045.45     | 7,465.57     | 8,118.39     | 8,708.25     | 41.43%         | 14.42%       |
| Argentina           | 3,221.65     | 1,254.33     | 3,771.70     | 1,205.92     | 4,466.34     | 1,725.34     | 38.64%         | 37.55%       |
| Colombia            | 3,282.03     | 2,848.62     | 3,229.14     | 3,033.22     | 4,070.25     | 3,171.80     | 24.02%         | 11.35%       |
| Venezuela           | 5,438.17     | 8,167.67     | 4,599.09     | 8,140.28     | 4,041.70     | 8,378.28     | -25.68%        | 2.58%        |
| Dominican Republic  | 2,098.16     | 2,372.21     | 2,349.54     | 2,671.50     | 2,799.46     | 3,093.91     | 33.42%         | 30.42%       |
| Chile               | 2,454.96     | 1,386.87     | 2,605.35     | 1,452.20     | 2,775.91     | 1,822.12     | 13.07%         | 31.38%       |
| Costa Rica          | 1,350.95     | 1,411.15     | 1,547.29     | 1,541.52     | 1,866.63     | 1,646.42     | 38.17%         | 16.67%       |
| Peru                | 1,002.03     | 738.82       | 1,069.15     | 754.04       | 1,407.52     | 839.60       | 40.47%         | 13.64%       |
| Guatemala           | 1,203.78     | 1,075.40     | 1,310.27     | 1,194.49     | 1,354.60     | 1,282.85     | 12.53%         | 19.29%       |
| Panama              | 1,100.28     | 253.65       | 1,190.69     | 281.02       | 1,276.34     | 322.54       | 16.00%         | 27.16%       |
| Ecuador             | 998.98       | 1,331.61     | 1,098.18     | 1,398.98     | 1,196.06     | 1,727.45     | 19.73%         | 29.73%       |
| Jamaica             | 938.46       | 598.90       | 1,112.82     | 719.67       | 1,066.41     | 746.70       | 13.63%         | 24.68%       |
| Honduras            | 808.26       | 782.54       | 897.67       | 914.52       | 1,011.79     | 1,097.31     | 25.18%         | 40.22%       |
| El Salvador         | 740.96       | 384.03       | 868.91       | 487.85       | 932.09       | 608.78       | 25.79%         | 58.52%       |
| Paraguay            | 414.93       | 35.17        | 520.93       | 49.62        | 793.59       | 80.17        | 91.26%         | 127.95%      |
| Bahamas             | 712.57       | 585.28       | 704.09       | 348.20       | 685.35       | 203.04       | -3.82%         | -65.31%      |
| Trinidad and Tobago | 447.14       | 861.45       | 529.27       | 802.74       | 540.78       | 1,109.40     | 20.94%         | 28.78%       |
| Neth Antilles       | 475.86       | 645.92       | 522.80       | 396.54       | 519.97       | 424.48       | 9.27%          | -34.28%      |
| Uruguay             | 230.98       | 265.60       | 253.12       | 265.83       | 310.82       | 167.48       | 34.57%         | -36.94%      |
| Bermuda             | 242.26       | 23.57        | 264.86       | 14.58        | 299.95       | 9.09         | 23.81%         | -61.43%      |
| Aruba               | 288.08       | 211.90       | 265.70       | 456.74       | 273.99       | 461.52       | -4.89%         | 117.80%      |
| Haiti               | 21.67        | 106.90       | 221.27       | 154.26       | 210.46       | 58.72        | 871.20%        | -45.07%      |
| Cayman Islands      | 266.95       | 10.69        | 179.41       | 34.68        | 202.15       | 52.53        | -24.27%        | 391.39%      |
| Bolivia             | 221.77       | 161.25       | 215.90       | 191.02       | 185.81       | 260.25       | -16.21%        | 61.40%       |
| Nicaragua           | 187.95       | 68.61        | 149.84       | 125.93       | 185.45       | 166.81       | -1.33%         | 143.13%      |
| Barbados            | 127.76       | 30.58        | 145.46       | 34.06        | 161.13       | 34.49        | 26.12%         | 12.79%       |
| Belize              | 116.80       | 58.83        | 135.50       | 53.62        | 115.14       | 50.87        | -1.42%         | -13.53%      |
| St. Lucia           | 82.12        | 28.16        | 98.64        | 31.34        | 80.57        | 26.49        | -1.89%         | -5.93%       |
| Antigua             | 68.10        | 5.44         | 73.01        | 14.80        | 64.74        | 5.39         | -4.93%         | -0.92%       |

# US/WESTERN HEMISPHERE TRADE 1992-94

|                        |            |            |            |            |            |            |         |         |
|------------------------|------------|------------|------------|------------|------------|------------|---------|---------|
| Guadeloupe             | 60.19      | 1.13       | 49.14      | 4.82       | 50.96      | 1.87       | -15.33% | 65.49%  |
| British Virgin Islands | 44.03      | 3.24       | 46.12      | 14.14      | 46.95      | 14.60      | 6.63%   | 350.62% |
| St. Kitts              | 31.60      | 22.80      | 41.67      | 23.77      | 45.07      | 21.73      | 42.63%  | -4.69%  |
| St. Vincent            | 34.89      | 4.53       | 37.66      | 4.86       | 38.16      | 5.44       | 9.37%   | 20.09%  |
| Martinique             | 32.55      | 1.27       | 32.33      | 1.09       | 31.23      | 3.53       | -4.06%  | 177.95% |
| Turks and Caicos Is.   | 38.08      | 6.01       | 21.94      | 4.12       | 29.19      | 4.44       | -23.35% | -26.12% |
| Dominica               | 33.54      | 4.52       | 27.40      | 5.84       | 25.64      | 6.93       | -23.55% | 53.32%  |
| Grenada                | 23.77      | 7.48       | 23.94      | 8.13       | 23.48      | 7.25       | -1.22%  | -3.07%  |
| Anguilla               | 10.54      | 0.07       | 14.27      | 0.32       | 12.78      | 0.27       | 21.25%  | 285.71% |
| Montserrat             | 13.26      | 2.46       | 5.51       | 1.49       | 6.75       | 0.99       | -49.10% | -59.76% |
| Cuba                   | 1.12       | 0.00       | 2.56       | 0.00       | 4.39       | 0.00       | 291.96% | 0.00%   |
|                        |            |            |            |            |            |            |         |         |
| TOTAL                  | 165,360.82 | 167,050.69 | 178,103.52 | 185,154.43 | 206,423.00 | 216,789.41 | 24.83%  | 29.77%  |
|                        |            |            |            |            |            |            |         |         |
| TOTAL L.A.*            | 75,204.78  | 68,553.50  | 77,913.08  | 74,232.98  | 92,168.26  | 87,841.93  | 22.56%  | 28.14%  |

## ARA Foreign Assistance Budget 1991 vs 1996



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## *USAID in Latin America and the Caribbean: Assistance that Advances the National Interest*

**T**oday, our programs in Latin America and the Caribbean (LAC) advance the foreign policy goals of the United States by:

1. Preparing these countries for the creation of a single integrated market of over 750 million people by the year 2005, in the process supporting broad-based economic growth with equity throughout the region;
2. Helping consolidate peace, democracy and the rule of law, so that there is no recurrence of the conflicts that, in Central America alone, cost us nearly \$10 billion and generated massive waves of refugees during the 1980s;
3. Developing viable alternatives in the Andes to drug crops and strengthening democratic institutions that are able to resist the pull of the drug cartel — recognized as the key ingredient to the long-term success of our government-wide anti-narcotics effort; and,
4. Protecting human health and the environment of the hemisphere, a cost-efficient way to protect the health of U.S. citizens.

### **Budget**

Under the House and Senate authorization bills, economic and humanitarian assistance to the region will be slashed by 34 percent or more. Such a reduction would undermine U.S. national security and economic interests throughout the region. (Chart A)

*The region already has sustained a 37 percent cut from the \$1.039 billion appropriated in FY 1993. An additional one-third cut would mean a decline in LAC resources of 58 percent (to \$431 million) from the FY 1993 level.*

### **Markets**

The United States should not reduce its commitments to the region that is our fastest-growing market, accounting for \$178 billion in two-way trade, \$91 billion in U.S. exports and supporting 2 million U.S. jobs (Charts B, C, D and E).

— The United States exports more to Chile (10 million people) than to India (920 million people). We export more

to the Dominican Republic (7.7 million people) than to all of Eastern Europe (100 million).

— While China buys about 10 percent of its imports from the United States, the LAC countries buy more than 40 percent of their imports from the United States.

— A one-third reduction in development assistance would likely necessitate further mission closures, on top of the six missions scheduled to be closed in 1995-96. We would be abandoning our efforts to work in our natural markets.

### **Immigration**

The LAC region contains the top three sources of illegal immigration into the United States and 11 of the top 15 sources. Most come for economic opportunity or to escape life-threatening civil wars. The United States can best deal effectively with this situation through helping LAC countries establish democracy, justice and economic growth with opportunities for all citizens (Chart F).

### **Across the Board Impact**

A one-third reduction means less support across the board for the heart of what USAID does to establish stable democracies, alleviate human suffering, create economic opportunities and increase demand for U.S. goods and services.

**Democracy:** Judicial reform efforts—critical to democracy and to fighting drug traffic—may be ended in the Andes and Central America. Programs to train judges, prosecutors and defenders and to halt corruption could be closed. Vital assistance to elections and legislatures would be curtailed.

**Peace:** In El Salvador, key elements of the peace accords remain outstanding and would be imperiled by budget cuts. The United States would be forced to renege on its stated commitments in areas such as land transfer to ex-combatants, credit assistance, police and judicial reform. In Haiti, the steps made toward total national reform would be endangered. Assistance to the private sector would be reduced, education reform could not be supported and assistance to the new parliament and the justice system would be curtailed. In Guatemala and Nicaragua, intense U.S. efforts to end civil wars and establish democracy would be put at risk.

**Microenterprise:** Highly successful programs that have provided small loans to hundreds of thousands of people seeking to start small businesses and farmers trying to improve their crops may be terminated. By increasing incomes for the people of the region, we can increase demand for U.S. goods and services.

**Population:** Mexico is currently slated to receive \$16.7 million in FY 1996 population funds. A one-third cut could mean that 383,400 people would not receive contraceptives — each one potentially resulting in an unwanted pregnancy and/or transmission of HIV/STDs. At the Summit of the Americas, the United States agreed to support efforts to ensure equitable, universal access to basic health services to reduce child mortality rates in the region by one-third and maternal mortality rates by one-half by the year 2000. Declines in support for population funding in Mexico and regionwide will effectively mean we are renegeing on our promise. More importantly, these goals are likely not to be met.

**Basic Education:** In El Salvador, we will have to break commitments to provide 260,000 math and language textbooks and train teachers in the former war zones. In Guatemala, bilingual education services to 800 Mayan highland region schools will be severely curtailed, and 10,000 girls and Mayan students in targeted areas will not have schools to attend. In Nicaragua, 3.7 million books will not be distributed, and teacher training will be curtailed with particularly harsh impact on students in poor, rural areas. Training and education efforts throughout the region raise incomes and productivity, making these nations stronger democracies and trading partners.

**Environment:** In Honduras and other countries, forestry and small hillside soil conservation programs might be eliminated at great cost to the environment and to economic development. Cuts will lead to deterioration of key infrastructure in the region such as the Panama Canal, roads and ports, with direct impact on U.S. trade and vital national interests. There will be severe impact on biodiversity as aid to coastal and marine resource management, pollution prevention, sustainable agriculture and habitat preservation is limited.

## USAID/LAC: In the National Interest

The LAC Bureau's program is specifically designed to contribute to the U.S. national interests in the region through the agency's goals and strategic objectives. Unfortunately, over the past several years, the resources available (Chart G) to support these objectives have declined dramatically from \$1.3 billion in FY 1991 to \$654 million at the requested for FY 1996 (a reduction of 50 percent).

Further cuts to the bureau's budget may jeopardize the peace negotiated in Central America. The proposed cuts would undermine USAID's critical contribution to the implementation of the administration's counternarcotics policy (PDD-14). The cuts would also seriously damage the sustainable development strategies in nearly all of the bilateral and regional programs in LAC and thus directly harm U.S. national interests.

*Whether the issue is increasing exports to Chile, supporting judicial reform in Central America, working toward peace in El Salvador or improving our shared environment, the connection between USAID's mission in LAC and the U.S. national interest is direct and indisputable.*

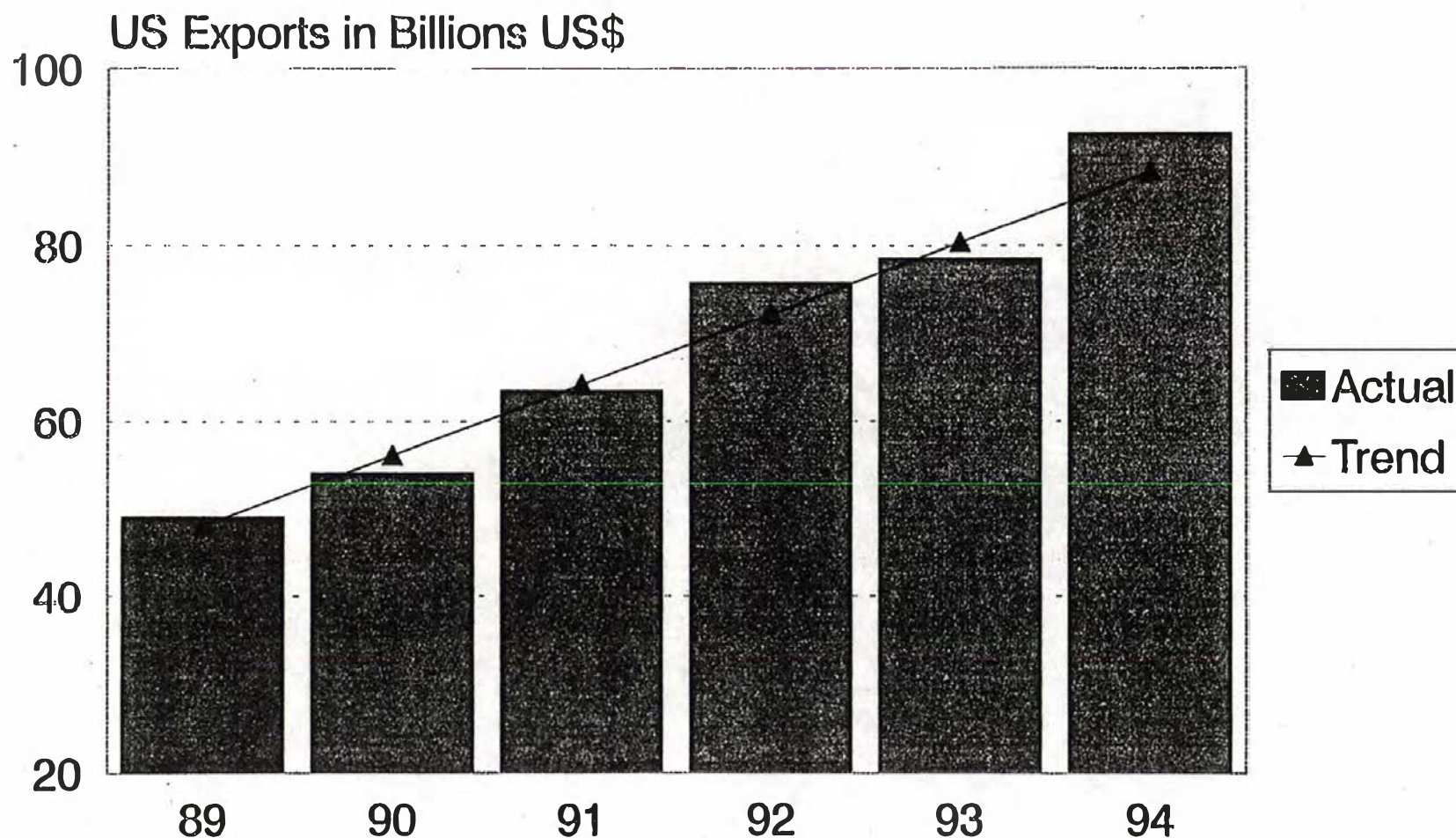
### For more information contact:

Neil Levine in the Bureau for Legislative and Public Affairs at (202) 647-8190 or Wilson Morris in the Bureau for Latin America and the Caribbean at (202) 647-5597.



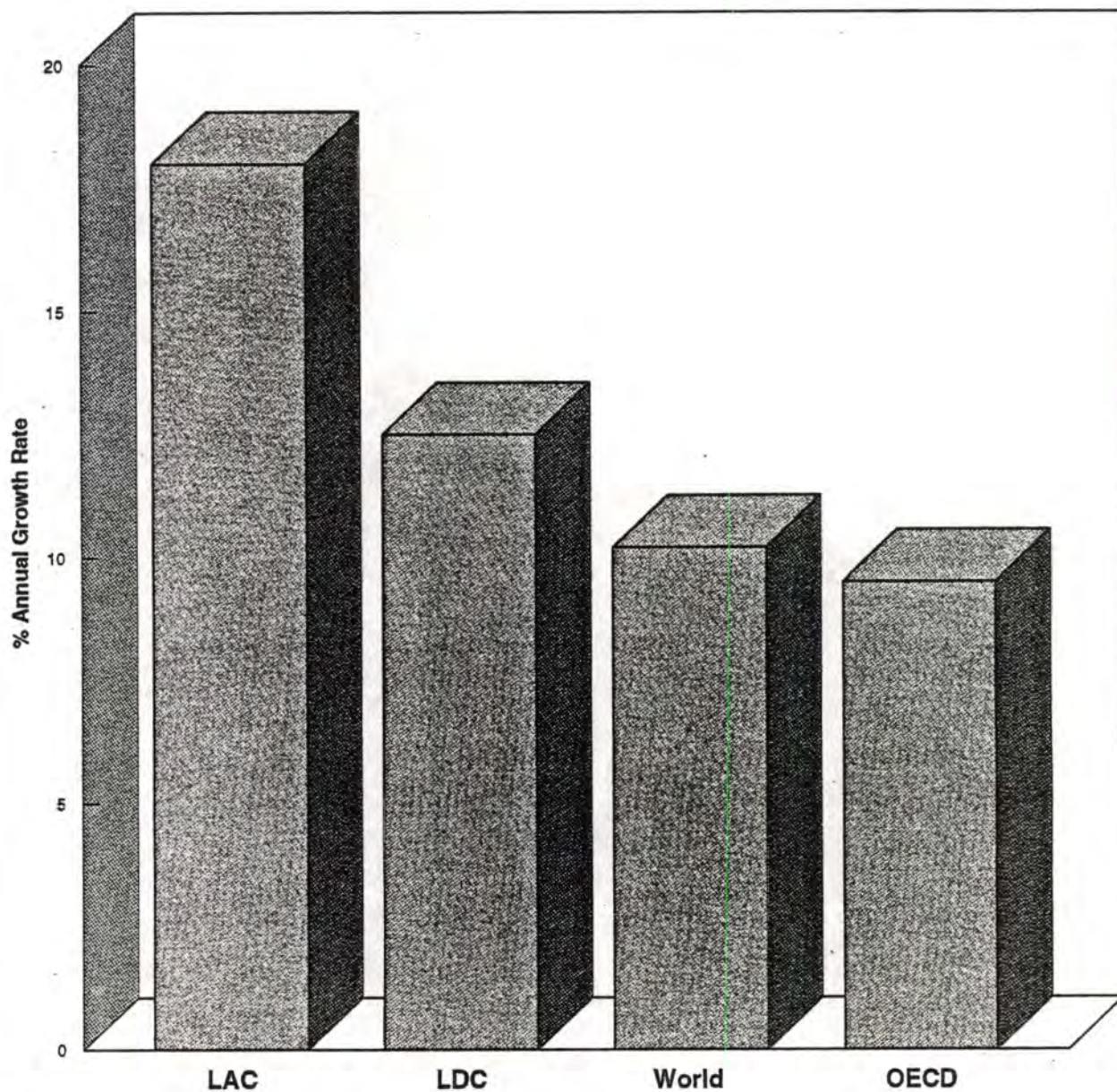
# US Merchandise Trade with LAC

## US Exports to Latin America and the Caribbean



**LATIN AMERICA AND THE CARIBBEAN IS THE FASTEST GROWING MARKET  
FOR U.S. MERCHANDISE EXPORTS**

1994 US Exports Annual Growth



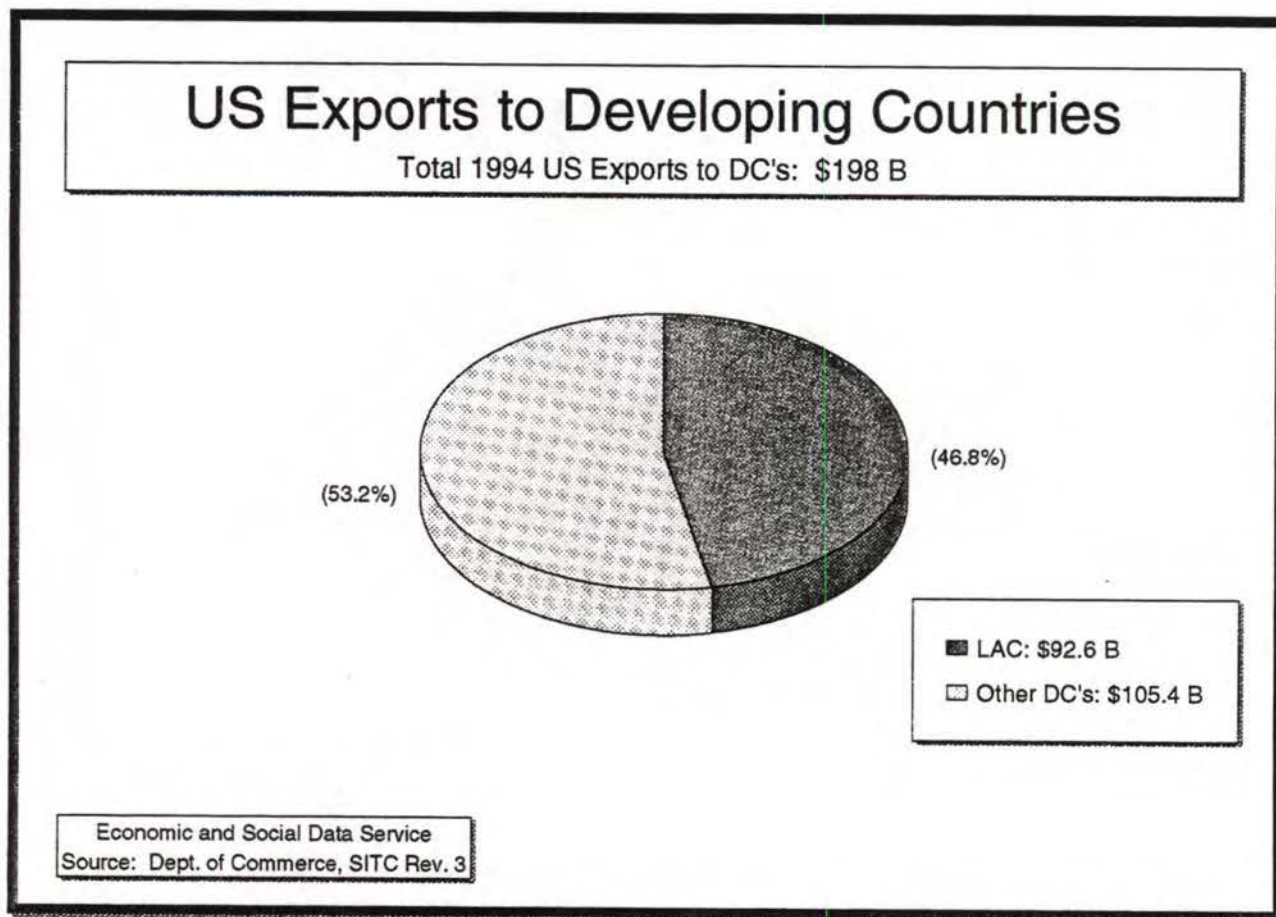
Economic and Social Data Service  
Source: Dept. of Commerce, SITC Rev. 3. Total exports, f.a.s. value

Definitions: LAC=Latin America & Caribbean, LDC=Less Developed Countries

# LAC MAKES UP 47% OF 1994 U.S. EXPORTS TO DEVELOPING COUNTRIES

Total 1994 U.S. exports to developing countries: \$198 billion

Total 1994 U.S. exports to LAC: \$92.6 billion



## Between 1990-1994 U.S. exports to:

Developing countries increased by \$70 billion

LAC increased by \$38 billion

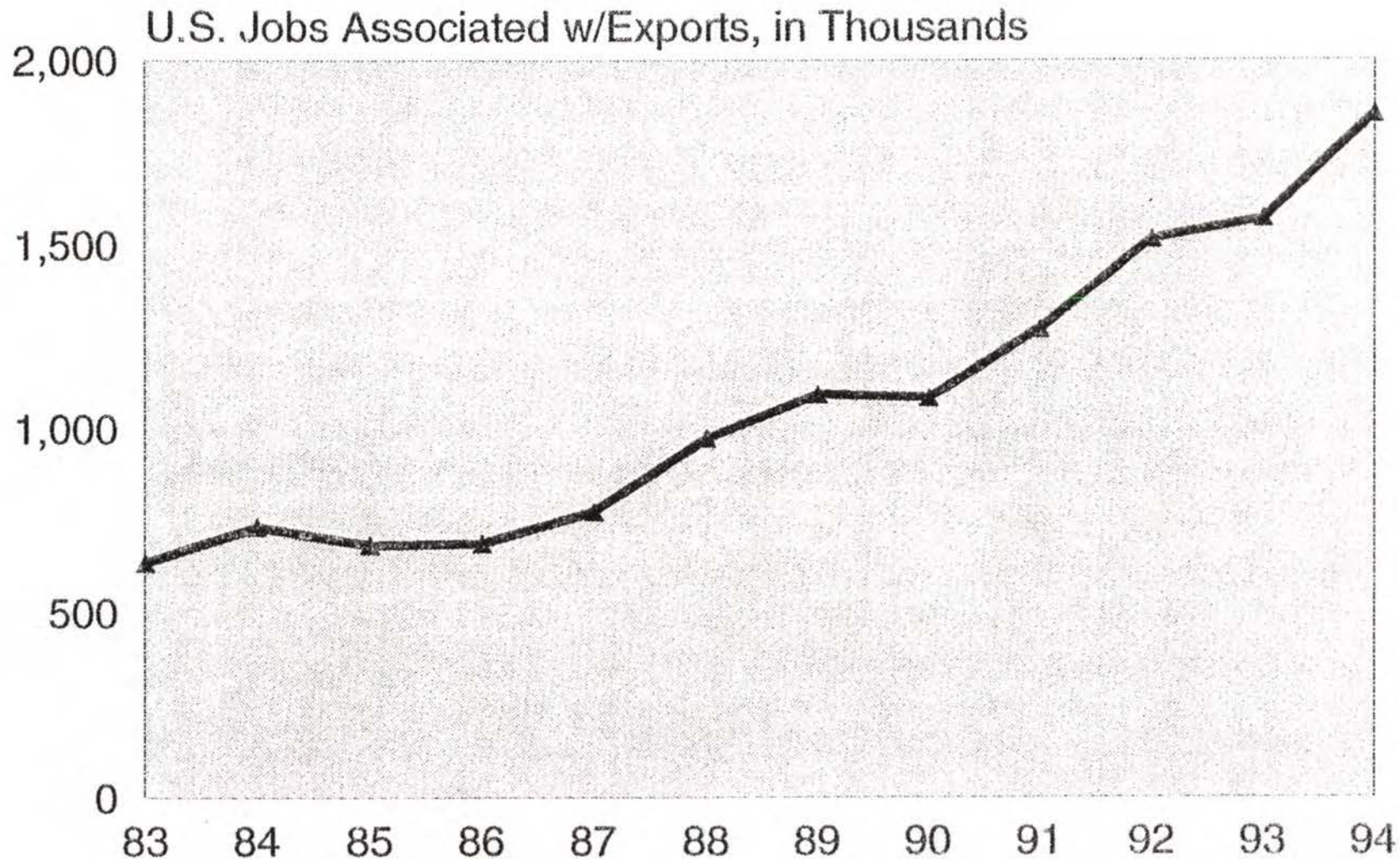
***LAC makes up 54% of the growth in exports to LDC's over this period.***

Economic and Social Data Service

Source: Dept. of Commerce, SITC Rev.3

Exports are total exports, f.a.s. value

## U.S. JOBS SUPPORTED BY U.S. EXPORTS TO LAC

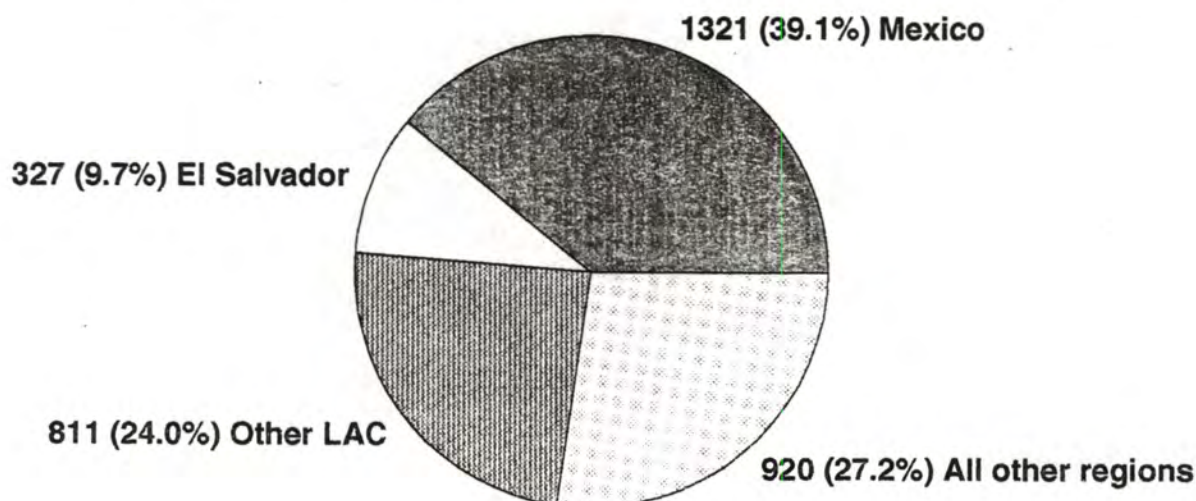


Jobs calculated by the following ratios:

1983-84: 1job/\$40,000 exports; 1985-1989 1/\$45,000; 1990-1994 1/\$50,000.

# ILLEGAL IMMIGRATION IN THE UNITED STATES

Illegal Immigrant Population: LAC Countries Make Up 73%  
Populations in '000s



Source: INS

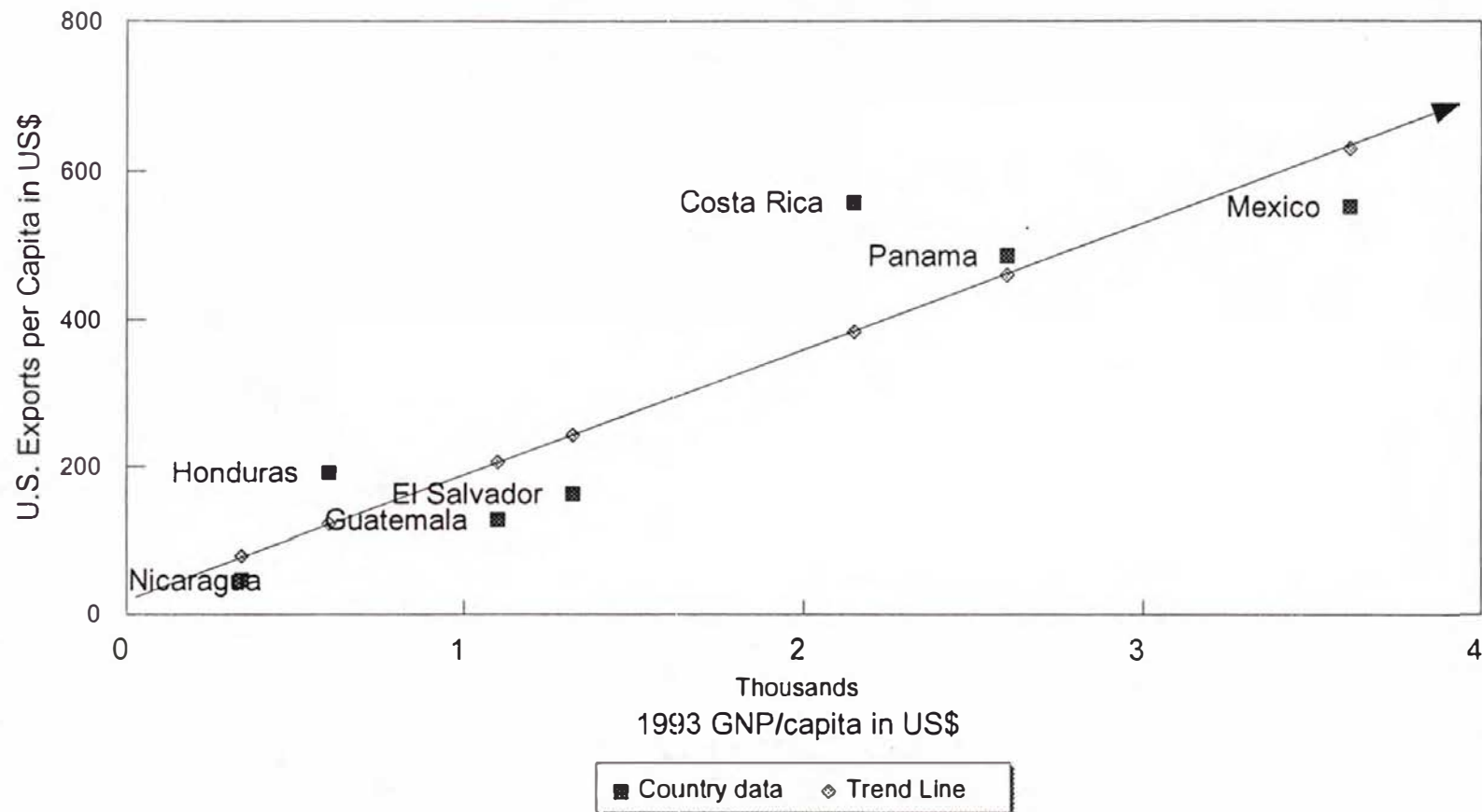
Estimates of 1992 illegal imm. population total 3,379,000.

## TOP 15 SOURCES OF ILLEGAL IMMIGRATION: 11 OUT OF 15 ARE LAC COUNTRIES

|                       | <i>In '000s</i> |
|-----------------------|-----------------|
| 1. <b>Mexico</b>      | 1321            |
| 2. <b>El Salvador</b> | 327             |
| 3. <b>Guatemala</b>   | 129             |
| 4. Canada             | 97              |
| 5. Poland             | 91              |
| 6. Philippines        | 90              |
| 7. <b>Haiti</b>       | 88              |
| 8. <b>Bahamas</b>     | 71              |
| 9. <b>Nicaragua</b>   | 68              |
| 10. Italy             | 67              |
| 11. <b>Honduras</b>   | 61              |
| 12. <b>Colombia</b>   | 59              |
| 13. <b>Ecuador</b>    | 45              |
| 14. <b>Jamaica</b>    | 42              |
| 15. <b>Dom. Rep.</b>  | 40              |

Source: INS

## Income and U.S. Exports per Capita to Central America

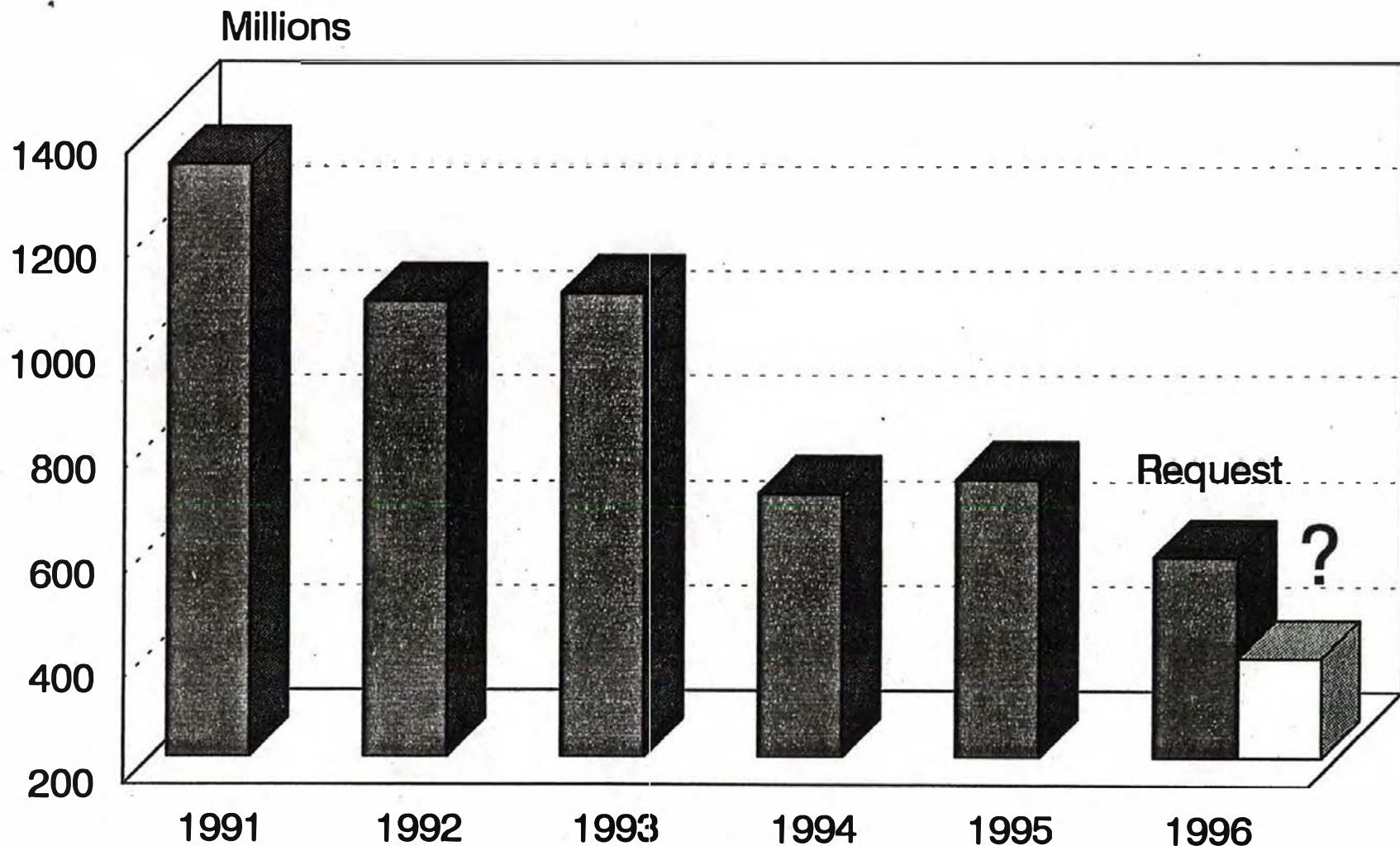


Source: Dept. of Commerce, World Bank.



CHART G

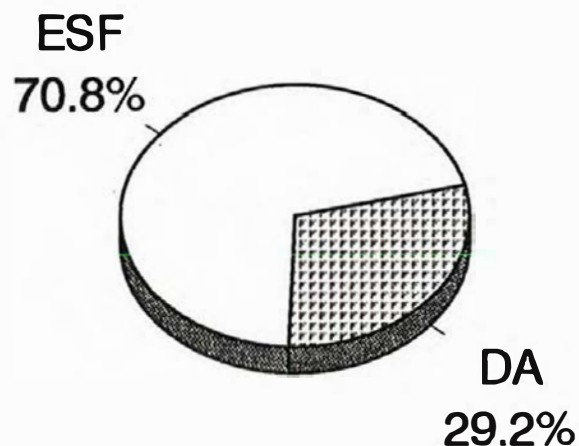
# Total Program Funds for LAC



1991-3 are net obligations from the 1994 U.S. Overseas Loans and Grants. 1994-95 figures as published in the Congressional Pres. FY 96. "?" represents a 33% cut of FY96 levels.

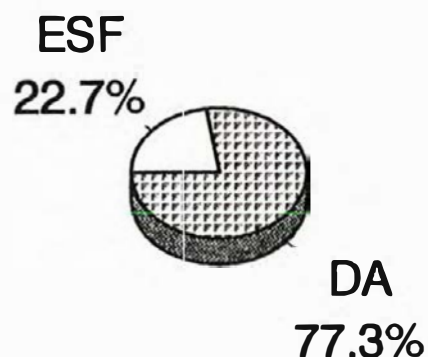
# LAC BUDGET CUTS 1990-1996

1990



DA+ESF=US\$1486 M

1996  
Request



DA+ESF=US\$582 M

1996  
Appropriations



1/3 Cut=US\$390M

## **Overall Visit: USAID Programs in Latin America and the Caribbean (LAC) Region**

**Goals, Objectives and Priorities:** USAID programs in LAC support the Agency's overall goal of sustainable development. Specific objectives for the region are: (1) achieve broad-based economic growth with equity; (2) strengthen democracy and governance; (3) stabilize population growth and protect human health; and (4) improve responsible management of the environment.

In order to fulfill the goals of the Summit of the Americas - economic growth with equity in a hemisphere of prosperous and open democracies, USAID programs help achieve foreign policy priorities such as strengthening the government and economy of Haiti, expansion of hemispheric free trade, consolidation of the peace process in Central America and providing economic alternatives to illicit production of drugs in the Andes. These programs directly address vital U.S. interests in the hemisphere such as promotion of U.S. economic opportunity, peace and stability, mitigation of humanitarian crises, and protection of the U.S. against global threats such as epidemic diseases.

**USAID Programs:** USAID programs in LAC have suffered 50% reductions since 1990 and currently face another potential cut of 25% under proposed Congressional cutbacks. In FY 1996, USAID's budget of approximately \$550 million will go to 19 countries to help achieve economic growth, democracy, smaller, healthier and better-educated families, cleaner environments and better-managed natural resources. USAID's strategic objectives and programs promote targeted, intersectoral solutions to achieve sustainable development. They also promote participation of ordinary people in political and economic decision-making processes, and establish effective partnerships of governments, non-governmental organizations (NGOs), business and donors.

### **Achievements:**

- o USAID is helping strengthen democracy in the region, resulting in more effective electoral systems, substantial justice sector reform, expansion of human rights, a more responsible media and decentralization of government. But, the process of democratic transition remains fragile.
- o While credit for LAC's rapid economic growth belongs to its people for undertaking difficult market-oriented reforms, the U.S. economic assistance program has contributed significantly to the region's economic revitalization. Nevertheless, widespread poverty and inequity pose continuing threats to both growth and democracy.
- o USAID played a major role in helping LAC countries reduce the region's annual rate of population growth from 2.8% (1960s) to 1.8% (1990s).
- o Finally, USAID played a catalytic role in encouraging countries to adopt sustainable agriculture policies, preserve biodiversity, and establish endowments to fund NGO environmental activities. (See attachment for more country-specific achievements.)

## **Examples of USAID Achievements**

### Equitable Economic Growth:

- o In El Salvador, Honduras and Panama, USAID was the lead external assistance agency supporting economic policy reforms during periods when the international financial institutions (IFIs) suspended their activities. With our assistance in improving macroeconomic management, each of them resumed real growth of GDP per capita starting in 1990 and regained access to IFI resources and private capital flows.
- o The primary school completion rate rose between 1989 and 1993 in all five LAC primary education emphasis countries (El Salvador, Guatemala, Haiti, Honduras, and Nicaragua) by an average of 1 percentage point per year, from 42.4% to 47.8%. Quality and efficiency indicators improved as well.
- o In five countries (Bolivia, Honduras, Jamaica, Nicaragua, and Peru) 132,982 small firms and microenterprises, both agricultural and non-agricultural, improved their production and incomes with USAID assistance in 1993.

### Strengthened Democracy:

- o The number of USAID-assisted countries considered "free" by Freedom House rose from 5 in 1982 to 6 in 1993, and the number considered "not free" declined from 4 to 2. By the end of 1995, USAID expects all countries in the region (except Cuba) to be "free" or "partly free" .
- o 14 of the 16 USAID-assisted countries in the region have held free and fair elections within the last two years. USAID assisted in establishing modern electoral systems in 9 of the USAID-assisted countries.
- o 11 USAID-assisted countries are improving their systems for administering justice with our help.

### Improved Quality of Life:

- o Average life expectancy in USAID-assisted countries increased from 52.4 years in 1960 to 65.3 in 1991.
- o The average proportion of married women using modern contraceptive methods rose from more than 41% in 1989 to almost 49% in 1994 in the 13 LAC population emphasis countries.
- o The average infant mortality rate in LAC's nine child survival emphasis countries fell by more than a quarter in the last 10 years, from 82.3 deaths of children under one per 1,000 live births in 1984, to 60.5/1,000 in 1994.

## Country Specific Success Stories

### Broad-based Economic Growth

- In El Salvador, USAID support to the Land Bank and government agencies has provided a total of 13,516 persons with legal title to property, 47,286 small landholding farmers with credit, 12,606 persons with microenterprise loans, and 35,257 persons with vocational training.
- In Honduras, 87% of the 23,900 graduates of USAID-sponsored non-formal vocational training are employed; of those employed, 50% are women. Incomes among graduates is estimated to have increased by \$1,000 annually.
- Small and microenterprise programs have created about 28,600 jobs in Honduras, and microenterprise credit (40% of which has gone to women) has created 16,000 jobs in the Dominican Republic.
- In Guatemala, the Small Farmers' Coffee Project has tripled the percentage of female credit recipients as a result of promotion efforts with local financing institutions, and women can now get loans under the same conditions as men.

### Democracy

- Panamanians' access to legal defense increased as a result of USAID-sponsored improvements in the public defenders program. The same number of public defenders effectively handled 11,945 cases in 1993, compared with 8,471 in 1992.
- As a result of work under the Private Sector Institutional Reform Project in Peru implemented by the Institute for Liberty and Democracy (ILD), with the support of more than 2,200 grassroots organizations, the Peruvian Congress passed a law establishing procedures for popular initiatives and referenda.
- Using regional program funds, four U.S. NGOs were able to witness and report on Mexico's August 21, 1994 national elections which were deemed to be the fairest and most open national elections in Mexico's history.

### Health, Population, and Education

- In El Salvador, USAID assistance has enabled 8,790 individuals, handicapped due to the conflict, to receive rehabilitative services; also, the percent of children having a complete series of vaccinations increased to 82% (from 63% in 1988).
- USAID-supported family planning programs in the Eastern Caribbean have significantly contributed to a current contraceptive prevalence rate of 57%, greatly exceeding the original target level of 40%.

- In Bolivia, school feeding programs have helped reduce the school drop-out rate to 5% or less. One school program reported a decline in drop-outs from 30% to 1%, while the attendance rate for participating schools reached 96.2%.
- USAID/Honduras' Primary Education Efficiency Project has contributed to a 56% increase in the number of children completing 6th grade since 1986, a 32% reduction in the dropout rate, and a 26% reduction in the repetition rate. The projected increase in earnings potential as a result of completing primary school will exceed \$20 million annually for these children as they enter the labor force.
- As a result of the USAID/Guatemala Basic Education Strengthening Project, the Government of Guatemala has established the world's first scholarship program for rural indigenous girls. This five-year commitment will benefit 5,446 girls during the first year.

### Environment

- As a result of training received under USAID/Guatemala's Community Natural Resource Management Project, a group of women in the Tamazulapa area organized themselves into a legal entity to continue the natural resource management activities initiated during the training course.
- Through the participatory rural assessment workshops held under the Employment and Natural Resource Sustainability Project in Peru, women in some communities are, for the first time, participating in public community decisions and becoming actively involved in action groups formed for natural resource protection, as well as in income-generating activities.
- As a result of Parks in Peril activities, work by Fundacion Arcoiris with the local communities and Government of Ecuador resulted in the peaceful removal from Podocarpus National Park of several hundred gold miners from the park's core area. For their effort, Fundacion Arcoiris was a 1994 recipient of UN Environmental Programme's Global 500 award.

### Participation

- In Jamaica, the Inner Kingston Project provides a good example of how participation can increase the impact of a project. During the past two years the project has used a series of empowerment measures (involving businesses, property owners, investors and low income community residents) to develop and guide a downtown revitalization plan. The result has been a reinvigorated downtown Kingston.
- USAID/Ecuador has brought together a host of public and private sector agencies to develop common approaches in the justice, environment, and health/pop sectors. Their work has been so successful that the Government of Ecuador now insists that any donor wishing to provide assistance to the justice sector first deal with the Justice Sector Working Group established with USAID assistance.

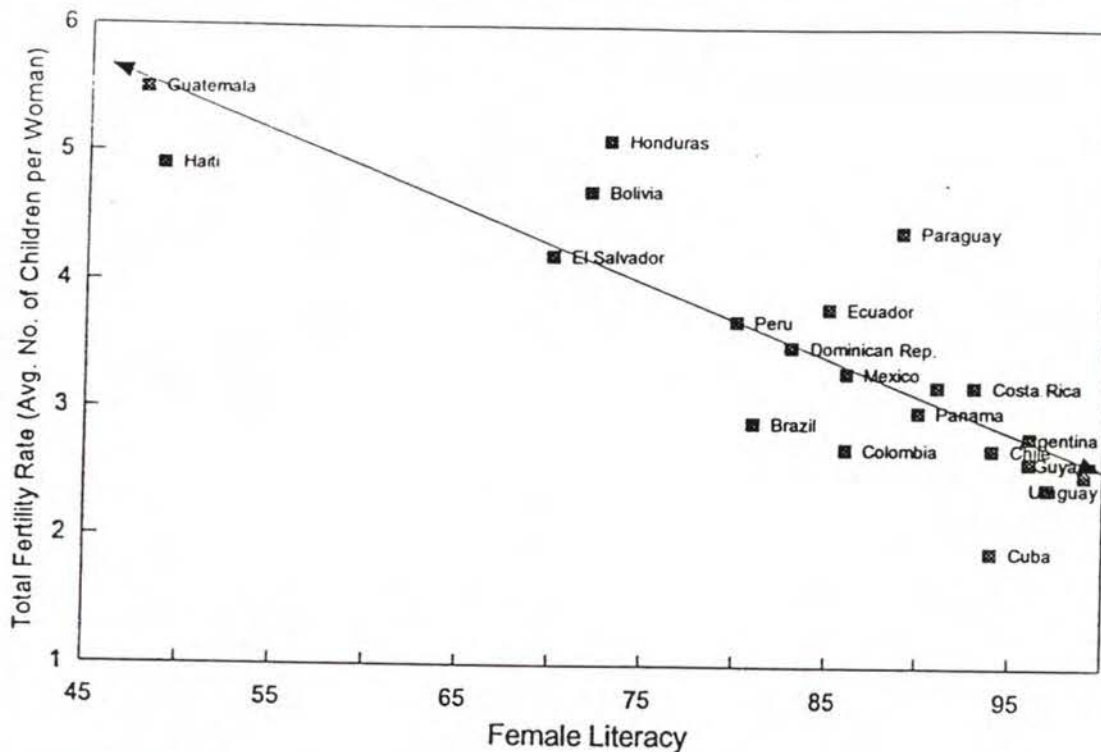
## **HEALTH, EDUCATION, POVERTY, AND WOMEN'S STATUS IN LATIN AMERICA**

Though Latin America has demonstrated impressive progress in generating economic growth (per capita GDP up by 6% since 1990 after falling 8% in the 1980s), in strengthening democracy, and in reducing infant and child mortality (down 59% and 65% respectively over the last 30 years), the quality of life in the region is characterized by the following trends:

- o **Unacceptably high rates of poverty persist** - 46% were living in poverty in 1990 (up from 41% in 1980). Improved economic performance has not yet translated into reduced poverty and a large income gap between the "haves" and the "have-nots" persists in several countries. The poor are often members of indigenous cultures where geographic isolation tends to add to their exclusion from both the political and economic system.
- o **Preventable diseases are still a major cause of child mortality.** 585,000 girls and boys under five years of age are still dying from preventable causes every year. Perinatal problems are the leading cause of infant mortality and communicable diseases such as respiratory infections and diarrhea are the leading cause of death among children under five years of age. Approximately 68% of children who die suffer from malnutrition. More than 3 million men, women and children are HIV-infected.
- o **Fertility rates have decreased but not among some high risk groups.** Contraceptive use among women in union average over 60% (varying widely by country) and the average number of children has dropped from 4.1 to 3.1. However, among women under 20 (who account for nearly 11% of births in the region) fertility has remained constant. Maternal deaths are 25 times higher than the U.S. due to pregnancy complications and obstetrical emergencies.
- o **Environmental degradation, rapid urbanization, and inadequate preventive measures have led to a resurgence of diseases** such as cholera, malaria, and dengue.
- o **Women are often marginalized politically and socially.** In generally male dominated societies, women are heavily under-represented in political institutions (one sample shows only 4% of cabinet posts and 6.9% of national legislators are women). Reforms are still needed in labor law, civil law (marriage, divorce and property rights) and criminal law (domestic violence and sexual assault) to protect women's rights.
- o **Poor quality of primary education slows gains from improved access to schooling.** Most countries have achieved the goal of providing access to the first grade of primary education but inability to improve the quality of education resources, and poverty have resulted in high levels of repetition, failure, and drop-outs. Of the nine million 6 or 7 year-old children entering first grade, some four million fail the first time around and 29% of primary school students repeat their grade each year. Barely 50% of the children complete primary school. Declining financial resources are being allocated to primary education in contrast to other regions (e.g. East Asian "miracles") where heavy investment in high-quality basic education is closely correlated with economic progress.

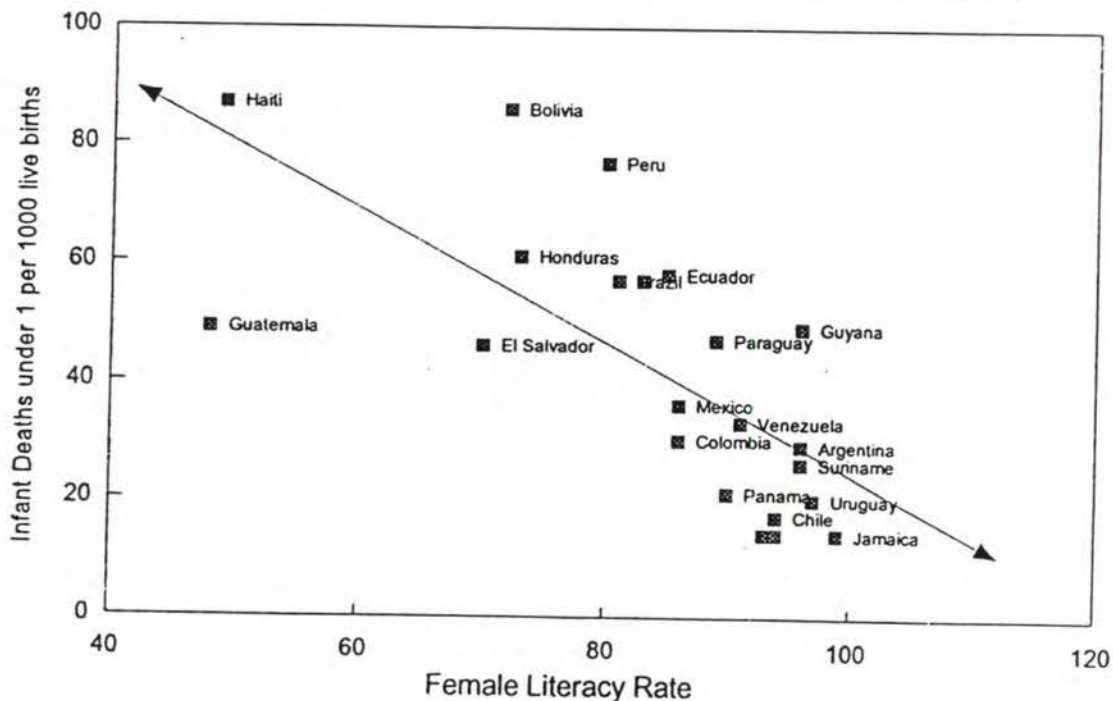
**Strong inter-relationships between social indicators in Latin America suggest an integrated development approach.** Educational improvements, especially of women, are highly correlated with greater use of preventive health practices and family planning and increased income potential

## Total Fertility Rate and Female Literacy



Source: UNDP, R2=.72

## Infant Mortality and Female Literacy

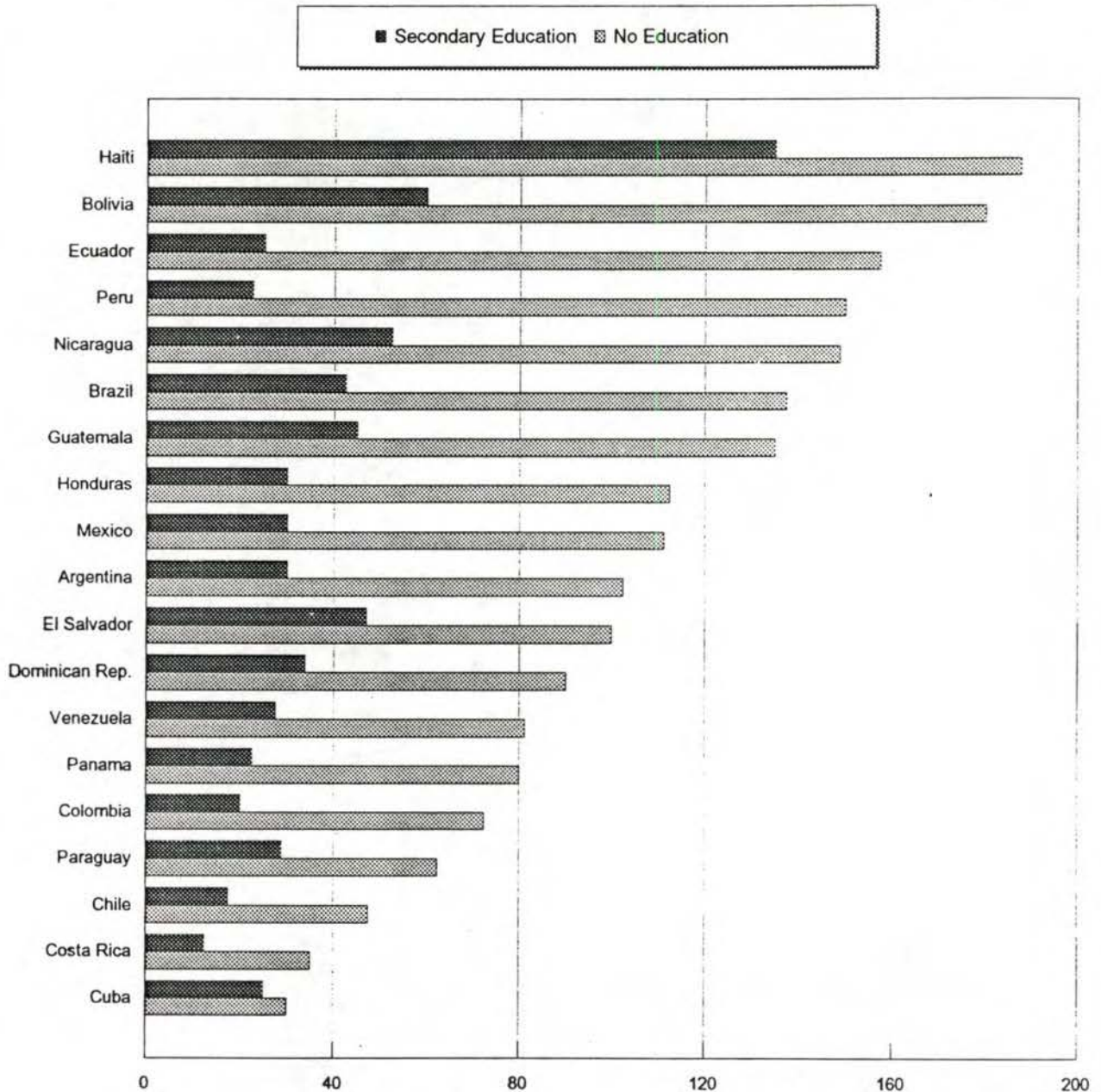


Source: UNDP, R2=.49



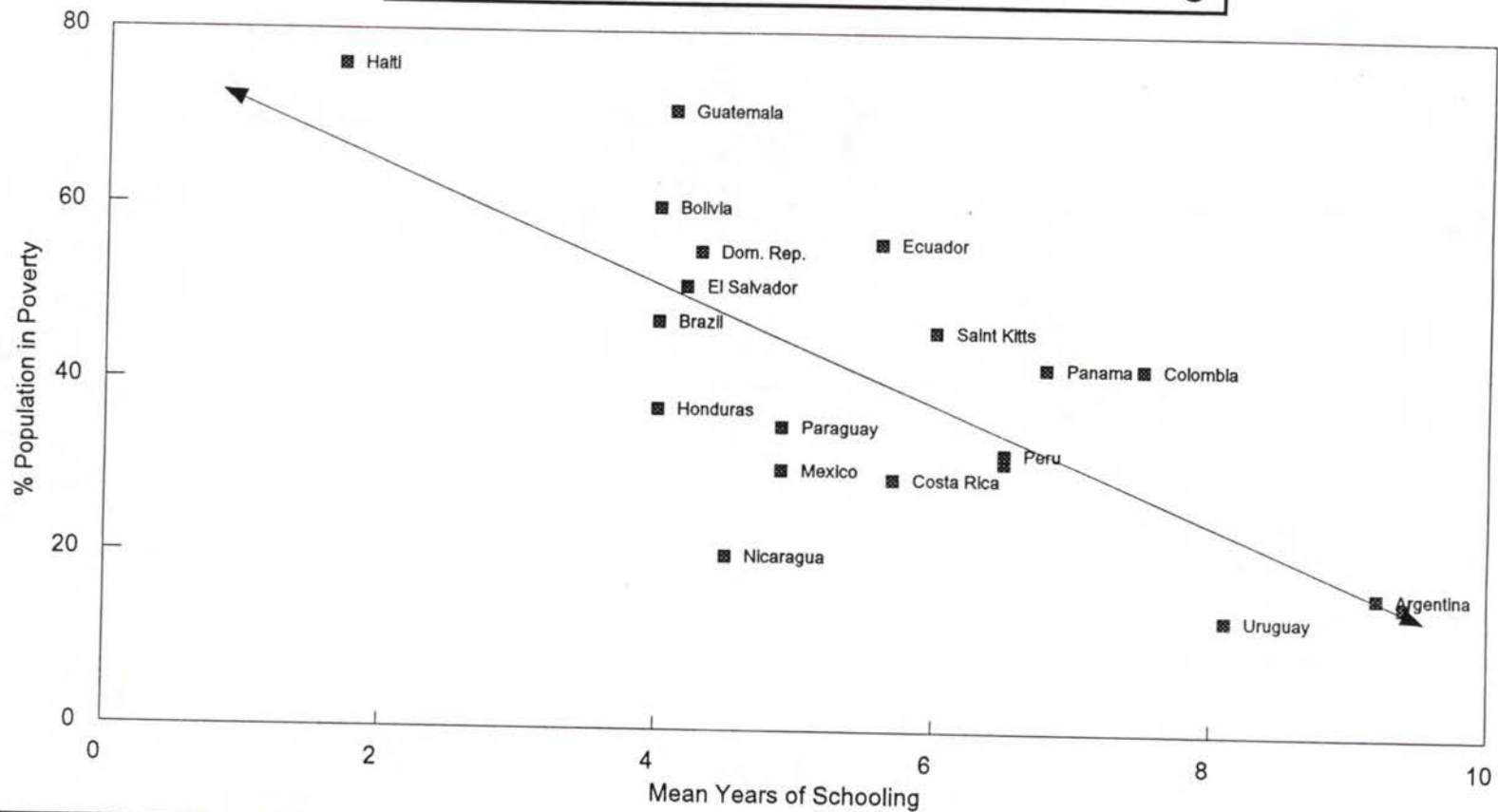
CHART-1

# Under 5 Mortality Rate According to Mother's Education Level, 1965-90



SOURCE: UNICEF/CELADE Child Mortality since 1960s. 1993

## Poverty and Mean Years of Schooling



Source: Human Development Report  
R<sup>2</sup> = .54



CHART H

# EDUCATION INDICATORS

| Country   | Illiteracy Rate<br>(% of pop age 15+) |        |       |        | Estimated Enrollment Ratios<br>Ages 6 - 11 |        |      |        | Estimated Enrollment Ratios<br>Ages 12 - 17 |        |      |        | Education<br>Expenditures<br>as a % of GDP |      |
|-----------|---------------------------------------|--------|-------|--------|--------------------------------------------|--------|------|--------|---------------------------------------------|--------|------|--------|--------------------------------------------|------|
|           | 1985                                  |        | 1990  |        | 1970                                       |        | 1990 |        | 1970                                        |        | 1990 |        | 1975                                       | 1992 |
|           | Total                                 | Female | Total | Female | Male                                       | Female | Male | Female | Male                                        | Female | Male | Female |                                            |      |
| Brazil    | 21.5                                  | 23.3   | 18.9  | 20.2   | 59.2                                       | 61.6   | 76.7 | 81.9   | 49.8                                        | 47.2   | 70.8 | 67.1   | na                                         | na   |
| Chile     | 7.8                                   | 8.1    | 6.6   | 6.8    | 88.7                                       | 92.2   | 83.9 | 83.7   | 72.8                                        | 70.8   | 84.2 | 84.4   | 4.2                                        | 2.8  |
| Paraguay  | 11.7                                  | 14.2   | 9.9   | 11.9   | 72.9                                       | 72.5   | 86.5 | 86.3   | 46.9                                        | 38.8   | 47.5 | 44.6   | 1.5                                        | 2.2  |
| Nicaragua |                                       |        |       |        | 52                                         | 53.1   | 71.6 | 68.2   | 41.5                                        | 42.4   | 50.8 | 56.1   | na                                         | 4.5  |

## Sources:

*Illiteracy:* World Bank, Social Indicators of Development 1995

*Enrollment:* United Nations, Women's Indicators & Statistics (WISTAT-CD)

*Expenditures:* International Monetary Fund, Government Finance Statistics, August 1995

# RATES OF VACCINE COVERAGE

|           | Polio 3 Vaccine |      | DPT 3 Vaccine |      | Measles Vaccine |      |
|-----------|-----------------|------|---------------|------|-----------------|------|
|           | 1983            | 1993 | 1983          | 1993 | 1983            | 1993 |
| Brazil    | 20              | 92   | 61            | 69   | 67              | 78   |
| Chile     | 43              | 94   | 86            | 79   | 92              | 93   |
| Paraguay  | 43              | 80   | 45            | 79   | 37              | 96   |
| Nicaragua | 30              | 94   | 22            | 78   | 37              | 84   |

## Notes:

"Polio 3" Definition: An estimate of the proportion of surviving infants who received three doses of Polio vaccine before their first birthday. Data for Brazil may be for 2 doses only.

"DPT 3" Definition: An estimate of the proportion of surviving infants who received three doses of DPT (diphtheria, pertussis, and tetanus) vaccine before their first birthday.

"Measles" Definition: An estimate of the proportion of surviving infants who received a dose of measles vaccine before their first birthday.

Source: World Health Organization

# CHILDREN'S HEALTH

|           | % of infants with low birth weight | % of children exclusively breastfed (0-3 months) | % of children suffering from: |                |                           |                           |
|-----------|------------------------------------|--------------------------------------------------|-------------------------------|----------------|---------------------------|---------------------------|
|           |                                    |                                                  | underweight (0-4)             |                | wasting (12-23 mo.)       | stunting (24-59 mo.)      |
|           | 1990                               | 1988-92                                          | moderate & severe 1980-92     | severe 1980-92 | moderate & severe 1980-92 | moderate & severe 1980-92 |
| Brazil    | 11                                 | 4                                                | 7                             | 1              | 3                         | 16                        |
| Chile     | 7                                  |                                                  | 3                             | 0              | 1                         | 10                        |
| Paraguay  | 8                                  | 7                                                | 4                             | 1              | 0                         | 17                        |
| Nicaragua | 15                                 |                                                  | 11                            | 1              | 0                         | 22                        |

Source: UNICEF, 1994

# HEALTH INDICATORS

|           | Life Expectancy |      | Infant Mortality Rates |      | Total Fertility Rates |      | Contraceptive Prevalence Rates |       |      | Percent of Children (12-23 Months) of Adequate Nutritional Status |      |
|-----------|-----------------|------|------------------------|------|-----------------------|------|--------------------------------|-------|------|-------------------------------------------------------------------|------|
|           | 1984            | 1994 | 1984                   | 1994 | 1984                  | 1994 | Rate (%)                       | Age   | Year | Rate (%)                                                          | Year |
| Brazil    | 63.8            | 66.6 | 68.4                   | 54.7 | 3.6                   | 2.7  | 57                             | 15-44 | 1986 | 91                                                                | 1988 |
| Chile     | 71.2            | 72.2 | 22.0                   | 16.5 | 2.8                   | 2.6  | N/A                            |       |      | 96                                                                | 1986 |
| Paraguay  | 66.6            | 67.4 | 51.8                   | 46.5 | 4.7                   | 4.3  | 35                             | 15-49 | 1990 | 93                                                                | 1990 |
| Nicaragua | 60.3            | 67.2 | 81.3                   | 50.0 | 5.9                   | 4.9  | 45                             | 15-49 | 1993 | 90                                                                | 1982 |

## Notes:

Life expectancy: The estimate of the average number of years a newborn can expect to live. Averages are not weighted but are straight averages.

Source: USAID, Center for International Health Information (CIHI)

Infant Mortality: The estimated number of deaths in infants (children under age one) in a given year per 1,000 live births in that year.

Estimates of infant mortality based on interpolations between 5-year period estimates drawn from the UN World Population Prospects, 1992.

Total Fertility Rates: The estimate of the average number of children a woman would bear in her lifetime given current age-specific fertility rates (straight averages).

Estimates of total fertility rates based on interpolations between 5-year period estimates drawn from the UN World Population Prospects, 1992.

Contraceptive Prevalence Rates: An estimate of the proportion of women, in union or married, currently using a modern method of contraception.

The value for Brazil are taken from sources which did not distinguish modern forms from all methods. Source (Paraguay and Brazil): Demographic and Health Survey.

Source (Nicaragua): Encuesta sobre Salud Familiar Nicaragua 92-93.

Percentage of Children of Adequate Nutritional Status: An individual child of a certain age is said to be adequately nourished if his/her weight is greater than the weight corresponding to "two Z-scores" (two standard deviations) below the median weight achieved by children that age.

UNCLASSIFIED

Child Labor Issues in Latin America

Despite fairly progressive laws establishing a minimum age for children to work, most governments in Latin America have not been able to prevent millions of children from interrupting their education in order to work to survive and to ease the suffering from the poverty afflicting their families. The exact number of such children is difficult to estimate, and the type of work ranges from agricultural to mining to prostitution.

In Brazil, children comprise about 4.6 percent of the work force. A recent United Nations Children's Fund study estimated that about 7 percent of children work in Chile. Children 15 years of age and younger make up 46 percent of the population of Nicaragua and some 108,000 of them are involved in some sort of work. In Paraguay, approximately 26,000 children work in urban areas and many additional thousands work in rural areas beside their parents in the field.

Most governments are publicly committed to protecting the rights and welfare of children, but resources for labor inspectors and other programs are often inadequate. The widely held view that it is better for minors to work than to be involved in street crime also hampers enforcement efforts.

In 1993, Congress directed the Secretary of Labor to conduct a study identifying those foreign industries and host countries that utilize child labor in the production of goods imported into the United States. In 1994, the Labor Department's International Labor Affairs Bureau (ILAB) published its first report which focused on children in the mining and manufacturing sectors. The footwear, textile, garment, and tin industries in Brazil; the flower agribusiness in Colombia; and the garment maquiladoras of Guatemala and Mexico were all found to be using child labor to produce goods exported to the United States. The 1995 report, to be published in October, examines the use of child labor in commercial agriculture and in conditions of forced and bonded labor.

ILAB signed an agreement with the International Labor Organization (ILO) on August 7, 1995, to fund a USD 2.1 million grant for child labor programs in Bangladesh, Brazil, Thailand, Africa and the Philippines. Through its International Program for the Elimination of Child Labor (IPEC), the ILO has allotted \$310,000 of this grant to combat child labor in Brazil's footwear industry. Argentina, Bolivia, Colombia, Ecuador, Peru and Venezuela have applied for admittance to the IPEC, after which each would be eligible to participate in IPEC projects and programs. Membership is contingent upon the signing of a Memorandum of Understanding (MOU) pledging to abide by ILO Convention 138 which requires establishment of a minimum age for children to work.

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OAS Programs on Women and Children

Although largely noted as a diplomatic forum and for its efforts to promote democracy and human rights, the Organization of American States has a long history of involvement in women's and children's issues. The primary vehicles for the organization's work in these areas are the Inter-American Commission of Women and the Inter-American Children's Institute.

Inter-American Commission of Women (CIM):

CIM, established in 1928, was the first international organization created expressly to ensure recognition of the civil and political rights of women. CIM designs programs to enhance the role of women and recommends to the governments of the hemisphere ways to eliminate discrimination against women.

CIM's programs have included activities to: increase the participation of women in politics; promote legislative reform to protect women's rights; and train women in small business marketing and management techniques.

CIM seeks to ensure that international development bodies take into account the unique concerns of women. For example, CIM encouraged the Inter-American Institute of Agriculture to establish a program to foster the integration of women into rural development. CIM also supports the Women's Health and Development Program of the Pan American Health Organization.

The president of CIM, Dilma Quezada Martinez of Honduras, will participate in the panel on violence against women in the First Ladies meeting in Paraguay. The US delegate to CIM is Maria Antonietta Berriozabal, president of the National Hispanic Leadership Institute.

Inter-American Children's Institute (IACI):

The IACI is concerned with the problems of mothers, children and adolescents. The institute, which is based in Montevideo, conducts studies and workshops to raise the awareness of children's issues and promote activities to improve their well-being. The IACI has contributed to international jurisprudence in family law, most recently by developing model legislation on international adoption. The institute's director is Eugenia Zamora of Costa Rica.

The IACI is helping to implement the Inter-American Plan of Action for Disadvantaged Children, which was adopted by the hemisphere's foreign ministers in 1989. The plan has five components: a computerized data center containing statistics on the state of children's health and education; technical cooperation programs to strengthen child welfare systems; the development of alternatives to prolonged institutionalization; a drug addiction prevention program and a project to publicize existing legislation on the rights of children.

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| 002. memo                | To Margaret Williams from Andrew D. Sens re: First Lady's Travel to Latin America Oct. 12-17, 1995 (2 pages) | n.d. | P1/b(1)     |

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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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## Overview: Summit of the Americas Implementation

The Summit of the Americas action plan provides a framework for coordinated effort to advance the common goals of the hemisphere: promoting regional economic integration, democratization, fighting poverty and ensuring sustainable development. The Summit countries have used high level meetings to consolidate support for progress on Summit:

- The Foreign Ministers of the Summit partners met in Haiti in June 1995 and selected seven areas for greater attention: poverty, infrastructure development, trade, capital markets development and liberalization, terrorism, illegal drugs, and corruption. Meetings of the Summit Implementation Review Group (SIRG), a first-ever hemisphere wide governmental group formed to insure implementation of the Summit initiatives, will accordingly examine these issues and others. Venezuela coordinated a presentation on corruption and the IDB gave a session on infrastructure development at the last SIRG meeting on September 19.
- The meeting of the hemisphere's trade ministers in Denver on June 30 set up seven working groups to prepare for negotiations leading to the establishment of the Free Trade Area of the Americas. The Ministers will meet again in March 1996 in Cartagena to review the preparatory work done to date, and to launch four additional groups. Should the U.S. Congress fail to pass fast track legislation this session to enable the Administration to negotiate the Free Trade Area of the Americas, our ability to achieve this Summit goal will be severely undercut as will the credibility of the USG in the Hemisphere.
- The Organization of American States has taken the lead to organize conferences on three important hemispheric issues: anti-corruption, confidence and security building measures and counter-terrorism.
- The Pan-American Health Organization is hosting meetings of health, planning, and environment ministers in Washington October 1 - 3 to discuss health and environment in sustainable human development.
- The United States and Venezuela will co-host a meeting of energy ministers in Washington on October 29-31 to discuss sustainable energy use.

Separate ministerials are planned to discuss money-laundering and tourism in Argentina, and science and technology issues in Colombia. While ministerial level conferences are important to focus attention and promote legislation, technical meetings to deal with concrete implementation issues are no less important. EPA is hosting an Experts Working Group in San Juan, Puerto Rico in November in order to coordinate hemispheric anti-pollution efforts and prepare for the Santa Cruz, Bolivia Sustainable Development Summit planned for December 1996.

THE UNITED STATES TRADE REPRESENTATIVE  
Executive Office of the President  
Washington, D.C. 20506

OCT 3 1995

cc: Melanne  
Brenda  
for briefing  
book

MEMORANDUM FOR THE FIRST LADY/

FROM: AMBASSADOR MICHAEL KANTOR

SUBJECT; Trade Issues on Your Latin American Trip

PURPOSE

On your trip to Nicaragua, Brazil, Chile and Paraguay various trade issues may arise. This paper is to inform you of such key issues and to provide contingency talking points. Please let me know if you would like any additional information.

FTAA

**Background**

All countries in Latin America and the Caribbean, except Cuba, agreed at the Summit of the Americas in Miami last December to conclude negotiations on the Free Trade Area of the Americas (FTAA) by the year 2005. At the Denver Trade Ministerial in June, the 34 ministers established working groups in seven areas (e.g., market access, customs procedures, investment) and agreed to create four more working groups at the next Trade Ministerial in Cartagena, Colombia (March 1996). These working groups are to: develop the data needed for negotiations; and to make recommendations to Trade Ministers on how to conduct the negotiations on each of the respective topics.

**Talking Points**

- The FTAA process is well underway. All of the working groups have met once and have developed a work program.
- (If asked) The FTAA process can proceed while the President is seeking "fast-track" authority (see Chile) from Congress.

- The Administration is firmly committed to achieving a comprehensive FTAA agreement, and we expect the Cartagena Ministerial to move us toward initiation of negotiations.

## NICARAGUA

### **Background**

The USG is encouraged by recent progress between the United States and Nicaragua in the areas of investment and intellectual property (IP). In June 1995, the two nations signed a Bilateral Investment Treaty (BIT). The BIT will not be forwarded to the Senate for ratification until conclusion of a bilateral IP agreement, the negotiation of which is making progress.

The Chamorro Administration has assigned a high priority to the speedy resolution of outstanding investment disputes and expropriation cases, promising to resolve approximately 300 cases each 6 months until the end of Chamorro's tenure. The majority of these cases involve U.S.-owned investments or property.

Nicaragua hopes to expand its trade relationship with the U.S. through continued preferential access to the U.S. market under the Caribbean Basin Initiative (CBI), and through proposed "NAFTA-parity" benefits, which would accord duty- and quota-free treatment to goods (mainly apparel) from CBI beneficiaries equivalent to that received by Mexico under the NAFTA. Nicaragua is frustrated that the U.S. Congress has not passed this measure.

### **Talking Points**

- The BIT and IP agreements, as well as resolving outstanding investment disputes, will increase foreign investor confidence and help prepare Nicaragua for the FTAA.
- The President remains committed to seeking Congressional approval for NAFTA "parity" for the CBI.

## CHILE

### **Background**

Through two Administrations, the United States has committed to pursue a free trade area with Chile. President Clinton issued a joint statement with his counterparts from Chile, Canada and Mexico on December 11, 1994, which launched a preparatory process to commence NAFTA accession negotiations. Consistent with that joint statement, Ambassador Kantor and the Ministers responsible for trade from Canada, Chile, and Mexico formally launched the negotiations with Chile on June 7, 1995 to bring Chile into the NAFTA. Four negotiating sessions have been held since then, with the most recent being September 26-28.

The initial stages of the negotiations have revealed a resistance on the part of Chile to address sensitive issues in the negotiations. Although the President has the authority to negotiate a free trade area, Chile is concerned because the Congress has not provided the Administration a legislative procedure (i.e., "fast-track") for Congressional approval of the agreement that is being negotiated. Chile is concerned that absent such a procedure, the agreement the President negotiates will be subject to renegotiation by Congress. The Administration is working with the Congress to adopt a legislative mechanism.

*The fast-track issue is very sensitive and front page news in Chile on a daily basis, and the situation in Congress could change at anytime. The Finance Minister, Eduardo Aninat, is the leading Chilean official on this matter; he is scheduled to meet with Ambassador Kantor on October 5 or 6.*

### **Talking Points**

- The President remains strongly committed to bringing Chile into the NAFTA.
- The Administration is continuing to work with Congress to develop a mutually acceptable bipartisan fast-track bill.
- We will keep Chile informed of developments as they unfold.

## MERCOSUR

The Southern Common Market (MERCOSUR in Spanish, MERCOSUL in Portuguese), created in 1991, consists of Argentina, Brazil, Uruguay and Paraguay. In 1995, MERCOSUR began implementing its common external tariff on about 80% of MERCOSUR trade, with the long-term goal of becoming a common market like the European Union (EU), complete with free movement of labor and some degree of coordination of monetary policy.

MERCOSUR already coordinates its trade policy vis-a-vis other countries on a number of issues, including the FTAA process. Internal disputes in its attempt to implement free trade are consuming much of MERCOSUR's time. MERCOSUR is engaged in a dialogue with the EU, with which it intends to sign a general framework trade agreement this year, and to negotiate free trade agreements with countries such as Chile and Bolivia. MERCOSUR competes with the NAFTA among the countries of South America, and its position will be strengthened if "fast-track" is not secured. Because MERCOSUR is a key to the FTAA, we plan to have members of MERCOSUR and NAFTA to meet jointly to discuss such issues.

## PARAGUAY

### **Background**

The United States has a limited bilateral trade policy agenda with Paraguay because there is very little bilateral trade. Lack of adequate IP protection is the main issue. Paraguay's rate of copyright (videocassettes, sound recordings, computer software) and trademark piracy is high, and the pirate industries supply a significant portion of the Brazil and Argentine markets. Paraguay has submitted to us a draft patent law, which would improve protection if passed. A new trademark law is stalled within the Ministry of Culture.

As a member of MERCOSUR, Paraguay can exert more influence in the FTAA process than the small size of its economy would suggest. Within MERCOSUR, Paraguay retains the highest level of import protection, and is likely to restrain trade liberalization.

### Talking Point

- We remain concerned about Paraguay's IP laws and practices, and we want to continue working with you on this.

### BRAZIL

#### Background

Brazil, with a GDP six times the size of Argentina (the next largest Latin American nation), is the dominant force within MERCOSUR. Its partners sometimes complain that Brazil keeps their products out through the use of non-tariff barriers. However, Brazil realizes that it cannot act unilaterally any longer and that it must preserve MERCOSUR as a counter to NAFTA.

The U.S.-Brazil bilateral relationship has improved tremendously in recent years. Although we continue to have a number of trade issues between us, we are managing them more effectively. We are working to further strengthen our trade relationship. The President and President Cardoso of Brazil agreed to commission a bilateral review of trade, to be completed by November 1, 1995. This review is being conducted by Ambassador Kantor and Foreign Minister Lampreia.

IP is the most contentious topic. Brazil is close to passing a strong patent law. While we still need improved computer software, copyright and semiconductor mask works legislation, passage of a good patent bill will be an important step. The Cardoso Administration deserves tremendous credit for bringing us so close to strong IPR protection in Brazil. The Brazilian press and Congress are very aware of the U.S. interest in this issue, and there are almost daily press reports, many mentioning the possibility of U.S. trade sanctions if the patent law is not passed. While we could take action against Brazil under our trade statutes, we have made no decision to do so.

We are also concerned about Brazil's imposition in June of quotas on imported autos, a measure Brazil claims is necessary to protect it from a deteriorating current account balance and prevent "another Mexico." We maintain that these quotas are a violation of Brazil's WTO commitments and are unnecessary because

the flow of autos into Brazil has already been stopped by the imposition of a high tariff. We are trying to convince Brazil to eliminate both the quotas and a series of proposed investment measures that would negatively affect the auto industry.

#### **Talking Points**

- The President appreciates the effort the Cardoso Administration has devoted to improving its IP regime; we want to continue to work with you on this important issue.
- The bilateral review commissioned by Presidents Clinton and Cardoso demonstrate our mutual interest in good relations.
- We are very concerned about the auto quotas you imposed.

Drafted by: R. Ives/10-2-95

# BRIEFING PAPER

# USIA

U.S. INFORMATION AGENCY, WASHINGTON DC 20547

OFFICE OF RESEARCH AND MEDIA REACTION

September 29, 1994

B-67-95

*For the First Lady's trip to Latin America:*

## **SUPPORT FOR WOMEN'S AMBITIONS AND FAMILY PLANNING WIDESPREAD, BUT MACHISMO OFTEN OVERRULES IN CENTRAL AMERICA**

*Opinion research in Latin America on women's issues is scarce, but views expressed last fall in nationwide surveys in El Salvador and Panama may be indicative of the region as a whole. Broad support in principle for untraditional careers and birth control for women is tempered in reality by the macho culture of dominance (and sometimes abuse).*

**Broad Support for Women Taking On Major Responsibilities Outside Home:** Majorities of men and women in both El Salvador and Panama express approval for a woman undertaking a number of non-traditional and often male-dominated occupations: running her own business (62% and 79% "strongly" approve, respectively); becoming a television performer (47%/63% "strongly"); and becoming an activist for a political party or cause (40%/66% "strongly"). Three-fourths or more even endorse a woman becoming President of the country (53%/70% "strongly").

Although approval is less widespread, majorities also support a woman joining the armed forces, "if it were possible" (28% in El Salvador and 48% in Panama "strongly" approve). Only about one-fourth in either country voice strong disapproval.

| Issues:                                            | Salvador<br>(1202)<br>% | Panama<br>(1200)<br>% |
|----------------------------------------------------|-------------------------|-----------------------|
| Total approving of a woman:                        |                         |                       |
| Running own business.                              | 90                      | 91                    |
| Becoming President.                                | 77                      | 83                    |
| Becoming T.V. performer.                           | 76                      | 80                    |
| Becoming political activist.                       | 68                      | 81                    |
| Joining armed forces.                              | 52                      | 62                    |
| Having sole responsibility<br>for house, children. | 17                      | 23                    |
| Working for pay outside<br>home.                   | 45                      | 56                    |

A recent Gallup telephone poll in Colombia (4 major cities) may provide some reasons for the support given women in these relatively uncommon fields. Half or more of the general public in these cities believe women are more responsible (61%) and more honest (47%) than men. Pluralities believe women are better at conflict resolution (41%), make better decisions (37%), and are more efficient (35%). Three-fourths believe there are women now in Colombia capable of handling the Presidency.

Support in El Salvador and Panama is minimal for the traditional (and exclusively) family-oriented role of women. Few in either country (17% and 23%, respectively) approve of women having sole responsibility for home and children. Large majorities strongly disapprove (64% and 68%).

---

*USIA's Office of Research developed the questions and commissioned the surveys in El Salvador and Panama. CID-Gallup of Costa Rica conducted personal interviews in the two countries September 6-18, 1994. Prepared by Nancy C. Llach, R/AA (202-619-5111)*

**But Approval Is Less for Women Who Would Simply Work for Pay:** Support in principle appears widespread for the exchange of traditional responsibilities for certain independent -- and relatively unlikely -- jobs. But it is more circumspect regarding the less abstract, more likely activity of "working for pay outside the home, unless it is an economic necessity." In El Salvador, slightly more disapprove (51%, 37% "strongly") than approve of women working. In Panama, a majority endorse women working outside the home, but four-in-ten disapprove (almost all "strongly"). There is no significant difference in the views of men and women on this issue; traditional cultural constraints evidently affect women as much as men.

**Majorities Favor Both Birth-Control and Husband's Right to Veto:** A similar conflict between modern independence and traditional patriarchal control is evident in attitudes about birth control. On the one hand, overwhelming majorities agree -- close to half in El Salvador (47%) and three-fourths in Panama (74%) "strongly" agree -- that a woman should be able to plan the number of children she has, using birth control methods if she wants. Men and women differ very little on this issue.

On the other hand, large majorities in both countries also agree (41% "strongly" in El Salvador, 55% in Panama) that a woman's partner has the right to decide whether or not she plans for her children. Men are slightly more likely to strongly endorse this statement than women.

| Issues:                                                          | Salvador<br>(1202)<br>% | Panama<br>(1200)<br>% |
|------------------------------------------------------------------|-------------------------|-----------------------|
| <i>Total agreeing that:</i>                                      |                         |                       |
| A woman should be able to plan number of children.               | 79                      | 88                    |
| Her partner has right to decide if she plans number of children. | 69                      | 71                    |
| Govt. should provide assistance on family planning.              | 86                      | 94                    |
| Country can not support all new births                           | 44                      | 48                    |

**Government Assistance for Family Planning Overwhelmingly Endorsed:** Regardless of who makes the decision on birth control, most men and women in El Salvador and Panama believe government assistance should be provided to women who want to plan their families and control the number of their children. Opinions are split on whether each country can adequately support all current births.

**Domestic Problems Facing Women Are Grave:** The most unexpected finding from these questions on women's issues is the level of domestic problems facing women in both countries. The issue is hidden in most public opinion polls, which usually examine "the country's most serious problem." Yet when asked for the most serious problem facing women specifically, domestic violence/abuse, abandonment, and "problems in the home," including disintegration of the family and poor parenting by fathers, are mentioned almost as often as unemployment and economic issues. Men are just as likely as women to cite these problems in El Salvador, while in Panama women are marginally more likely than men to mention them.

| Issues:                                      | Salvador<br>(1202)<br>% | Panama<br>(1200)<br>% |
|----------------------------------------------|-------------------------|-----------------------|
| <i>Most difficult problem facing women::</i> |                         |                       |
| Domestic violence, abuse                     | 14                      | 12                    |
| Abandonment                                  | 6                       | 11                    |
| Problems at home                             | 6                       | 14                    |
| Unemployment                                 | 20                      | 32                    |
| Economy                                      | 8                       | 2                     |

## **VOA'S OPERATIONS IN LATIN AMERICA**

VOA's Latin America Division broadcasts news, information, cultural and music feature programs in Spanish, Portuguese, and Creole on shortwave and via satellite transmissions to Latin America and the Caribbean. VOA programming is heard on hundreds of affiliate radio stations in 19 countries in the region.

Our Programming includes a daily offering of satellite and shortwave news programs. On the weekend a mixture of news, feature, and music programs air for two hours in the morning and four hours in the evening. The Spanish Service produces five music programs and 19 special interest features each week on various topics: science, medicine, anti drugs, economics, and agriculture, to name a few.

VOA's mission is to provide balanced and objective news to its listeners worldwide. During major breaking stories, numerous radio stations call the Latin American Division for direct, up to the minute phone reports on events such as the Summit of the Americas, the bombing of the World Trade Center in New York, and the Los Angeles earthquake, and the political crisis in Haiti.

### **Audience Research Data**

The United States Information Agency's (USIA) research department conservatively estimates a total weekly shortwave audience of about 6 million adults for direct Spanish broadcasts. This was based on information from a number of sources including USIA research projects, BBC surveys, and polling done by individual US embassies (the USIS post). Total rebroadcast of VOA programs (both news and features) reaches an estimated 11.7 million additional Spanish speaking listeners in the region. The country by country listening rates range from 1% to 10% of the adult populations. Argentina, Chile, Colombia, Ecuador, Guatemala, Honduras, and Peru are on the low end of the scale (less than 4%). Higher rates are recorded in the Dominican Republic, Panama, Mexico, and El Salvador. Information from individual countries, however, indicates decision makers and opinion leaders are likely to listen to VOA for international and regional news.

### **Local Placement**

Satellite relays of VOA programming via USIA satellite facilities constitute a significant element of local placement efforts. The entire broadcast schedule and a wide range of pre recorded programs are fed to 17 Spanish language USIS posts in the hemisphere. VOA programs are being aired both live and delayed by a growing number of stations. During coverage of major news events the number of stations joining the VOA satellite network increases dramatically (as in the case of the signing of the Middle East peace agreement at the White House in September 1993 and the Summit of the Americas in December 1994).

Over 60 radio stations, some which are national networks, such as Caracol in Colombia, Mitre in Argentina and Emisoras Unidas in Guatemala, have signed agreements to air programming

in Spanish live and direct via satellite. These stations have received satellite equipment grants from VOA in order to give them full time, 24 hour access to VOA's broadcasts. In a region which has several thousand commercial broadcast stations, the market for VOA program placement should expand in coming years, as local broadcasters become more sophisticated in their news and feature programming. In order to increase awareness and use of VOA Spanish programs, in 1993 the Latin America Division started publication of a monthly newsletter VOASAT aimed at broadcasters detailing programming and coverage of major events.

### **Domestic Environment**

As the 1990s began, nearly all government in Central and South America were participatory democracies; in some cases, democracy replaced dictatorships that had been entrenched for decades. National economies, human rights records, and political stability remained as varied as the many cultures in the region. Media in the American Republics likewise range from totally free and uncensored to government controlled in one form or another. Radio is a primary means of communication, and both private and state run stations are found in most countries. As a result, the quality of journalism in these countries varies widely making VOA broadcasts an important supplement or substitute for internal information.

### **Resources to Latin America**

Latin America constitutes a healthy and growing media environment: medium wave is maintaining its already huge audiences. FM is exploding in popularity, and both are facing increased competition from an active television medium in most countries. VOA Latin America is taking advantage of these conditions by updating its direct broadcast formats and placing its programs on local stations via satellite. Such placement is bringing VOA considerable increases in its audience size. Because of the enormous distances in Latin America, however, and because of the historic pattern of political and economic instability in many parts of the region, VOA retains a shortwave option one which can serve as a principal medium of communication with some audiences (particularly in rural areas), and as a suitable back up for those now served by local medium wave stations carrying VOA.

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October 8, 1995 Sunday, CHICAGOLAND FINAL EDITION

SECTION: NEWS; Pg. 12; ZONE: C

LENGTH: 1141 words

HEADLINE: TURMOIL DIMS DEMOCRACY'S PROMISE IN SOUTH AMERICA;  
ROOTS OF CRISIS VARIED, COMPLEX

BYLINE: By Kerry Luft, Tribune Staff Writer.

DATELINE: RIO DE JANEIRO

BODY:

With a sense of expectation, leaders of American nations gathered in Miami last December for the Summit of the Americas.

For the first time in decades, every Latin American country except Cuba was a democracy after years of military dictatorships and turmoil. Free trade was the buzzword, and the summit ended with a pledge to work together toward hemispheric unity.

Yet the last several months have been turbulent in South America, where at least two governments, Colombia and Ecuador, face their biggest political scandals in memory.

Other nations, including Argentina and Venezuela, desperately are fighting recession and unemployment, and Brazil still is plagued by human-rights atrocities. Peru and Ecuador even went to war.

And Chile, held up as the next partner in the North American Free Trade Agreement, proved last summer that the ghosts of its 16-year military dictatorship still loom over its fledgling democracy.

"In one year, when everything seemed to be going so smoothly, we have problems shoving themselves onto the front burner," said Brazilian political analyst Amaury de Souza.

Nascent democracies around the world, including many in the former Soviet Union and Eastern Europe, are experiencing growing pains. Leaders from Poland to Paraguay are struggling with the question of how to reinvent their countries' governments while still providing essential services to their people. And

sometimes, they fail.

In South America, the reasons for this apparent crisis are varied and complex. Some of the problems, such as Peru's and Ecuador's brief fight over territory in the Amazon, are rooted in history: The two countries have disputed their borders for decades.

"If you take any past month or year in Latin America, you'll find a deep crisis in one country or another," said Peter Hakim, president of Inter-American Dialogue in Washington.

A narco-corruption scandal threatens Colombian President Ernesto Samper Pizano. Brazil's continuing oppression of landless peasants resulted in a massacre in August, and Colombia struggles in a continuing fight against leftist guerrillas.

If there is a unifying factor to all this, it is that perhaps the glitter and promise of democracy and free trade deflected attention from problems that had never really gone away.

"We were so focused on the fact that Latin America appeared to be putting itself together that we forgot that Latin America is much more than technocrats and economists putting packages together," said Eduardo Gamarra, a Bolivian political scientist and director of Florida International University's Latin American Caribbean Center.

South America has come a long way from the days of despots such as Alfredo Stroessner of Paraguay and Augusto Pinochet of Chile, and no one believes that democracy is in danger of failing.

Yet across the continent governments are flailing away at a variety of problems:

- In Bolivia, President Gonzalo Sanchez de Lozada has extended a state of siege suspending many civil rights, banning demonstrations and political gatherings, imposing a curfew and giving authorities wider arrest powers. It's a reaction to intransigent unions and coca-leaf growers who oppose the president's free-market reforms.

- Colombia's Samper imposed a state of emergency of his own in August to combat rising crime in the cities and guerrillas in the countryside. But critics said Samper was trying to deflect attention from charges that his campaign accepted millions of dollars from the Cali drug cartel.

- In Argentina, hundreds of provincial workers have taken to the streets in recent weeks to protest delays in receiving wages and the nation's rising

unemployment rate.

- Brazil, South America's largest country, was stunned by an Aug. 8 incident in which military police brutally killed at least 10 squatters on a farm in the Amazon region. Nine more squatters disappeared and hundreds were wounded.

- In Ecuador, Vice President Alberto Dahik is facing impeachment after telling journalists the administration bribed politicians and judges to win support for its proposals. The crisis has sparked rumors of a military coup.

- Venezuela struggles with an ongoing economic crisis, exacerbated by bank collapses and a government that continues to throw solutions at the problem like confetti. In a little less than two years, President Rafael Caldera has introduced eight economic plans.

- Chile narrowly avoided a crisis earlier this year when two army generals convicted of masterminding the murder of a former government minister refused to report to prison, and the army briefly protected them.

- In Paraguay, rumors of an imminent coup against President Juan Carlos Wasmosy spring up like crab grass almost every month.

- Even tiny Suriname is not immune. A former leftist dictator who helped stage coups in 1980 and 1990 has emerged as a leading contender for the presidency in next year's elections.

In fact, of South America's largest countries, only Peru has seemed relatively calm in recent months. Even so, its Shining Path guerrilla movement, dismissed as all but dead just six months ago, has been showing small but worrisome signs of life.

Gamarra and others attribute the growing unrest to shortsighted programs that emphasized economic stability and efficiency while not creating "social safety nets" for people affected by government austerity measures.

"Bolivians have swallowed stability for 10 years, and now they want more," Gamarra said.

As governments from Colombia to Argentina proudly pointed to declining inflation rates, more and more people have been pushed to the margins of society.

Peru, for example, has been held up as a success story. Under President Alberto Fujimori, it cut annual inflation from 8,000 percent to 18 percent. Its economy was the world's fastest growing in 1994.

Yet unemployment has reached 10 percent, up from 8.3 percent in 1990. And nearly 80 percent of Peruvians are considered underemployed. About 40 percent live in extreme poverty.

Brazil, meanwhile, has attracted hundreds of millions of dollars in foreign investment in the last year, and last week boasted that its inflation rate for September was the lowest in 22 years. But half the country still goes to bed hungry and dozens of factories have closed in Sao Paulo, South America's biggest city.

Some of those shunted aside have turned to crime, leading to upswings in street crime in Lima, Bogota, Rio, Caracas and several other South American cities.

Even so, there are those such as Hakim who remain optimistic.

"We still have to remember where these countries started: poor and starving," he said. "The trip is a long one. They've come a long way, they're headed in the right direction, but they still have a long way to go."

LANGUAGE: ENGLISH

LOAD-DATE: October 8, 1995

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**Background on  
Nicaragua**

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## UNCLASSIFIED

### Nicaragua: Scope Paper

#### I. Introduction

You will visit Nicaragua at a time of difficult but successful transition to democracy and a free-market economy. It follows the Vice President's visit last fall to the Central American Environmental Summit in Managua and President Chamorro's private visit here, September 24-28, when she met with Ron Brown and Strobe Talbott, and was warmly received by Congressional leaders of both parties.

Elected in 1990, Chamorro has guided her country through the post-Sandinista period by maintaining the political center while reaching out to the Sandinistas, who had retained control of the army and police. As the widow of martyred anti-Somoza leader Pedro Joaquim Chamorro, she is a figure for reconciliation, and she aptly describes herself as a "grandmother" for Nicaragua. Two of her own children are Sandinistas. She has presided over a substantial decline in human rights abuses, the downsizing of the Army and major though still incomplete progress on the return/compensation of confiscated property. Her goal now is to pass on a legacy of reconciliation and democracy to her successor.

The Sandinistas and a decade of civil war left Nicaragua the hemisphere's second poorest nation. The rebuilding of political and social comity and the establishment of economic reforms necessary to attract investment are beginning to pay off. After ten years of decline Nicaragua is in its second straight year of economic growth.

A steady US policy has strongly supported President Chamorro, helped strengthen democratic institutions and supported human rights organizations. At the same time we have encouraged the Nicaraguans to solve their own problems and not look to the United States as the arbitrator of their political differences. We have given considerable support to NGOs working in education, health and microenterprise. Impunity for military and police charged with human rights violations chiefly during the Sandinista years and slow progress in resolving confiscated American property cases remain problems for our bilateral relations.

#### II. Objectives

- Reiterate US support for President Chamorro, to help ensure that her legacy of national reconciliation, democratic institutions and economic reform endures.
- Highlight the accomplishments of Nicaraguan women in microenterprise, education and health, and the importance of women to national reconciliation, democracy and growth.

#### III. Strategy

Your visit will provide visible public and personal support for President Chamorro following a difficult political period and encourage her efforts as she leads the country toward the new election. The project visits will provide renewed energy to those working to alleviate the country's serious social needs.

# Country Profile

## *I. DEMOGRAPHIC INDICATORS*

## *NICARAGUA*

|                                                           |         |
|-----------------------------------------------------------|---------|
| Population 1995, in 1000s:                                | 4,433   |
| Land area, square miles:                                  | 45,849  |
| Population density, number of people per square mile:     | 97      |
| Crude birth rate, per 1000 population:                    | 33      |
| Number of births:                                         | 148,062 |
| Crude death rate, per 1000 population:                    | 6       |
| Number of deaths:                                         | 28,371  |
| Rate of natural increase, percent:                        | 2.7     |
| Natural increase, births minus deaths:                    | 119,691 |
| Doubling time at current rate of natural increase, years: | 26      |
| Population 2010, in 1000s:                                | 6,728   |
| Population 2025, in 1000s:                                | 9,079   |
| Infant mortality rate, per 1000 live births:              | 49      |
| Number of infant deaths:                                  | 7,314   |
| Under-5 mortality rate, per 1000 live births:             | 72      |
| Annual number of under-5 deaths, in 1000s:                | 12      |
| Total fertility rate:                                     | 4.6     |
| Population under age 15, percent:                         | 46      |
| Population under age 15, number in 1000s:                 | 2,039   |
| Population age 65 and over, percent:                      | 3       |
| Population age 65 and over, number in 1000s:              | 120     |
| Life expectancy at birth, years:                          | 65      |
| Life expectancy at birth for males, years:                | 62      |
| Life expectancy at birth for females, years:              | 68      |
| Urban population, percent:                                | 62      |
| Urban population, number in 1000s:                        | 2,757   |

## Country Profile

### *II. SOCIOECONOMIC INDICATORS*

### *NICARAGUA*

|                                                                            |                                 |       |       |
|----------------------------------------------------------------------------|---------------------------------|-------|-------|
| World Bank Index of economic development:                                  | MIDDLE/LOWER MID-INCOME ECONOMY |       |       |
| Gross national product (GNP) per capita, 1993, US\$:                       | 360                             |       |       |
| ODA flow as percent of GNP, 1993:                                          | 18                              |       |       |
| ODA inflow, million US\$, 1993:                                            | 323                             |       |       |
| External population assistance, thousand US\$, 1992:                       | 2925                            |       |       |
| Percent of central government expenditure allocated to health, 1986-92:    | 13                              |       |       |
| Percent of central government expenditure allocated to education, 1986-92: | 14                              |       |       |
| Percent of central government expenditure allocated to defense, 1986-92:   | 7                               |       |       |
| Percent of labor force in agriculture, 1988-93:                            |                                 |       |       |
| Women as percent of non-agriculture employment, 1992-93:                   |                                 |       |       |
| Adult literacy rate for men, 1992:                                         | 36                              |       |       |
| Adult literacy rate for women, 1992:                                       | 33                              |       |       |
| Primary school enrollment ratio for boys, 1986-1992:                       | 98                              |       |       |
| Primary school enrollment ratio for girls, 1986-1992:                      | 104                             |       |       |
| Secondary school enrollment ratio for boys, 1986-1992:                     | 42                              |       |       |
| Secondary school enrollment ratio for girls, 1986-1992:                    | 46                              |       |       |
| Percent of population with access to basic care:                           |                                 |       |       |
| Population per nursing person, 1990:                                       |                                 |       |       |
| Population per physician, 1990:                                            | 1450                            |       |       |
| Percent of infants with low birth weight, 1990: 15                         |                                 |       |       |
| Percent of births attended by trained health personnel, 1983-93: 73        |                                 |       |       |
| Percent of children (20-23 months) who are still breastfed, 1986-93:       |                                 |       |       |
| Percent of population with access to:                                      | Total                           | Urban | Rural |
| Safe water, 1988-93                                                        | 54                              | 76    | 21    |
| Adequate sanitation, 1988-93                                               |                                 | 78    | 18    |
| Health services, 1985-93                                                   | 83                              | 100   | 60    |
| Year women were given the right to vote: 1955                              |                                 |       |       |

## Country Profile

### III. FAMILY PLANNING

### NICARAGUA

Percent of married women (15-49) practicing family planning:

1977: 9      1981: 27      1992: 49

: :

Contraceptive prevalence rate among married women of reproductive age (MWRA) by method:

1992/93

All methods: 49 percent

Modern methods: 45 percent

Female sterilization: 18.5

Pill: 13.1

Male sterilization:

Injectable: 1.2

IUD: 9.5

Condom: 2.7

Female barrier:

NORPLANT:

MWRA per family planning staff member, :

MWRA per family planning service point, :

Government's family planning budget as percent of health budget, :

Source of contraceptive supplies and services among current users, :

Percent of current users relying on public programs:

Percent of current users relying on the private sector:

Percent of population with access to family planning services, :

|                      | Total | Urban | Rural |
|----------------------|-------|-------|-------|
| IUD insertion:       | 10    |       |       |
| Pill:                | 25    |       |       |
| injectable:          | 0     |       |       |
| Female sterilization | 5     |       |       |
| Male sterilization:  | 5     |       |       |
| Condom:              | 15    |       |       |
| Abortion:            | 3     |       |       |

## Country Profile

### IV. POLICY INDICATORS

NICARAGUA

| Government view and policy on:        | View                             | Policy          |
|---------------------------------------|----------------------------------|-----------------|
| Population growth:                    | TOO HIGH                         | LOWER           |
| Fertility:                            | TOO HIGH                         | LOWER           |
| Spatial distribution - rural / urban: | MAJOR CHANGE DESIRED             | REVERSE         |
| Immigration:                          | SATISFACTORY                     | NO INTERVENTION |
| Emigration:                           | TOO HIGH                         | LOWER           |
| Contraceptive information supplies:   | NO MAJOR LIMITS / DIRECT SUPPORT |                 |

Is there a government agency (or agencies) responsible for integration of population policy in the development planning? YES

Minimum legal age at marriage for men / women 15 / 14

Grounds on which abortion is permitted are marked by "X," if information is available:

|                                                           |                             |
|-----------------------------------------------------------|-----------------------------|
| <input checked="" type="checkbox"/> To save mother's life | Rape or incest              |
| Foetal impairment                                         | To preserve physical health |
| To preserve mental health                                 | Economic or social reasons  |
| On request                                                |                             |

Maximum gestation for abortion (weeks):  
Committee approval required for abortion? YES  
Husband approval required for abortion?

#### Legal status of female sterilization:

Committee approval required for sterilization?  
Husband approval required? YES  
Minimum age for sterilization, women / men 28 /  
Minimum number of living children? 3

#### Import regulations on contraceptives:

|                                   |    |                                   |    |
|-----------------------------------|----|-----------------------------------|----|
| License required for IUD?         | NO | License required for pills?       | NO |
| License required for injectables? | NO | License required for condoms?     | NO |
| License required for diaphragm?   |    | License required for spermicides? | NO |
| License required for NORPLANT?    |    |                                   |    |

Nicaragua: US/Nicaraguan Relations

The United States looms large in the fabric of Nicaraguan life. We are a close neighbor, and for a century we have made our presence felt. We are still doing so, but in a post-Cold War, open and democratic way. Our policy is to support the democratic process, transparency, and human rights, and to encourage a free-market economy, free trade and private investment. We now insist that Nicaraguans resolve their political differences in Managua, not in Washington.

We have a clear foreign policy interest to preserve and strengthen this fragile democracy, and to move the economy to a sound footing. To this end, we have provided Nicaragua with almost USD one billion of aid and debt relief since President Chamorro was elected in 1990. We also forgave USD 284 million of debt and have postponed payments on the remaining debt while the government complies with an IMF program. The following are our key, interlocking interests to promote the consolidation of democracy in Nicaragua.

- Ensuring that the general elections in November 1996 are free and fair.
- Promoting effective civilian control of the military. President Chamorro and the Nicaraguan legislature deserve credit for the 1994 military code which forced Humberto Ortega (the brother of Daniel) to retire after 16 years as head of the army.
- Strengthening respect for human rights. The lack of progress on a number of well-publicized human rights cases is troubling. A promising development is the Supreme Court's recent acceptance of President Chamorro's request for its review of Tripartite Commission (comprised of the Catholic Church, the government, and OAS) cases on the complicity of soldiers and the police in past violations.
- Resolving massive expropriation claims inherited from Sandinista rule. Nicaragua has made progress in resolving the approximately 1,600 US citizen property claims (about 1,000 remain outstanding) and the Secretary has issued a second, one-year national interest waiver of Section 527 of the Foreign Relations Authorization Act. The Act would have prohibited US assistance to Nicaragua and required the United States to vote against IFI loans to Nicaragua. Nicaragua has been told there will not be another waiver.
- Achieving TELCOR Privatization. Pending legislation on the privatization of TELCOR (the national telephone company) is the linchpin of Nicaragua's economic policy. Proceeds back bonds to compensate individuals whose property was expropriated by the Sandinistas.

## Nicaragua: Political and Social Overview

Nicaragua is a constitutional democracy, with a directly elected president, vice president, and 92-member unicameral national assembly. President Violeta Barrios de Chamorro was elected to a six-year term in a free and fair election in 1990, defeating the incumbent Sandinista National Liberation Front (FSLN) candidate Daniel Ortega. The executive branch coexists with an increasingly activist national assembly, whose powers were augmented in July 1995 as a result of reforms (brokered by Cardinal Miguel Obando y Bravo) to the 1987 constitution. The President is commander-in-chief of the army and nominal minister of defense; there is no defense ministry.

President Chamorro's administration has made significant strides since 1990 in fostering peace and national reconciliation. It has downsized the Sandinista-run military and strengthened the framework of civilian control. General Humberto Ortega stepped down in February after 16 years as head of the army in accordance with the 1994 military code. The Chamorro administration has transformed a state-run economy into a free-market system and it has made progress on human rights.

Nevertheless, as the country heads toward national elections in November 1996, the Chamorro Presidency faces many challenges. The degree of poverty is appalling. Under-employment is estimated to exceed 50 percent and Nicaragua's estimated USD 425 per capita annual income places it second lowest in this hemisphere, just above Haiti. Reduced bilateral aid flows jeopardize the prospects for economic growth, and non-ideological banditry is a problem in the countryside.

President Chamorro's personal popularity has been injured by her unwavering support of son-in-law Antonio Lacayo, her presidency minister until September 7, 1995. Although the July reforms apparently preclude him from running -- the matter is before the Supreme Court -- Lacayo resigned to organize a presidential campaign. Lacayo had been the focus of the six-month constitutional debate that preceded the July reforms. The crux of the argument was whether to permit presidential reelection and whether to permit immediate relatives of incumbent presidents to be candidates. Also central was the issue of increasing the power of the legislature vis-a-vis the executive branch. Lacayo was the clear loser of this debate.

Potential candidates are beginning to position themselves for the fall 1996 national elections. With a year to go, opinion surveys show right-of-center Arnaldo Aleman -- the mayor of Managua -- as the frontrunner. He has 35-40 percent ratings and is followed by 17-22 percent for Daniel Ortega. Ortega is an orthodox Marxist-Leninist Sandinista and an unrepentant cold warrior who has not disavowed the use of violence to achieve political power. Lacayo and moderate Sandinista Sergio Ramirez vie for distant third with about 6 percent of the vote. About 40 percent of the electorate remains undecided.

## Nicaragua: Economic Overview

The Nicaraguan economy is just beginning to recover from the disastrous 1980s, when war and Sandinista mismanagement sent the economy into a decade-long tailspin. Since 1990, the Chamorro government has struggled to tame hyperinflation, reduce market distortions and improve the investment climate. The reforms are starting to pay off. The GDP is now in its second year of positive growth and exports are booming. Nonetheless, constraints persist. Credit is tight, the international reserves position is weak and the debt burden is staggering. Moreover, many ordinary Nicaraguans have yet to feel the benefit of the economy's growth.

After the turmoil of the revolutionary years, the Chamorro government is making slow progress toward restructuring the economy. The reforms scored their most visible success in quelling hyperinflation that had reached 11,000 percent annually in 1990. By 1994, the inflation rate was down to 12 percent; it may stay in the single digits in 1995. The cordoba, set to devalue at a steady rate of just under 1 percent per month, has been stabilized. Banking has been privatized, and legislation is pending to privatize the national telephone company. The government, anxious to improve the investment climate, realizes that it must first resolve problems of debt and property disputes dating from the Sandinista era. A commercial debt buyback, which could retire up to USD 1.3 billion of debt, is underway. The government has established procedures for owners of expropriated properties (many of them American) to seek redress. Proposed legislation seeks to regularize property titles contested after years of land reforms, expropriations and outright land grabs.

These reforms are now showing results. The GDP grew 3.2 percent in 1994; it could grow as much as 4 percent in 1995. Midyear figures show increases, some substantial, in indicators such as sales, transportation volume and industrial energy use. Exports are up 50 percent over the same period in 1994, fueled by non-traditional products such as shellfish, as well as the traditional sugar and coffee.

Persistent structural problems nonetheless impede economic expansion. The foreign debt is staggering, at almost USD 11 billion (over 600 percent of GDP). Imports have kept pace with the export boom, so the international reserve position is still weak. The Government still struggles to bring down its deficit to the IMF target of 6.6 percent of GDP. While the government has made progress on resolving property issues, the process is slow and contentious. Continuing uncertainty about property rights undermines lending and investment. Failure to resolve expropriation cases involving US citizens by mid-1996 could lead to a cutoff of US assistance.

The recovery still has not helped many ordinary Nicaraguans. Nearly half of the labor force is unemployed or under-employed, and half of Nicaraguan families are poor. With elections set for 1996, the government will be pressed to ease its reforms.

Nicaragua: Status of Education

The Summit of the Americas recommended universal literacy and access to education at all levels. Nicaragua has achieved nearly total access to primary education for girls and boys. During the past 15 years, the total number of primary school classrooms has increased from 6,998 to 10,930 and enrollment increased from 370,000 to 748,000 children.

USAID Nicaragua's USD 30 million Basic Education project is working with the Ministry of Education to improve the quality of primary education for students in grades 1-4 through curriculum reform, improved teaching and the development of standardized achievement tests for the first four grades. The USG has supplied over 4.5 million primary textbooks since 1990.

USAID is providing training in teaching methodology to a group of 120 "master teachers" to work with all of the teachers in the primary schools on a continuing basis. The project also provides refresher on-the-job training to all primary school teachers over a four-year period.

Key Issues:

- o The major problem in education is not access to education, but the inefficiency and poor quality of the system. Grade repetition is the major inefficiency. Forty percent of the students enrolled in first grade in 1993 were repeating the grade. It takes an average of 9.9 years of schooling to produce one sixth-grade graduate. This results in excessive expenditure of scarce resources. Only 25 percent of the children enrolled in grades 1-6 complete primary school.
- o The poor quality is largely a function of a lack of adequately trained teachers. Over 30 percent of the teachers in Nicaragua's primary school system lack formal education in pedagogy. Most students learn through rote, passive memorization.
- o The skewed allocation of the educational budget is another key issue. Per student spending on primary education is USD 55 per year compared to a Latin American average of USD 100. Higher education spends several times more per student, on average, than does elementary education. The higher education to primary school spending ratio is one of the highest in Latin America, second only to Brazil. The source of this misallocation is a well-intentioned requirement in the Constitution that 6 percent of the national budget be directed to universities. USAID is working with other donor countries and organizations to address these policy issues with the Government of Nicaragua.

Nicaragua: Status of Women's Issues

The Summit of the Americas recommended strengthening policies and programs that improve and broaden the participation of women in all spheres of political, economic and social life and that improve their access to basic resources. Over the past two decades, Nicaraguan women have gained greater access to education and created a network of active women's organizations. The number of women active in the political and social spheres has grown apace. Overall, however, the participation rate of women in national and local decision-making processes is low.

USAID is supporting programs to strengthen women's participation in the economy. Four microenterprise projects will benefit over 40,000 entrepreneurs, the majority of whom will be poor women. Through its PVO programs, carried out by US and local organizations, hundreds of thousands of women and children are receiving access to primary health care. Through support of non-traditional agricultural exports (NTAEs), rural employment opportunities are being expanded. The recent growth in NTAEs has created 7,000 new jobs in processing and packaging, 90 percent of which are held by women. USAID also supports civic education efforts targeted at poor, rural women through the Center for Investigation and Action for Women.

Key issues

- o Vast gender disparities in income and employment persist in Nicaragua. Only 30 percent of poor urban women have jobs, as compared to 61 percent of men and in rural areas only 19 percent of poor women have jobs, while 78 percent of poor men work. Although there has been some increase in women's participation in the labor force, women have generally taken low-wage jobs. Over half of the women work in the informal sector.
- o The Labor code still permits employment practices that discriminate against women. Employers are permitted to request a pregnancy test for women seeking work. Women on maternity leave are commonly replaced.
- o Women have significantly less access to and control of land than men. This is the major obstacle to their ability to receive credit and aid to enhance their productivity.
- o Gender-based violence is a major concern for Nicaraguan women. Rape or attempted rape constitute 80 percent of all reported crimes, followed by sexual harassment. Many discriminatory elements in the law remain related to divorce, rape and violence against women. Finally, although there have been improvements in the penal code, abuse of women is not adequately punished.

**GENDER STATISTICS:**

Population projections show that Nicaragua is comprised of approximately 51% women.

There is a greater percentage of children in households headed by women than those headed by men. The 1993 LSMS reported that 28% (600,000) of the Nicaraguan households are headed by women.

The employment rate in 1993 was 41%. However, whereas 56% of men had access to a job, the relation for women was only 26%.

The recent growth in NTAEs has created approximately 7,000 new jobs in processing and packaging, 80%-90% of which are held by women.

Illiteracy is very high among poor rural women (45.4%).

Studies indicate that Nicaraguan girls have nearly equal access to primary education and do not experience higher dropout or repetition rates than boys.

According to a USAID-sponsored study in 1992, contraceptive prevalence in Nicaragua reached the surprisingly high level of 49% in contrast to the expected level of 28%.

The LSMS reports women's labor force participation rate at 32.8%. Extremely poor rural women have the lowest participation rate, 15.9% compared with 33% for non-poor rural women. Over half of the women work in the informal sector of the economy.

Underemployment is greater among women (67%) as compared to men (47%).

Overall, 29% of poor rural women are engaged in agriculture. Wage employment in agriculture accounts for just under 24% of rural poor female wage earners.

Public sector employment is particularly important to urban women, accounting for 24% of all urban female employment.

The women's section of UNAG (a USAID partner) is working with 16,000 women to ensure women's access to TA, training and increased productivity for both traditional and non-traditional crops.

Eventhough a woman heads the executive branch of government in Nicaragua, only 13 out of 87 women are parliamentarians in the National Assembly.

Gender-based violence or the threat and fear of it is a powerful force inhibiting the majority of the Nicaraguan population from free and full exercise of their rights and from equal participation in society. Police data show that rape and frustrated rape occupy the highest percentage (80%) of crimes followed by sexual harassment.

Approximately 50 "Women's Centers" exist in different cities of the country, offering counseling on legal and health aspects for low-income women.

Modifications have been introduced to the Civil code to improve women's former subordinate position:

- \* A law giving both spouses equal rights of "patria potestad" with regard to their children.

- \* Divorce law, allowing unilateral as well as mutual consent divorces as long as provisions are made for child support and custody.

- \* Child support establishing recognition of paternity and the obligation of child support.

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Nicaragua: Status of Population and Family Planning

Ninety-five percent of Nicaragua's population of approximately four million persons is concentrated in the Pacific region, which contains only 44 percent of the total national land area. The population is growing at an estimated annual rate of 2.7 percent. At this rate, Nicaragua's population rate is projected to double every 26 years.

The fertility rate has declined from an estimated 5.5 children per woman in the late 1980s to 4.6 children per woman. This is the third highest fertility rate in the region, after Guatemala (5.6 children per woman) and Honduras (5.1 children per woman). The highest fertility rates are found among women with no formal education (6.9 children per woman) and women living in rural areas (6.4 children per woman). Within the group of women aged 15-19, the fertility rate of 158 per 1,000 is the highest in the region. The fertility rate of women aged 20-24 is similarly high.

The Summit of the Americas recommended access to family planning information and services. Knowledge of contraception is nearly universal. Forty-nine percent of married women aged 15-49 currently use a contraceptive method. Many women still need family planning services, however, especially women living in rural areas of the country (26 percent), women with no formal education (30 percent) and women aged 15-24.

The vast majority of couples who are not now using family planning services would accept family planning programs, including counseling, information and education campaigns and increased accessibility of services if they were available.

USAID Nicaragua supports private and public sector family planning programs in Nicaragua through its USD 13 million Family Planning Expansion and Regionalization and USD 22 million Decentralized Health Services projects with Profamilia, a Nicaraguan private agency, and the Ministry of Health, respectively. US policy is to support voluntary family planning services, including voluntary sterilization for older women, and not support abortion as a method of family planning.

Key Issues:

- o Although population growth remains relatively high, Nicaragua has not yet formulated an explicit population policy. Abortions are illegal, except for therapeutic purposes. The Ministry of Health supports family planning in the context of its maternal and child health program, and is the principal source of contraception. Although the majority of Nicaraguans are Catholics, the Catholic Church of Nicaragua has not been a major barrier to the provision of voluntary family planning services. Pro-life voices, however, oppose contraceptive services as well as any form of abortion and have criticized US family planning assistance in some sectors of the media.

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Nicaragua: Status of Children

At the World Summit for Children (1990), President Chamorro supported and signed the Convention on the Rights of the Child, and in 1992 Nicaragua developed a National Plan of Action for Human Development. The Plan focuses on infants, children and adolescents and contains specific objectives for the year 2000. In 1994 a National Commission for the Promotion and Defense of the Rights of Children was created, which identified goals and indicators in the areas of improved infant health, nutrition, improved basic education and rights of the child.

USAID has several initiatives assisting in social service delivery targeted for children. Health activities include implementation of an integrated maternal-child health model in the Ministry of Health's outpatient clinics and immunization programs, and community-based child survival activities including growth monitoring, targeted feeding and micronutrients. Education activities focus on improving the quality and efficiency of primary education which will lead to more children completing sixth grade with the basic literacy and numeracy skills needed in a modern society.

Key Issues:

- o The primary issues facing children in Nicaragua stem from the poverty that was exacerbated by years of civil war and economic disruption. A 1993 World Bank Survey found that half of Nicaraguans are poor and, within this group, 19 percent are extremely poor. Almost 300,000 Nicaraguan households have children in poverty. Malnutrition is widespread, particularly in rural areas. Persistent Malnutrition affects educational achievement.
- o The Constitution prohibits child labor that may affect normal childhood development or interfere with school. Education is compulsory to age 12, and the law prohibits employment of children under 14. Nevertheless, prevailing economic conditions cause up to 100,000 children to work up to 12 hours a day. Many are employed on family farms and many of them often work for less than USD 1.00 per day on the same banana plantations or coffee farms where their parents are employed. UNICEF statistics indicate that 20 percent of boys under eighteen work as laborers, while 20 percent of girls under eighteen work as domestic help. Children begging or hawking small items on the streets are ubiquitous. Enforcement of child labor laws is generally weak, but is better in the very small modern sector. Unlike some Asian countries, almost no children are used in factory labor.
- o Finally, despite improvements, cases of violation of children's rights, including child abuse, desertion and molestation are still frequent.

Nicaragua: Status of Health Issues

The Summit of the Americas recommended steps to increase access to and quality of health services, particularly among rural poor and indigenous groups. Both the Nicaraguan Government and USAID have assigned high priority to reducing maternal and child mortality through health education and improved primary health care services, such as promotion of prenatal care, family planning, breastfeeding and vaccination against major childhood diseases.

USAID is financing a USD 22 million Decentralized Health Project and USD 10 million in community-based PVO grants focused on providing child survival interventions and decentralizing management and budgeting authority to the health districts. The goal is a more responsive and flexible health-care system.

Key Issues:

- o Women and children are the most vulnerable groups in Nicaraguan society. While maternal and child mortality rates are dropping, they remain among the highest in the hemisphere. The maternal mortality rate is about 100 per 150,000. Three-fourths of maternal deaths are directly related to pregnancy and child birth. Many of these deaths could be prevented through timely prenatal care, safe delivery care and family planning.
- o The infant mortality rate is 58 per 1,000 live births, the fourth highest in Latin America. Major causes of infant mortality include perinatal complications, dehydration from diarrheal disease, acute respiratory illness and vaccine-preventable diseases. Thirty-seven percent of infant mortality is due to such causes as birth trauma, asphyxia, prematurity and low birth weight and infection. These are often directly related to the health and the nutritional status of the mother, her age and short intervals between pregnancies. A fifth of infant deaths are due to diarrheal disease -- many preventable by exclusive breastfeeding for six months.
- o There is also a high mortality rate among children under five years of age: 72 per 1,000 live births, to which diarrheal and acute respiratory diseases are major contributors. Cholera, one of the most life-threatening diarrheal diseases, has reached epidemic proportions in Nicaragua. Repeated episodes of diarrhea combined with low caloric intake lead to malnutrition; 28 percent of Nicaraguan children under five suffer some form of malnutrition. A recent World Bank Study also found that malnutrition was a contributing factor in 70 percent of child deaths in hospitals.
- o For the population in general, access to health services, and the cost of medicines are major problems.

Nicaragua: Human Rights

The human rights situation in Nicaragua has improved considerably since President Chamorro took office in 1990. Human rights abuses by the security forces in rural areas of the north have declined measurably since 1992, although these areas continue to be plagued by general lawlessness, political score-settling and violence by criminal elements. Growing professionalization and depoliticization of the military and police have contributed to this positive trend. With significant USG support, the OAS' International Commission of Support and Verification (OAS/CIAV) has been instrumental in facilitating the reintegration of former combatants, especially ex-members of the Nicaraguan Resistance (RN), and in monitoring their human rights. Along with the government and the Catholic Church, OAS/CIAV participates in the Tripartite Commission, which investigates unresolved human rights violations against former combatants and recommends corrective actions by the government and security forces. The Supreme Court recently agreed to President Chamorro's request to review the military court system's dispositions of Tripartite Commission cases, in which virtually no army or police personnel have been convicted or otherwise sanctioned.

The murders of teenager Jean Paul Genie in 1990, Ex-RN Leader Enrique Bermudez in 1991 and Nicaraguan businessman Arges Sequeira in 1992, and the January 1995 ambush-murder of 11 members of a disarmed criminal band, some with Contra connections, are other unresolved cases of major interest to Nicaraguan and US human rights observers.

A poorly trained and equipped police force, which is blamed for widespread instances of abuse of pre-trial detainees, and a weak judiciary continue to impede the administration of justice. Constitutional reforms approved in July 1995 call for the creation of an independent Attorney General for Human Rights, and implementing legislation is currently being drafted. Consideration is being given to whether OAS/CIAV's mandate should be extended beyond June 1996 through the Fall 1996 elections, after which it would transfer its human rights monitoring functions to the new Attorney General's office.

Although discrimination against women is legally prohibited, they continue to suffer discrimination in the male-dominated culture. There are a few bright spots: in addition to President Chamorro, women occupy senior government posts, legislative seats and seats on the Supreme Court and Supreme Electoral Tribunal. Women are generally under-represented in the trade union leadership and in management positions in the private sector. They constitute the majority of workers in the traditionally low-paid education, textile and health service sectors.

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Nicaragua: Chamorro Government's Involvement in Social Issues

The major social problems facing the Chamorro government are in the delivery of basic services in the areas of education, family planning and health. The need for increased employment opportunities, whether considered a social problem or an economic problem, remains critical.

The Summit of the Americas recommended steps to invigorate society/community participation. Under the leadership of President Chamorro, Nicaraguan social policy attempts to take care of the poorest and most vulnerable people and increase the efficiency and effectiveness of basic social services, especially health and education. This agenda is implemented by the Social Cabinet, coordinated by the Ministry of Social Action (MAS) through a series of National Committees. About a third of the projects in USAID's portfolio have grass-roots participation as a central focus and are consistent with the social policy of the Chamorro government.

The Government's Community Employment Program generates temporary employment in communities with high levels of poverty and unemployment. The program improves infrastructure, including roads, bridges, wells, schools, nurseries, health centers, latrine installation and reforestation and is a direct response to initiatives at the local level. The Social Investment Fund (FISE) finances social and economic infrastructure rehabilitation projects, which also creates temporary job opportunities. With USAID financial support, more than 130,000 person-months of employment have been generated throughout the country.

The Integrated Basic Services Program, coordinated through MAS as a counterpart to UNICEF, has contributed to improved living conditions in 143 communities by: 1) reducing infant mortality and mortality rate of children less than five years of age; 2) opening pre-schools, training primary education teachers and providing instructional materials; 3) reducing malnutrition levels in women and children; 4) promoting protection of boys and girls, especially those affected by the armed conflict and 5) promoting the rights of children through community workshops, recreation, sports and arts for children.

The program has also held training workshops for women on "Gender and Rural Development", and supported rural credit unions. The objective was to give rural women greater participation in the family economy by enabling them to become economically productive. This program is exclusively for women family heads and women that have been affected by war and wish to contribute to the socio-economic development of the country.

Spending on the social sectors has increased steadily over the last decade. In 1985, 24 percent of the budget went to the social sector; in 1990, 31 percent; and by 1994, 44 percent.

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## Nicaragua: Critical Issues

## Military Impunity:

Nicaragua has made progress on human rights issues in that violations by the security forces are declining. However, impunity for past violations, particularly for crimes committed in the first years of the Chamorro government, remains a problem. The murders of teenager Jean Paul Genie in 1990, ex-RN Leader Enrique Bermudez in 1991 and Nicaraguan businessman Arges Sequeira in 1992, as well as the January 1995 "la Maranosa" murder of 11 members of a criminal band remain unresolved. The Supreme Court's acceptance of President Chamorro's recent request for its review of the Tripartite Commission (the government, Catholic Church, and OAS/CIIV) cases of unresolved human rights violations by security forces constitutes a promising step. Nevertheless, virtually no army or police personnel have been convicted or otherwise sanctioned for human rights violations to date.

## US Property Claims:

Upon assuming office in 1990, President Chamorro was immediately challenged by the property issue. Nicaraguan, American and third country nationals have claims on over 16,000 properties expropriated during the Sandinista era, with most of the claims filed since 1990. Every month, the Nicaraguan government faces new US citizen claims as newly naturalized American citizens request Embassy assistance in pursuing their claims. In July of this year, the Secretary issued a second, one-year national interest waiver of Section 527 of the Foreign Relations Authorization Act. The Act would have prohibited US assistance to Nicaragua and required the United States to vote against loans to Nicaragua by International Financial Institutions, if the international law standard of "prompt, adequate and effective" compensation were not provided to American citizens whose properties had been expropriated. The waivers have provided the Government of Nicaragua with an incentive to settle US property claims. Of the approximately 1,600 US citizen property claims about 1,000 remain outstanding. We have told the Nicaraguans that we expect these claims to be resolved by the summer of 1996.



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

## FACT SHEET

WASHINGTON, DC 20523

THE USAID PRESS OFFICE

#95 - 93

Contact: Russell Porter or Jay Byrne

(202) 647-4274

### USAID Assistance to NICARAGUA

#### BACKGROUND

After ten years of civil war and socialist economic policy, Nicaragua faces a promising, but yet uncertain future. The 1990 election of President Violetta Chamorro brought to office Nicaragua's first freely elected democratic government in over a century. The Chamorro government struggles to heal a still polarized political situation dominated by animosities from the civil war. In 1996, Nicaragua faces the challenge of another politically charged national election.

Once one of the fastest growing economies in Central America, Nicaragua became one of the poorest countries in Latin America following the civil war with a per capita GDP of US\$425. Nicaragua is in the midst of difficult economic reforms entailing trade and financial sector liberalization, trimming budget expenditures, and limiting of the scope of state intervention in the economy.

Although access to education increased in the 1980s, literacy rates fell dramatically and primary school efficiency was and continues to be very low. Nicaragua's population growth rate of approximately 2.9% is one of the highest in the region.

#### USAID STRATEGY AND ASSISTANCE

After nearly a decade, USAID/Nicaragua reopened in 1990. Early USAID programs were dominated by policy-based balance of payments support for stabilization. USAID's portfolio now consists of projects addressing longer-term development constraints. Current strategy is to help Nicaraguans consolidate the democratic and market transitions, by 1) Promoting more citizen political participation, compromise and government transparency; 2) Stimulating sustainable growth in employment and income; and 3) Fostering better educated, healthier and smaller families.

USAID continues to assist human rights organizations improve their ability to gather information and report on violations. Support is also provided for voter education efforts and civic education efforts. USAID assists the GON in professionalizing its justice system and make it more accessible and responsive to the citizenry.

Progress is being made in creating an environment favorable to investment/job creation. USAID's program is promoting exports and increased agricultural production for farmers which is helping to create more jobs in rural areas. To address property ownership issues, USAID provides assistance to the administrative property resolution process. To help the poorest segments of society, USAID programs support temporary employment opportunities and broad-based microenterprise programs.

Primary education, maternal and child nutrition, and preventative health care—including child survival, reproductive health, family planning and AIDS prevention services—are a central focus of USAID efforts to improve the standard of living and health of poor Nicaraguans. USAID supports the Ministry of Health's decentralization efforts by providing local training in strategic planning, financial management and administration.

#### OTHER DONORS

Other major donors are: Japan, Sweden, Germany and the Netherlands. The World Bank and the InterAmerican Development Bank are major multilateral lenders.

#### USAID ASSISTANCE

DA/ESF/PL480

|                  |                 |
|------------------|-----------------|
| FY 1994 Actual:  | \$ 91.0 million |
| FY 1995 Est:     | \$ 30.7 million |
| FY 1996 Request: | \$ 37.2 million |

## **Inter-American Foundation's Program in NICARAGUA**

The Inter-American Foundation (IAF), a small, independent agency of the U.S. government, has woven a thread of continuity through Latin America and the Caribbean by maintaining its program in almost every country for over 25 years. Through civil strife, changes of governments, and natural disasters, the IAF has sometimes been the only U.S. government agency present, working directly with private citizens to ensure equitable development.

Created in 1969 with a mandate to be innovative, the IAF is best known for its partnerships with the poor to support self-help efforts in non-formal education, community-based health programs, microenterprise development, and sustainable agriculture. Today, the IAF nurtures partnerships not only with the poor but with local corporations, banks, philanthropic organizations and public institutions. Together, the IAF and its partners have created a grassroots, experimental laboratory for testing cost-effective, participatory models for social and economic development. Investing only pennies of taxpayers' money, the IAF promotes practical methods for solving local problems with local resources. These models are often replicated and expanded by governments and larger donor agencies, providing access to services for hundreds of thousands of poor families throughout the hemisphere.

The IAF made its first grant in Nicaragua in 1972 to the Fundación Nicaragüense de Desarrollo (FUNDE) to provide needed credit and technical services to cooperatives serving the urban and rural poor. Over the following 23 years, the IAF has made 205 grants totaling \$15,622,000. The program in Nicaragua has continuously supported projects that enable marginal sectors of the population to more fully participate in their economies and societies. Among the 44 projects presently being supported by the IAF, 32,000 families living in isolated rural communities have gained access to primary health services; 3,000 children in poor urban neighborhoods receive a nutritional meal and day care services; more than 600 women are successfully managing their own businesses thanks to working capital loans and business training; and five rural credit unions have been able to mobilize more than \$500,000 in members savings as a result of an incentive grant of \$100,000.

Not all development problems require large flows of foreign aid. In fact, a judicious investment in people with energy and ideas can produce enormous returns. In Nicaragua, the IAF's seed capital has reaped a harvest of benefits for the poor.

## USIS PROGRAMS IN NICARAGUA

The USIS Managua Country Plan is built tightly around overall USG objectives and the Mission Program Plan. Some highlights of the USIS program include:

- **Educational exchanges:** The USIS post directs the fourth largest Fulbright program in Latin America, which has been a major force in redirecting anti-Yankee academic attitudes and training professors in a country lacking quality post-graduate curricula.
- **Civil-Military programming:** Civilian control over the military is a cornerstone of USIS programming. A group of returned participants in USIA's International Visitors Program has formed an NGO named CEEN to advance civilian control over the military. The CEEN, with support from the National Democratic Institute (NDI), just held a very successful two-week seminar in which the Nicaraguan army cooperated at the highest levels to accelerate civil-military dialogue. Picking up on USIS's lead, AID/NDI are expected to dedicate up to \$600,000 to institutionalize the CEEN.
- **Democracy initiatives:** The Post works closely with USAID in designing and implementing democracy programming. Key issues include Administration of Justice, and support for the National Assembly, especially legislative oversight of the Executive Branch.
- **Binational Center:** The two-year-old Binational Center, a \$600,000 USIA investment, is USIS's key programming venue for Worldnets, U.S. Speakers and performing arts. The Binational Center offers English classes and provides educational advising services for Nicaraguans who wish to study in the United States. We are providing a \$30,000 grant to the BNC this year for a multi-media language lab.

Nicaragua: Summit of the Americas Implementation

Nicaragua was an enthusiastic participant in the Summit of the Americas. It was at President Chamorro's urging that Summit participants adopted a special initiative on Women in Society. This initiative notes the linkage between women's rights and sustainable development, and calls for the promotion of the participation of women in political, economic and social life, and stresses the need for a gender focus in development planning. Among the actions taken to implement the initiative, Nicaragua has introduced legislation in the National Assembly to ratify the Inter-American Convention to Prevent and Eradicate Violence Against Women and has opened five police stations solely for women to deal with the problem of police violence against and rape of women prisoners. Because of President Chamorro's key role in proposing the initiative, Nicaragua volunteered to be the responsible coordinator for follow-up efforts.

Key Issues:

- Other areas of key interest to Nicaragua include the action items on free trade and sustainable development.
- Minister of Economy and Development Pablo Pereira attended the Denver Trade Ministerial, where Nicaragua focused on the "Smaller Economies Working Group" as of particular interest. This group will examine and present recommendations on the problems faced by small economies in their transition to free trade. In furtherance of its efforts to examine how smaller economies can work together, Nicaragua plans to host a Trade and Investment Forum for Central American countries after next March's Trade Ministerial in Cartagena. The Nicaraguans plan to invite Secretary of Commerce Ron Brown to attend the event.
- On October 12, 1994 the Central American heads of government met in Managua to sign the Central American Alliance for Sustainable Development, a comprehensive effort to focus on long-term democracy and development issues. Vice President Gore attended the meeting. During the Summit President Clinton and the Central American heads of government signed CONCAUSA (Conjunta CentroAmerica-USA), which underscores our joint interest in implementing sustainable development principles.
- Under the environmental initiative for the Americas, funded by USAID, product of CONCAUSA, Nicaragua has already established a partnership with the US National Marine Fisheries Service to develop a sustainable management plan for fisheries in the Atlantic.
- The head of Nicaragua's National Energy Institute Jose Ley Lau (the equivalent of the Energy Minister) will participate in the October 29-31 Hemispheric Energy Symposium in Washington, which will focus on private sector and regulatory principles that stimulate private sector investment in sustainable energy technologies and energy cooperation.

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First Lady's visit to Nicaragua: Late Additions to press Q's and A's:

Q. What is the reason for your visit to Nicaragua?

A. I WANT TO LEARN MORE ABOUT NICARAGUA, THE ONLY COUNTRY IN THIS HEMISPHERE WITH A FEMALE HEAD OF STATE. SHE HAS PROVIDED LEADERSHIP FOR NATIONAL RECONCILIATION AMONG ALL NICARAGUAN. PRESIDENT CHAMORRO HAS GUIDED AN EXTRAORDINARY TRANSITION, FROM WAR TO PEACE, FROM A CONTROLLED ECONOMY TO OPEN MARKETS, FROM TOTALITARIAN TO DEMOCRATIC INSTITUTIONS. I WANT TO MEET WITH PRESIDENT CHAMORRO AND OTHER NICARAGUAN WOMEN INTERESTED IN SOCIAL ISSUES, PARTICULARLY ISSUES REGARDING OUR AND OUR CHILDREN'S HEALTH, EDUCATION, AND OPPORTUNITIES. I WANT TO LEARN FIRST HAND FROM NICARAGUAN WOMEN HOW THEY ARE DEALING WITH THESE KEY CHALLENGES TO A STABLE DEMOCRACY AND SUSTAINABLE DEVELOPMENT.

Q. What do you think about U.S.-Nicaraguan relations?

A. THE RELATIONSHIP BETWEEN OUR TWO COUNTRIES IS EXCELLENT, AND CAN ONLY CONTINUE TO IMPROVE. THE ACHIEVEMENTS OF THE NICARAGUAN PEOPLE IN NURTURING NATIONAL RECONCILIATION, THE DEMOCRATIC TRANSITION, AND REBUILDING THEIR COUNTRY ARE TRULY IMPRESSIVE. THE OVER 1 BILLION DOLLARS OF ASSISTANCE AND DEBT RELIEF THAT THE UNITED STATES HAS CONTRIBUTED SINCE 1990 TO BUILD NICARAGUA'S DEMOCRACY, TO REESTABLISH THE FOUNDATION FOR A FREE ECONOMY AND TO IMPROVE THE LIVES OF ITS PEOPLE, IS ACHIEVING OUR SHARED OBJECTIVES. I MIGHT ADD THERE IS BIPARTISAN SUPPORT FOR NICARAGUA'S DEMOCRATIC TRANSITION IN THE U.S.

THERE IS, HOWEVER, SO MUCH MORE TO DO TO STRENGTHEN DEMOCRATIC INSTITUTIONS, ALLEVIATE POVERTY, AND ACHIEVE LASTING SUSTAINED ECONOMIC GROWTH. NICARAGUA NEEDS TO SHOW THE WORLD THAT THERE IS POLITICAL STABILITY HERE, THAT PAST PROPERTY CONFISCATION CASES ARE BEING RESOLVED, THAT THERE IS A GOOD INVESTMENT CLIMATE, THAT HUMAN RIGHTS ARE SAFEGUARDED, AND THAT NEXT YEAR'S ELECTIONS ARE PEACEFUL.

SEARANIB 6711

(original Q and A document in SEARANIB 6701. This document remains unchanged.)

Nicaragua  
Q's and A's  
for The First Lady

Local Politics:

Q: Is the U.S. going to support the Nicaraguan elections in 1996 as you did in 1990?

A: THE U.S. IS COMMITTED TO SEEING THE DEMOCRATIC TRANSITION IN NICARAGUA THAT BEGAN IN 1990 TAKE ITS MOST IMPORTANT STEP WHEN A NEW GOVERNMENT IS ELECTED AND TAKES OFFICE AS A RESULT OF THE 1996 ELECTIONS. WE SHARE WITH ALL NICARAGUANS, AND WITH OTHER DONOR COUNTRIES, THE DESIRE THAT THOSE ELECTIONS BE FREE, FAIR, TRANSPARENT, FULLY PARTICIPATORY AND PEACEFUL. IN COOPERATION WITH THE SUPREME ELECTORAL COUNCIL AND NON-GOVERNMENTAL ORGANIZATIONS, THE U.S. WILL IMPLEMENT AN ELECTORAL SUPPORT PROJECT IN NICARAGUA THAT WILL HELP STRENGTHEN THE ELECTORAL MACHINERY AND VOTER REGISTRATION, TRAIN ELECTORAL OFFICIALS AND POLL WATCHERS, EXPAND CIVIC AND NONPARTISAN POLITICAL EDUCATION RELATING TO THE ELECTIONS, AND PROVIDE FOR INTERNATIONAL OBSERVERS.

Q: Will the U.S. provide international observers for the 1996 elections as in 1990?

A: YES. THE U.S. HAS SET ASIDE FUNDS TO SUPPORT INTERNATIONAL OBSERVATION OF THE 1996 ELECTIONS. MANY GROUPS THAT OBSERVED THE 1990 ELECTIONS HERE HAVE SUBMITTED PROPOSALS FOR 1996. OUR EFFORT IS INTENDED TO HELP NICARAGUA ENSURE THAT ITS ELECTORAL PROCESS IS FAIR AND TRANSPARENT AND THAT THE RESULTS ENJOY THE FULLEST CONFIDENCE OF THE NICARAGUAN PEOPLE.

Q: Would the U.S. accept the installation of a Sandinista government if it wins the 1996 elections?

A: WE COUNT ON THOSE ELECTIONS BEING FREE, FAIR AND REPRESENTATIVE OF THE WILL OF THE NICARAGUAN PEOPLE. ON THAT BASIS, THE U.S. WOULD ACCEPT AND BE PREPARED TO WORK WITH THE GOVERNMENT THAT THE NICARAGUAN PEOPLE ELECT. WE LOOK TO ESTABLISH A CONSTRUCTIVE BILATERAL RELATIONSHIP WITH THE NEXT NICARAGUAN GOVERNMENT, WHATEVER ITS LABEL, IF THAT GOVERNMENT SO WISHES, BASED ON A SHARED COMMITMENT TO DEMOCRACY, THE MARKET ECONOMY, RESPECT FOR HUMAN RIGHTS, AND REJECTION OF VIOLENT POLITICAL CHANGE.

Q: What is the U.S. position on the candidacy of Presidential son-in-law and former Presidency Minister Lacayo, who wants to run for President himself in 1996 despite a constitutional prohibition?

A: THE U.S. TAKES NO POSITION ON A DOMESTIC MATTER WHICH THE NICARAGUANS THEMSELVES MUST DECIDE.

Human Rights:

Q: The U.S. has recently applied very effective pressure to resolve cases of confiscated U.S. citizens' property by the legislative threat to cut off aid. Why have you not applied similar pressure, including the threat of an aid cutoff, to force improvement of human rights here?

A: RESPECT FOR HUMAN RIGHTS IS A HIGH PRIORITY U.S. OBJECTIVE. SINCE 1994 U.S. LEGISLATION HAS LINKED CERTAIN FORMS OF ECONOMIC ASSISTANCE TO NICARAGUA TO HUMAN RIGHTS PERFORMANCE. I AM PLEASED TO NOTE THAT NICARAGUA'S HUMAN RIGHTS SITUATION HAS IMPROVED GREATLY SINCE PRESIDENT CHAMORRO TOOK OFFICE, AND WE HAVE A CONSTRUCTIVE BILATERAL DIALOGUE ON THOSE AREAS WHERE THERE ARE STILL PROBLEMS.

Narcotics:

Q: After five years of the Chamorro Government, why is the U.S. just now opening a DEA office in Nicaragua, and how do we know that it will not impinge on Nicaraguan sovereignty?

A: THE PLAGUE OF ILLEGAL NARCOTICS AFFECTS ALL THE COUNTRIES OF THE HEMISPHERE; NICARAGUA IS NO EXCEPTION. THE NICARAGUAN GOVERNMENT INVITED DEA TO SEND AN AGENT TO STUDY THE VALUE OF OPENING A PERMANENT OFFICE IN NICARAGUA TO ENHANCE THAT COOPERATION. LIKE ALL USG AGENCIES, DEA OPERATES UNDER THE DIRECTION OF THE U.S. AMBASSADOR AND IN ACCORDANCE WITH U.S. AND NICARAGUAN LAWS.

Nicaraguan Debt:

Q: What is the U.S. doing to help Nicaragua get out from under the crushing burden of foreign debt inherited from the Sandinistas?

A: WE HAVE MADE A MAJOR CONTRIBUTION TO THE REDUCTION OF NICARAGUA'S DEBT BURDEN.

SINCE THE CHAMORRO GOVERNMENT ASSUMED OFFICE IN 1990, WE HAVE REDUCED OR RESCHEDULED ALMOST ALL OF THE DEBT OWED TO THE UNITED STATES BY NICARAGUA.

IN 1991, THE U.S. FORGAVE \$284 MILLION IN BILATERAL DEBT, GIVING A BIG EARLY BOOST TO NICARAGUA'S EFFORTS TO REDUCE ITS DEBT BURDEN.

ALL BUT A SMALL PERCENTAGE OF THE REMAINING MONEY OWED TO THE U.S. HAS NOW BEEN RESCHEDULED, INCLUDING AN ADDITIONAL \$7.7 MILLION JUST LAST AUGUST.

THE U.S. ALSO PROVIDED \$75 MILLION TO NICARAGUA IN 1991, ALLOWING IT TO RETIRE ITS ARREARS WITH VARIOUS INTERNATIONAL FINANCIAL INSTITUTIONS -- THAT, IN TURN, ALLOWED NEW DONOR FUNDING TO FLOW IN.

WE HAVE ALSO SUPPORTED EFFORTS BY THE INTER-AMERICAN DEVELOPMENT BANK AND THE WORLD BANK TO ASSIST IN A BUYBACK OF NICARAGUA'S \$1.7 BILLION COMMERCIAL DEBT.

Threat of Mass Deportations of Illegal Aliens:

Q: We remain concerned that thousands of Nicaraguans without residence status soon will be deported from the United States. Our country cannot absorb these people. They are hardworking individuals that send thousands of dollars back to their families. What assurances can you give us that this massive deportation will not happen?

A: THERE WILL BE NO MASSIVE DEPORTATIONS. WE WILL CONTINUE TO LOOK AT EACH CASE INDIVIDUALLY -- AND WITH COMPASSION. NO NICARAGUAN WILL BE DEPORTED WITHOUT A FINAL ORDER OF DEPORTATION OR EXPULSION. NICARAGUANS WILL BE TREATED UNDER OUR LAW WITH THE SAME RESPECT AS THE NATIONALS OF ANY OTHER COUNTRY.

Unemployment:

Q: Women and children make up a majority of those living in poverty. Why doesn't your AID program do more to solve unemployment, which everybody agrees is their basic problem?

A: - WE AGREE WITH THE ASSESSMENT THAT UNEMPLOYMENT IS PERHAPS THE SINGLE MOST IMPORTANT PROBLEM FACING NICARAGUA TODAY.

- WE HAVE BEEN ADDRESSING THIS PROBLEM EXTENSIVELY SINCE USAID REOPENED AS A MISSION IN 1990. USAID SUPPORTS THE GOVERNMENT'S FONDO DE INVERSION SOCIAL (FISE) PROGRAM WHICH REHABILITATES SMALL SCALE INFRASTRUCTURE USING LOCAL LABOR. USAID IS ALSO FINANCING THE MINISTRY OF SOCIAL ACTION'S COMMUNITY EMPLOYMENT PROGRAM WHICH IS PROVIDING EMERGENCY EMPLOYMENT OPPORTUNITIES FOR THE POOR IN THE OLD CONFLICTIVE ZONES.

- WE ARE SUPPORTING COUNTRYWIDE PRIVATE AGRICULTURAL PROGRAMS TO HELP SMALL PRODUCERS INCREASE PRODUCTION OF BASIC GRAINS, COFFEE, AND CATTLE IN ORDER TO GENERATE MORE EMPLOYMENT AND INCOME.

- WE ARE ALSO SUPPORTING FOUR MICROENTERPRISE PROJECTS WHICH WILL TARGET 55,000 NICARAGUANS, THE MAJORITY OF WHOM ARE POOR WOMEN.

- WITH USAID FINANCIAL SUPPORT, TO DATE MORE THAN 130,000 PERSON-MONTHS OF EMPLOYMENT HAVE BEEN GENERATED THROUGHOUT THE COUNTRY.

Allegations of Illegal Use of U.S. Assistance:

Q. You have spent almost \$1 billion here in five years, but we don't see it. How do we know the money wasn't just pocketed by corrupt government officials and their cronies?

A: THE USAID/NICARAGUA PROGRAM HAS BEEN AUDITED EXTENSIVELY. IN THE LAST FIVE YEARS, THE GENERAL ACCOUNTING OFFICE, THE INSPECTOR GENERAL AND INDEPENDENT AUDITING FIRMS HAVE COMPLETED 23 AUDITS AND THERE HAS BEEN NO FINDING OF ANY CORRUPTION OR ILLEGAL USE OF US FUNDS. THE US MAINTAINS A CONTINUED VIGILANCE OVER THE USE OF ITS FUNDS AND 21 ADDITIONAL AUDITS ARE NOW IN PROCESS.

PRIOR TO THE US SIGNING AN AGREEMENT WITH A HOST COUNTRY OR PRIVATE ENTITY, THE PROPOSED RECIPIENT MUST BE ABLE TO DEMONSTRATE THAT IT HAS THE CAPABILITY TO MANAGE AND ACCOUNT FOR THE ASSISTANCE. FURTHERMORE, THE VAST MAJORITY OF USAID FUNDING GOES TO FINANCE PROGRAMS CARRIED OUT BY U.S. PRIVATE VOLUNTARY ORGANIZATIONS, TECHNICAL ASSISTANCE CONTRACTS WITH CONSULTING FIRMS OR INTERNATIONAL ORGANIZATIONS TO PROVIDE SERVICES TO NICARAGUA.

ALL DISBURSEMENTS MUST BE DEPOSITED INTO A SEPARATE NON-COMINGLED BANK ACCOUNT AND TRACKED SEPARATELY FROM ALL OTHER FINANCIAL ACTIVITY OF THE RECIPIENT ORGANIZATION.

USG's Stance on Abortions:

Q; Why does your AID program support and finance abortions?

A: BY LAW, USAID NEITHER SUPPORTS NOR FINANCES ABORTIONS, NOR DOES THE AGENCY ADVOCATE THE USE OF ABORTION AS A METHOD OF FAMILY PLANNING.

USAID PROVIDES ASSISTANCE TO THE MINISTRY OF HEALTH AND TO PRIVATE GROUPS TO MAKE FAMILY PLANNING SERVICES AVAILABLE ON A VOLUNTARY BASIS SO WOMEN WILL NOT HAVE TO RESORT TO ABORTIONS TO PLAN THEIR FAMILIES.

Environmental Initiative of the Americas:

Q: Vice President Gore was here a year ago celebrating the Ecological Summit of Central America. Just what has been accomplished in the year following all of those brave words?

A: NICARAGUA IS A PARTNER IN THE ENVIRONMENTAL INITIATIVE OF THE AMERICAS. NICARAGUAN PRIVATE VOLUNTARY ORGANIZATIONS AND GOVERNMENT AGENCIES ARE NOW WORKING WITH U.S. INSTITUTIONS IN TWO NEW ACTIVITIES: MARINE RESOURCES MANAGEMENT ON THE ATLANTIC COAST AND REDUCTION OF HUMAN HEALTH IMPACTS OF GOLD MINING IN THE BOSAWAS TROPICAL FOREST AREA.

SIGNIFICANT PROTECTION HAS BEEN EXTENDED TO TWO PROTECTED AREAS: NATIONAL COMMISSIONS FOR THE MOSKITO CAYS AND THE BOSAWAS HAVE BEEN REACTIVATED AND STRENGTHENED.

-THE ENVIRONMENT AND NATURAL RESOURCES MINISTRY (MARENA) HAS BEEN REORGANIZED, BRINGING WITH IT NEW LEADERSHIP, A CLEARER MISSION AS A REGULATORY AGENCY AND A NEW FIELD-ORIENTED VISION. MARENA HAS ADOPTED NEW AND ENVIRONMENTALLY SOUND FORESTRY AND ENVIRONMENTAL ACTION PLANS.

-THERE ARE CONCRETE ACCOMPLISHMENTS FROM THESE EFFORTS. IN THE LAST 12 MONTHS, THE DEFORESTATION RATE IN NICARAGUA HAS DROPPED FROM AN ESTIMATED 70,000 HECTARES PER YEAR TO 50,000.

Confiscated American Properties:

Q: Why so little progress -- and so late at that -- on resolving U.S. citizen confiscated property claims? Why does it take a Republican congress to force justice for U.S. citizens under a Democratic Administration?

A: SIGNIFICANT PROGRESS HAS BEEN MADE ON RESOLVING U.S. CITIZEN PROPERTY CLAIMS IN THE PAST TWO YEARS. IN 1994, 200 U.S. CITIZEN PROPERTY CLAIMS WERE RESOLVED, AND IN 1995, THROUGH AUGUST, 283 CASES HAVE BEEN RESOLVED, BRINGING THE TOTAL OF RESOLVED CLAIMS TO 633.

CLEARLY, WHILE THERE REMAIN UNRESOLVED U.S. CITIZEN PROPERTY CLAIMS (ABOUT 1,100), THIS ADMINISTRATION IS COMMITTED TO ENSURING THAT ITS CITIZENS ARE TREATED FAIRLY. WE ARE WORKING WITH THE GOVERNMENT OF NICARAGUA AND OTHER DONORS TO RESOLVE THIS ISSUE, WHICH IS PUTTING A BRAKE ON MUCH-NEEDED INTERNATIONAL INVESTMENT.

JOHN F. MAISTO  
US AMBASSADOR TO NICARAGUA

Ambassador John F. Maisto, a career diplomat, was Deputy Assistant Secretary of State for Inter-American Affairs before assuming duties in Nicaragua in September, 1993. He entered the Foreign Service in 1968 and served as economic and commercial officer in La Paz the following year. He was an international relations officer in the Operations Center, 1972, then a special assistant to the Counselor of the Department of State, 1972-73.

After an assignment as officer-in-charge of Colombian affairs, Ambassador Maisto served as chief of the political section in San Jose in 1975. He then went to Manila, 1978-82, as Chief of the Political section. Next, he was appointed deputy director, then director, of the Office of Philippine Affairs, 1982-86. In 1986 he was named Deputy Chief of Mission in Panama City. He then returned to the United States to serve as deputy US representative to the Organization of American States from 1989 until 1993.

Ambassador Maisto was born in Braddock, Pa., on August 28, 1938. He earned a bachelor's degree from Georgetown University School of Foreign Service and a master's degree from San Carlos College in Guatemala. He served as director of the binational centers in Cochabamba, Bolivia, and Cordoba, Argentina, 1963-68. He is married to Maria Consuelo Gaston Maisto; they have one son and two daughters.

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- P1 National Security Classified Information [(a)(1) of the PRA]
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- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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## Nicaragua: Local Customs

Nicaraguan social customs do not differ significantly from those of other Western countries. During her welcome, President Chamorro may kiss the First Lady on the cheek.

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Population Reference  
Bureau, Inc.

1875 Connecticut Ave., N.W.  
Suite 520  
Washington, D.C. 20009-5728  
Phone: (202) 483-1100  
Fax: (202) 328-3937  
Telex: 4900010456 (PRB UI)

September 27, 1995

MEMORANDUM

TO: Melanne Verveer, The White House *MS*  
FROM: Alene Gelbard, Population Reference Bureau  
SUBJECT: Health Status of Women and Children in Nicaragua

I just returned from Managua, Nicaragua, where I learned that First Lady Hillary Rodham Clinton may visit next month. My work there involved helping PROFAMILIA to develop a strategy and materials for communicating findings from a recent family health survey to policy audiences. PROFAMILIA is a Nicaraguan non-governmental organization that provides family planning services. Knowing of Mrs. Clinton's deep interest in women and children and in their health, education and economic conditions, I wanted to pass on to you some of the key findings from the survey that might be used as part of her briefing materials.

A brief description of findings and of PROFAMILIA's role in meeting health needs of Nicaraguan women and children is attached. This description is based on material prepared by PROFAMILIA.

I hope you find it useful.

*cc: Lissa - for gpc  
Brenda - for brief  
fook*

**THE CURRENT STATUS OF FAMILY HEALTH IN NICARAGUA**  
(Briefing paper prepared by PROFAMILIA, Managua, Nicaragua)

High levels of poverty, underemployment, and unemployment, high infant mortality and significant inequalities in access to health and education services, are all indicative of the challenges Nicaragua faces in trying to advance both economic and social development. A 1993 national survey on family health documents the magnitude and nature of the health and education challenges:

**Nicaragua has one of the highest levels of infant mortality in Latin America.**

Despite declines in infant mortality in the last decade, 58 out of every 1000 children born alive die before their first birthday. The main causes of death include asphyxia and trauma associated with birth, diarrhea, and acute respiratory infection. *All are avoidable through adequate medical attention at birth and preventive health care services.*

**Nicaragua has the highest level of pregnancy and childbearing among teens in Latin America.**

Nicaraguan women between 15 and 19 have the highest teenage fertility rate in Latin America. Most of these women also have closely spaced births. More than 50% of the women aged 15-19 are pregnant or have at least one child before their twentieth birthday. Pregnancies to very young women and pregnancies spaced closely together pose high risks to the health of both mothers and their children. Children born less than two years apart, for example, are nearly twice as likely to die than children born more than two years apart. Other "high-risk" pregnancies are those among women over age 35 and women who already have several children. *All of these high-risk births are preventable through family planning services.*

**There are three groups of women and children who suffer the greatest health risks associated with current levels and patterns of fertility and mortality: women with no education, women in rural areas, and teenage women. Young women with no education and their children are at greatest risk.**

Education, residence and age are all associated with significant differences in the average number of children born per woman. The average number of births to women with no formal education is 7 compared to 2 for women with a secondary education. The average number of births to women living in rural areas is 6 compared to 3 for women residing in the capital. Fifty-nine percent of women aged 15-19 with no education are pregnant or have had at least one child. This is nearly 4 times greater than the percentage for women age 15-19 with a secondary education (15%).

The infant mortality rate is higher for women with no education compared to women with at least a secondary education (79 vs. 29), for rural women compared to urban women (68 vs. 51), and for teenage women compared to mothers aged 20-29 (80 vs. 51).

**Differences in use of health services that could prevent these deaths and health risks mirror the differences in fertility and mortality. That is, women with no education, rural women and teenage women use preventive services less than women with higher education, urban women and women age 20 or older.**

Only 29% of women with no education use **family planning** compared to 69% for women who have completed secondary school; 33% of rural women use family planning compared to 63% of urban women; and only 23% of teenage women who are married or in union use family planning compared to 42% of women aged 20-24.

33% of women with no education receive **medical attention at birth** compared to 91% of women with a secondary education. Similarly, a much lower percentage of rural women receive medical attention at birth compared to urban women. Less educated women, rural women and teens also report lower use of **prenatal care, postpartum care, other reproductive health services, and immunizations for their children** compared to more educated women and women living in urban areas.

PROFAMILIA is a private, non-profit social organization that addresses some of these problems. Its goal is to promote reproductive health through family planning services and sexual education as a human right of individuals and couples. An affiliate of the International Planned Parenthood Federation, PROFAMILIA receives financial support from international organizations including IPPF/WHR and USAID. USAID finances PROFAMILIA's most important project which is designed to expand family planning services throughout the country.

PROFAMILIA has 8 regional clinical centers serving the Pacific, Central and Mountain regions. These centers offer family planning counseling, gynecological and pre- and post-natal services, men's counseling, and voluntary sterilization services for men and women. PROFAMILIA also has more than 820 posts for contraceptive distribution headed by volunteer community workers. Posts offer temporary contraceptive methods and sexual education. All volunteers are trained and take 3 refresher courses every year.

PROFAMILIA's information and education programs promote women's development, responsible parenthood, and sex education for youth (including training teachers and youth to become youth educators).

PROFAMILIA has a training center that provides technical training in voluntary surgical contraception, family planning, and reproductive health counseling for technicians and professionals (doctors, nurses, social workers) in both the public and private sectors. To improve the services it offers, PROFAMILIA conducts research in several areas including: men's and women's behavior regarding the family; family planning use; maternal and child health; and general health concerns.

Through a project financed by USAID, PROFAMILIA activities have led to a dramatic increase in family planning assistance over the last three years. More than 50 technicians and professionals are trained every year, and PROFAMILIA gives talks and seminars through its educational programs to more than 5,000 participants annually.

**Remarks  
For  
The Vice President  
At  
The Central American Summit For Sustainable Development  
Managua, Nicaragua  
October 12, 1994**

El Dia de la Raza is a day for celebration in our Hemisphere, but it also a day for reflection. On October 12th, 502 years ago, Columbus landed in the Bahamas. A week later he was in Cuba; three weeks later he reached Haiti. His voyage launched centuries of exploration and conquest -- and set in motion cultural and historical forces that continue to shape us all.

When Columbus convinced Queen Isabella to finance his voyage, he was confident that a mere 2400 miles separated Spain from India. He was not the first person in human history to underestimate the distance between two points -- or to mistake a midpoint for his destination.

Today, we too have undertaken a journey. We have not arrived at our destination. But the milestone we reach today is certainly worth celebrating. And it is a pleasure, Madame President, to celebrate it in a Nicaragua that is making such steady progress toward your vision of national reconciliation based on democracy, dialogue and mutual respect. You personally have taught us that national reconciliation begins in the human heart and radiates out from there.

In so many facets of your national life -- the vibrant functioning of democratic institutions, the reordering of civil-military relations, and the demobilization of former combatants -- Nicaragua is showing what can be accomplished when its citizens assume the democratic responsibility for resolving national problems themselves.

And now, in a country focused on its urgent need for development, we formalize a genuine plan for sustainable development in Central America. A plan that is a model for all the world. It is indeed, a day to celebrate. I wish to add a personal note of gratitude along with Maurice Strong and others gathered here from around the world. I've have seen several of these Summits before, but I can truly say that Central America is now ahead of the rest of the world on the thinking and the planning of this important issue. You are dealing with not simply talking but also writing and setting into motion plans that have the support of democratically elected leaders.

There is much we must do. Central America is a region of enormous natural beauty, resources and biodiversity. The Isthmus contains 12 percent of all plant and animal species in just one percent of the world's territory. But there is a danger. Only about one-third of Central America's original forest cover remains.

This situation is of course not unique to Central America. The unrelenting extinction of species; the widespread contamination of water; and the devastating effects of urban pollution and drought affect us all. We face the common challenge to provide for the economic development of our peoples and our societies without destroying our life sustaining natural resources.

Economic development and sustainable development are now inseparable parts of a whole. They go hand-in-hand. I am happy to observe that this fact is clearly recognized here in Central America.

Combating these threats in a partnership that reaches across national boundaries is why we meet today.

I'm told that the Spanish word for development *desarrollo* means unfolding, unrolling, unfurling. In English, development means growth, progress. Bringing out the capabilities, and the possibilities.

Today, you do both. The precedent-setting document you have unrolled and signed opens a new era: the era of regional sustainable development. The era heralded at Rio in 1992 is being put into practice here today. You lead the world in this effort. Important changes always begin with short steps that are well considered.

I congratulate you and marvel at the hard work and persistence that has borne fruit so quickly. You are taking the lead in building on the principles of Agenda 21.

Your Alliance has exceptionally strong foundations: a universal respect for human rights, consolidation of democracy, participatory governments, social institutions, genuine respect for law and the promotion of lasting peace. At the same time, you are ensuring that you are preserving -- sustaining -- the cultural and ethnic heritage of Central America.

Setting forth a confluence of international ideas is an accomplishment in and of itself. But you have gone even further. The agreement that you sign today is not only about philosophical goals. Your agreement sets out concrete steps to achieve those goals.

The Alliance recognizes this new reality and provides the means by which other countries, regions, and international organizations can join with the nations of Central America to promote sustainable development throughout the region.

Shortsighted economic and environmental policies leave a terrible debt for future generations. Sustainable development ensures opportunity for long-term prosperity. You are protecting the region's priceless natural resources.

Your vision reaches far into the future. I know of no other cooperative effort to achieve sustainable development that is both as visionary and as pragmatic as this Alliance formalized today.

The Alliance is, quite simply, a historic and remarkable achievement. You give hope to all the people of Central America, now and in the future. Historians of the future will look back to this day in Managua as a new day in human achievement. And, by your example, you give hope to the world.

The US is deeply committed to support your historic endeavor. We are working diligently to give life to our partnership for sustainable development. That partnership, called the Convenio CentroAmericano-USA or CONCAUSA, will embrace all the principles underlying sustainable development.

Like the Alliance, CONCAUSA will also elaborate specific actions needed to translate those principles into concrete reality.

Presidential delegates from the nations of Central America and representatives of various agencies of the US Government continue to discuss the exact form and content of CONCAUSA. I have been following these discussions closely. I am looking forward to hearing about the next meeting with our Central American colleagues to learn your reactions to our proposals; and to further elaborate the details.

While there is still work to be done, I want to tell you how pleased I am that already, there is a clear convergence on our hopes for CONCAUSA. The United States sees CONCAUSA as an exciting new channel for structuring cooperation in a number of areas key to achieving sustainable development.

- \*Conserving and learning to sustainably use the region's immense natural beauty and its unmatched biodiversity.
- \*Producing and using energy more cleanly and efficiently.
- \*Strengthening and enforcing our environmental standards, to protect our natural resources and our citizens.
- \*Increasing our support for programs which directly impact on the education, health and well-being of all our people, including indigenous people.
- \*Creating ways to better direct existing bilateral and multilateral sources of assistance.

We are completely dedicated to the full realization of cooperation through CONCAUSA.

We want to work towards sustainable energy use, particularly through the use of greater energy efficiency and utilization of new or renewable energy sources.

Along with other actions, we are prepared to offer pre-investment support for medium to large energy projects in non-conventional renewable energy and efficiency.

Efficiency is an issue we must all address. There are those who think environmental protection is a luxury -- a goal that conflicts with efficiency. We recognize the truth is exactly the reverse.

In the same way hunters track their prey by looking for animal tracks, so those trying to root out inefficiency can find it by looking for pollution. Raw sewage, carbon dioxide pouring into the atmosphere, huge landfills -- these are the telltale signs -- the tracks, if you will -- of inefficiency.

We would like to pursue a joint agreement with the Central American governments to prevent climate change, similar to the agreement I just signed for the United States with President Figueres on September 30.

While certainly helping to combat global climatic change, a regional joint implementation initiative would also channel new and significant development opportunities into Central America.

We will offer training for biodiversity conservation professionals and provide access to satellite data, technical training -- establish networks between U.S. remote sensing data centers and Central American countries. We are prepared to help establish a regional network -- to enforce environmental laws and regulations and to build management capacity for the region's environmental agencies.

And, of course, we will work with you - and with appropriate multilateral financial institutions - to develop regional financing packages to support the Alliance's goals.

I am pleased that the management of the IDB is supportive of our efforts to set aside \$25 million in the Multilateral Investment Fund to finance the programs of the Alliance. The Global Environment Facility could also play a strong role in supporting the biodiversity and climate change objectives of the Alliance.

We must give CONCAUSA the strength and longevity to realize its full promise. So that it will achieve its full potential here, and serve as an example for the rest of the world.

However, government action alone will not bring about sustainable development. Many other factors are involved.

The United States recognizes that free trade and enhanced investment flows are critical to sustainable development. We are seeking to further strengthen our commercial ties, including the earliest possible passage of the Interim Trade Program.

Yes, we have had a setback in that fight. As you know, the Congress was not prepared to consider the Interim Trade Program at the same time as the Uruguay round. I believe that was a disappointing - but temporary - set back.

President Clinton and I remain as committed to this key program as we were when I unveiled it to you last May in Tegucigalpa. As soon as the new Congress is seated in January, We pledge to press vigorously to win passage of the Interim Trade Program, as a stepping stone to eventual full partnership in a free trade relationship.

But let me point to the signs of real economic progress in Central America right now: More private capital flows into the region -- \$12 billion from the U.S. only -- which is supporting economic growth. And trade between the U.S. and Central America that rose an astounding 12% from 1992 to 1993.

Speaking of the private sector, it is important to recognize that business interests be addressed in reaching agreements on environmental standards to ensure that artificial or unduly detrimental trade restrictions are not arbitrarily or unintentionally sanctioned.

The views of the business community must be included in the sustainable development process. As I said earlier, economic and sustainable development go hand in hand.

U.S. tourism to Central America is also up, with a surge of interest in ecotourism. Americans want to experience first hand the beauty of the rain forest, and the variety of the animal species that are so unique to Central America.

Although bilateral U.S. assistance has declined in recent years, it is still significant, and we are still the major bilateral donor. There is encouraging growth in lending and programmatic activities of the multilateral development banks -- to which the U.S. is the major contributor. The United States firmly believes in contributing major shares of assets to these banks and we will continue to do so.

Central America and the United States are linked by more than any official document. We know each other very well. There are cultural ties, formed and shaped by hundreds, even thousands of non-governmental institutions among our countries. The work these organizations perform is integral to our future development. Government and civil society in partnership can make the crucial difference.

Ultimately, the success of the Alliance -- our success as nations -- will depend on developing a different understanding of our environment. But it isn't a wholly new perspective that we seek. In 1855, a President of my country, Franklin Pierce, was trying to buy land from one of our nation's Native people. Their leader, Chief Seattle, is reported to have answered:

"How can you buy or sell the sky? The land? .... This we know: the earth does not belong to man, man belongs to the earth. All things are connected like the blood that unites us all. Man did not weave the web of life, he is merely a strand in it. Whatever he does to the web, he does to himself."

In 1994, we must come back to that same appreciation for our environment.

We must both correct the errors of the past, and prepare our children to preserve it for their children. President Figueres made this point in Washington a few weeks ago when he discussed Costa Rica's efforts to bring environmental issues into school rooms.

All of us should follow this example. Participating in the GLOBE initiative - which will help unite students and teachers around the world to monitor their environment - will help. It will create awareness, and a new understanding of the environment for children around the world.

Our goal remains to conclude CONCAUSA at the Summit of the Americas. Planning for the Summit has been going on since early this year. And now, in less than two months, the democratically elected leaders of the Western Hemisphere will join together in Miami: President Clinton is looking forward to being with you. His personal representative, Mack McLarty, joined me for this trip. The Summit will focus on three issues of utmost importance to all our nations.

- Trade and investment.
- Democracy and effective government.
- And of course, sustainable development.

Your Alliance has so much to offer the other countries of the Americas in all three of these areas.

- You have taken decisive action to put your economies on a sound footing.
- You have made such dramatic strides in bringing peace and democratic government to your people.
- And, having accomplished so much, you have resolved to act now to ensure the sustainability of these achievements for future generations.

There are two conditions that are absolutely essential if democracy and economic prosperity are to be truly sustainable. The first is that all segments of our societies must be equipped to participate in, and benefit from, economic development. We must invest in our people -- provide them with basic education, health care and employment opportunities. "Investing in People" will be an essential theme of the Sustainable Development agenda at the Summit in Miami.

The second requirement for sustainability is environmental stewardship. We need to ensure that economic and social development is not undermined by wasteful use of natural resources, by environmental threats to public health or by the irreversible loss of critical ecosystems. In the words of President Figueres, we need to form an "Alliance on Nature." This is the second essential part of the Sustainable Development agenda at the Summit of the Americas.

Addressing these realities - ensuring that the political and economic progress of recent years endures - these are the next generation of development challenges that all our nations - yours and mine - face. Through the Alliance for Sustainable Development, Central America is showing the rest of the world the way. I know that your participation in Miami will add immeasurably to the richness of our discussion and to the strength of our commitment to enter the era of sustainable development.

Just 11 months ago, the leaders of Central America, joined the President and me for a meeting at the White House. There, you described a vision of Central America's future, united in support of sustainable development. It was only 11 months ago -- but the world is a different place now.

Yassir Arafat has shaken hands with Yitzhak Rabin, and then Prime Minister Rabin met with King Hussein -- both on the White House lawn. Nelson Mandela is now elected and serving as the President of the new South Africa.

The United States and Russia are no longer pointing nuclear weapons at each other. There is a cease-fire and, with God's help, a lasting peace in Northern Ireland. The world met together for the Cairo Summit on Population and Development. Democracy is being restored to Haiti.

On this day -- in which countries throughout our hemisphere celebrate the Spanish influence on our cultures, and countries throughout the hemisphere celebrate the achievement of this Central America Summit -- I think of two poets.

I am first reminded of the Spanish poet, Antonio Machado, who wrote,

Caminante, son tus huellas el camino, y nada mas;  
caminate, no hay camino, se hace camino al andar.

*[Pathwalker, there is no path, we create this path as we walk. "]*

Today, you create a new path for the world to follow.

I remember as well, Ruben Dario, the great Nicaraguan poet who wrote,

"Unanse, brillen, secundense tantos vigores dispersos;  
formar todos un solo haz de energia ecumenica."

*["Unite, shine, help one another, all those scattered strengths;  
form into one beam of ecumenical force."]*

The world is a different place. It is also a better place.

And by joining together... by helping one another... by uniting our "scattered strengths"-- we make it a better place, still.

Like those making landfall five centuries ago, we are on a journey of exploration. The United States joins you and looks forward to continuing this journey with you.

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**Finca  
Micro-Credit Event**

Divider Title: \_\_\_\_\_

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Nicaragua: United Mothers Community Bank

Context of the Event:

The United Mothers Bank (Madres Unidas) is an example of a community bank comprised of 30 poor women who receive loans of less than USD 300 from the Foundation for International Community Assistance (FINCA) in order to invest in their businesses, increase their incomes and improve the welfare of their families.

You will attend a weekly community bank meeting which will be held at the home of one of the bank members. Mr. Alicia Paucar, Executive Director of FINCA Nicaragua, and Mr. Mario Guity, a representative of FINCA International, will greet you upon your arrival, introduce you to the members and brief you concerning the operation of the community bank. The bank officers will then conduct the weekly meeting during which the members make their loan payments and savings deposits. The bank members will introduce themselves individually and explain how they use their loans to improve their businesses and the welfare of their families.

Your Objectives:

- o To observe a poverty lending program in action.
- o To express USG support for microenterprise programs and women's empowerment.

Background:

Through a USD 1.5 million grant from USAID, FINCA has established a network of 98 community banks in Managua since May 1994. FINCA's three-year target is to establish 383 banks that will benefit 11,400 women in Managua and four other cities.

FINCA's poverty lending program organizes groups of poor women into community banks, provides them small loans, and trains them in leadership and basic business skills. The women are also encouraged to embark on a savings program. Individual savings are placed into a formal bank account which the membership can loan to outsiders to generate additional income. This creates entrepreneurship at the grassroots level.

Each bank has its own board. Officers are democratically elected. At the end of each four-month cycle, the bank's leadership rotates to allow all members the chance to participate in decision making. A major goal of this model is to empower poor women, many of whom are heads of households, have been abandoned, or have unemployed husbands.

Nicaragua: United Mothers Community Bank

Talking Points:

- o I am impressed with the way you work together to get ahead. You are setting an example for your children and your community.
- o I am glad to see US assistance help you make a living and better feed and educate your children.
- o When you have a chance to work and earn as full and equal partners in society, your families flourish and so does your neighborhood. In this way, in this small community, you are helping rebuild Nicaragua.

Questions to ask members

- o How did you select the members of your community bank?
- o Have you been able to repay your loans on time?
- o How have your lives changed since you joined the bank?
- o What do the men in the neighborhood think about your community bank?

## SUMMARY OF FINCA NICARAGUA

On May 15, 1994, FINCA International signed a \$1.5 million cooperative agreement with USAID to expand FINCA Nicaragua's operations to reach 11,490 borrowers over three years. FINCA International will provide \$784,639 as counterpart funding from private sources. The Cooperative Agreement's primary objective is to raise Nicaraguans from extreme poverty, allowing them to focus on meeting their basic needs and aspirations, such as improved nutrition, clothing, housing, education and health.

The project is comprised of two components: poverty lending services (loans of \$300 or less) and institutional development. The poverty lending component focuses on the delivery of credit to both those without employment and those with capital-starved microenterprises. The institutional development component focuses on the consolidation and strengthening of a sustainable Nicaraguan financial intermediary: FINCA Nicaragua.

During the life of the Cooperative Agreement, FINCA Nicaragua will organize and manage a total of 383 village banks in the five southwestern departments of Managua, Masaya, Granada, Carazo and Rivas. At the end of three years, FINCA Nicaragua's loan portfolio is expected to generate sufficient interest income to cover 100 percent of operating costs, and sufficient net income to borrow funds at commercial rates, if necessary, to finance continued growth. The institutional development component will ensure that at the end of three years, FINCA Nicaragua will have the institutional capacity to manage the program's expansion to nationwide coverage.

By August 1995, FINCA Nicaragua was operating 100 village banks, and 2,886 women were receiving loans to support their businesses. Average initial loans were \$100, and the average amount of all loans was \$152. The repayment rate was 100%. Collectively these women have saved \$145,738.96 under this program.

The First Lady is scheduled to visit the village bank *Madres Unidas* (Mothers United) in Managua. The 30 members share a loan of \$4,250, an average loan of \$140 each.

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**Lunch w/ President  
Chamorro & Cabinet**

Divider Title: \_\_\_\_\_

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## Nicaragua: Bilateral with President Chamorro

## Context of the Event:

President Chamorro will receive you at her private residence of many years, a rambling one-story house where open air corridors, gardens and rooms commingle. President Chamorro will greet you at the entrance and escort you to the study of her late husband, Pedro Joaquin Chamorro, left largely as it was at the time of his murder in 1978. As publisher of the principal daily "La Prensa" and a champion of press freedom in the hemisphere, Pedro Joaquin had been a spearhead for opposition to the Somoza dictatorship since the 1950's. He had been jailed by the dictator. His murder in 1978 at the hands of Somoza henchmen shocked the nation and tipped the balance of support against the dictator, who was deposed a year and a half later by the Sandinistas and other opposition forces. His widow became actively involved in politics after her husband's death.

The President will offer you a seat next to her in one of several rocking chairs (much favored by Nicaraguans) in a seating area of the study. This will be a private meeting, although the President's daughter, Cristiana Chamorro -- whom you met at the Miami summit -- will likely be present. No press will be allowed. President Chamorro will likely make references to some of the hundreds of memorabilia of her husband covering the walls of the room. The actual bilateral will last 10-15 minutes, after which you will proceed by car to the Presidency building for lunch with President Chamorro and her "Social Cabinet."

## Your Objectives:

- o To reiterate US support for President Chamorro, her policy of national reconciliation, and Nicaragua's democratic, free market transformation over which she presides.
- o To underscore your shared interest in the success of the Summit of the Americas' Women's Agenda, to which President Chamorro made a major contribution.

## Talking Points:

- o I am delighted to be in Nicaragua, a country which has endured crippling natural disasters and civil conflict during the past two decades, but which is undergoing an impressive recovery under your leadership.
- o The United States is proud of its role in supporting your government's efforts since 1990 to foster national reconciliation, build an enduring democracy, and provide a solid economic future for your people.
- o Your interest in women's issues at the Summit of the Americas, where your contributions were greatly appreciated, is a primary reason for my visit here. I want to see and hear for myself how the women of Nicaragua are fulfilling the promise of the Summit agenda -- in health, in education, in microenterprise, and in empowering

UNCLASSIFIED

-2-

- o We recognize that improving human rights and the status of women and children and ensuring the success of the 1996 elections require your close attention.
- o Your commitment to resolve the property confiscations that you inherited in order to create the best possible investment climate is of crucial importance to Nicaragua's economic recovery.
- o The United States will continue to support your efforts in these areas.
- o (If asked about the prospects for massive deportation of undocumented Nicaraguans from the United States): As President Clinton wrote to you earlier this year, the United States will look sympathetically on each case involving Nicaraguans who no longer enjoy protected status from the civil war period. There will be no massive deportations.

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## Nicaragua: Lunch with President Chamorro and Social Cabinet

## Context of the event

A lunch with President Chamorro and her "Social Cabinet," ministerial level officials in charge of directing the government's social policy, will be held in the President's dining/meeting room adjacent to her office on the second floor of the Presidency. The Presidency is a four-story office building located in a cluster of public structures that also includes the National Assembly and the Olof Palme Convention Center. The complex is on the edge of an open belt in Nicaragua's former downtown, which was leveled during the devastating 1972 earthquake and for the most part not rebuilt. Following your 10-15 minute bilateral with President Chamorro, she will escort you and your party into the adjoining room where the lunch will be served. The Social Cabinet consists of the Ministers of Social Action, Health, Education, Labor, and External Cooperation, and the cabinet-ranking Directors of the National Institute for Municipal Development (INIFOM) and the Nicaraguan Institute for Women's Affairs (INEM), and other social agencies. Other senior Nicaraguan officials may also be included in this event. The lunch, which will not include a toast, will last for about 60 minutes, after which you and your party will go downstairs, depart the Presidency, and walk 100 yards to the Olof Palme Center for your speech to the Womens' Representatives.

## Your objectives

- 0 To reiterate U.S. support for President Chamorro, her policy of national reconciliation, and Nicaragua's democratic, free market transformation over which she presides.
- 0 To underscore your interest in observing and lending support to programs which advance the status and well-being of Nicaraguan women within the context of the Summit of the Americas Women's Agenda.

## Talking points

- 0 I am delighted to be making my first visit to Nicaragua, one of the very few countries in the world with a female Head of State, President Violeta Barrios de Chamorro.
- 0 Under President Chamorro, Nicaragua has provided an example to the world of how to bring about national reconciliation. At the same time, under President Chamorro's leadership, Nicaragua has taken major steps to

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build democracy, and provide a solid economic future for the Nicaraguan People. The U.S. is proud to have contributed to these efforts during the past five years. We intend to continue doing so.

- 0 I commend President Chamorro's contribution to the women's agenda at the Summit of the Americas. It is the shared commitment to strengthening the role of women in the economy, in politics and in society in general that is the purpose of my visit to the region, and my specific reason for visiting Nicaragua.
- 0 Underlying the Summit commitments which our governments made last december is our shared reverence for family values. I am here to learn how women have contributed to national reconciliation and democracy building in the new Nicaragua. I am here to observe the daily sacrifices Nicaraguan women are making to improve the standard of living, health, and education of their families.
- 0 My first stop on my way in from the airport was at a neighborhood bank, supported by U.S. AID funds to the NGO "Finca," where working mothers -- all heads of families -- have organized a credit facility that has permitted them to start and maintain their own microenterprises. I was greatly impressed by the enthusiasm and pride of the women engaged in this project, as well as its efficiency -- 100 percent of their loans are repaid on time, making it possible for new loans to other borrowers in the community.
- 0 During the rest of my day here, I will be talking to women in all walks of life whose common bond is that they are engaged in social and economic activities that result in better lives for themselves, their families, and for their communities. They are inspirations to all Nicaraguans.
- 0 Nicaragua continues to face serious challenges in education (lack of quality primary schooling), health (high maternal and child mortality, access to health and family planning services in rural areas), in discriminatory employment practices, and in the high incidence of domestic abuse against women and children.
- 0 From what I have seen already, I am confident that Nicaragua's leaders and its women have the vision and determination to meet these challenges head-on.
- 0 After this trip I look forward to sharing the experiences and insights I have gained with interested women's organizations in the U.S.

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**Speech to  
Nicaraguan Women**

Divider Title: \_\_\_\_\_

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Nicaragua: Speech to Women

Context of the Event:

After lunch with Nicaraguan President Chamorro and selected members of her Social Action Committee (which includes the Ministers of Health and Education as well as the head of the Institute for Women), you will give a speech on women's issues at the Olaf Palme Convention Center. The Center, which is located next door to the Presidency, has a large auditorium which seats approximately one thousand. The event will be organized by the Nicaraguan Institute for Women. The Institute's executive director, Maria Auxiliadora de Matus, has cabinet rank and was head of Nicaragua's delegation to the Beijing Conference. We would anticipate several hundred invitees from a broad range of Nicaraguan life -- politics, government, the arts, media, education and social welfare organizations. We expect that the audience will be primarily female. The event will be open to the press.

Your Objectives:

- o Your speech highlights USAID programs, particularly as they relate to women's issues.

(White House will produce speech with input, as required, from the Department of State.)

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**Francisco Buitrigo  
Health Center**

Divider Title: \_\_\_\_\_

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## Nicaragua: Francisco Buitrago Health Center

## Context of the Event:

This government urban health clinic, with multi-donor support, provides primary health care services, including immunizations, oral rehydration therapy, maternity care, family planning. The center supports 13 neighborhood health posts, five of which participate in the Project Concern International Child Survival Project.

You will be met at the health center by Dr. Federico Munoz, Minister of Health, Dr. Azucena Saballos, Director General of Maternal and Child Health Services, and Dr. Silvestre Tapia, Director of the health center. Ministry officials will brief you on recent advances in decentralization of health care and the integrated model for maternal and child health, while escorting you to the area where vaccinations are provided. From the vaccination site, you will proceed to the section of the health center for oral rehydration therapy. You will have the opportunity to administer oral rehydration salts or polio vaccine to a Nicaraguan child. You will also meet midwives trained by the project and present them with birthing kits.

You will also meet Dr. Leonel Arguello, Project Concern International Country Director, who will describe PCI's child survival project. You will also meet a Mothers' Club member and a Community Health Volunteer.

You will then view a brief puppet show, performed by children, about diarrheal disease prevention, entitled "The Dream of a Clean Neighborhood." The show is part of Project Concern's innovative "Child-to Child" program in which children teach other children good health and hygiene practices..

## Your Objectives:

- o To highlight USG participation in the multi-donor effort to raise immunization rates and improve primary health care.
- o To observe how grassroots community participation can complement the efforts of the formal health care system.
- o To reinforce the importance of prenatal care and safe delivery care in reducing maternal deaths; and the importance of breastfeeding to child health.

## Background:

USAID's \$22 million Decentralized Health Services (DHS) Project helps the Ministry of Health develop and implement maternal and child health services. The project provides technical assistance, training in primary health care and health care management, and essential medicines and contraceptives to this and to hundreds of other health centers in the country. The project also supports the national immunization program. This program will achieve an

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- 2 -

immunization coverage rate of 80 percent of children less than one year old and 70 percent of women of fertile age.

To complement the formal health care system, USAID granted \$825,000 to Project Concern International, a U.S. private voluntary organization, for a child survival program in poor neighborhoods of Managua. The project uses neighborhood health volunteers and mothers clubs for outreach and health education..

Talking Points:

- o I congratulate the Government of Nicaragua for making maternal and child health a national priority.
- o I am pleased to see traditional midwives forming part of your health program. Prenatal care and safe delivery can save so many women's lives.
- o The USG is proud to be working with organizations like the PAHO and UNICEF to improve immunization rates and provide better health care to mothers and children.
- o I am glad to see private U.S. organizations like Project Concern working together with the Nicaraguan government to bring health services to those who need them most.
- o I encourage you, mothers, to feed your babies only breastmilk until they are six months old and to nurse them as long as possible. Breastfeeding is one of the best ways a mother can make sure her baby stays healthy.

Question to ask a nurse:

- o How do you keep track of who needs an immunization and when?

Question to ask a midwife:

- o What do you do differently since you received your midwifery training?

Question to ask a mother:

- o Since you joined the Mother's Club, what are you doing differently to care for your children?

Question to ask a volunteer (brigadista):

- o What has been your greatest accomplishment as a community health volunteer?

Question to ask a child:

- o How are you helping your mom take care of your younger brother or sister?

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**Embassy  
Meet and Greet**

Divider Title: \_\_\_\_\_

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Nicaragua: Remarks to the Embassy Community

1. Introduction by Ambassador Maisto
2. Hillary Rodham Clinton:

I am so pleased that I had time today to come here and express my thanks for all your hard work and dedication to your country. The long hours that went into planning my visit to Nicaragua are, I know, just a small part of the jobs that you do here. I have had the chance to observe the fine work of many of your colleagues in countries all over the world, and I want to congratulate all of you for your outstanding service to the United States. I would also like to recognize the Foreign Service nationals, who are the backbone of this Mission.

The work you are doing here is important. It matters. The United States has played a major role since 1990 in achieving national reconciliation and restoring this country's democracy, economy, and social structure. I have seen evidence of that today, in just a few hours, and I know that there are many more examples of how the contribution of the United States has made the difference in the health and welfare of all Nicaraguans. You can all be proud of that, proud of what your work here has accomplished.

I would especially like to recognize the Foreign Service families of this Mission, who are serving their country here. I know firsthand the dedication and sacrifices that are required of the spouses and children of those in public service. All of you -- from the State Department, the Peace Corps, USIA, APHIS, USAID, DEA, the Marines Corps -- all of you have my thanks and the gratitude of your country.

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Nicaragua: Background of US Embassy Community

Americans Resident in Nicaragua 3,300 (est.)

US MISSION

| <u>Employee Population</u>     | <u>US</u> | <u>FSN</u> | <u>Contract</u> |
|--------------------------------|-----------|------------|-----------------|
| State                          | 40        | 127        |                 |
| Guard Program                  |           | 160        |                 |
| Marines                        | 9         |            |                 |
| USIS                           | 3         | 14         |                 |
| Agriculture                    |           | 2          |                 |
| Defense Attache                | 6         | 2          |                 |
| USAID                          | 24        | 131        | 40              |
| Peace Corps Staff              | 3         | 3          |                 |
| Peace Corps Volunteers         | 108       |            |                 |
| APHIS                          | 3         | 1          |                 |
| Subtotal                       | 196       | 440        | 40              |
| <u>Dependents</u>              | 153       |            |                 |
| <u>Total Official</u>          |           |            |                 |
| <u>American Community:</u>     | 389       |            |                 |
| <u>Claim Arkansas as Home:</u> | 0         |            |                 |

Chancery Compound

The old embassy was destroyed by the December 1972 earthquake. Nicaragua gave the present 11 acre property to the United States in early 1973. The chancery is actually two pre-fab "Butler" buildings connected by a covered passage way. Five other buildings (Consulate, GSO offices, Warehouse, Motor Pool, Commissary and Cafeteria) are cement block construction. All USG agencies are housed on the compound except AID, APHIS and Peace Corps.

Casa Grande Property

The Casa Grande property is a 65-acre parcel purchased by the USG in 1939. The compound contains the Casa Grande (the official residence of the Ambassador until 1979), Marine House, swimming pool, tennis court and playground. It is now used as a guest house for official visitors and as a staff recreation facility.

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HEATHER M. HODGES

Heather Hodges, a native of Cleveland, Ohio, has a B.A. in Spanish from the College of St. Catherine, St. Paul, Minnesota, and an M.A. in Spanish from New York University.

Ms. Hodges joined the Foreign Service in 1980 and was assigned to Caracas, Venezuela, as Chief of the Non-Immigrant Visa Section. From 1983 to 1985, she served in Guatemala as Deputy Chief of the Consulate. In 1985, she returned to Washington to serve as Peru Desk Officer. In 1987, Ms. Hodges received a Pearson Fellowship to work in the U.S. Congress, where she was Counsel to the Senate Subcommittee on Immigration and Refugee Affairs. In January, 1989, Ms. Hodges became Principal Officer at the U.S. Consulate in Bilbao, Spain. In August 1991, she returned to the Department of State, where she was Deputy Coordinator for Cuban Affairs until August 1993. Ms. Hodges arrived in Managua, Nicaragua, on September 2, 1993, to perform her duties as the Deputy chief of Mission at the American Embassy. She was promoted into the Senior Foreign Service in October 1994.

Ms. Hodges received the State Department's Meritorious Honor Award in 1981 and Superior Honor Awards in 1988 and 1993. She speaks fluent Spanish and also speaks French.

JOHN F. MAISTO  
U.S. AMBASSADOR TO NICARAGUA

Ambassador John F. Maisto, a career diplomat, was Deputy Assistant Secretary of State for Inter-American Affairs before assuming duties in Nicaragua in September, 1993. He entered the Foreign Service in 1968 and served as economic and commercial officer in La Paz the following year. He was an international relations officer in the Operations Center, 1972, then a special assistant to the Counselor of the Department of State, 1972-73.

After an assignment as officer-in-charge of Colombian affairs, Ambassador Maisto served as chief of the political section in San Jose in 1975. He then went to Manila, 1978-82, as Chief of the Political section. Next, he was appointed deputy director, then director, of the Office of Philippine Affairs, 1982-86. In 1986 he was named Deputy Chief of Mission in Panama City. He then returned to the U.S. to serve as deputy U.S. representative to the Organization of American States from 1989 until 1993.

Ambassador Maisto was born in Braddock, Pa., on August 28, 1938. He earned a bachelor's degree from Georgetown University School of Foreign Service and a master's degree from San Carlos College in Guatemala. He served as director of the binational centers in Cochabamba, Bolivia, and Cordoba, Argentina, 1963-68. He is married to Maria Consuelo Gaston Maisto; they have one son and two daughters.

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**Background  
on Chile**

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| 004. report              | Re: Hemispheric Security (1 page) | n.d. | P1/b(1)     |

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Clinton Presidential Records  
First Lady's Office  
Melanne Verveer  
OA/Box Number: 15623

### FOLDER TITLE:

HRC Briefing Book for South America 1995 [binder] [1]

2013-0534-S  
ry1725

### RESTRICTION CODES

#### Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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2013-0534-S  
ry1725

### RESTRICTION CODES

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HRC Briefing Book for South America 1995 [binder] [1]

2013-0534-S  
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November 1994



**Official Name:**  
Republic of Chile

FILE

## Geography

**Area:** 756,945 sq. km. (302,778 sq. mi.); nearly twice the size of California.

**Cities:** *Capital*—Santiago (metropolitan area est. 5.2 million). *Other cities*—Concepcion-Talcahuano (840,000); Vina del Mar-Valparaiso (800,000);

Antofagasta (245,000); Temuco (230,000).

**Terrain:** Desert in north; fertile central valley; volcanoes and lakes toward the south, giving way to rugged and complex coastline; Andes Mountains on the eastern border.

**Climate:** Arid in north, like the Mediterranean in center, cool and damp in south.

## People

**Nationality:** *Noun and adjective*—Chilean(s).

**Population (1994):** 13.8 million.

**Annual growth rate:** 1.6%.

**Ethnic groups:** Spanish-Indian (*mes-tizo*), European, Indian.

**Religions:** Roman Catholic 80%; Protestant 16%.

**Language:** Spanish.

**Education:** *Years compulsory*—8. *Attendance*—3 million. *Adult literacy rate*—94%.

**Health:** *Infant mortality rate*—17/1,000.

*Life expectancy of newborns*—72 years.

**Work force (5.2 million):** *Services and government*—36%. *Industry and commerce*—34%. *Agriculture, forestry, and fishing*—14%. *Construction*—7%. *Mining*—2%.

## Government

**Type:** Republic.

**Independence:** September 18, 1810.

**Constitution:** Approved in a 1980 national referendum.

**Branches:** *Executive*—president.

*Legislative*—bicameral legislature.

*Judicial*—Supreme Court, courts of appeal, military courts.

**Administrative subdivisions:** 12 numbered regions, plus Santiago metropolitan region, administered by *intendentes*; regions are divided into provinces, administered by governors; provinces are divided into municipalities administered by mayors.

**Political parties:** Major parties include the Christian Democrat Party, the National Renewal Party, the Party for Democracy, the Radical Party, and the Socialist Party. In 1993, the Communist Party did not win a seat.

**Suffrage:** Universal at 18, including foreigners legally resident for more than five years.

## Economy (1993)

**GDP:** \$43.6 billion.

**Annual real growth rate:** 6%.

**Per capita GDP:** \$3,200.

**Natural resources:** Copper, timber, fish, iron ore, nitrates, precious metals, and molybdenum.

**Agriculture and fisheries (8% of GDP):**

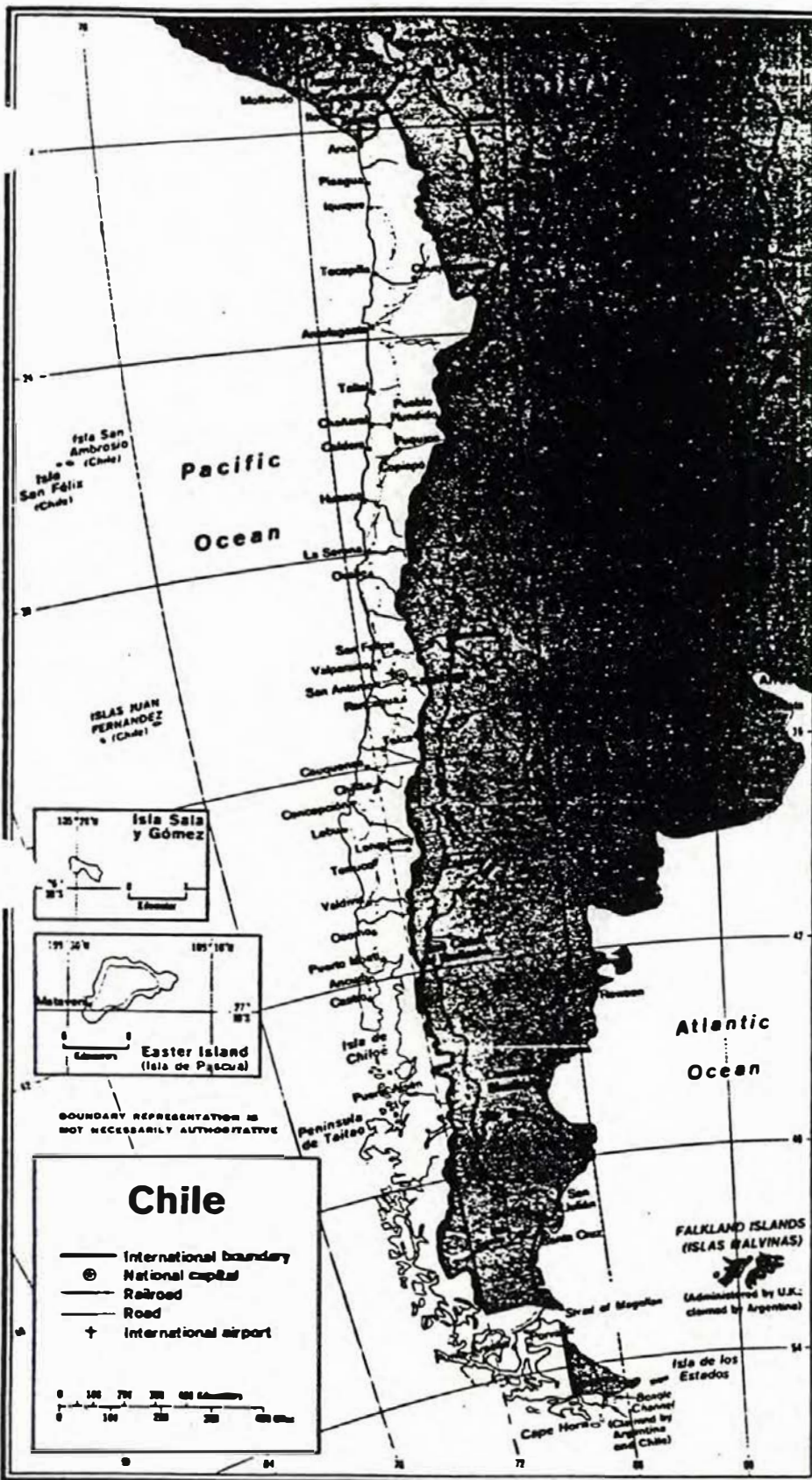
*Products*—wheat, potatoes, corn, sugar beets, onions, beans, fruits, livestock, fish.

**Industry (17% of GDP):** *Types*—mineral refining, metal manufacturing, food processing, fish processing, paper and wood products, finished textiles.

**Trade:** *Exports*—\$9.4 billion: copper, fishmeal, fruits, wood products, paper products. *Major markets*—U.S. 18%, Japan 16%, Argentina 6%, U.K. 6%, Germany 5%, Brazil 4%. *Imports*—\$10.7 billion: petroleum, chemical products, capital goods, vehicles, electronic equipment, consumer durables, machinery. *Major suppliers*—U.S. 23%, Brazil 10%, Japan 6%, Germany 6%, Argentina 5%, Nigeria 4%.

**Exchange rate:** 420 pesos-U.S.\$1. ■





## PEOPLE

About 85% of Chile's population live in urban centers; 40% live in greater Santiago. Most have Spanish ancestry, but a small, yet influential, number of Irish and English immigrants came to Chile during the colonial period. German immigration began in 1848 and lasted for 90 years; the southern provinces of Valdivia, Llanquihue, and Osorno show a strong German influence. Other significant immigrant groups are Italian, Yugoslav, French, and Arab. About 400,000 persons of predominantly aboriginal descent, mostly of the Mapuche tribe, reside in the south-central area, around Temuco.

The northern Chilean desert contains great mineral wealth, primarily copper and nitrates. The relatively small central area dominates the country in terms of population and agricultural resources. This is also the historical center from which Chile expanded until the late 19th century, when it incorporated its northern and southern regions. Southern Chile is rich in forests and grazing lands and features a string of volcanoes and lakes. The southern coast is a labyrinth of fjords, inlets, canals, twisting peninsulas, and islands. It also has small, rapidly declining petroleum reserves, which supplied about 10% of Chile's domestic requirements during 1993.

## HISTORY

About 10,000 years ago, migrating Indians followed the line of the Andes and settled in fertile valleys and along the coast of what is now Chile. The Incas briefly extended their empire into the north, but the area's remoteness prevented extensive settlement.

In 1541, the Spanish, under Pedro de Valdivia, encountered about 1 million Indians from various cultures who supported themselves principally through slash-and-burn agriculture and hunting. Although the Spanish did not find the gold and silver they sought there, they recognized the agricultural potential of Chile's central valley, and Chile became part of the Viceroyalty of Peru.

The drive for independence from Spain was precipitated by usurpation of the Spanish throne by Napoleon's brother Joseph. A national junta in the name of Ferdinand—heir to the deposed king—was formed on September 18, 1808. Spanish attempts to reimpose arbitrary rule during what was called the *Raconquista* led to a prolonged struggle under Bernardo O'Higgins, Chile's most renowned patriot. Chilean independence was formally proclaimed on February 12, 1818.

The political revolution brought little social change, however, and 19th-century Chilean society preserved the essence of the stratified colonial social structure, family politics, and the influence of the Roman Catholic Church. The system of presidential absolutism eventually predominated, but wealthy landowners continued to control Chile.

Toward the end of the 19th century, Chile consolidated its position in the south by ruthlessly suppressing the Mapuche Indians. In 1881, it signed a treaty with Argentina confirming Chilean sovereignty over the Strait of Magellan. As a result of the War of the Pacific against Peru and Bolivia (1879-1883), Chile expanded its territory northward by almost one-third and acquired nitrate deposits, the exploitation of which led to an era of national affluence.

Although Chile established a representative democracy in the early 20th century, it soon became unstable and degenerated into a system protecting the interests of the ruling oligarchy. By the 1920s, the emerging middle and working classes were powerful enough to elect a reformist president, whose program was frustrated by a conservative congress. Continuing political and economic instability resulted in the quasi-dictatorial rule of Gen. Carlos Ibanez (1924-32).

When constitutional rule was restored in 1932, a strong middle-class party, the Radicals, emerged. It became the key force in coalition governments for the next 20 years. In the 1920s, Marxist groups with strong popular support developed. During the period of

Radical Party dominance (1932-52), the state increased its role in the economy. Despite these tendencies, presidents generally were more conservative than the parties supporting them, and conservative political elements continued to exert considerable power over the economy.

The 1964 presidential election of Christian Democrat Eduardo Frei by an absolute majority initiated a period of major reform. Under the slogan "Revolution in Liberty," the Frei Administration—the first Christian Democratic government in Latin America—embarked on far-reaching social and economic programs, particularly in education, housing, and agrarian reform, including rural unionization of agricultural workers. By 1967, however, Frei encountered increasing opposition from leftists, who charged that his reforms were inadequate, and from conservatives, who found them excessive. At its term's end, the Frei Administration had noteworthy accomplishments but did not achieve the party's ambitious goals.

The 1970 presidential election was won narrowly by Dr. Salvador Allende, a Marxist and member of Chile's Socialist Party, who headed the "Popular Unity" (UP) coalition of socialists, communists, radicals, and dissident Christian Democrats. His program included the takeover of much of Chile's remaining private industries and banks, massive land expropriation and collectivization, and the nationalization of U.S. interests in Chile's major copper mines.

Elected with only 36% of the vote and by a plurality of only 36,000 votes, Allende never enjoyed majority support in the Chilean Congress or broad popular support. By 1973, most domestic production had declined, and severe shortages of consumer goods, food, and manufactured products were widespread. Inflation reached 1,000%, and a general collapse of the economy seemed inevitable to many. There were mass demonstrations against the government, recurring strikes, violence by both government supporters and opponents, and widespread rural unrest. Chilean society split into hostile camps.

These factors, plus censure of the Allende Government by the Chilean Congress, judiciary, and comptroller general for many abuses—including violations of the constitution—helped produce a military coup that overthrew Allende on September 11, 1973, after armed forces bombarded and attacked the presidential palace. Allende did not survive the coup. His death was reported officially as a suicide.

The new military regime, led by Augusto Pinochet, severely repressed perceived opponents, especially those believed to be Marxists. Congress was abolished, and all political parties banned. Thousands of Chileans were imprisoned or expelled from the country. About 700 others disappeared after arrest by security forces and are presumed dead.

During its 16 years in power, the military moved Chile away from economic statism toward a largely free-market economy, fostering an increase in domestic and foreign private investment. After years of repression, the regime began to reinstitutionalize political life and permit broad freedom of assembly, speech, and association, including trade union activity.

General Pinochet was denied another eight-year term as President in a national plebiscite on October 5, 1988. On December 14, 1989, Christian Democrat Patricio Aylwin, running as the candidate of a 17-party coalition, was elected President. After a four-year transition period, former President Frei was elected President of the Republic for a six-year term and took office in March 1994.

In the Senate races, the ruling coalition of four center-left parties won 54% of the vote (and took half the seats), while the opposition right won 30% of the vote (and took the other half). The Senate contains 21 members from the governing coalition, 17 from the rightist opposition, and 8 senators designated in 1989 by the Pinochet Government for eight-year terms. In the race for the Chamber of Deputies, the ruling coalition won 56% of the vote and 58% of the seats.

## GOVERNMENT

The constitution was approved in a September 1980 national plebiscite by a two-thirds majority. It entered into force in March 1981. Following discussions between the minister of interior, the leader of the coalition parties opposing Pinochet, and the president of the center-right National Renewal Party, a list of amendments to the constitution was submitted to a plebiscite and endorsed by more than 85% of the electorate. The reforms eased provisions for amending the constitution, increased the number of senators, diminished the role of the national security council, and equalized the number of civilian and military members. A 1994 amendment set the presidential term at six years.

Senators serve for eight years with staggered terms; deputies are elected every four years. The Congress is located in the port city of Valparaiso, about 140 kilometers (84 mi.) west of the capital, Santiago.

Chile's congressional elections are governed by a unique binomial system that inevitably rewards large coalition slates and punishes small independent parties. Each coalition can run two candidates for the two Senate and Chamber seats apportioned to each type of electoral district. Typically, the two largest coalitions split the seats in a district. Only if the leading slate outpolls the second place finisher by a margin of more than 2 to 1 does the winner gain both seats.

The political parties with the largest representation in the Chilean Congress are the centrist Christian Democrat Party and the center-right National Renewal Party. The Communist Party and two green (ecological) parties failed to gain a seat.

### National Security

The armed forces are subject to civilian control exercised by the president through the minister of defense. However, each service is headed by a commander-in-chief.

**Army:** 55,000 troops under Augusto Pinochet. The army is organized into six divisions, one separate brigade, and an air wing.

**Navy:** Adm. Jorge Martinez Busch directs the 29,000 person navy, including 5,200 marines. The fleet of 11 surface vessels and four submarines is based in Valparaiso. The navy operates its own aircraft.

**Air Force:** Air General Ramon Vega Hidalgo heads a force of 12,000. Air assets are distributed among four air brigades headquartered in Iquique, Santiago, Puerto Montt, and Punta Arenas. The air force also operates an airbase on King George Island, Antarctica.

After the military coup in September 1973, the Chilean national police were incorporated into the defense ministry. With the return of democratic government, the police were placed under the operational control of the interior ministry. They are led by General Stange, who directs a paramilitary force of 27,000 engaged in law enforcement, traffic management, narcotics suppression, border control, and counter-terrorism throughout Chile.

### Principal Government Officials

President—Eduardo Frei Ruiz-Tagle  
Foreign Affairs—

Jose Miguel Insulza  
Ambassador to the United States—

John Biehl Del Rio  
Ambassador to the Organization of American States (OAS)—

Edmundo Vargas Carreno  
Ambassador to the United Nations—  
Juan Somavia Altamirano

Chile maintains an embassy in the United States at 1732 Massachusetts Avenue NW, Washington, DC 20036 (tel. 202-785-1746).

## ECONOMY

Chile has a diversified free market economy and one of the most educated work forces in Latin America. The economy rests on exports of natural resources and primary products, with copper, fishmeal, fresh fruit, and woodpulp as the principal export products. Chile is the world's largest producer and exporter of copper, with reserves estimated at 20% of the world total. Rapid growth in non-copper exports during the last decade has reduced copper's share of total exports

to around 40%. International copper prices continue to have a major effect on overall economic performance, however, as each 1%-per-pound increase in annual copper prices adds about \$44 million to export revenues.

Under the democratic government which took office in 1990, the pursuit of macroeconomic stability within the framework of a market economy has become a national goal. This newly elected government responded to the danger of an overheating economy with an adjustment plan that reduced GDP growth to 2% in 1990. Growth rose to 6% in 1991 and reached 10% in 1993, well above the estimated medium-term rate of 5%-6%. The central bank raised interest rates in 1992 to reduce the risk of inflation. This, and a rapid fall in the prices of Chile's principal export products led to a slowdown in growth rates in 1993 and early 1994. GDP growth was 6% in 1993 and expected to reach 4%-4.5% in 1994 before rising in 1995.

Although growth slowed in 1993, overall economic activity was healthy. Inflation fell slightly. Unemployment reached a 20-year low—4.6%—for the year, and employment growth was well above population growth, as women continued to enter the labor force in record numbers. A decline in exports to \$9.4 billion and an increase in imports to \$10.7 billion led to the first trade deficit in a decade and a current account deficit of almost 5% of GDP. Continuing capital inflows more than balanced the current account deficit, however, and net international reserves rose by 8%, to \$9.8 billion, during the year. The slowdown in growth rates appeared to have ended by mid-1994, with higher export prices and continuing export growth signaling renewed dynamism in that sector.

In recent years, Chile has taken several steps to open both domestic and foreign markets. It lowered tariffs on nearly all imports from 15% to 11% in 1991. Since 1991, the country has signed free trade agreements with Mexico, Colombia, and Venezuela, continued negotiating an agreement with Ecuador, and is expected to begin negotiations on a trade-liberalizing agreement with the four-member Southern Cone Common Market. Chile also has signed invest-

ment protection agreements with about 12 European, Latin American, and Asian nations. Chile is expected to be the next nation to enter into a free trade agreement with the U.S.

In recent years, Chile also has become much more integrated with world financial markets. The country's foreign debt is below 50% of annual GDP, and private firms have increasingly raised capital in international markets via borrowing or issuing bonds. Over a dozen firms have sold stock overseas. Both domestic and foreign investment have reached record levels, and the economy has registered large capital account surpluses. Investment inflows have been so strong that the government has felt obliged to impose non-interest-bearing reserve requirements on foreign borrowing to discourage inflows of short-term capital attracted by high Chilean interest rates.

In June 1991, the U.S. and Chile signed an agreement to forgive a portion of Chile's PL 480 (Food for Peace) debt to the U.S. under the Enterprise for the Americas Initiative. Chile and the U.S. signed in 1993 an environmental framework agreement under which Chilean payments on aid loans will be used for domestic environmental projects.

### **Agriculture**

The agricultural sector plays a key role in Chile's export-led economy. Agricultural output has benefited from policy reforms which have significantly reduced government involvement in agriculture. These reforms, combined with natural resource advantages, use of advanced production technology, and improved marketing, have doubled Chile's agricultural production since 1980. Government involvement in agriculture is now principally limited to import protection for wheat, sugar beet, and oilseed producers.

Because much of the country is unsuitable for farming, cultivated land accounts for only about 3% of Chile's total area. Most farming occurs in the rich central valley, which extends from the area north of Santiago to Puerto Montt, 1,000 kilometers (600 miles) south of the capital. Agricultural production in the northern half of the country is

principally irrigated; in the southern half, rainfall is plentiful and furnishes ample water for both crops and pastureland. Although land devoted to export crops has increased over the last two decades, traditional crops (grains, oilseeds, sugar beets, etc.) still play an important role in the agricultural economy. Of Chile's 300,000 farms, about 50% produce wheat. Chile also possesses a significant livestock sector.

Chile is a net agricultural exporter, with exports more than two times greater than imports. Fresh and processed fruits and vegetables account for more than 70% of total farm exports. Principal imports include wheat, beef, vegetable oils, corn, and dry milk. The entire agricultural sector (including forestry and farmed fish) now accounts for more than 35% of Chile's total export earnings. The country is the southern hemisphere's top fresh fruit exporter and the world's second-largest producer and exporter of farmed salmon.

The growth in Chile's forestry sector has been equally impressive, both as a result of natural advantages and government incentives to commercial forestry planting. Over the past two decades, forest plantings have increased around tenfold, while exports of forest products jumped almost 20 times in volume.

The United States is Chile's principal agricultural trading partner. Although Chile's agricultural exports to the U.S. greatly exceed U.S. farm sales to Chile, the margin has narrowed in recent years. In 1993, Chile exported \$610 million of fresh fruits and other agricultural products to the U.S. Chile imported \$121 million in agricultural products from the U.S., a 33% increase over the previous year's total.

### **Minerals and Mining**

Mining continues to play a critical role in Chile's economy, despite increasing diversification. For 1994, minerals are expected to account for 46% of Chile's exports, with a value of \$4.8 billion. Copper exports alone will account for more than 75% of that total. In addition to copper, Chile is an important exporter of gold, silver, molybdenum, iron ore, and non-metallic minerals such as lithium and iodine.

Chile is enjoying a major boom in direct foreign investment in its mineral sector based upon its strong geological base and the favorable investment regime which the democratic government has maintained. Major U.S., Canadian, U.K., and Japanese natural resource firms have invested in large, new copper and gold mines. Several important new projects are planned. At the same time, CODELCO, the state copper enterprise and the world's largest copper producer, plans to carry out major investments in coming years to make up for declining production at its existing mines.

Bituminous coal is mined in the Gulf of Arauca region, south of Concepcion, and in the area around Valdivia. These aging, underground mines are facing painful retrenchment. A modern, low-cost, open-pit coal mine exists north of the Strait of Magellan. Chilean coal faces competition from coal imported from Colombia and Venezuela, however.

All of Chile's domestic petroleum production is from the Strait of Magellan and the island of Tierra del Fuego at the southern tip of the country. The state-owned petroleum company, ENAP, is the country's only producer of crude oil and natural gas, although several foreign petroleum firms have been granted exploration contracts. Domestic petroleum production provided about 10% of domestic petroleum consumption in the first quarter of 1994.

### **FOREIGN RELATIONS**

With the transition to democracy complete, Chile has become an active participant in the international political arena. It is an active member of the Rio Group, and it rejoined the Non-Aligned Movement. Chile is a driving force in the world summit for social development to be held in Copenhagen in March 1995. The Chilean Government has reestablished diplomatic relations with most of the countries that broke them during the military regime but maintains only consular relations with Bolivia and Cuba. Often driven by economic interests, relations between Chile and its other Latin American neighbors have significantly improved. Relations with

Argentina and Bolivia, although at times still strained by controversy over border issues, are improving.

The loss of territory by Peru and via to Chile during the war of the Pacific (1879-83) continues to influence some of its neighbors' national attitudes and policies. Bolivia seeks an outlet to the sea and severed relations with Chile in 1978, following a breakdown in negotiations. By treaty, any Bolivian-Chilean agreement involving former Peruvian territory also would require Peru's agreement. However, Peru maintains an embassy in Chile, and recent high level trips by Bolivian leaders to Chile suggest improved relations. While politics frame current Chilean foreign relations, economic integration with its neighbors has become a driving force in Chilean foreign policy.

### U.S.-Chilean Relations

Relations between the two countries are better than at any other time in history. Many members of the Chilean Government were active in the opposition to the military regime and appreciate the role played by the United States in Chile's democratic transition.

The 1976 car bomb assassination in Washington, DC, of Orlando Letelier, a former Chilean ambassador to the United States and a member of President Allende's cabinet, and Ronni Moffitt, a U.S. citizen, caused a sharp deterioration in relations and led the U.S. Congress to ban security assistance and arms sales to Chile.

In 1981, Congress banned all military sales to Chile until the President determined that Chile had made significant human rights progress, was not aiding international terrorism, and had taken appropriate steps to cooperate in bringing to justice those indicted by a U.S. grand jury in connection with the assassination.

Responding to the Aylwin Government's commitment to bring the case to justice in the Chilean judicial system, President Bush issued a finding in late 1990 that removed the sanctions. The United States continued to press for justice in the Letelier/Moffitt case. The Jean special investigating judge found

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The U.S. Department of State's Consular Information Program provides Travel Warnings and Consular Information Sheets. They can be obtained by telephone at (202) 647-5225 or by fax at (202) 647-3000; to access the Consular Affairs Bulletin Board by computer modem, dial (202) 647-9225. Travel Warnings are issued when the Department recommends that Americans avoid travel to a certain country. Consular Information Sheets exist for all countries and include information on immigration practices, currency regulations, health conditions, areas of instability, crime and security information, political disturbances, and the addresses of the U.S. embassies and consulates in the subject country.

Travelers can check the latest information on health requirements and conditions with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at (404) 332-4559 provides telephonic or fax information on the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. A booklet entitled *Health Information for International Travel* (HHS publication number CDC-94-8280, price \$7.00) is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, tel. (202) 512-1800.

Information on travel also may be obtained from this country's embassy and/or consulates in the U.S. (see "Principal Government Officials"). □

that a commander and an operations officer in the Pinochet-era secret police had ordered the assassination and sentenced them to prison. The Chilean Government has made an ex gratia payment to the victims of the families.

President Aylwin's state visit to the United States in May 1992 was the first in more than 40 years. President Eduardo Frei's working visit to the United States in June 1994 was his first trip outside of South America as head of state.

Chile is currently the only country that the Clinton Administration has identified as meeting NAFTA criteria to negotiate a free trade agreement. The

Frei Government has sought a "special relationship" with the United States. President Clinton and President Frei agreed to a consultative framework to increase the scope and frequency of consultations on issues of common concern.

### Principal U.S. Embassy Officials

Ambassador—

Gabriel Guerra Mondragon

Deputy Chief of Mission—

Michael W. Cotter

Public Affairs Officer—

Barbara C. Moore

Political Counselor—Phillip T. Chicola

Economic Counselor—

Anthony J. Interlandi

Administrative Counselor—

F. Coleman Parrott

Chief, Consular Section—

Richard S. Mann

Commercial Attache—Carlos F. Poza

Defense Attache—

Capt. (USN) Thomas L. Breitingner

Chief, U.S. Military Group—

Col. (USAF) Steven E. Cady

Agricultural Attache—Richard B. Helm

Labor Attache—Joseph G. McLean

U.S.AID Representative—

Thomas Nicastro

Peace Corps Director—

David Valenzuela

The U.S. embassy and consulate in Santiago are located at 2800 Andres Bello Avenue, Las Condes, (tel. (562) 232-2600). The mailing address is Casilla 27-D, Santiago, Chile (FAX: 562-330-2710). ■

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# Country Profile

## *I. DEMOGRAPHIC INDICATORS*

**CHILE**

Population 1995, in 1000s: 14,251

Land area, square miles: 289,112

Population density, number of people per square mile: 49

Crude birth rate, per 1000 population: 22

Number of births: 319,222

Crude death rate, per 1000 population: 6

Number of deaths: 79,806

Rate of natural increase, percent: 1.7

Natural increase, births minus deaths: 239,417

Doubling time at current rate of natural increase, years: 41

Population 2010, in 1000s: 17,266

Population 2025, in 1000s: 20,112

Infant mortality rate, per 1000 live births: 15

Number of infant deaths: 4,661

Under-5 mortality rate, per 1000 live births: 17

Annual number of under-5 deaths, in 1000s: 5

Total fertility rate: 2.5

Population under age 15, percent: 31

Population under age 15, number in 1000s: 4,361

Population age 65 and over, percent: 6

Population age 65 and over, number in 1000s: 869

Life expectancy at birth, years: 72

Life expectancy at birth for males, years: 69

Life expectancy at birth for females, years: 76

Urban population, percent: 85

Urban population, number in 1000s: 12,156

## Country Profile

### *II. SOCIOECONOMIC INDICATORS*

**CHILE**

|                                                                            |                                 |
|----------------------------------------------------------------------------|---------------------------------|
| World Bank Index of economic development:                                  | MIDDLE/LOWER MID-INCOME ECONOMY |
| Gross national product (GNP) per capita, 1993, US\$:                       | 3,070                           |
| ODA flow as percent of GNP, 1993:                                          | 0                               |
| ODA inflow, million US\$, 1993:                                            | 184                             |
| External population assistance, thousand US\$, 1992:                       | 1645                            |
| Percent of central government expenditure allocated to health, 1986-92:    | 11                              |
| Percent of central government expenditure allocated to education, 1986-92: | 13                              |
| Percent of central government expenditure allocated to defense, 1986-92:   | 9                               |
| Percent of labor force in agriculture, 1988-93:                            | 17                              |
| Women as percent of non-agriculture employment, 1992-93:                   | 37                              |
| Adult literacy rate for men, 1992:                                         | 93                              |
| Adult literacy rate for women, 1992:                                       | 93                              |
| Primary school enrollment ratio for boys, 1986-1992:                       | 99                              |
| Primary school enrollment ratio for girls, 1986-1992:                      | 97                              |
| Secondary school enrollment ratio for boys, 1986-1992:                     | 70                              |
| Secondary school enrollment ratio for girls, 1986-1992:                    | 75                              |
| Percent of population with access to basic care:                           | 95                              |
| Population per nursing person, 1990:                                       | 340                             |
| Population per physician, 1990:                                            | 2150                            |
| Percent of infants with low birth weight, 1990:                            | 7                               |
| Percent of births attended by trained health personnel, 1983-93:           | 98                              |
| Percent of children (20-23 months) who are still breastfed, 1986-93:       |                                 |

| Percent of population with access to: | Total | Urban | Rural |
|---------------------------------------|-------|-------|-------|
| Safe water, 1988-93                   | 86    | 98    | 75    |
| Adequate sanitation, 1988-93          | 83    | 84    | 5     |
| Health services, 1985-93              | 97    |       |       |

Year women were given the right to vote:

## Country Profile

### III. FAMILY PLANNING

CHILE

Percent of married women (15-49) practicing family planning:

1978 : 43 :  
:

Contraceptive prevalence rate among married women of reproductive age (MWRA) by method:

| All methods:          | percent | Modern methods: | percent |
|-----------------------|---------|-----------------|---------|
| Female sterilization: |         | Pill:           |         |
| Male sterilization:   |         | Injectable:     |         |
| IUD:                  |         | Condom:         |         |
| Female barrier:       |         | NORPLANT:       |         |

MWRA per family planning staff member, 1990 : 1,085

MWRA per family planning service point, 1989 : 4,299

Government's family planning budget as percent of health budget, :

Source of contraceptive supplies and services among current users, :

Percent of current users relying on public programs:

Percent of current users relying on the private sector:

Percent of population with access to family planning services, :

|                       | Total | Urban | Rural |
|-----------------------|-------|-------|-------|
| IUD insertion:        | 90    | 100   | 80    |
| Pill:                 | 85    | 100   | 80    |
| Injectable:           | 25    | 30    | 20    |
| Female sterilization: | 60    | 70    | 50    |
| Male sterilization:   | 1     | 1     |       |
| Condom:               | 90    | 90    | 85    |
| Abortion:             |       |       |       |

## Country Profile

### ***IV. POLICY INDICATORS***

***CHILE***

| Government view and policy on:        | View                 | Policy          |
|---------------------------------------|----------------------|-----------------|
| Population growth:                    | SATISFACTORY         | NO INTERVENTION |
| Fertility:                            | SATISFACTORY         | NO INTERVENTION |
| Spatial distribution - rural / urban: | MAJOR CHANGE DESIRED | REVERSE         |
| Immigration:                          | SATISFACTORY         | MAINTAIN        |
| Emigration:                           | SATISFACTORY         | NO INTERVENTION |

Contraceptive information supplies: NO MAJOR LIMITS / DIRECT SUPPORT

Is there a government agency (or agencies) responsible for integration of population policy in the development planning? YES

Minimum legal age at marriage for men / women 14 / 12

Grounds on which abortion is permitted are marked by "X," if information is available:

|                           |                             |
|---------------------------|-----------------------------|
| To save mother's life     | Rape or incest              |
| Foetal impairment         | To preserve physical health |
| To preserve mental health | Economic or social reasons  |
| On request                |                             |

Maximum gestation for abortion (weeks):  
Committee approval required for abortion?  
Husband approval required for abortion?

|                                                |            |
|------------------------------------------------|------------|
| Legal status of female sterilization:          | ON REQUEST |
| Committee approval required for sterilization? | YES        |
| Husband approval required?                     | YES        |
| Minimum age for sterilization, women / men     | 32 /       |
| Minimum number of living children?             | 4          |

Import regulations on contraceptives:

|                                   |    |                                   |    |
|-----------------------------------|----|-----------------------------------|----|
| License required for IUD?         | NO | License required for pills?       | NO |
| License required for injectables? | NO | License required for condoms?     | NO |
| License required for diaphragm?   | NO | License required for spermicides? | NO |
| License required for NORPLANT?    |    |                                   |    |

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Chile: Economic Overview

Chile has a strong economy with excellent prospects for continued rapid growth. The prestigious Davos Economic Forum recently rated Chile the fifth most competitive emerging economy. Since 1985, annual GDP growth has averaged 6.1 percent, the highest in the region, reaching a record 10.3 percent in 1992. First quarter GDP growth this year was 6.6 percent above the first quarter of 1994, in line with predictions of 6 percent growth for 1995 overall. Unemployment is 5.3 percent, inflation 7.4 percent (the lowest since 1982).

Chile represents in many respects a model of economic reform: consistent, prudent fiscal and monetary policies have been in place for years now, successfully reducing inflationary pressures. The government posted its eighth consecutive budget surplus in 1994, equal to about 1.7 percent of GDP. Chile's favorable economic outlook is further enhanced by high domestic savings and current strong investment rates. Foreign investment is mostly (60 percent) long-term direct investment. Reflecting the strength of Chile's export performance and foreign investment inflows, the value of the Chilean peso has risen and the government recently shifted the band in which the peso floats. Chile's financial picture is bright: a current account surplus, strong foreign currency reserves, vibrant domestic financial markets providing attractive alternatives to external financing and prudent management of short-term capital flows.

Chile has a generally open trade and investment regime (with a uniform tariff of 11 percent), although barriers do exist. In the last eight years, US exports to Chile have almost tripled. The United States is Chile's largest supplier of imported goods: its share of Chile's total imports rose from 20.5 percent in 1992 to 23.5 percent in 1993. Corn, fertilizer, computer parts and accessories, communications transmitters and construction vehicles topped the list of US exports to Chile. In each of over 400 different goods categories, US export revenues exceeded USD one million.

One of the original GATT signatories, Chile played an active role in concluding the GATT Uruguay Round Agreements and has ratified and begun to implement the Agreements. Chile was the first developing country to bind its tariff regime in the GATT as part of the 1979 Tokyo Round of multilateral trade negotiations. In 1994, Chile became a member of the Asia Pacific Economic Cooperation (APEC) forum. Chile is also participating as an observer in several OECD meetings.

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Chile: Status of Education

Chilean education statistics are among the best in Latin America: elementary school coverage is almost 100 percent, secondary school coverage is 76 percent, and tertiary coverage is 20 percent. Chile enjoys a 94.6 percent literacy rate. Pre-school education is at 18 percent coverage. All these figures represent tremendous improvements from 1965 levels. Nonetheless, the government has declared educational reform one of its two highest priorities. In 1985 Chile decentralized its unitary school management system, contracting those responsibilities to municipalities and professional associations.

USAID/Chile has just completed financing a multi-year pilot program using competency-based-education (CBE) and public-private partnership concepts to orient and redesign vocational technical curricula towards marketplace needs. Ohio State University, Ferris State University and California State at Chico trained 45 teachers selected from six high schools throughout Chile. The program, now in its third year of implementation, has received very high grades from students, faculty, the private sector and Ministry of Education. In 1998, the first graduating class will enter the market.

In the primary and secondary area the government has pledged USD 244 million of its own money for USD 205 million in loans from the World Bank to improve access, quality, computer use and infrastructure. There is a school feeding program in the poorest 900 schools.

Key Issues

-- Pre-school education: Only 2 of 10 poor children enter a preschool system.

-- Elementary education: While access is almost universal, the system has quality and efficiency problems. 52,000 students are still outside the system, only seven of ten children complete elementary education, the failure rate is 12.2 percent and three of four poor students do not understand what they read. In the 20-25 age cohort 17 percent have not completed elementary education.

-- Secondary education: Technical vocational education does not provide workplace required competencies. There are access, efficiency and quality issues -- it takes 5.4 years to graduate a student from a 4 year program. Dropout rates were 7.2 percent; while 1 of 5 students drops out. The poorest sector of the economy has lower results.

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Chile: Status of Women

Women make up 50.9 percent of Chile's population. While Chile's constitution does not allow discrimination based on gender consideration, lack of women's participation is widely evident in education, employment and social-political participation. In 1989, the Aylwin administration created SERNAM, a cabinet-level agency responsible for policy development and program implementation on women's issues. The Frei administration has developed a plan for women's equality. Nonetheless, Chile remains in many ways a very traditional society. Neither birth control nor abortion is a major topic of public debate, the former because it is widely accepted, the latter because it remains essentially taboo (and illegal).

The government of Chile, through SERNAM, and using the plan for woman's equity, is developing new programs to respond to these challenges.

USAID/Chile has finished a program with Finam, a local women's world banking affiliate, to provide microenterprise loans to poor women. Finam now has the capacity to design and carry out credit activities which address specific income generation needs for low income women and to mobilize local and external resources.

Key Issues

-- Economic participation: While women from all economic levels have entered the work force in the last 20 years, their income levels, benefits and positions lag behind those of male counterparts. Some studies show that women earn 81.7 percent less than men. Job recruitment is often specifically done according to sex. As a group, women's education levels also lag those of men, although upper-class women have long been represented in the prestige universities.

-- Political participation: Within Chile's Congress, women hold seven of 120 lower house seats and two of 38 elected seats in the upper house. However, three ministries are led by women: Justice, National Properties and SERNAM. Women's leadership tends to focus on the NGO community.

-- Familial participation: The family is under increasing pressure. Family violence has become a topic of discussion; more households are being led by women; there are reportedly 400,000 teen pregnancies per year and 150,000 abortions. Working mothers are entitled to a three month paid maternity leave.

## Chile: Children and Poverty Alleviation Issues

Chilean statistics on children are among the best in Latin America. Overall, 86.2 percent of Chilean children are classified as normal, however, these figures represent 91.6 percent of children in the highest income level and 83.8 percent in the lowest. Access to basic education is almost 100 percent..

Chile is committed to broad-based sustainable inclusive development. Poverty reduction in Chile is not only a key social and economic issue, but also a key political issue. Since 1989, Chile's democratically elected governments have increased the rate and level of public resource allocation to social sector programs, while reliance on donor loans has dwindled. At the World Summit on Social Development in Copenhagen, Chile took a leadership role on "growth with equity issues".

In 1990, as a result of the World Summit on Children, Chile designed a national children's plan, pledging itself by the year 2000 to increase basic education coverage from 91 to 98 percent, decrease infant mortality from 16 to 11.5 per 1,000, decrease maternal mortality from 3.8 to 2.5 per 10,000, improve the protection framework for child victims of abuse, develop a protection framework for children and juveniles with criminal problems and decrease the use of drugs, alcohol and cigarettes.

USAID/Chile, through its justice reform program, is providing support to the Ministry of Justice to draft new and improved children protection legislation to reach its World Summit on Children goals.

### Key Issues

-- Poverty alleviation: Almost 30 percent of Chile's 12.5 million people are considered to be in poverty. Improved pre-school, health and employment services must be delivered to children in poverty.

-- Special needs: In Chile, studies indicate that five percent of children under 18 suffer from abuse and more than 10,000 children have been totally or partially abandoned. In 1988, the last year of available statistics, 6,171 juveniles were arrested, while 8,704 were in prison. Too many juveniles were in adult prisons. In 1990 almost 14 percent of children were born to juveniles under 20 while 24 percent of male juveniles are considered to have drinking problems. Almost 17 percent of juveniles between 16 and 18 have reportedly used drugs, while 7.9 percent of all juvenile have gotten into problems due to drugs.

Chile: Population and Family Planning

Chile enjoys a 1.6 percent annual population growth rate, a child mortality rate between 11 and 12 per 1,000 and a fertility rate of 2.5 percent. The percentage of married women using contraceptives is high. The rate of STD/AIDS/HIV is low. At current growth rates, Chile's population is projected to double by 2036. Chile did not present any policy plan at the UN Population Conference in Cairo. Chile's stand is basically: yes to family planning, no to abortion. The Ministry of Health is in the process of reformulating and revising approaches to family planning issues and programs based on the Cairo conference.

USAID and other donors have successfully worked with the Ministry of Health since the 1960s. Indeed, the above statistics reflect the results of good donor/government cooperation and program implementation. Aprofa, Chile's association for family protection, is the only NGO in family planning. It is associated with the International Planned Parenthood Federation. Aprofa works with the Chilean Red Cross.

USAID/Chile has been providing contraceptives (condoms, oral contraceptives and IUDs) to the Ministry of Health and NGO community. As USAID phases out of Chile, a sustainable program will be put into place at the Ministry.

Key Issues

- Quality and efficiency: Chile must improve the quality and efficiency of its services.
- Poverty coverage: Chile must continue to expand and modify its programs responding to the needs of the urban and rural poor.

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Chile: Health Issues

Chilean health statistics are among the best in Latin America. Chile has a general mortality rate of 5.5 per 1,000, an infant mortality of 13.1 per 1,000, a life expectancy at birth of 72 years for 1990-95 and a population growth rate of 1.55 percent. Chile's basic sanitation indicators are similarly favorable. Potable drinking water is available to 95.2 percent of the urban areas while 73.3 percent of the rural areas are covered; 73 percent of the urban area has sewerage. However, less than two percent of waste-water is treated. AIDS accumulated incidence is 8.2 per 100,000.

USAID/Chile has just finished a multi-year project to expand health services to the poor and improve the quality of health care services. As a result of the project: 104 rural and 27 urban municipalities received additional funds to expand primary health care; 27 24-hour urban health centers, covering 2.5 million Chileans (18 percent of the population), were established; 67 urban health centers, covering four million Chileans (29 percent of the population) put on a third shift; almost 10,000 professionals and technicians were trained in primary health care and 42 health care labs were upgraded.

Key Issues

-- Expanding service access: As Chile's population matures, new programs responding to specific demographic needs for the poor, for women, adolescents, the aging, are being developed. Additionally programs for the developmentally disabled are being designed. Special public health campaigns for winter respiratory infections, cholera and measles control were successfully launched.

-- Empowerment/decentralization of services: Chile is a unitary state in the process of decentralization. Hospitals and health services are being empowered to establish regional priorities, formulate local plans and determine needed resources. Renewed emphasis is being placed on primary health care service through a new financial distribution formula. Finally, the Public Health Institute will be strengthened to oversee public and private clinics and hospitals.

-- Redefining the health care model: The Ministry of Health is working towards balancing coverage and quality and improving resource utilization while expanding primary health care.

-- Strengthening the government's regulatory role: The Ministry of Health will increase its oversight of health care and insurance providers.

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Chile: Human Rights

Five years after the transition to democracy, the principal human rights issues in Chile relate to abuses -- up to 3,000 killings -- that occurred during the former military government. Efforts to do justice in those cases are limited by sometimes conflicting requirements for justice and national reconciliation. The judicial system continues to investigate, with mixed success, a number of pending human rights cases, but human rights monitors have criticized preferential treatment given some human rights abusers.

The Chilean Supreme Court's decision in May 1995 to uphold the convictions and prison sentences of two army officers for their roles in the 1976 Letelier/Moffitt murders significantly curtailed military impunity. The imprisonment of one -- Brig. Espinoza -- prompted protests by active duty military, but Espinoza remains in prison. The other convicted officer, Gen. Contreras, has resorted to legal appeals to prolong his stay under prison guard in a military hospital. President Frei has stated that Contreras will serve his term in prison and repeatedly emphasized the primacy of the constitution and law in Chile.

President Frei in August proposed a "reconciliation" package of constitutional and legal reforms to consolidate Chile's return to democracy and address the military regime's human rights violations. The package includes draft legislation to expedite the handling of pending human rights cases dealing with disappearances, modify the military code to allow the president to dismiss flag rank officers after consulting with the appropriate service chief, abolish appointed senatorial positions, give civilians a majority on the national security council and change the constitutional court. Sectors of the political left and right are opposed to different parts of the package.

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**Chile: Mrs. Frei's Involvement in Social Welfare Issues**

Chile's First Lady, Mrs. Marta Larraechea de Frei, is president of the following four institutions involved in promoting developmental activities on behalf of women and children:

- A. **Fundacion Tiempos Nuevos (New Times Foundation):** This is the only foundation founded by Mrs. Frei. The others were started by her predecessors. Tiempos Nuevos has two projects. "Artesanias De Chile" is a gallery crafts shop that was inaugurated in 1994 to promote and sell handicrafts produced by local artisans. This is one of the President's and Mrs. Frei's favorite programs. The gallery is frequently visited by official state visitors for special presentations. Tiempos Nuevos is also considering creating a children's interactive museum.
- B. **Integra (National Foundation for Child Development):** Integra's objective is to provide education to children in extreme poverty and provide pre-school and basic education to two to six year olds through more than 500 centers nationwide. Integra serves 40,000 children, allowing their mothers to work. It also provides training to parents so they can assist with their children's education.
- C. **Prodemu (Women and Development):** Prodemu's objective is to promote women's participation in the creation of new organizations aimed at dealing with their problems, strengthening existing ones and creating an information network to improve their quality of life. Prodemu implements training programs that stimulate personal development and community participation, and provides women the necessary tools to play leadership roles. Prodemu also provides health care, assists in AIDS prevention campaigns, environmental campaigns, and other civic issues. Prodemu disseminates information on women policies and programs and women's legal rights. It also conducts training programs to teach or increase income-generating skills in handicrafts, plumbing, electricity and mechanics. Prodemu promotes cultural heritage through artistic activities organizing a national poetry and painting contest for women.
- D. **Fundacion Para La Familia (Foundation for the Family):** The foundation improves the quality of life of urban low income families by providing family centers where families meet for cultural and recreational activities.

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Chile: Embassy Santiago and the American Community

The US presence in Santiago is housed in a new chancery building which was inaugurated on July 4, 1994. The 122,700 square foot edifice is situated on a five-acre triangular site in the residential suburb of Las Condes, approximately five miles northeast of downtown Santiago. The building reflects the latest security standards, and its design features embody ultra-modern construction practices. The design architect is from Minnesota; marble and granite used for the facade is from Minnesota and Texas.

The public sees three separate areas of the building: the two-story entrance rotunda connecting the other two building components; the consular hall housing consular operations and the US Information Service activities; and the chancery atrium, a round five-story structure accommodating the other embassy offices.

Embassy Santiago is staffed by 89 American employees representing 15 USG entities. There are some 52 spouses at post, 68 dependent children and one dependent "in-law." Americans are assisted by 170 Chilean direct-hire and contract employees who work at the Embassy. Together, they conduct the full range of USG business. Consular officers issue approximately 6,700 non-immigrant visas per month (an increase of over 30 percent from last year), and provide services to the growing American citizen community in Chile. Other activities include political and economic reporting and representation and the dissemination of US policy to the local press. Promotion of US exports is a priority with the Embassy providing support for more than ten trade fairs and up to 20 trade missions per year. In addition, the Embassy each year facilitates more than 125 individuals looking to do business in Chile by researching and matching them with potential partners, agents and clients, as well as providing information upon request to countless numbers of business people in the United States. Law enforcement and military liaison activities, and direct support to American employees working at the Embassy, are among the other challenges facing Embassy Santiago.

Chile hosts approximately 5,500 non-official American citizens who live in the country, with 4,000 residing in the Santiago area. Seven hundred of these Americans are connected with US and other countries' private sectors conducting business, 350 are missionaries representing several faiths, 100 are students, 1,500 are retirees and 550 are family members associated with the above categories. Finally, out of the total of 5,500 American residents, 800 have dual Chilean and American citizenship.



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

## FACT SHEET

WASHINGTON, DC 20523

THE USAID PRESS OFFICE

#95 - 96

Contact: Russell Porter or Jay Byrne

(202) 647-4274

### USAID Assistance to Chile

#### Background

With more than 3,000 miles of contiguous coastline, a population of some 14 million, and an economic growth rate that has exceeded 6% with constantly declining inflation and poverty since the return of democracy in 1990, Chile is a regional leader.

In 1990, Chile inaugurated President Patricio Aylwin, a Christian-Democrat heading a moderate coalition government, ending 17 years of military dictatorship. In 1993, Eduardo Frei won the presidential election with 58% of the vote. Frei's government has maintained a stable economic policy, opened Chile to new markets, and continued social investment as a top government priority.

#### USAID Assistance

Chile was a major beneficiary of U.S. support during the Alliance for Progress. Over the past 50 years, Chile has received over \$2 billion in U.S. economic assistance creating the building blocks for sustainable development. Numerous present and former ministers have studied in the U.S. through USAID scholarships. While continuing to work with the government on targeted programs, Chile will graduate from the U.S. assistance program on September 30, 1996.

USAID assistance is focused on Chile's democratic consolidation, economic maturation, and social sector reforms. The program has facilitated the transition to democracy by supporting programs for civic education and participation, legislative training, and technical support for modernization of the judicial system. USAID support for social sector reform has included a multi-year project in competency-based education in a public/private partnership to improve vocational and technical education. In health, a \$10 million project helped the government in its goal to expand access and

quality of health services to the poor through decentralized delivery systems.

In addition, as part of the modernization of public administration, support for internal revenue administration, public comptrollers and customs service administrators has been provided. New activities are strengthening decentralization efforts in local governments.

Support for the rule of law has involved assistance to improve judicial functions and increase access to justice by preparing and training judges in the effectiveness of the management of the judicial system. Direct support for NGO/government partnership in legal services also was provided over the past four years. With the support of USAID, Chilean and U.S. Universities are improving the analytic capacity of the Chilean Congress, providing representatives with analytical reports and sponsoring workshops on pending legislation, computer use, and drafting legislation.

Technical assistance was provided to Chile's National Environmental Commission to improve policy formulation, and regulatory and information management. USAID also is assisting Chile to address environmental problems through a Chile/U.S. foundation which funds NGO environmental protection activities.

#### Other Donors

The Inter-American Development Bank and the World Bank are the major donors in Chile.

| USAID Assistance | DA                |
|------------------|-------------------|
| FY 1994 Actual   | 2,224,000         |
| FY 1995 Est.     | 3,620,000         |
| FY 1996          | no funding in 96. |

## **Inter-American Foundation's Program in CHILE**

The Inter-American Foundation (IAF), a small, independent agency of the U.S. government, has woven a thread of continuity through Latin America and the Caribbean by maintaining its program in almost every country for over 25 years. Through civil strife, changes of governments, and natural disasters, the IAF has sometimes been the only U.S. government agency present, working directly with private citizens to ensure equitable development.

Created in 1969 with a mandate to be innovative, the IAF is best known for its partnerships with the poor to support self-help efforts in non-formal education, community-based health programs, microenterprise development, and sustainable agriculture. Today, the IAF nurtures partnerships not only with the poor but with local corporations, banks, philanthropic organizations and public institutions. Together, the IAF and its partners have created a grassroots, experimental laboratory for testing cost-effective, participatory models for social and economic development. Investing only pennies of taxpayers' money, the IAF promotes practical methods for solving local problems with local resources. These models are often replicated and expanded by governments and larger donor agencies, providing access to services for hundreds of thousands of poor families throughout the hemisphere.

Since 1974, the IAF has funded 270 grants in Chile for a total of \$41 million. During its first decade, nearly three-quarters of the funding went to rural organizations to obtain credit, improve technology, and generally adjust to a changing rural economy. In urban areas, the IAF assisted thousands of small-scale businesses and emergency food programs involving thousands of poor women, through times of economic and political hardship. In the past decade, the IAF has provided training, technical assistance, and credit through NGOs who service the urban poor with health education, microenterprise development, neighborhood improvement and youth programs. Rurally, the IAF has given 25,000 artisanal fishermen access to new technologies in resource management and helped them influence national policy for the entire fishing sector. Likewise, the IAF supported initiatives that drew national attention to the plight of Chile's 800,000 seasonal farm laborers, mostly women subjected to substandard health and working conditions.

Today, job training, housing, day-care, and food programs help the poor meet their basic needs while fledgling organizations represent them to employers and government. The IAF also supports indigenous NGOs that are addressing the economic plight of the Aymara and Mapuche while building a network among indian women. Recently, grants are helping fishermen, farmers, indians, and small business owners prepare for Chile's integration into NAFTA and bring their interests to NAFTA bargaining tables. Finally, the IAF is promoting a fund to support community development initiatives in the poorest communities in Chile so that civil society and local governments can work together to overcome extreme poverty by the year 2000.

Not all development problems require large flows of foreign aid. In fact, a judicious investment in people with energy and ideas can produce enormous returns. In Chile, the IAF's seed capital has reaped a harvest of benefits for the poor.

## USIS PROGRAMS IN CHILE

USIS Santiago works closely with other U.S. Mission elements to encourage the strengthening of democratic institutions and to engage Chileans in a dialogue about accession to NAFTA. The Post emphasizes the following issues:

- **Women and democracy:** USIS Santiago has given priority attention to the role of women in a democracy by inviting Chilean women leaders to participate in International Visitor Program study trips to the United States on topics such as "Women in Politics" and "Grassroots Democracy." This year, a Congresswoman from each of the three large political parties has been invited to explore these issues in the U.S. USIS has a special responsibility and has developed especially close collaboration through a variety of local and travel programs for women leaders in educational policy and in journalism education.
- **Cultural programs:** USIS Santiago cultural programming has focussed on increasing access to and understanding of the United States by Chilean cultural and educational institutions and NGOs and helping them build long-term institutional relations with U.S. counterparts. Areas of emphasis include American studies (in which the University of Chile and the University of Texas at Austin have just been awarded an affiliation grant), fundraising by non-profit groups, and environmental conflict resolution.
- **Strengthening democratic institutions:** Centralization of power is a trait of military governments. Over the last five years, the Aylwin and Frei governments have worked to decentralize political and economic power and responsibility, and encourage civic participation at the state and local levels. USIS Santiago uses its contacts and programs to support projects on grassroots democracy, municipal management, and citizen involvement.
- **Chilean accession to NAFTA:** A few months ago, Chile, the U.S., Canada and Mexico entered negotiations to expand NAFTA to include Chile as a fourth member nation. In addition to providing general information about NAFTA and the requirements Chile must meet to join the treaty, USIS Santiago provides opportunities to inform Chilean audiences about all aspects of the U.S. economic process which effect the NAFTA negotiations.
- **Binational Centers:** Chile has a network of 10 binational centers with whom USIS works to enhance understanding of the United States by supporting information reference services, educational advising for study in the U.S., U.S. cultural programming and cultural content in English language courses. These centers serve as links to community organizations along the length of Chile.

CHILE: Press Material

Q. What is the purpose of your visit to Chile?

A. Among the many values and ideals that Chile and the United States share, none is more important than our countries' common commitment to promote the economic and social welfare of our citizens, particularly through assisting the poor and disadvantaged.

I look forward to meeting again with Mrs. Frei and continuing our discussion of these issues. During my stay here, I will also be meeting with government and private sector leaders who are working to develop programs in these areas.

CHILE: Press Material

Q. Can you tell us if you have brought some special message from President Clinton regarding the present state of US-Chilean relations?

A. President Clinton is committed to building on what is already a close and mutually beneficial relationship between the US and Chile. This excellent bilateral relationship is rooted in our shared democratic values and common economic goals. The President is also committed to a strong trade agenda that includes successfully negotiating Chile's accession to the NAFTA and building the Free Trade Area of the Americas discussed during the Summit of the Americas in Miami last December.

Q. In the latter regard, what are the prospects for Chile's obtaining "fast-track" authorization and entering NAFTA this year?

A. The Administration is continuing to work with the Congress to develop an acceptable fast-track trade negotiating authority.

The President looks forward to continuing discussions with Chile and our NAFTA partners regarding Chile's accession to the NAFTA and believes that now is not the time to stop or slow down those efforts.

CHILE: Press Material

Q. What is your view of the delays here in carrying out the Supreme Court-ordered sentences against General Contreras and Brigadier Espinoza in the Letelier case? Does the United States still consider that justice has been done?

A. We continue to applaud the successful efforts of the Chilean Government to investigate and prosecute the 1976 assassinations in Washington of Orlando Letelier and his American citizen aide, Ronni Moffitt. We are gratified that justice has prevailed. The Chilean justice system is taking the appropriate legal steps in applying these sentences.

Q. Nevertheless, don't you think Chile's image in the United States has been tarnished by delays in carrying out the sentences?

A. Chile has a strong and positive international image. The Government of Chile is to be applauded for its steadfast commitment to prosecuting and carrying out the sentences in the Letelier/Moffitt case.

CHILE: Press Material

Q. You recently attended the United Nations Fourth World Conference on Women. In your view, what did the conference accomplish?

A. The Beijing conference focused world-wide attention on the status of women and the challenges and burdens they face in trying to improve their own lives and those of their children and families. For the first time, a significant portion of a United Nations document underscored the need to end violence against women. The conference's "platform for action" which the United States signed proposes concrete and important steps to improve women's lives.

CHILE: Press Material

Q. How would you respond to those in Chile, including the Catholic Church, who charge the Beijing Conference's definition of gender undermines the family?

A. The Beijing Conference considered issues related to education, health care, economic opportunity and political freedom because these are the essentials for keeping families strong and secure. As I have said before, if women and girls don't flourish, families won't flourish. And if families don't flourish, communities and nations won't flourish.

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Chile: Summit of the Americas Implementation

Chile has been one of the most active partners in the implementation of Summit agreements. Chile's economic growth is driven by exports, and the Government of Chile has actively sought the realization of regional economic integration. Chile maintains a strong interest in environmental issues and in fighting poverty.

Key Issues

- Chile has aggressively sought NAFTA membership. The government of Chile is watching the fate of 'fast-track' legislation with great interest. Should it fail, the Chilean government will continue more actively to pursue closer association with MERCOSUR, the regional economic association of Southern Cone states.
- The OAS Confidence and Security Building conference scheduled for November 1995 is a historic milestone for the region in strengthening regional stability. The Chileans have volunteered to coordinate the hemispheric implementation of the 'mutual confidence' and telecommunications action items.
- Chile has also volunteered to help coordinate the Summit action items associated with the fight against poverty, and, with USAID assistance, will host in January 1996 the hemispheric conference on eradicating poverty and discrimination. The meeting, which involves political and technical experts, will re-affirm the Summit commitment to social investment by the Hemisphere's governments and will promote implementation of Summit initiatives in education, health, women in development and microenterprises/small businesses.
- A special effort is underway to provide preschool education to children in families from the poorest 20 percent of society. In the near term, the GOC plans to cover 100 percent of five year olds and 40 percent of three and four year olds.
- In high school education the goal is to have a 75 percent graduation rate by the year 2000 and to improve the achievement test scores of economically disadvantaged students.
- Chile has a cabinet level ministry for women's issues (SERNAM). SERNAM is the driving force bringing Chilean women to equal status with men. With the exception of abortion, a taboo subject in a country where even divorce is illegal, the GOC delegation to the Beijing Conference supported positions closely paralleling those of the USG.

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### **RESTRICTION CODES**

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b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

# Withdrawal/Redaction Marker

## Clinton Library

| DOCUMENT NO.<br>AND TYPE | SUBJECT/TITLE                   | DATE | RESTRICTION |
|--------------------------|---------------------------------|------|-------------|
| 012. report              | U.S. government report (1 page) | n.d. | P1/b(1)     |

### COLLECTION:

Clinton Presidential Records  
First Lady's Office  
Melanne Verveer  
OA/Box Number: 15623

### FOLDER TITLE:

HRC Briefing Book for South America 1995 [binder] [1]

2013-0534-S  
ry1725

### RESTRICTION CODES

#### Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

#### Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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### Chile: Local Customs

Chileans follow standard Western etiquette. One local deviation that may be of interest, since the First Lady will be in Chile on a Friday the 13th, is that this date has no superstitious significance in Chile, where some people instead consider Tuesday the 13th unlucky.