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NATIONAL SECURITY COUNCIL WASHINGTON, D.C. 20504

June 12, 2004

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MEMORANDUM FOR

MR. LEWIS LIBBY
National Security Advisor to
the Vice President

CAPT WILLIAM P. MARRIOTT, USN Executive Secretary Department of Defense

MR. KARL HOFMANN Executive Secretary Department of State

SUBJECT:

Memorandum of Conversation with President Berger of Guatemala (U)

The attached Memorandum of Conversation between the President and President Berger of Guatemala on April 30, 2004, is provided eyes only for the information of the Vice President, the Secretary of State, and the Secretary of Defense.

Gregory L. Schulte
Executive Secretary

Attachment
Tab A Memorandum of Conversation

Office of the Secretary of Defense 3 U.S.C. § 552 Chief, RDD, ESD, WHS
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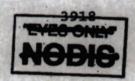
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THE WHITE HOUSE WASHINGTON



MEMORANDUM OF CONVERSATION

SUBJECT:

Oscar Berger, President of Guatemala (U)

PARTICIPANTS:

The President Colin Powell, Secretary of State Andrew Card; Chief of Staff Condoleezza Rice, Assistant to the President for National Security Affairs Roger Noriega, Assistant Secretary of State for Western Hemisphere Thomas Shannon, Special Assistant to the President and Senior Director for Western Hemisphere Affairs, NSC (Note taker) Victoria Muland, Principal Deputy National

Security Advisor to the Vice President. Patsy Arizu, Interpreter

Oscar Berger Perdomo, President Jorge Eduardo Briz Abularach, Minister of Foreign Affairs Guillermo Castillo Villacorta, Ambassador Maria Antonieta del Cid de Bonilla, Minister of Finance Marcio Cuevas Quezada, Minister of Economy Alfredo Antonio Vila Giron, Private Secretary of the Presidency Manuel Antonio Gonzalez Castillo, Executive Secretary of the Presidency

DATE. TIME AND PLACE: April 30, 2004, 2:30 - 3:00 p.m. EDT Oval Office

The President: Welcome, my friend. I am very happy that you are here, and that we have this opportunity to talk. I know we share a commitment to freedom and prosperity, and that together we are looking to create the open markets that help our economies to grow and improve the standard of living of our people. We are very interested in your success, and the prosperity of the Guatemalan people. We have a shared agenda



2



that includes trade, fighting terrorism, and respecting human dignity. (c)

I am, however, worried about our neighborhood. There are destabilizing elements that are trying to create problems. There was foreign money in El Salvador during the elections. This is very troubling. We want stability and prosperity in the region.

President Berger: Thank you very much, Mr. President. I am very happy to be here. I understand and appreciate your sentiments, and we are thankful for your effort to help open your markets to our products. We are making a great effort to integrate our own markets in Central America, and the CAFTA talks have helped this process.

The President: CAFTA is very important to us. We will sign it soon, but we will move carefully when it comes to sending it to Congress. The elections this year have made trade issues very sensitive, and we want to make sure that we don't do anything that could jeopardize CAFTA or put it in danger of being defeated. I will send it to the Congress only when I know we can win.

President Berger: President Flores of El Salvador was with me in Guatemala. He told me that he hoped CAFTA could be signed before he leaves office at the end of May. It would mean a lot to him, and it would highlight the important role he has played in CAFTA. Soon the Central American presidents will meet at the Nicaraguan border to open it and declare a free trade area in four of the five Central American countries. Only Costa Rica will not participate. Costa Rica is going slow on Central American integration, wanting to see how it is done before committing itself. The Costa Ricans want to see if our union will be a success. Our economies are growing. In the past, it took 24 hours for large trucks with commerce to cross the frontier. Today it takes ten minutes.

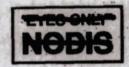
The President: Is your economy doing well? (2)

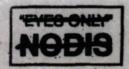
President Berger: It is growing at 2.5 percent. This is less than our demographic growth, so we have to increase our economic growth.

The President: What is your biggest money maker?

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President Berger: Our guys here. Remittances are our single largest source of hard currency. That is why we need your help to make sure Guatemalan migrants to the United States get the same kind of protection as Nicaraguans and other Central Americans. (CT

The President: Then you should help me get good legislation on a temporary worker program through our Congress. It would be much better than the patch work that we have now.

President Berger: Our friends say they are in favor of the vote against Cuba in Geneva, but they need help. Reaching out to these countries would send a strong message to the Hispanic community here.

Right now, my government is making a big effort against corruption and drug trafficking. These two problems got out of control during the previous administration, and we are now in a position in which we have to recapture parts of our government from criminals.

The President: Where is Portillo?

President Berger: He is in Mexico. He is hiding from us. He committed crimes in Guatemala, and if the Mexicans can find him we will request his extradition. If he has committed crimes in the United States, we would like him to be tried here. You know, some crime like money laundering.

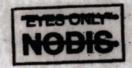
The President: Have you talked with Fox about where Portillo might be? (e)

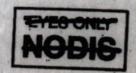
President Berger: Fox has agreed to take our request and look for Portillo. (e)

The President: Does Fox know where he is?

President Berger: No. But Portillo must ask for a new visa soon. Once he does that we will know where he is. (e)

In the meantime, we are taking big steps to finally implement our Peace Accords, including reducing the size of the armed forces by 60 percent. We are shrinking a military of approximately 40,000 to about 15,500. We are also shrinking the military budget from 1.5 billion quetzals to around 780 million quetzals. (C)





The President: Why are you reducing the army? (e)

President Berger: They don't do anything. Also, some of the officers are linked to drug trafficking and corruption is rampant in the military zones. Our goal is to cut out the bad and create a small, professional army that can meet our security needs. This is tough for many of the officers. Some feel humiliated. But our constant refrain is "professionalization." We will need help to train and equip our new army.

The President: What is happening on this, Roger? (e)

Roger Noriega: We face legal restrictions imposed by Congress on what kind of military assistance we can give to Guatemala. We are trying to work through these restrictions and determine if we can help. (C)

President Berger: We need equipment and resources to help our military fight drug trafficking.

The President: Listen, you need to get up on the Hill and talk to Congress. Your predecessors, not you, were the problem. The restrictions seem to address problems that are now history. The Congress was reacting to what was done, you need to convince them to help you do what needs to be done in the future.

You know, I visited Guatemala in the 70s. I think it was 1970. or 1971.

President Berger: You should visit us now. We would be honored to have you visit us. If you want, we can sign CAFTA in Guatemala. That would be a great honor.

The President: Unfortunately, I will be doing a lot of traveling in the next two months. I go to Turkey for NATO, Ireland for the EU, Normandy for D-Day, then August is the convention, and beginning in September it will be non-stop campaigning.

You were a businessman before getting into politics, right? (e)

President Berger: Yes, I did a little business, mostly farming. But I was also mayor of Guatemala City for 9 years. We have many poor people in Guatemala, and I spent most of my time trying to meet their needs in our capital city. (<)

The President: What is your poverty level? (6)

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President Berger: It is high. My government has started the Frente Contra Hambre. We help feed 675,000 people. There are 12 million Guatemalans, and about one million of them live here in the United States. Most leave in order to find a job and a better life. (C)

The President: They want to work. We need a system that recognizes this. That is what my temporary worker program aims to do: reform our system so that our economic needs and the willingness of people, like yours, to work can be reconciled.

President Berger: It is an example of the market system. If there is work, they will come.

The President: And the reverse should be true to. If there is no work, then they will go home. (C)

How are your relations with your neighbors? (6)

President Berger: They are good. Especially with Mexico following the Fox visit. (€)

The President: Any border problems? (5)

President Berger: They are good, too. Guatemala is the frontier of NAFTA. We are looking to take advantage of this by working toward better integration with Mexico on issues like tourism and energy.

The President: Do you produce energy? (C)

President Berger: We produce about 250,000 barrels of petroleum a day: We also have hydroelectric power generation.

The President: It is too bad that there are no regional nuclear power plants to make power available to all of Central America. We really need something to make us less dependent on foreign oil. How much of your power generation is hydro?

President Berger: About 40 percent. We are investing in new hydroelectric projects. However, right new all my energy in the legislature is focused on fiscal reform. Without fiscal reform the state will not have the funds to do anything.

You know we signed an Article 98 agreement.

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The President: Yes. Good job. Thank you very much.

How do you see things in Venezuela? We are very worried about Chavez. (C)

President Berger: He will lose the referendum. (C)

The President: Do you think so?

President Berger: Nobody likes Chavez.

The President: Except Castro. (2)

President Berger: Did you see the interview with Castro recently on the television. He looked bad.

The President: Good. I hope so. One day Cuba will be free. It will be a great day.

President Berger: Recently we seized \$500,000 worth of drugs.

The President: Are drug traffickers transshipping through Guatemala? You have to make sure that you are not a hospitable route. You need to keep the drugs out. Once the drugs get in, your own citizens start to use them.

<u>President Berger</u>: Eighty percent of the drugs in Guatemala move by air. But we need help. We don't have the aircraft necessary to chase the drug planes.

The President: We will see what we can do to help you. (4)

Mr. President, thank you very much for coming to visit. I look forward to working with you. (3)

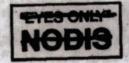
President Berger: Thank you, Mr. President. I wish you the very best.

-- End of Conversation --

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SUBJECT MEMORANDUM OF CONVERSATION WITH PRESIDENT BERGER OF GUATEMALA

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PN GULTEMALE REFERENCE DOCUMENTS

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ACTION ASSIGNED LAR ENCLOSURES 1

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