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Kirchner of Argentina, 07/23/2003

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Nestor Kirchner, President of Argentina (U)

PARTICIPANTS: United States
The President
Vice President or Representative
Colin Powell, Secretary of State
John Snow, Secretary of the Treasury
Andrew Card, Chief of Staff
Robert Zoellick, United States Trade Representative
Condoleezza Rice, Assistant to the President for National Security Affairs
Lewis Libby, Assistant to the Vice President for National Security Affairs
Gary Edson, Deputy Assistant to the President for International Economic Affairs and Deputy National Security Advisor
Lino Gutierrez, U.S. Ambassador-designate to Argentina
James Walsh, U.S. Ambassador to Argentina
Thomas Shannon, Special Assistant to the President and Senior Director for Western Hemisphere Affairs, NSC (notetaker)
Patricia Arizu, Interpreter

Argentina

Nestor Kirchner, President of Argentina
Cristina Fernandez Kirchner, Senator
Rafael Bielsa, Minister of Foreign Affairs, International Trade, and Worship
Roberto Lavagna, Minister of Economy and Production
Jose Bordon, Argentine Ambassador-designate to the United States
Walter Ken, Interpreter

DATE, TIME July 23, 2003, 2:15 - 2:45 p.m.
AND PLACE: Oval Office

The President: I have two things I want to share with you. First, I know we can work together. We share the same background. We both come from states far away from the established order. We were both governors. We were both in charge of states that are major energy producers. And we both have to constantly convince the elites that we know what we are doing. ~~(C)~~

Second, the relationship between our two countries is very important. Argentina is a great country. It is a democratic anchor in the neighborhood. When you succeed, it is in our national interest. We are both tremendous countries. Although we are separated by a great distance, that distance is transcended by our common values. We have too many things in common to allow anything to come between us. ~~(C)~~

Finally, as we fight the war on terrorism, I want to thank you for your understanding. Just because the war is focused elsewhere, do not think that our mind is not focused on the Americas. The Americas have tremendous potential. We want to be a good and humble partner. You do not know me from Adam, but you should know that when I say something I mean it, and I am intent on having the best possible relationship with Argentina and the rest of South America. ~~(C)~~

President Kirchner: Mr. President, thank you. It is an honor to be here with you. You are right, we both come from what we call the "interior." We know what life is like for real people. Also, the elites are convinced that we do not know what we are doing. They do not think we can be successful. But we know we can. We know the reality of our countries. We know what needs to be done. ~~(C)~~

I fully agree with you on international terrorism. As you know, we have experienced it ourselves. The attacks on the Israeli Embassy and the AMIA Jewish Community Center were our twin towers, but without the airplanes. We are still trying to finish the investigations of those attacks and clean up the mess caused by poor management and judicial corruption. ~~(C)~~

I like your style. Direct, frank. We need to speak this way. We need to say what we think. I told my friends that our

project in Argentina, our goal, is to be a normal country. To have rules of the game that everyone respects. To be predictable and normal. ~~(C)~~

We know what we have to do. We are improving. We must be tough on corruption. If we are not, then U.S. companies will leave Argentina. These companies understand that we are not against privatization, but we are against corrupt deals that favor some companies over others and damage the interests of the people. During the privatization process, many U.S. companies got pushed aside because they refused to be corrupt. I will be in touch with U.S. companies during my visit here to explain what we are trying to do. ~~(C)~~

We must fight corruption. And we must try to find a mechanism for economic growth in Latin America. Poverty and unemployment are clearly undercutting democracy, and we need to find a way to restore prosperity and re-establish justice. ~~(C)~~

The President: We strongly support you in the fight against corruption. We wish you all the best. ~~(C)~~

President Kirchner: Thank you. We are not just looking for help, but rather understanding to help Argentina take the steps needed. You know this. We want to build a stronger MERCOSUR. I am working hard with President Lula and President Lagos on this. If we can coordinate within MERCOSUR, this will help us build a larger free trade agreement that will create markets in Latin America. This, in my view, will help in the fight against terrorism, drug trafficking, and money laundering. ~~(C)~~

We want direct contact with you to help resolve any issues that might come up in the bilateral relationship. Direct communication strengthens coordination and cooperation. ~~(C)~~

I remember your father, President Bush, and the important gesture he made to help Argentine democracy. He visited Argentina two days after a military revolt. This was a difficult and dangerous time. Many would not have come when he did. His visit helped consolidate Argentina's democracy. In 2001, your brother did something similar. This was an explosive time. There were riots and people dying in the streets. But your brother came and he walked around Buenos Aires. This had a big impact. ~~(C)~~

The President: He is a good boy. Let me talk about Brazil. I like Lula. Everyone thought we would not get along. I did not

see things that way. I am not interested in politics, but in progress. We get along great, and he is doing some very important things. You should work with Lula. MERCOSUR is important, but it should not be an impediment to FTAA. Our big goal is a strong FTAA. Take Zoellick over there, my trade minister, he gets the credit for the \$96 million in GSP benefits that we have given Argentina. And I hope you saw that as a goodwill gesture. However, the system should not work that way. It should not be about politicians giving favors to their friends. It is better when trade is encouraged. We all need to be free traders or our companies will face tough competition from China. There is tremendous competition from economies trying to grow. Our vision of trade should not be us versus them. It should be about how to make trade open and to compete with China. Take a look around the Hemisphere. The Presidents in the Andes are keen on textiles. That might be good in the short run, but these countries cannot compete with China. We all need the FTAA. MERCOSUR should help this process. If I were you, I would stick close to Lula. Brazil is a big country and it can serve you very well. ~~(C)~~

President Kirchner: In MERCOSUR we are working to grow together. We are working very closely with Lula. And we are very pleased with the bilateral agreement with the United States regarding GSP. Some new products have been incorporated and we hope to include others. ~~(C)~~

The President: This is why the FTAA is so important. This is why the FTAA must go forward. We do not want a system that is based on favors. ~~(C)~~

President Kirchner: I have always believed in the United States. Let me tell you an anecdote. When I was governor of Santa Cruz I put our oil revenues into the U.S. Federal Reserve Bank. I was criticized for this in Argentina. However, when our currency was devalued, I escaped the consequences. ~~(C)~~

The President: We understand your financial problems. These are not problems you created. You inherited them. But you knew that when you ran for office. And I admire your willingness to confront these problems and look for a comprehensive solution. We want to help you with the IMF, but first you have to help yourself. If you have the courage to tackle corruption, then you can deal with economic problems. ~~(C)~~

President Kirchner: I can trust you. Regarding the problems we face, we need to accept the blame for the situation we are in.

It is important to accept blame so that future generations of Argentines understand what happened and who was responsible. However, we were not the only ones responsible. The IMF was also responsible. During the Menem years, the IMF praised us for the reforms we made. However, when they went bad, when we suddenly found ourselves facing poverty and indigence, the IMF went silent. Kohler understands this. Now that our GDP is growing and our poverty dropping, we need the understanding of the IMF. It should support our growth. ~~(C)~~

The President: Nobody likes bankers, especially when you owe them money. Kohler is a tough guy. My advice to you is to negotiate like heck. We cannot negotiate for you, you are the President. You must do the deal with the IMF. But we will support what you and the IMF can agree on. I am watching very closely. You are doing the right things. The people love a leader who has a plan. Take a plan into the talks with the IMF and then negotiate the best deal you can. ~~(C)~~

President Kirchner: You do not know how much spiritual force you are giving us with your words. ~~(C)~~

The President: This will not be easy. If it were easy, they would get somebody else to do it. On the debt, you need to send the same signals that you are sending on corruption. You have to let people know that you will confront the problem. I admire your courage. You have changed the image the world has of Argentina. ~~(C)~~

President Kirchner: I feel very strongly that Argentina must succeed in this. And I am determined. I have what we call "Patagonian stubbornness." ~~(C)~~

The President: Like "Texas stubbornness." ~~(C)~~

President Kirchner: Our country will be successful and will revive. I have no doubt of this. You said you were right wing and that Lula was left wing. Well, I am a synthesis of the two, I am a Peronist. ~~(C)~~

The President: One last point. I like leaders who make up their minds and act. In regard to what is happening between the Israelis and the Palestinians, I made up my mind not to have anything to do with Arafat. He is not committed to peace. Instead we are reaching out to Abbas. We took a risk for peace by doing this. We are going to achieve peace in the Middle East. We must all work to support peace. But we must not

pander to Arafat. Sharon wants peace. Israel needs peace. We need to promote those Palestinians that want peace. Abbas will work for peace. ~~(C)~~

Leadership requires a frame of mind. It combines a desire to climb the hill with the courage to climb it. You are a leader. You have that frame of mind. We want you to do well. We want Argentina to be a strong country again. You have the right attitude. ~~(C)~~

President Kirchner: Thank you. There is no doubt that this is what we are doing. We want to recover our internal and external role. To have the President of the United States show such sympathy and solidarity is an important thing. We know that cooperation is a two-way street. What you are doing is building up solidarity. As a neighbor to your south we are thankful. Your attitude, the understanding you have shown, will instill with the energy and determination necessary to be reborn. We will do things much faster than expected. ~~(C)~~

From here I am going to New York City. It is one of my favorite places. ~~(C)~~

The President: I love my country. I love what we stand for: human dignity and liberty. Thank you very much for coming. I wish you success. ~~(C)~~

President Kirchner: Thank you, Mr. President. ~~(C)~~

-- End of Conversation --