



Foreign and Commonwealth Office

London SW1A 2AH

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22 September 1989

*John Arches*

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Call by the President of El Salvador

The Prime Minister will see President Cristiani of El Salvador at noon on 26 September. We understand that he will be accompanied during the meeting by his Foreign Minister, Manuel Pacas, and by the Salvadorean Ambassador, Mauricio Rosales. I enclose a personality note on the President.

President Cristiani was elected this March and took office in June. He visited the UK in February while still Presidential candidate for the National Republican Alliance (ARENA), and saw Lord Glenarthur. It was originally expected that the present visit would form part of a wider European tour. But domestic commitments (President Bush is expected to visit El Salvador in early October), perhaps combined with an unwillingness to receive him at an appropriate level in other EC capitals, have now limited his itinerary to Rome.

The meeting will no doubt be controversial in some quarters. El Salvador, which became a by-word for human rights abuse in the early 1980s, is a favourite hobby-horse for some Opposition MPs. Cristiani's party, ARENA, is still linked in the public mind to the right wing death squads which operated with impunity in the early 1980s. At that time political killings were running at several hundred a month, fuelling the cause of the FMLN guerrillas. The massive US aid needed to keep the economy on its feet and pay for the civil war against the FMLN (who were in turn backed by Cuba and Nicaragua) was jeopardised. But in 1984 the Christian Democrats won a free election, and during his term of office President Duarte (whom the Prime Minister met in 1984), with US support, implemented economic and social reforms and made great progress in improving the country's track record in human rights.

However, Duarte failed either to win the civil war or to turn around the economy. The Christian Democrats' popularity suffered also from internal divisions and widespread allegations of corruption. Meanwhile, ARENA had improved its image inside the country, with respected businessmen like Cristiani coming to the fore. As a result, ARENA achieved outright victories in Legislative elections in 1988 and the Presidential election in 1989.

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Many (including the US Government) feared this would increase polarisation and lead to intensification of the civil war. The FMLN did their best to bring about such a development, with a heightened campaign of urban terrorism (car bombs, electricity blackouts and murders of key political figures, including an ARENA Cabinet Minister). Their intention was evidently to provoke the far right into taking the law into their own hands, precipitating a return to the "dirty war" of the early 1980s, and forcing the US to halt aid. Cristiani has, however, refused to play into their hands and has so far succeeded in keeping his extreme right in check. There has been some increase in human rights violations from the right as well as the left, but no indication that the Government has sanctioned such action. With few exceptions the army has so far shown restraint and discipline.

Meanwhile, FMLN tactics have attracted increasing condemnation from the poor, who are usually the principal victims of their actions, and from international opinion. Pressure on the FMLN increased in August when President Ortega promised at the Central American Summit in Tela to stop supporting them. In this situation the FMLN, previously intent on all-out victory, seem to have lowered their sights. They accepted an offer of talks made by Cristiani's Government and introduced a ten day cease-fire and an indefinite end to mine-laying and attacks on the economic infrastructure. The first round of talks in Mexico on 13 September ended with agreement to continue negotiations. The prospects for peace now look better than for a long time.

The war is not the only problem facing Cristiani. The economy, battered by years of fighting and economic sabotage, and hemmed in by State controls, is in desperate need of revitalisation. Cristiani and his economic team (many, like him, businessmen by background) have moved fast to tackle these problems. Important reforms have been introduced to liberalise the economy and stimulate job creation. (Privatisation is high on the Government's agenda). Official sanction has been given to the parallel market (effectively a devaluation of the currency). The Government has said it will denationalise the banking system and remove commodity exports (principally coffee) from State control.

Coffee remains El Salvador's principal export, and its main source of (non USAID) foreign exchange. It is possible that Cristiani may raise with the Prime Minister the implications for El Salvador of the collapse in June of negotiations for a new International Coffee Agreement. We believe that the free market in coffee which has existed since the collapse of negotiations in June is in the long term interests of producers, although the shock of adjustment may

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be severe. The Central Americans, too, believe demand will ensure that they will be able to sell more of their coffee (albeit at a lower price) and be better off in the long run. But El Salvador faces particularly severe short term losses.

If this is raised, the Prime Minister may wish to assure President Cristiani that we appreciate the difficulties caused by the collapse of coffee prices, and that we, together with our EC partners, are ready to be constructive about a new coffee agreement. She will wish to make it clear, however, that the defects of the 1983 ICA (the two-tier market and the shortage of mild coffees) must be remedied. We believe it would be a mistake to rush into new negotiations now; a period of reflection is needed.

In his meeting with the Prime Minister Cristiani will, however, be concerned principally to win her political support, to enhance his credentials as a democratically elected President whose economic philosophy is similar to that of the British Government, and to begin to shed the image of far-right bogeyman which he has inherited because of his Party's former association with death squads. Cristiani will attach particular importance to the UK leg of his tour, not just because Bonn and, perhaps, Paris, lacked the nerve to receive him at the highest level, but also because we are seen as having been consistently objective in assessing the situation there. We raise human rights concerns where necessary, but give credit where it is due; we have taken a more robust line on FMLN excesses than have our European partners, and we do not allow our policy to be formulated by the human rights lobbies. The Salvadoreans have also been favourably impressed by our scepticism towards the Sandinistas.

When Cristiani visited the UK in February he told us that if elected he would uphold respect for human rights and the legal process. He has so far honoured that undertaking. However, his Party has tabled in the Congress some very draconian amendments to the penal code, which are intended to help the fight against terrorism but which could in effect criminalize legitimate political activity. The Salvadorean Government is aware of our concern over this.

The Prime Minister may wish to assure Cristiani of our continuing objectivity in assessing the situation in El Salvador, and to congratulate him on the encouraging start he has made in tackling his country's formidable problems. She could tell him that we are not influenced by those who fall back on easy slogans without taking the trouble to understand the changes occurring in El Salvador, or who pursue alleged human rights cases without checking the facts. She may, however, wish to warn the President that the Government's

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human rights performance will inevitably continue to come under close scrutiny; and to express our own hope that, in amending the law to ensure that subversives receive proper punishment, care will be taken to avoid infringing the human rights and freedoms of those - such as voluntary aid workers and trade unionists - who are going about their normal business.

The Prime Minister may also wish to offer our support for President Cristiani's efforts to seek a political solution to the civil war. She might ask him for his assessment of the FMLN's intentions and their motivation, and whether he could sell a negotiated settlement to the Armed Forces and to the militants of his own party.

Cristiani knows it is unrealistic to hope for significant aid from the UK. Our aid for El Salvador is at present very small: in 1988 it amounted to just £154,000, of which £140,000 went to NGOs for their work with refugees returning to the country. There is, however, provision for aid totalling £30,000 in the current financial year, mainly intended for scholarships in the UK. This element has traditionally been underused. Following a successful visit earlier this year by his Minister of Agriculture, Cristiani may now try to secure a modest aid package which could be presented as proof of British support. He will be accompanied in some of his engagements by his Minister of the Economy (Arturo Zablah) and the Vice Minister of Planning (Ernesto Altschul), who have also requested separate calls on the Treasury, ECGD and Sir Alan Walters. If the subject of aid is raised, the Prime Minister might make the point that British aid policy is to concentrate on the Commonwealth and the poorest countries.

Tanzans

R N Peirce

(R N Peirce)  
Private Secretary

C D Powell Esq  
10 Downing Street

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PERSONALITY NOTEALFREDO FELIX CRISTIANI BURKARD

President of El Salvador

Born in 1947, Mr Cristiani (a first generation Salvadorean of Swiss and Italian parentage) was educated at the American School in San Salvador, and at Georgetown University in the United States. After graduating in Business Administration (1968) he worked his way up in the family businesses, becoming President of their insurance company, SISA, and of their pharmaceutical importing and wholesaling business (which represents, amongst others, ICI and Glaxo). He also has coffee (and formerly also cotton) interests. He has served as President of the cotton growers cooperative (COPAL), the Coffee Processors and Importers Association (ABECAFE), and as Vice President of ANEP, the Salvadorean organisation of Private Enterprises.

Uninvolved in politics until 1984, when he joined ARENA, working in the campaign office. He progressed swiftly, becoming a Director of the Party's National Executive in 1984-85, and its President in 1985-88. Elected member of the National Assembly for San Salvador Department in 1985. Nominated as ARENA's candidate for the Presidential election of 19 March 1989, in which he won a convincing first round victory. He took office on 1 June.

Mr Cristiani is exceptional in having earned respect and personal trust across the spectrum in El Salvador. He is genuinely concerned about the problems of poverty and human rights abuse, and is determined to bring peace to El Salvador - but not at any price. He is not afraid to take tough decisions, and has brought a new and dynamic style of leadership to El Salvador. He operates as a Chairman of the Board, expecting his Ministers to get on with their jobs and bring only serious problems to him. He does, however, expect to be kept informed, and is said to have an exceptional capacity for retaining and using information.

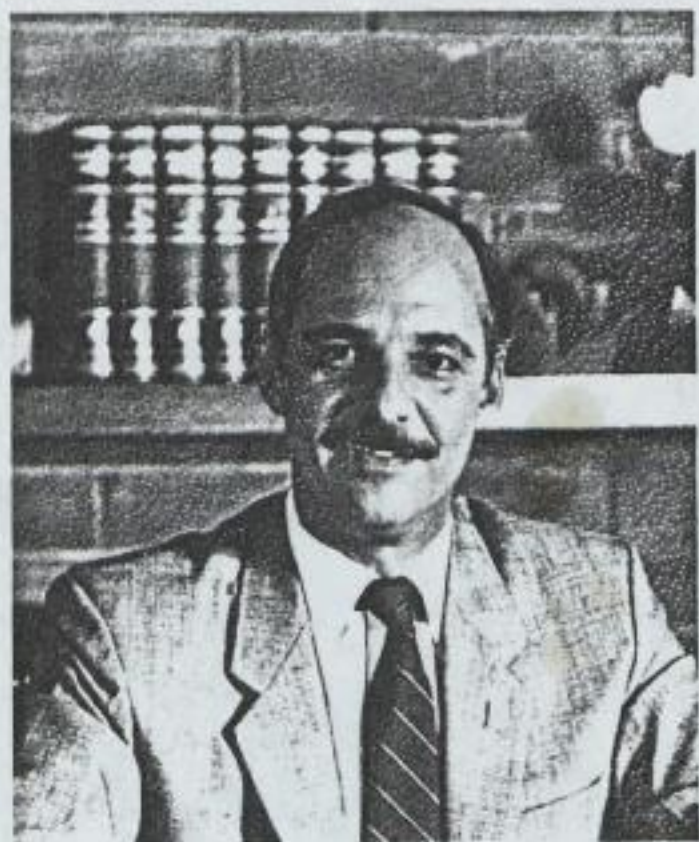
A very wealthy man. He has considerable personal charm, which he hopes to use to good effect during his present visit in meetings with a number of the voluntary agencies which have traditionally been deeply suspicious of ARENA.

Cristiani is a devoted family man and a keen sportsman. He holds pilots licences for fixed-wing aircraft and helicopters. A former moto-cross champion, he loves to drive himself, to the despair of his security team. Married to Margarita Llach (also from one of El Salvador's leading families). They have three children, the youngest of whom is still at the British School in San Salvador.

Speaks fluent English.

MEXICO AND CENTRAL AMERICA DEPT  
22 September 1989

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10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

24 August 1989

PRESIDENT OF EL SALVADOR

The Prime Minister has agreed to see  
President Cristiani at 1200 on Tuesday  
26 September. I hope this is convenient.

(C.D. POWELL)

R.N. Peirce, Esq.,  
Foreign and Commonwealth Office.

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10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

9 August 1989

*Dear Richard,*

REQUEST FOR CALL ON THE PRIME MINISTER  
BY THE PRESIDENT OF EL SALVADOR

You wrote on 7 August suggesting that the Prime Minister might meet President Cristiani of El Salvador in the last week of September or the first week of October.

The Prime Minister has agreed to do this but is not able to fit it in in the first week of October because of the preparations for the Party Conference. We shall be in touch separately about dates.

*Yours sincerely,*  
*Caroline Slocock*

CAROLINE SLOCOCK

Richard Gozney, Esq.,  
Foreign and Commonwealth Office

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