

produce terrible consequences for all our countries, and prosperity in our hemisphere will produce profound benefits for all our countries. The United States is strongly committed to helping build an entire hemisphere that lives in liberty and trades in freedom.

The NAFTA trade agreement is a model for the world. NAFTA has created jobs and lifted lives in Mexico and Canada and the United States. During NAFTA's first 7 years, 15 million jobs were created in the United States. Our trade with Mexico now averages more than \$650 million a day. And that's why our border is one of the busiest in the world, and keeping trade and traffic moving freely is essential to America and American jobs.

Yet, we must also prevent our terrorist enemies from using the openness of our society against us. Even our welcoming country must be able to shut its doors to terrorists and drugs and weapons at our own borders. So America, working closely with Canada and Mexico, has set a goal: We are working for a common border that is open to commerce and legitimate travel and closed to drug trafficking and terror. We want to speed the movement of legal goods and people across the border and stop the illegal movement of goods and people. And we will use the most up-to-date technology to achieve this goal.

This week I saw some of that technology at work on a visit to a border near El Paso, Texas. X-ray machines are being used to thoroughly screen cargo more efficiently than ever before.

During my visit to Mexico, President Fox and I announced an agreement to move toward a smart border between our countries. Through close cooperation and advanced technology, we'll make our shared border more open and more secure. We'll work with the Mexican Government to identify individuals who pose threats to North America before they arrive here. We will share technology to inspect traffic on cross-border rail lines and at major ports of entry. We will make sure that people with legitimate business who travel regularly across the border can cross easily, so border authorities can focus on greater risks. And we will share information more quickly and efficiently with our Mexican friends.

America's border with Mexico is a region of tremendous economic vitality, and that must not change. Both our nations benefit from close ties of family and culture and commerce. Our new approach to strengthened border security will preserve that openness and increase the safety of our country. America will defend ourselves against new threats at the same time that we build closer relationships with our neighbors.

Thank you all for listening.

NOTE: The address was recorded at 4:04 p.m. on March 20 in the Cabinet Room at the White House for broadcast at 10:06 a.m. on March 23. The transcript was made available by the Office of the Press Secretary on March 22 but was embargoed for release until the broadcast. The Office of the Press Secretary also released a Spanish language transcript of this address.

The President's News Conference With President Alejandro Toledo of Peru in Lima, Peru

March 23, 2002

President Toledo. This is an historic visit made by a friend representing a country with which we have had a historical relationship. It is not a merely diplomatic visit; it is an official working visit. And we have touched on substantive issues which range from the open struggle against poverty, a war without quarter against terrorism and drug trafficking. I repeat, a war with no ambiguities whatsoever, against terrorism and drug trafficking. We've touched on issues of trade, education, even the Peace Corps.

But my friend George Bush, this Peru is a country that welcomes you with open arms. We are renewing our friendship, and this is the beginning of a new era in the relationship between Peru and the United States. And I'm extremely happy that the two of us are able to begin this relationship.

I know you seem younger than I am, but we are both 55 years old, and we have a long way ahead of us to work together. I know that we both have the energy and the stubbornness, particularly with regard to the issue of terrorism and drug trafficking, because your country, just like mine, loves peace. It appreciates life. And we are united on this.

And as of today, we have a strategic alliance of hope for the future.

My friend, welcome to my country.

President Bush. *Gracias, Señor Presidente.* It is an honor for me to be the first sitting President of the United States to visit Peru. I want to thank you for the invitation. It's a greater honor for Laura and me to come here as guests of a leader who symbolizes Peru's revitalization.

President Toledo and I have now met three times. At each meeting, I've been impressed by his commitment to democracy and his determination to improve the lives of the people of Peru. Peru is on the path toward greater freedom and greater prosperity, and America will be the partner in this progress, Mr. President.

Earlier today our two Governments signed an agreement that will reintroduce the Peace Corps to Peru, after an absence of nearly 30 years. The first volunteers will arrive in August, a symbol of the stronger ties between our people and the stronger relationship between our Nations.

This relationship is based on common values and common interests. Our nations understand that political and economic progress depends on security and that security is impossible in a world with terrorists. Peruvians have been reminded again this week of the terrible human toll of terror. On behalf of the people of the United States, I express our deep sympathy for the victims of the recent bombing and our deep sympathy for their loved ones.

President Toledo and I share a common perspective on terrorism: We must stop it. Since September the 11th, Peru has taken the lead in rallying our hemisphere to take strong action against this common threat. And I want to thank the President for his leadership and his strong support.

Our nations understand that freedom is only as strong as the institutions protecting it. The United States is actively supporting the President's efforts to strengthen Peru's democratic foundations. And we will continue to support the work of Peru's Truth and Reconciliation Commission, which is helping correct the abuses of the past and set the course for a better future.

President Toledo and I both understand the importance of providing economic opportunity to all our citizens as a hopeful alternative to the drug trade. We discussed ways to make the assistance that the United States provides under the Andean Regional Initiative more effective. And I emphasized to the President my commitment to renew and extend the Andean Trade Preferences Act. The United States House of Representatives has moved this legislation. It is stuck in the Senate, and I urge the Senate to act.

President Toledo and I have agreed to renew discussions on a bilateral investment treaty and to complete a debt-for-nature agreement to help Peru reduce debt payments while it protects its biodiversity. I also informed the President that Secretary of Commerce Don Evans will lead a trade mission to Peru and the Andean region later this year. By building these ties of commerce, both our nations create more jobs, more investment, and more benefits for workers and consumers.

President Toledo and I believe that education is the key to participation in the global economy. The President's own path in life is a lesson in how education opens up doors to opportunity. He is passionate on the subject. I love his passion, and I appreciate his commitment. And I'm pleased to announce that our country will help establish an Andean Center of Excellence for Teacher Training, with a base here in Peru. The center will support President Toledo's goal of quality schools with quality teachers, that give more Peruvians the literacy and learning they need to succeed.

I've also directed the U.S. Commerce Department and the U.S. Trade and Development Agency to establish an Andean E-Business Fellowship Program, to give more high-tech professionals from this region the chance to learn more about information technology.

President Toledo and I have a strong relationship. I'm inspired by his life; I'm inspired by his story; I'm inspired by his leadership. I'm impressed by Peru's progress, and I'm very confident of Peru's future.

Thank you, sir.

Q. Mr. President—

President Bush. Which one? [Laughter]

Counterterrorism Efforts

Q. You, sir. Given increasing evidence that the FARC is now operating in Peru, will you be willing to provide President Toledo extra assistance in fighting the war against terrorism here, should he ask for it? And are you concerned that what was once a regional problem in Colombia or something restricted to Colombia is now spreading across Colombia's borders and threatening its neighbors?

President Bush. We discussed the neighborhood at length today. President Toledo told me that he is—now that he's done a very good job, or the country's done a good job, of making sure that relations with neighbors north and south are peaceful, that he is moving troops and making decisions to prevent terrorists from coming into his country from Colombia. And we will help him in this effort. That's part of the reason why we're here—is to support our mutual desire to fight terror and to help this good democracy thrive.

Later on today we'll be talking with Presidents from—and one Vice President—from the Andean nations. And we'll be discussing our common desire to prevent terrorist groups like the FARC from holding people and nations hostage. And I'm absolutely convinced, having talked to the President three times, that he will do everything in his power to rout out terror, not let it take hold, and preserve the institutions that make Peru a beacon for democracy.

Q. [Inaudible]

President Toledo. No, the evidence that we have is—I repeat, the evidence that we have indicates that there is no transfer of the FARC into Peru. However, we are adopting every measure possible. The Minister of Defense was at the border very recently. We took our bases that were along the border with Ecuador—where, after signing the peace agreement, there is no need for their presence—we removed them, as a precautionary measure, over to the border with Colombia.

As President Bush just indicated, this is a joint task. What happens to Colombia affects us, and vice versa. But here, too, we're partners. And I think that the issues that have to do with the Andean community are issues on which President Bush is extremely inter-

ested, and I'm sure that we will be working together on these. We are going to work together on this; I'm sure of that.

Peru-U.S. Relations

Q. President Bush, you granted an audience recently to my daily, *El Comercio*, at the White House, and you said in that interview that Peru, for the United States, is not only a friend but an ally. I'd like to ask you, beyond trade preferences and the commitment to struggle against drug trafficking, what will be the major elements in your administration that would highlight this different relationship you want to have with Peru? For example, would you open up an antechamber, so to speak, for Peru to come into a free trade agreement negotiation with the United States?

And let me ask President Toledo, with regard to the issue of shared responsibility in the fight against drug trafficking, would you take on the commitment, before President Bush, to establish a control office that would monitor whatever the United States does not comply with?

President Bush. I listed quite a few things in my opening remarks about our relationship. I believe strongly that if we promote trade and when we promote trade, it will help workers on both sides of this issue—it will help Peruvian workers, help U.S. workers.

The Andean Trade Preference Act is a cornerstone of good policy, as far as I'm concerned, and it's a cornerstone of good relations. We talked about a treaty on investment; that could be the beginning of a trade treaty. The President brought it up. He asked whether or not we would consider it. I said we'll take it back and discuss the issue when I get back to Washington, D.C.

There's nothing more important than fostering good economic relations. I mean, the best way for people to get lifted out of poverty is a job. And the best way to encourage jobs is through trade. I mean, what we're beginning to realize in the world is, development aid is important, but development aid pales in comparison to the amount of capital that's generated through trade in the marketplace, in the private sector. And countries that open markets and countries that trade

freely are countries where the people are more likely to be able to succeed.

And I would not discount the importance of our relationship when it comes to fighting terror. The world has called us to action. This is a new era. We're fighting a new kind of war, and we're strong allies in that war. And when we win, our peoples will be better off. You can't alleviate poverty if there's terror in your neighborhood. It's impossible to achieve what we want if terrorists run free.

And so I think one of the best things we can do to lay the foundation for a better tomorrow is to be tough and firm and not yield to threat. And that's exactly the way the President feels, and I can assure you that's the way I feel.

President Toledo. I think that in the war against drug trafficking and terrorism, we are partners, not simply through conviction, my good friend, but because we, ourselves, have experienced it. We have experienced the effects of terrorism here for 20 years; the United States, on September 11th. And I have here my friend Colin Powell, with whom we have a very solid human relationship because, in this very palace, we were witnesses to the news of September 11th while we were having breakfast.

On this issue, we are partners; I am stubborn. I am stubborn, and I believe it is not incompatible to respect the law and to be strong-handed with regard to the issue of terrorism and drug trafficking. I do know there's been a decision from the U.S. Government to increase support for the struggle against drug trafficking, and I appreciate that enormously. We still have a long road ahead to walk together in this struggle, but we will do it.

And Mr. Journalist, I want to underscore something that was referred to by President Bush. Trade preferences is an issue on which President Bush has demonstrated—and I am a witness—his will for congressional approval in the United States. The separation of powers makes it impossible for Presidents to control congresses—just like I don't control mine. But that's the way democracy works.

Nonetheless, we have gone beyond trade preferences—Andean trade preferences. I have asked of President Bush that he consider an initiative for trade, for bilateral trade

and investment within the framework of the Andean community. And we are going to be talking to our colleagues in just a few minutes.

I think it's important because trade is a synonym for work, and work is a way to deal with poverty. Through work, education, and health, we can eradicate poverty. We are partners on the issue of trade, on the issue of drug trafficking and terrorism, in the defense of democracy and of human rights, my friend—human rights.

Peru-U.S. Drug Control Cooperation

Q. Mr. President, the Peruvians have expressed an urgent desire for the resumption of U.S. drug interdiction flights in Peruvian airspace. You told us yesterday in Monterrey that the issue was under rigorous review. My question to you, sir, is it your ultimate goal to see a resumption of those flights? And what preconditions would you put on those flights before authorizing resumption?

And for President Toledo, if I could, sir, if you are to expect a maximum effort at a partnership with the United States to eradicate drug trafficking, why won't you make the same commitment to coca eradication as your neighbors Bolivia have? You've talked a lot about the problem being drug trafficking, but you have not made the same commitment on coca production, sir.

President Bush. We are reviewing all avenues toward an effective policy of interdiction. As you know, we had a terrible situation where a young mom and her daughter lost their life; that caused us to step back to take a look at our policy at home and then to work with the Peruvian Government to figure out how best to be effective at interdicting drugs.

And so the discussions are ongoing. And we want to make sure that when we work with countries like Peru, that we achieve the common objective, which is to make it hard for those narcotraffickers to move through their airspace, across their land, or in oceans.

I want to say something about—there's a lot of talk about interdiction, and there should be. And there's a lot of talk about battling the narcotraffickers here in the Andean area, and we will. But our country has

an obligation as well, not only to provide support and help. The President mentioned that we have expanded the direct aid to Peru on this issue, which we have. We've tripled it, up to about \$200 million—about 195 million, I think it is. But the best thing that America needs to do is reduce demand for drugs. We've got to do a better job of convincing our own country to quit using them. As demand for drugs goes down, it will take the pressure off of our friends in Peru.

So we've got a double obligation, it seems like to me: on the one hand, to provide help and aid that's effective and will work. And that's exactly what we spent a long time talking about, in all three of our meetings. But I want to remind our Peruvian friends that we've got to do a better job at home of convincing Americans to stop using drugs. And part of our drug initiative will be to focus on the demand side. Less demand for drugs will mean that the supply for drugs will be less urgent. And that will in turn help the region.

President Toledo. Look, my friend, let me deal with your question head on. In 1990, the number of hectares with coca cultivation was approximately 140,000 total. Today, we are down to 34,000 hectares, where we have coca cultivation. Enormous progress has been made.

I know it's not enough. We have a long path ahead of us yet. And we have to do this together. I know that the drug traffickers have become more sophisticated over time; they have more high-tech capabilities. And now we, too, have to push forward in that direction.

I want to be very open, and I apologize to my friend President Bush now. We are not fighting against drug trafficking in order to satisfy the United States or Europe. Drug trafficking, in partnership with terrorism, is an issue of national security. It's an issue of national security. On Wednesday they killed 9 people, 9 of our brothers and sisters, and there are 30 people wounded. I have publicly stated, and I want to repeat this: We are not going to let this stand.

So let me respond to you. We have met a substantial reduction. We still have 34,000 hectares to go. But we are going to do this together.

Final point. I think President Bush is extremely sincere—he's extremely sincere and honest when he recognizes that as long as there is a demand out there, there will be a supply. As long as there are consumers, there will be producers. And so, together, we need to work on reducing the number of consumers, cure them better, make them better. And we need to reduce the amount of hectares under cultivation.

And, footnote here, it's also true that the statistics indicate that although levels are still low, there is an increase in the consumption of cocaine among youth in Peru. And that is also part of our concern, with regard to national security.

U.S. Assistance to Peru

Q. President Bush, you are in a region now that's been devastated by terrorism and subversion and drug trafficking for over three decades. You're offering us the Peace Corps. I would ask you if you're willing, as President of the most powerful nation on Earth, to lead a Marshall plan for South America?

President Bush. I appreciate that. I think I said more than just the Peace Corps, if I'm not mistaken, in my opening comments. Obviously, our nation is committed to this part of the world. I've come to Peru, as the first sitting President, to express our solidarity with Peru and the people, as well as express my appreciation for a reformer who got elected who's willing to defend the institutions that make democracy go.

I repeat, if you'd like me to—go through the litany of things I just said: the Andean Trade Preference Act; the bilateral action on investment; money for education; money to fight drugs. We've tripled the amount of money—I believe it's from \$50 million up to \$195 million available. And so I think our commitment is—I think our commitment speaks for itself. And I appreciate so very much the chance to come and explain it to the Peruvian people, that ours is more than just words; ours is deeds and action.

Situation in the Middle East

Q. Good afternoon, President Bush. *Buenas tardes, Señor Presidente.* President Bush, many lawmakers in Congress are growing increasingly concerned about your policy in the

Middle East, wondering if the very talk of potential high-level negotiations involving Vice President Cheney, specifically, with the Palestinian leader, Yasser Arafat, might not in fact send a signal that terrorism against Israeli civilians can achieve some limited political aims. I'd like to ask you, sir, why you're contemplating that, and why those who wonder if that is not the case are incorrect?

President Bush. Well, first of all, I think there's been no question that the United States has stood strong with Israel. And we've made it very clear to Mr. Arafat that he is not—he's not doing all he can do to fight off terror. I can't be any more clear than that. Vice President Cheney said, depending upon the Zinni mission and General Zinni's recommendation, he might go back, if and when Arafat performs.

Surely those in the Congress you talk about appreciate the fact that the administration is engaged and sent General Zinni into the region. We laid out the Tenet plan, which is the way to bring some security to the region, which would then lead to the Mitchell plan. And we're doing everything in our power to get the parties into Tenet. And we'll continue working hard to get them to Tenet.

Q. Even if the violence continues—

President Bush. If and when—if and when Mr. Arafat—if and when—

Q. [Inaudible]

President Bush. Excuse me. If and when Chairman Arafat performs, that's what we have said. General Zinni went to the Middle East; he's leading discussions. But people shouldn't mistake our desire to get into Tenet as anything more than a desire to get to peace. And we'll continue working to do so.

And Prime Minister Sharon knows where the United States stands. We're strong allies with Israel. We have been ever since I've been the President, and we'll continue to be strong allies with Israel.

U.S. Assistance to Peru

Q. Good afternoon to both Presidents. President Bush, just a few days ago I was able to ask you in Washington about leadership in the fight against poverty. And on this—aside from the issue of being 55 and the fact that you're wearing the same color ties—you are in agreement with President

Alejandro Toledo, who also insists on fighting against poverty. But the fight against poverty presupposes—and this has been stated by Dr. Toledo—thinking of reducing arms in Latin America, because for every tank or F-16, we could buy a lot more schools. Mr. President, I'd like to know your views on this and the views of President Toledo with regard to this issue, the possibility of arms control in the South American part of the hemisphere. And the same question for President Toledo.

President Bush. We may be the same age, but *el tiene pelo negro*. [Laughter] *Yo tengo pelo gris*. [Laughter]

I appreciate President Toledo's work to have a security arrangement in place in the neighborhood, amongst the countries bordering Peru, that will then allow him to reinvest in education. We talked about that. And I think that is a strong commitment and a wise commitment.

As far as my country's commitment goes, I gave a speech in Monterrey, Mexico, 2 days ago, where I committed our country to a 50 percent increase in development aid. But I said, it's time for the world to stop looking at inputs and to focus on outputs and that the United States, developed nations, must do more financially. And we're leading the way.

But we expect other nations to develop the habits that will lead to a better opportunity for their people: rule of law, a focus on education, and good health care. President Toledo understands that; he's been a leader in that effort. And I think what I said in Monterrey was very important, that unless we all focus on how programs benefit people directly, no matter what the efforts or strategy is, it's likely to lead to failure. But programs and policies that understand the worth of each human being, that each individual matters, are those programs which will be successful. And so our country will try to foster that. And this President has made that commitment, for which I am grateful.

President Toledo. Aside from the fact that President Bush has very good taste with regard to color in ties, he's also taller than I am. [Laughter]

On this issue of military expenditure, we discussed it with him. And here I

want to strike a difference between military expenses for armed conflicts between countries and military expenditures for defense against terrorism and drug trafficking, because these are two separate issues.

I think that there is a major challenge in the world. In order to survive in this globalized and savagely competitive world we live in, we need to invest more in the minds of our people. Basically, what this means is investing more in nutrition, health, education, and justice for the poor. We won't be able to deal with the challenges of this globalized world unless we invest in the knowledge of our societies.

The question immediately arises, and obviously so, in an economy that is growing, that is overcoming a recession, where do you get the money to invest in nutrition, health, and education? Well, we've made an appeal to countries at the bilateral level. And there the United States has played a very generous role, at the donors table in Madrid. And I want to publicly express my appreciation, Mr. President. There has been debt conversion, external bilateral debt swap, for social investment. And there we have been able to get a commitment of about \$1 billion. This is one way to establish a financial space to invest in health, nutrition, and education.

The other thing is that I believe it makes no sense in this world that as long as we have a country with 54 percent of Peruvians who live below the poverty line or 16 percent who live below the dire poverty line—when I was born, the very first minute of my life when I opened my eyes, I saw the face of dire poverty. I know what this means. That's why I am convinced that we can make an effort to reduce military spending, to reorient those resources towards investment in justice and education and health, because the defense of a country no longer depends on how many tanks or ships or aircraft we have. It's all about how strong our economy is, how educated our people are. And please excuse me for being so passionate on this subject, but there is absolutely no doubt on this. And the empirical evidence is very harsh with regard to the return on investment on education and health and nutrition for our people.

And here, once again, we have another point of coincidence that leads us down the

same path together. I conveyed something that's very close to my heart, with regard to the Huascarán education program, and I asked our friend to support us on this. And I will be going to New York, and I'm going to talk to Mr. Bill Gates to try to promote the Huascarán project even more. But if we reduce military spending, we're going to have some financial leeway to reorient this money towards the poor, who want to overcome poverty, who want freedom. And we'll be able to deal with the challenges of the future even better.

Ladies and gentlemen, thank you very much.

NOTE: The news conference began at 6 p.m. at the Presidential Palace. President Toledo spoke in Spanish, and his remarks were translated by an interpreter. In his remarks, President Bush referred to Veronica Bowers and her daughter, Charity, who were killed in the accidental shootdown of a U.S. missionary plane in Peru on April 20, 2001; Chairman Yasser Arafat of the Palestinian Authority; U.S. Special Envoy to the Middle East Gen. Anthony Zinni, USMC (Ret.); and Prime Minister Ariel Sharon of Israel. President Bush also referred to FARC, the Revolutionary Armed Forces of Colombia; the Tenet plan, the Israeli-Palestinian cease-fire and security plan of June 13, 2001, negotiated by Director of Central Intelligence George J. Tenet; and the Mitchell report, the Report of the Sharm el-Sheikh Fact-Finding Committee, issued April 30, 2001. President Toledo referred to Minister of Defense Aurelio Loret de Mola of Peru; and William H. "Bill" Gates, chairman and chief software architect, Microsoft Corp.

Remarks at a Dinner Hosted by President Toledo in Lima

March 23, 2002

Mr. President, we're so honored to be here. We want to thank you for your invitation. We want to thank you for the hospitality that you and the First Lady have shown us. And we want to thank you all for coming.

I want to thank my friends the President of Colombia *y de Bolivia y tambien el vice presidente de Ecuador*. Thank you all for being here as well.