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Folder ID Number: 90609-008

Folder Title:
Wednesday, July 17, 1991 [2]

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Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Note	From Prime Minister Major to George Bush [double-sided] (1 pp.)	n.d.	(b)(1)	
02. Note	From Brian to George (1 pp.)	n.d.	(b)(1)	

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Re-review Case #:

P-2/P-5 Review Case #:



London Economic Summit 1991

DRAFT: 16 JULY 1991

DECLARATION ON CONVENTIONAL ARMS TRANSFERS AND NBC NON-PROLIFERATION

1. At our meeting in Houston last year, we, the Heads of State and Government and the representatives of the European Community, underlined the threats to international security posed by the proliferation of nuclear, biological and chemical weapons and of associated missile delivery systems. The Gulf crisis has highlighted the dangers posed by the unchecked spread of these weapons and by excessive holdings of conventional weapons. The responsibility to prevent the re-emergence of such dangers is to be shared by both arms suppliers and recipient countries as well as the international community as a whole. As is clear from the various initiatives which several of us have proposed jointly and individually, we are each determined to tackle, in appropriate fora, these dangers both in the Middle East and elsewhere.

CONVENTIONAL ARMS TRANSFERS

2. We accept that many states depend on arms imports to assure a reasonable level of security and the inherent right of self-defence is recognised in the United Nations Charter. Tensions will persist in international relations so long as underlying conflicts of interest are not tackled and resolved. But the Gulf conflict showed the way in which peace and stability can be undermined when a country is able to acquire

a massive arsenal that goes far beyond the needs of self defence and threatens its neighbours. We are determined to ensure such abuse should not happen again. We believe that progress can be made if all states apply the three principles of transparency, consultation and action.

3. The principle of transparency should be extended to international transfers of conventional weapons and associated military technology. As a step in this direction we support the proposal for a universal register of arms transfers under the auspices of the United Nations, and will work for its early adoption. Such a register would alert the international community to an attempt by a state to build up holdings of conventional weapons beyond a reasonable level. Information should be provided by all states on a regular basis after transfers have taken place. We also urge greater openness about overall holdings of conventional weapons. We believe the provision of such data, and a procedure for seeking clarification, would be a valuable confidence and security building measure.

4. The principle of consultation should now be strengthened through the rapid implementation of recent initiatives for discussions among leading arms exporters with the aim of agreeing a common approach to the guidelines which are applied in the transfer of conventional weapons. We welcome the recent opening of discussions on this subject. These include the encouraging talks in Paris among the Permanent Members of the United Nations Security Council on 8/9 July; as well as ongoing discussions within the framework of the European Community and its Member States. Each of us will continue to play a constructive part in this important process, in these and other appropriate fora.

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disin

5. The principle of action requires all of us to take steps to prevent the building up of disproportionate arsenals. To that end all countries should refrain from arms transfers which would be destabilising or would exacerbate existing tensions. Special restraint should be exercised in the transfer of advanced technology weapons and in sales to countries and areas of particular concern. A special effort should be made to define sensitive items and production capacity for advanced weapons, to the transfer of which similar restraints could be applied. All states should take steps to ensure that these criteria are strictly enforced. [We intend to give these issues our continuing close attention *on the basis of a review by senior officials.*]

6. We believe that moderation in the level of military expenditure is a key aspect of sound economic policy and good government. [Iraqi aggression and the ensuing Gulf war illustrate the huge costs to the international community of military conflict.] While ^{all} countries are struggling with competing claims on scarce resources, excessive spending on arms of all kinds diverts resources from the overriding need to tackle economic development. It can also build up large debts without creating the means by which these may be serviced. [We note with favour the recent report issued by the United Nations Development Programme (UNDP) and the recent decisions by several donor countries to take account of military expenditure ^{where it is disproportionate} when setting up aid programmes and encourage all other donor countries to take similar action.] We welcome the attention which the Managing Director of the International Monetary Fund (IMF) and the President of the World Bank have recently given to excessive military spending, in the context of reducing unproductive public expenditure.

Bush Presidential Library Photocopy

NON-PROLIFERATION

7. We are deeply concerned about the proliferation of nuclear, biological and chemical weapons and missile delivery systems. We are determined to combat this menace by strengthening and expanding the non-proliferation regimes.

8. Iraq must fully abide by Security Council Resolution 687, which sets out requirements for the destruction, removal or rendering harmless under international supervision of its nuclear, biological, and chemical warfare and missile capabilities; as well as for verification and long-term monitoring to ensure that Iraq's capability for such weapon systems is not developed in the future. Consistent with the relevant UN resolutions, we will provide every assistance to the United Nations Special Commission and the International Atomic Energy Agency (IAEA) so that they can fully carry out their tasks.

9. In the nuclear field, we:

- Re-affirm our will to work to establish the widest possible consensus in favour of an equitable and stable non-proliferation regime based on a balance between nuclear non-proliferation and the development of peaceful uses of nuclear energy.

- Reaffirm the importance of the nuclear Non-Proliferation Treaty (NPT) and call on all other non-signatory states to subscribe to this agreement;

- Call on all non-nuclear weapon states to submit all their nuclear activities to IAEA safeguards, which are the cornerstone of the international non-proliferation regime;
- Urge all supplier states to adopt and implement the Nuclear Suppliers Group guidelines;

We welcome the decision of Brazil and Argentina to conclude a full-scope safeguard agreement with the IAEA and to take steps to bring the Treaty of Tlatelolco into force, as well as the accession of South Africa to the NPT.

10. Each of us will also work to achieve:

- Our common purpose of maintaining and reinforcing the NPT regime beyond 1995;
- A strengthened and improved IAEA safeguards system;
- New measures in the Nuclear Suppliers Group to ensure adequate export controls on dual-use items.

11. We anticipate that the Biological Weapons Review Conference in September will succeed in strengthening implementation of the convention's existing provisions by reinforcing and extending its confidence-building measures and exploring the scope for effective verification measures. Each of us will encourage accession to the convention by other states and urge all parties strictly to fulfil their obligations under the convention. We each believe that a successful Review Conference leading to strengthened implementation of the BWC, would make an important

contribution to preventing the proliferation of biological weapons.

12. The successful negotiation of a strong, comprehensive, and effectively verifiable convention banning chemical weapons, to which all states subscribe, is the best way to prevent the spread of chemical weapons. We welcome recent announcements by the United States which we believe will contribute the swift conclusion of such a convention. We hope that the negotiation will be successfully concluded as soon as possible. We reaffirm our intention to become original parties to the convention. We urge others to become parties at the earliest opportunity so that it can enter into force as soon as possible.

13. We must also strengthen controls on exports which could contribute to the proliferation of biological and chemical weapons. We welcome the measures taken by members of the Australia Group and by other states on the control of exports of chemical weapons precursors and related equipment. We seek to achieve increasingly close convergence of practice between all exporting states. We urge all states to support these efforts.

14. Our aim is a total and effective ban on chemical and biological weapons. Use of such weapons is an outrage against humanity. In the event that a state uses such weapons each of us agrees to give immediate consideration to imposing severe measures against it both in the UN Security Council and elsewhere.

15. The spread of missile delivery systems has added a new dimension of instability to international security in many regions of the world. As the founders of the Missile Technology Control Regime (MTCR), we welcome its extension to many other states in the last two years. We endorse the joint appeal issued at the Tokyo MTCR meeting in March 1991 for all countries to adopt these guidelines. These are not intended to inhibit cooperation in the use of space for peaceful and scientific purposes.

16. We can make an important contribution to reducing the dangers of proliferation and conventional arms transfers. Our efforts and consultations on these issues, ^{continued} including with other supplier countries, will be pursued [in all appropriate fora] so as to establish a new climate of global restraint. We will only succeed if others, including recipient countries, support us and if the international community unites in a new effort to remove these threats which can imperil the safety of all our peoples.

The Honorable George Bush
President of the United States of Ammerica

In Confirmation



*The Prime Minister
requests the honour of the company of*

The Honorable George Bush
.....
*at Dinner at 10 Downing Street, Whitehall
on Wednesday, 17th July 1991 at 8.15 p.m. for 8.45 p.m.*

*Enquires to:
The Secretary (Invitations),
10 Downing Street, Whitehall,
London SW1A 2AA*

Withdrawal/Redaction Sheet

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01. Note	From Prime Minister Major to George Bush [double-sided] (1 pp.)	n.d.	(b)(1)	

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P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
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RESTRICTION CODES

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

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

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 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. Removed as a personal record misfile.

(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]
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(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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London Economic Summit 1991

Mr President

These figures reflect

size of country.

Mr. Prescott

PRESIDENTIAL MOVEMENTS

LOCATION London, England

DATE 17 July 1991

[illegible]



THE PRESIDENT

July 17, 1991

Dear Mrs. Miscampbell; No No Dear Gillian.

You are a very good sport!!

My mother, now 90, always lectured me growing up, about not "getting to be a big shot". Well, you sure helped in that department. I am attaching a tiny souvenir, signed (appropriately I hope) so as to commemorate what for me

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mrs. Gillian Miscampbell
Chairman
Aylesbury Vale Health Authority
District Headquarters
Ardenhan Lane
Aylesbury, Buckinghamshire HP19 3DX

was a wonderfully enchanting
encounter. I loved it
and Barbara will remind me of
it for years to come.

So this is a "thanks" from
me, and Barbara, and yes "Mom".

Sincerely - your new friend

"No" not Bill

"No" not Geoffrey

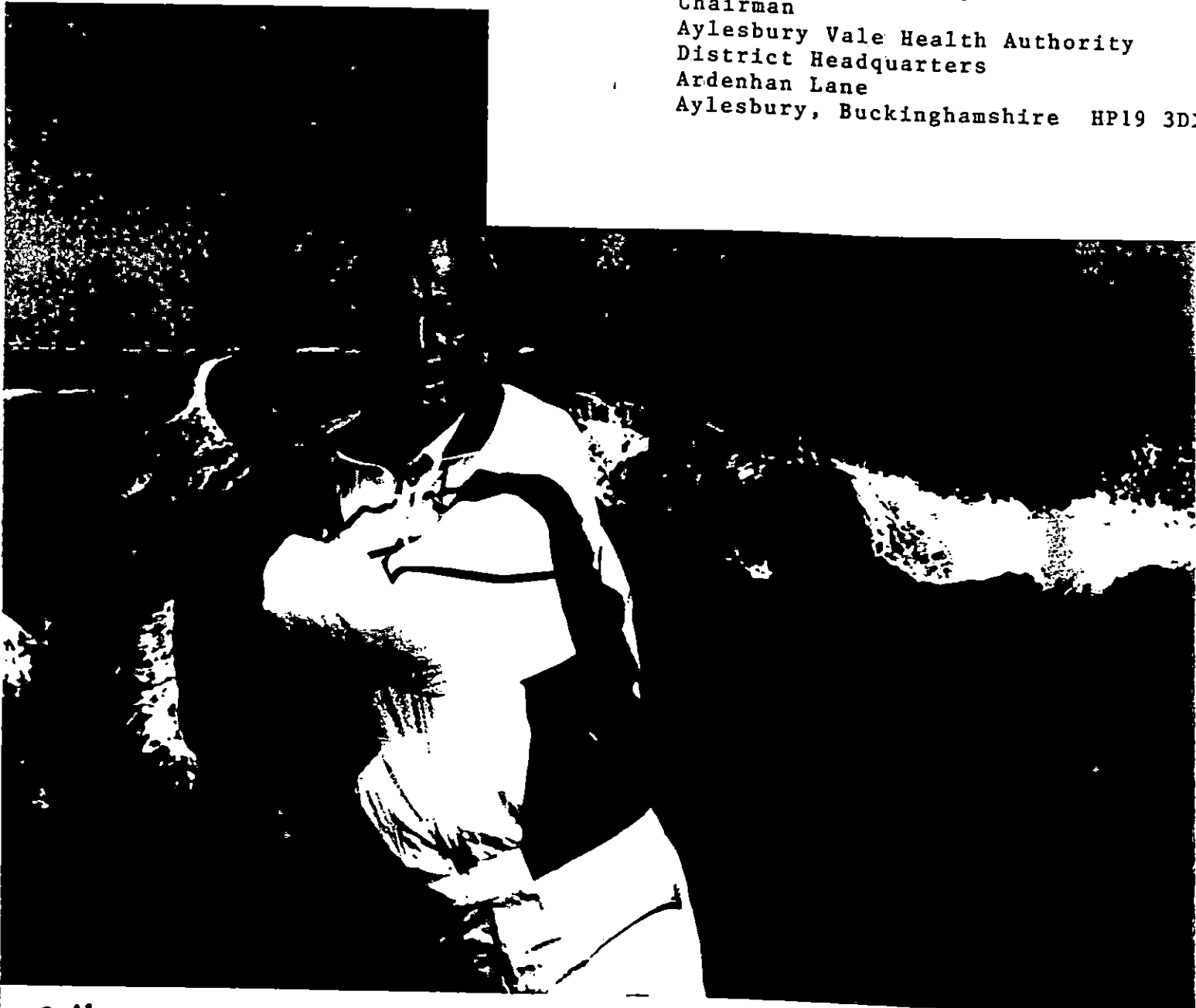
"No" not, Tom, Dick, not Harry. Simply but
with warm best wishes *Ag Bunt*

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mrs. Gillian Miscampbell
Chairman
Aylesbury Vale Health Authority
District Headquarters
Ardenhan Lane
Aylesbury, Buckinghamshire HP19 3DX

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mrs. Gillian Miscampbell
Chairman
Aylesbury Vale Health Authority
District Headquarters
Ardenhan Lane
Aylesbury, Buckinghamshire HP19 3DX



Gillian - I'm the one on the night!
With Best Wishes and Thanks For Bringing Me Back
Reality !!! Sincerely, Ag Bush
London 7-17-96

Guest, Buckingham Palace

Mrs. ~~Gillian~~ Miscampbell

Chairman

Aylesbury Vale Health Authority

District Headquarters

Ardenhan Lane

Aylesbury, Buckinghamshire HP19 3DX

*her name on
hrs??*

THE PRESIDENT OF THE
UNITED STATES OF AMERICA

YOUR TABLE NUMBER IS

1.

*MIS
Miss Campbell*



THE PRESIDENT

July 17, 1991
(London)

Dear Major Parker,

Before we depart London, I just want to say personally how very much Barbara and I enjoyed the spectacular light show and fireworks display at the Palace last night. It was magnificent -- the perfect culmination of a special evening at Buckingham Palace.

Barbara joins me in sending you our thanks and our kind regards.

Sincerely,

THE WHITE HOUSE

Major Michael Parker
c/o Jeremy R. Varcoe CMG

(mailed in London)



THE PRESIDENT

July 17, 1991
(London)

Dear Major Parker,

Before we depart London, I just want to say personally how very much Barbara and I enjoyed the spectacular light show and fireworks display at the Palace last night. It was magnificent -- the perfect culmination of a special evening at Buckingham Palace.

Barbara joins me in sending you our thanks and our kind regards.

Sincerely,

A handwritten signature in dark ink, appearing to be "Geo H W Bush".

THE WHITE HOUSE

Major Michael Parker
c/o Jeremy R. Varcoe CMG

(mailed in London)



THE PRESIDENT

July 17, 1991
(London)

Dear Sir John,

Before we depart London, I simply want to say personally how very much I enjoyed the evening at H.M. Tower of London. It was a special pleasure to witness the marvelous tradition of the "Ceremony of the Keys."

Please tell General Tyler that I shall write him soon and will send the photograph that we discussed.

My respects to you, Sir, and my kind regards.

Sincerely,

A handwritten signature in dark ink, appearing to be "G. H. B.", likely representing George H.W. Bush.

THE WHITE HOUSE

Field Marshal
Sir John Stanier
Constable
H.M. Tower of London
EC3N 4AB



THE PRESIDENT

July 17, 1991
(London)

Dear Jeremy,

Before we depart London, I just want to say personally how much I appreciate the many courtesies you extended to me these past three days. The London Economic Summit 1991 has been a successful and productive one, and I commend you and the entire Summit staff for a job superbly done.

My thanks again, and my very best wishes.

Sincerely,

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Jeremy R. Varcoe CMG
Assistant Under Secretary Coordinator
London Economic Summit
Foreign and Commonwealth Office
London SW1A 2AH

(mailed in London)

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Her Majesty
Queen Elizabeth II,
London

Your Majesty
Please don't tell on me, but
there's a slight lull now in our
meeting with Mr. Gorbachev, and I
must confess my mind has momentarily
drifted from Economic Reform
in the Soviet Union to last night's
fantastic dinner, followed by that

July 17, 1981

THE PRESIDENT



one of a kind concert cum
fireworks cum lasers. It
was the single most memorable
evening of entertainment I have
ever experienced - Barbara agrees.

I must work off my 2 liberal
helpings of that special cream, and
I must come back to earth as I head
for Greece tomorrow; but for now
my heartfelt thanks - Respectfully
Cp Bush

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Her Majesty
Queen Elizabeth II,
London

DRAFT 17/7/91

BUILDING WORLD PARTNERSHIP

1. We, the Heads of State and Government of the seven major industrial democracies and the representatives of the European Community, met in London for our seventeenth annual Summit.
2. The spread of freedom and democracy which we celebrated at Houston has gathered pace over the last year. Together the international community has overcome a major threat to world peace in the Gulf. But new challenges and new opportunities confront us.
3. We seek to build world partnership, based on common values, and to strengthen the international order. Our aim is to underpin democracy, human rights, the rule of law and sound economic management, which together provide the key to prosperity. To achieve this aim, we will promote a truly multilateral system, which is secure and adaptable and in which responsibility is shared widely and equitably. Central to our aim is the need for a stronger, more effective UN system, and for greater attention to the proliferation and transfer of weapons.

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George Bush Handwriting

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Economic policy

4. Over the last year, some of our economies have maintained good growth, while most have slowed down and some gone into recession. But a global recession has been avoided. The uncertainty created by the Gulf crisis is behind us. We welcome the fact that there are now increasing signs of economic recovery. Progress has been made too in reducing the largest trade and current account imbalances.

5. Our shared objectives are a sustained recovery and price stability. To this end, we are determined to maintain, including through our economic policy coordination process, the medium-term strategy endorsed by earlier Summits. This strategy has contained inflationary expectations and created the conditions for sustainable growth and new jobs.

6. We therefore commit ourselves to implement fiscal and monetary policies, which, while reflecting the different situations in our countries, provide the basis for lower real interest rates. In this connection, continued progress in reducing budget deficits is essential. This, together with the efforts being made to reduce impediments to private saving, will help generate the increase in global savings needed to meet demands for investment. We also welcome the close cooperation on exchange markets and the work to improve the functioning of the international monetary system.

growth 11

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7. We will also, with the help of the Organisation for Economic Co-operation and Development (OECD) and other institutions, pursue reforms to improve economic efficiency and thus the potential for growth. These include:-

- a) greater competition in our economies, including regulatory reform. This can enhance consumer choice, reduce prices and ease burdens on business.
- b) greater transparency, elimination or enhanced discipline in subsidies that have distorting effects, since such subsidies lead to inefficient allocation of resources and inflate public expenditure.
- c) improved education and training, to enhance the skills and improve the opportunities of those both in and out of employment, as well as policies contributing to greater flexibility in the employment system.
- d) a more efficient public sector, for example through higher standards of management and including possibilities for privatisation and contracting out.

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e) the wide and rapid diffusion of advances in science and technology.

f) essential investment, both private and public, in infrastructure.

8. We will encourage work nationally and internationally to develop cost-effective economic instruments for protecting the environment, such as taxes, charges and tradeable permits.

International trade

9. No issue has more far-reaching implications for the future prospects of the world economy than the successful conclusion of the Uruguay Round. It will stimulate ^{non infl growth} reversing ~~protectionism~~ ^{by bolstering confidence} and increasing trade flows. It will be essential to encourage the integration of developing countries and Central and East European nations into the multilateral trading system. All these benefits will be lost if we cannot conclude the Round.

10. We therefore commit ourselves to an ambitious, global and balanced package of results from the Round, with the widest possible participation by both developed and developing

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George Bush Handwriting

Bush Presidential Library Photocopy

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countries. The aim of all contracting parties should be to complete the Round before the end of 1991. We shall each remain personally involved in this process, ready to intervene with one another if differences can only be resolved at the highest level.

11. To achieve our objectives, sustained progress will be needed in the negotiations at Geneva in all areas over the rest of this year. The principal requirement is to move forward urgently in the following areas taken together:-

- ✓ a) market access, where it is necessary, in particular, to cut tariff peaks for some products while moving to zero tariffs for others, as part of a substantial reduction of tariffs and parallel action against non-tariff barriers.
- ✓ b) agriculture, where a framework must be decided upon to provide for specific binding commitments in domestic support, market access and export competition, so that substantial progressive reductions of support and protection may be agreed in each area, taking into account non-trade concerns.
- ✓ c) services, where accord on a general agreement on

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trade in services should be reinforced by substantial and binding initial commitments to reduce or remove existing restrictions on services trade and not to impose new ones.

✓ (d) intellectual property, where clear and enforceable rules and obligations to protect all property rights are necessary to encourage investment and the spread of technology.

12. Progress on these issues will encourage final agreement in areas already close to conclusion, such as textiles, tropical products, safeguards and dispute settlement. Agreement to an improve dispute settlement mechanism should lead to a commitment to operate only under the multilateral rules. Taken all together, these and the other elements of the negotiations, including GATT rule-making, should amount to the substantial, wide-ranging package which we seek.

13. We will seek to ensure that regional integration is compatible with the multilateral trading system.

14. As we noted at Houston, a successful outcome of the Uruguay Round will also call for the institutional reinforcement of the multilateral trading system. The concept

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of an international trade organisation should be addressed in this context.

15. Open markets help to create the resources needed to protect the environment. We therefore commend the OECD's pioneering work in ensuring that trade and environment policies are mutually supporting. We look to the General Agreement on Tariffs and Trade (GATT) to define how trade measures can properly be used for environmental purposes.

16. We are convinced that OECD members must overcome in the near future and, in any case, by the end of the year, remaining obstacles to an agreement on reducing the distortions that result from the use of subsidised export credits and of tied aid credits. We welcome the initiative of the OECD in studying export credit premium systems and structures and look forward to an early report.

Energy

17. As the Gulf crisis showed, the supply and price of oil remain vulnerable to political shocks, which disturb the world economy. But these shocks have been contained by the effective operation of the market, by the welcome increase in co-ordinated by the International Energy Agency (IEA),

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particularly the use of stocks. We are committed to strengthen the IEA's emergency preparedness and its supporting measures. Since the crisis has led to improved relations between producers and consumers, contacts among all market participants could be further developed to promote communication, ^{information} transparency and the efficient working of market forces.

18. We will work to secure stable worldwide energy supplies, to remove barriers to energy trade and investment, to encourage high environmental and safety standards and to promote international cooperation on research and development in all these areas. We will also seek to improve energy efficiency and to price energy from all sources so as to reflect costs fully, including environmental costs.

19. In this context, nuclear power generation contributes to diversifying energy sources and reducing greenhouse gas emissions. In developing nuclear power as an economic energy source, it is essential to achieve and maintain the highest available standards of safety, including in waste management, and to encourage co-operation to this end throughout the world. The safety situation in Central and Eastern Europe and the Soviet Union deserves particular attention. This is an urgent problem and we call upon the international community to

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develop an effective means of coordinating its response.

20. The commercial development of renewable energy sources and their integration with general energy systems should also be encouraged, because of the advantages these sources offer for environmental protection and energy security.

21. We all intend to take a full part in the initiative of the European Community for the establishment of a European Energy Charter on the basis of equal rights and obligations of signatory countries. The aim is to promote free and undistorted energy trade, to enhance security of supply, to protect the environment and to assist economic reform in Central and East European countries and the Soviet Union, especially by creating an open, non-discriminatory regime for commercial energy investment.

Central and Eastern Europe

22. We salute the courage and determination of the countries of Central and Eastern Europe in building democracy and moving to market economies, despite formidable obstacles. We welcome the spread of political and economic reform throughout the region. These changes are of great historical

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importance. Bulgaria and Romania are now following the pioneering advances of Poland, Hungary and Czechoslovakia. Albania is emerging from its long isolation.

23. Recognising that successful reform depends principally on the continuing efforts of the countries concerned, we renew our own firm commitment to support their reform efforts, to forge closer ties with them and to encourage their integration into the international economic system. Regional initiatives reinforce our ability to co-operate.

24. All the Central and East European countries except Albania are now members of the International Monetary Fund (IMF) and the World Bank. We welcome the steps being taken by those countries that are implementing IMF-supported programmes of macro-economic stabilisation. It is crucial that these programmes are complemented by structural reforms, such as privatising and restructuring state-owned enterprises, increasing competition and strengthening property rights. We welcome the establishment of the European Bank for Reconstruction and Development (EBRD), which has a mandate to foster the transition to open, market-oriented economies and to promote private initiative in Central and East European countries committed to democracy.

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25. A favourable environment for private investment, both foreign and domestic, is crucial for sustained growth and for avoiding dependence on external assistance from governments. In this respect, technical assistance from our private sectors and governments, the European Community and international institutions should concentrate on helping this essential market-based transformation. In this context, we emphasise the importance of integrating environmental considerations into the economic restructuring process in Central and Eastern Europe.

26. Expanding markets for their exports are vital for the Central and East European countries. We welcome the substantial increases already made in exports to market economies and we undertake to improve further [their access to our markets for their products and services,] including in areas such as steel, textiles and agricultural produce. In this context, we welcome the progress made in negotiating Association Agreements between the European Community and Poland, Hungary and Czechoslovakia, as well as the Presidential Trade Enhancement Initiative announced by the United States, all of which will be in accordance with GATT principles. We will support the work of the OECD to identify restrictions to East/West trade and to facilitate their removal.

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27. The Group of Twenty-four (G24) process, inaugurated by the Arch Summit and chaired by the European Commission, has mobilised \$31 billion in bilateral support for these countries, including balance of payments finance to underpin IMF-supported programmes. Such programmes are in place for Poland, Hungary and Czechoslovakia. We welcome the contributions already made for Bulgaria and Romania. We are intensifying the G24 coordination process and we reaffirm our shared willingness to play our fair part in the global assistance effort.

The Soviet Union

28. We support the moves towards political and economic transformation in the Soviet Union and are ready to assist the integration of the Soviet Union into the world economy.

29. Reform to develop the market economy is essential to create incentives for change and enable the Soviet people to mobilise their own substantial natural and human resources. A clear and agreed framework within which the centre and the republics exercise their respective responsibilities is fundamental for the success of political and economic reform.

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30. We have invited President Gorbachev to meet us for a discussion of reform policies and their implementation, as well as ways in which we can encourage this process.

31. We commend the IMF, World Bank, OECD and EBRD for their study of the Soviet economy produced, in close consultation with the European Commission, in response to the request we made at Houston. This study sets out many of the elements necessary for successful economic reform, which include fiscal and monetary discipline and creating the framework of a market economy.

32. We are sensitive to the overall political context in which reforms are being conducted, including the "New Thinking" in the Soviet foreign policy around the world. We are sensitive also to the importance of shifting resources from military to civilian use.

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(b) democratic pluralism and open systems of administration, accountable to the public;

(c) sound, market-based economic policies to sustain development and bring people out of poverty;

We commend these countries and urge others to follow their example. Good governance not only promotes development at home, but helps to attract external finance and investment from all sources.

37. Our steadfast commitment to helping developing countries, in conjunction with a durable non-inflationary recovery of our economies and the opening of our markets, will be the most effective way we have of enhancing prosperity in the

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Do it for
the good
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Environment

47. The international community will face formidable environmental challenges in the coming decade. Managing the environment continues to be a priority issue for us. Our economic policies should ensure that the use of this planet's resources is sustainable and safeguards the interests of both present and future generations. Growing market economies can best mobilise the means for protecting the environment, while democratic systems ensure proper accountability.

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Bush Library Photocopy
George Bush Handwriting

*Glob. Climate Change
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b) agreement on principles for the management, conservation and sustainable development of all types of forest, leading to a framework convention. This should be in a form both acceptable to the developing countries where tropical forests grow and consistent with the objective of a global forest convention or agreement which we set at Houston.

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b) encouragement of an improved flow of beneficial technology to developing countries, making use of commercial mechanisms.

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55. The burning oil wells and polluted seas in the Gulf have shown that we need greater international capacity to prevent

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good on screen

and respond to environmental disasters. All international and regional agreements for this purpose, including those of the International Maritime Organisation (IMO), should be fully implemented. We welcome the decision by UNEP to establish an experimental centre for urgent environmental assistance. In the light of the recent storm damage in Bangladesh, we encourage the work on flood alleviation under the auspices of the World Bank, which we called for at the Arch Summit.

56. Living marine resources threatened by over-fishing and other harmful practices should be protected by the implementation of measures in accordance with international law. We urge control of marine pollution and compliance with the regimes established by regional fisheries organisations through effective monitoring and enforcement measures.

57. We call for greater efforts in co-operation in environmental science and technology, in particular:-

- a) scientific research into the global climate, including satellite monitoring and ocean observation. All countries, including developing countries, should be involved in this research effort. We welcome the development of information services for users of earth observation data since the Houston Summit.

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b) the development and diffusion of energy and environment technologies, including proposals for innovative technology programmes.

Drugs

58. We note with satisfaction progress made in this field since our Houston meeting, notably the entry into force of the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychiatric Substances. We welcome the formation of the United Nations International Drugs Control Programme (UNDCP).

59. We will increase our efforts to reduce the demand for drugs as a part of overall anti-drug action programmes. We maintain our efforts to combat the scourge of cocaine and will match these by increased attention to heroin, still the principal hard drug in Europe and Asia. Enhanced co-operation is needed both to reduce production of heroin in Asia and to check its flow into Europe. Political changes in Central and Eastern Europe and the opening of frontiers there have increased the threat of drug misuse and facilitated illicit trafficking, but have also given greater scope for concerted Europe-wide action against drugs.

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60. We applaud the efforts of the "Dublin Group" of European, North American and Asian governments to focus attention and resources on the problems of narcotics production and trafficking.

61. We commend the achievements of the task-forces initiated by previous Summits and supported by an increasing number of countries:-

a) We urge all countries to take part in the international fight against money laundering and to cooperate with the activities of the Financial Action Task Force (FATF). We strongly support the agreement on a mutual evaluation process of each participating country's progress in implementing the FATF recommendations on money laundering. We endorse the recommendation of the FATF that it should operate on a continuing basis with a secretariat supplied by the OECD.

b) We welcome the report of the Chemical Action Task Force (CATF) and endorse the measures it recommends for countering chemical diversion, building on the 1988 UN Convention against drug trafficking. We look

forward to the special meeting in Asia, concentrating on heroin, and the CATF meeting due in March 1992, which should consider the institutional future of this work.

62. We are concerned to improve the capacity of law enforcement agencies to target illicit drug movements without hindering the legitimate circulation of persons and goods. We invite the Customs Cooperation Council to strengthen its cooperation with associations of international traders and carriers for this purpose and to produce a report before our next Summit.

Migration

63. Migration has made and can make a valuable contribution to economic and social development, under appropriate conditions, although there is a growing concern about worldwide migratory pressures, which are due to a variety of political, social and economic factors. We welcome the increased attention being given these issues by the OECD and may wish to return to them at a future Summit.

Next meeting

64. We have accepted an invitation from Chancellor Kohl to hold our next Summit in Munich, Germany in July 1992.



London Economic Summit 1991

ECONOMIC DECLARATION

BUILDING WORLD PARTNERSHIP

1. We, the Heads of State and Government of the seven major industrial democracies and the representatives of the European Community, met in London for our seventeenth annual Summit.
2. The spread of freedom and democracy which we celebrated at Houston has gathered pace over the last year. Together the international community has overcome a major threat to world peace in the Gulf. But new challenges and new opportunities confront us.
3. We seek to build world partnership, based on common values, and to strengthen the international order. Our aim is to underpin democracy, human rights, the rule of law and sound economic management, which together provide the key to prosperity. To achieve this aim, we will promote a truly multilateral system, which is secure and adaptable and in which responsibility is shared widely and equitably. Central to our aim is the need for a stronger, more effective UN system, and for greater attention to the proliferation and transfer of weapons.

Economic policy

4. Over the last year, some of our economies have maintained good growth, while most have slowed down and some gone into recession. But a global recession has been avoided. The uncertainty created by the Gulf crisis is behind us. We welcome the fact that there are now increasing signs of economic recovery. Progress has been made too in reducing the largest trade and current account imbalances.
5. Our shared objectives are a sustained recovery and price stability. To this end, we are determined to maintain, including through our economic policy coordination process, the medium-term strategy endorsed by earlier Summits. This strategy has contained inflationary expectations and created the conditions for sustainable growth and new jobs.

6. We therefore commit ourselves to implement fiscal and monetary policies, which, while reflecting the different situations in our countries, provide the basis for lower real interest rates. In this connection, continued progress in reducing budget deficits is essential. This, together with the efforts being made to reduce impediments to private saving, will help generate the increase in global savings needed to meet demands for investment. We also welcome the close cooperation on exchange markets and the work to improve the functioning of the international monetary system.

7. We will also, with the help of the Organisation for Economic Co-operation and Development (OECD) and other institutions, pursue reforms to improve economic efficiency and thus the potential for growth. These include:-

- a) greater competition in our economies, including regulatory reform. This can enhance consumer choice, reduce prices and ease burdens on business.
- b) greater transparency, elimination or enhanced discipline in subsidies that have distorting effects, since such subsidies lead to inefficient allocation of resources and inflate public expenditure.
- c) improved education and training, to enhance the skills and improve the opportunities of those both in and out of employment, as well as policies contributing to greater flexibility in the employment system.
- d) a more efficient public sector, for example through higher standards of management and including possibilities for privatisation and contracting out.
- e) the wide and rapid diffusion of advances in science and technology.
- f) essential investment, both private and public, in infrastructure.

8. We will encourage work nationally and internationally to develop cost-effective economic instruments for protecting the environment, such as taxes, charges and tradeable permits.

International trade

9. No issue has more far-reaching implications for the future prospects of the world economy than the successful conclusion of the Uruguay Round. It will stimulate non-inflationary growth by bolstering confidence, reversing protectionism and increasing trade flows. It will be essential to encourage the integration of developing countries and Central and East European nations into the multilateral trading system. All these benefits will be lost if we cannot conclude the Round.

10. We therefore commit ourselves to an ambitious, global and balanced package of results from the Round, with the widest possible participation by both developed and developing countries. The aim of all contracting parties should be to complete the Round before the end of 1991. We shall each remain personally involved in this process, ready to intervene with one another if differences can only be resolved at the highest level.

11. To achieve our objectives, sustained progress will be needed in the negotiations at Geneva in all areas over the rest of this year. The principal requirement is to move forward urgently in the following areas taken together:-

a) market access, where it is necessary, in particular, to cut tariff peaks for some products while moving to zero tariffs for others, as part of a substantial reduction of tariffs and parallel action against non-tariff barriers.

b) agriculture, where a framework must be decided upon to provide for specific binding commitments in domestic support, market access and export competition, so that substantial progressive reductions of support and protection may be agreed in each area, taking into account non-trade concerns.

c) services, where accord on a general agreement on trade in services should be reinforced by substantial and binding initial commitments to reduce or remove existing restrictions on services trade and not to impose new ones.

(d) intellectual property, where clear and enforceable rules and obligations to protect all property rights are necessary to encourage investment and the spread of technology.

12. Progress on these issues will encourage final agreement in areas already close to conclusion, such as textiles, tropical products, safeguards and dispute settlement. Agreement to an improved dispute settlement mechanism should lead to a commitment to operate only under the multilateral rules. Taken all together, these and the other elements of the negotiations, including GATT rule-making, should amount to the substantial, wide-ranging package which we seek.

13. We will seek to ensure that regional integration is compatible with the multilateral trading system.

14. As we noted at Houston, a successful outcome of the Uruguay Round will also call for the institutional reinforcement of the multilateral trading system. The concept of an international trade organisation should be addressed in

this context.

15. Open markets help to create the resources needed to protect the environment. We therefore commend the OECD's pioneering work in ensuring that trade and environment policies are mutually supporting. We look to the General Agreement on Tariffs and Trade (GATT) to define how trade measures can properly be used for environmental purposes.

16. We are convinced that OECD members must overcome in the near future and, in any case, by the end of the year, remaining obstacles to an agreement on reducing the distortions that result from the use of subsidised export credits and of tied aid credits. We welcome the initiative of the OECD in studying export credit premium systems and structures and look forward to an early report.

Energy

17. As the Gulf crisis showed, the supply and price of oil remain vulnerable to political shocks, which disturb the world economy. But these shocks have been contained by the effective operation of the market, by the welcome increase in supplies by certain oil-exporting countries and by the actions co-ordinated by the International Energy Agency (IEA), particularly the use of stocks. We are committed to strengthen the IEA's emergency preparedness and its supporting measures. Since the crisis has led to improved relations between producers and consumers, contacts among all market participants could be further developed to promote communication, transparency and the efficient working of market forces.

18. We will work to secure stable worldwide energy supplies, to remove barriers to energy trade and investment, to encourage high environmental and safety standards and to promote international cooperation on research and development in all these areas. We will also seek to improve energy efficiency and to price energy from all sources so as to reflect costs fully, including environmental costs.

19. In this context, nuclear power generation contributes to diversifying energy sources and reducing greenhouse gas emissions. In developing nuclear power as an economic energy source, it is essential to achieve and maintain the highest available standards of safety, including in waste management, and to encourage co-operation to this end throughout the world. The safety situation in Central and Eastern Europe and the Soviet Union deserves particular attention. This is an urgent problem and we call upon the international community to develop an effective means of coordinating its response.

20. The commercial development of renewable energy sources and their integration with general energy systems should also be encouraged, because of the advantages these sources offer for environmental protection and energy security.

21. We all intend to take a full part in the initiative of the European Community for the establishment of a European Energy Charter on the basis of equal rights and obligations of signatory countries. The aim is to promote free and undistorted energy trade, to enhance security of supply, to protect the environment and to assist economic reform in Central and East European countries and the Soviet Union, especially by creating an open, non-discriminatory regime for commercial energy investment.

Central and Eastern Europe

22. We salute the courage and determination of the countries of Central and Eastern Europe in building democracy and moving to market economies, despite formidable obstacles. We welcome the spread of political and economic reform throughout the region. These changes are of great historical importance. Bulgaria and Romania are now following the pioneering advances of Poland, Hungary and Czechoslovakia. Albania is emerging from its long isolation.

23. Recognising that successful reform depends principally on the continuing efforts of the countries concerned, we renew our own firm commitment to support their reform efforts, to forge closer ties with them and to encourage their integration into the international economic system. Regional initiatives reinforce our ability to co-operate.

24. All the Central and East European countries except Albania are now members of the International Monetary Fund (IMF) and the World Bank. We welcome the steps being taken by those countries that are implementing IMF-supported programmes of macro-economic stabilisation. It is crucial that these programmes are complemented by structural reforms, such as privatising and restructuring state-owned enterprises, increasing competition and strengthening property rights. We welcome the establishment of the European Bank for Reconstruction and Development (EBRD), which has a mandate to foster the transition to open, market-oriented economies and to promote private initiative in Central and East European countries committed to democracy.

25. A favourable environment for private investment, both foreign and domestic, is crucial for sustained growth and for avoiding dependence on external assistance from governments. In this respect, technical assistance from our private sectors and governments, the European Community and international institutions should concentrate on helping this essential market-based transformation. In this context, we emphasise the importance of integrating environmental considerations into the economic restructuring process in Central and Eastern Europe.

26. Expanding markets for their exports are vital for the Central and East European countries. We welcome the

substantial increases already made in exports to market economies and we undertake to improve further their access to our markets for their products and services, including in areas such as steel, textiles and agricultural produce. In this context, we welcome the progress made in negotiating Association Agreements between the European Community and Poland, Hungary and Czechoslovakia, as well as the Presidential Trade Enhancement Initiative announced by the United States, all of which will be in accordance with GATT principles. We will support the work of the OECD to identify restrictions to East/West trade and to facilitate their removal.

27. The Group of Twenty-four (G24) process, inaugurated by the Arch Summit and chaired by the European Commission, has mobilised \$31 billion in bilateral support for these countries, including balance of payments finance to underpin IMF-supported programmes. Such programmes are in place for Poland, Hungary and Czechoslovakia. We welcome the contributions already made for Bulgaria and Romania. We are intensifying the G24 coordination process and we reaffirm our shared willingness to play our fair part in the global assistance effort.

The Soviet Union

28. We support the moves towards political and economic transformation in the Soviet Union and are ready to assist the integration of the Soviet Union into the world economy.

29. Reform to develop the market economy is essential to create incentives for change and enable the Soviet people to mobilise their own substantial natural and human resources. A clear and agreed framework within which the centre and the republics exercise their respective responsibilities is fundamental for the success of political and economic reform.

30. We have invited President Gorbachev to meet us for a discussion of reform policies and their implementation, as well as ways in which we can encourage this process.

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53. We support the negotiation, under the auspices of UNEP, of an acceptable framework convention on biodiversity, if possible to be concluded next year. It should concentrate on protecting ecosystems, particularly in species-rich areas, without impeding positive developments in biotechnology.

54. We remain concerned about the destruction of tropical forests. We welcome the progress made in developing the pilot programme for the conservation of the Brazilian tropical forest, which has been prepared by the Government of Brazil in consultation with the World Bank and the European Commission, in response to the offer of co-operation extended following the Houston Summit. We call for further urgent work under the auspices of the World Bank, in co-operation with the European Commission, in the framework of appropriate policies and with careful attention to economic, technical and social issues. We will financially support the implementation of the preliminary stage of the pilot programme utilising all potential sources, including the private sector, non-governmental organisations, the multilateral development banks, and the Global Environmental Facility. When details of the programme have been resolved, we will consider supplementing these resources with bilateral assistance, so that progress can be made on the ground. We believe that good progress with this project will have a beneficial impact on the treatment of forests at UNCED. We also welcome the spread of debt for nature exchanges, with an emphasis on forests.

55. The burning oil wells and polluted seas in the Gulf have shown that we need greater international capacity to prevent and respond to environmental disasters. All international and regional agreements for this purpose, including those of the International Maritime Organisation (IMO), should be fully implemented. We welcome the decision by UNEP to establish an experimental centre for urgent environmental assistance. In the light of the recent storm damage in Bangladesh, we encourage the work on flood alleviation under the auspices of the World Bank, which we called for at the Arch Summit.

56. Living marine resources threatened by over-fishing and other harmful practices should be protected by the implementation of measures in accordance with international law. We urge control of marine pollution and compliance with the regimes established by regional fisheries organisations through effective monitoring and enforcement measures.

57. We call for greater efforts in co-operation in environmental science and technology, in particular:-

- a) scientific research into the global climate, including satellite monitoring and ocean observation. All countries, including developing countries, should be involved in this research effort. We welcome the development of information services for users of earth observation data since the Houston Summit.

b) the development and diffusion of energy and environment technologies, including proposals for innovative technology programmes.

Drugs

58. We note with satisfaction progress made in this field since our Houston meeting, notably the entry into force of the 1988 United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychiatric Substances. We welcome the formation of the United Nations International Drugs Control Programme (UNDCP).

59. We will increase our efforts to reduce the demand for drugs as a part of overall anti-drug action programmes. We maintain our efforts to combat the scourge of cocaine and will match these by increased attention to heroin, still the principal hard drug in Europe and Asia. Enhanced co-operation is needed both to reduce production of heroin in Asia and to check its flow into Europe. Political changes in Central and Eastern Europe and the opening of frontiers there have increased the threat of drug misuse and facilitated illicit trafficking, but have also given greater scope for concerted Europe-wide action against drugs.

60. We applaud the efforts of the "Dublin Group" of European, North American and Asian governments to focus attention and resources on the problems of narcotics production and trafficking.

61. We commend the achievements of the task-forces initiated by previous Summits and supported by an increasing number of countries:-

a) We urge all countries to take part in the international fight against money laundering and to cooperate with the activities of the Financial Action Task Force (FATF). We strongly support the agreement on a mutual evaluation process of each participating country's progress in implementing the FATF recommendations on money laundering. We endorse the recommendation of the FATF that it should operate on a continuing basis with a secretariat supplied by the OECD.

b) We welcome the report of the Chemical Action Task Force (CATF) and endorse the measures it recommends for countering chemical diversion, building on the 1988 UN Convention against drug trafficking. We look forward to the special meeting in Asia, concentrating on heroin, and the CATF meeting due in March 1992, which should consider the institutional future of this work.

62. We are concerned to improve the capacity of law

enforcement agencies to target illicit drug movements without hindering the legitimate circulation of persons and goods. We invite the Customs Cooperation Council to strengthen its cooperation with associations of international traders and carriers for this purpose and to produce a report before our next Summit.

Migration

63. Migration has made and can make a valuable contribution to economic and social development, under appropriate conditions, although there is a growing concern about worldwide migratory pressures, which are due to a variety of political, social and economic factors. We welcome the increased attention being given these issues by the OECD and may wish to return to them at a future Summit.

Next meeting

64. We have accepted an invitation from Chancellor Kohl to hold our next Summit in Munich, Germany in July 1992.

17 July 1991

6:00 P.M. LONDON/1:00 P.M. EDT NEWS SUMMARY

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SUMMIT NEWS

BUSH, GORBACHEV AGREE ON SUMMIT, SET NUCLEAR PACT IN PRINCIPLE

LONDON -- The U.S. and Soviet Union Wednesday sealed an agreement in principle on a treaty to slash their arsenals of long-range nuclear arms and scheduled a late July Moscow summit for Presidents Bush and Gorbachev.

A senior White House official said the summit was tentatively scheduled for July 30 and 31.

After lunching with Bush before his London meeting with the G-7 leaders, Gorbachev said he and Bush had been told that all outstanding disputes on the START treaty had been solved.... "We agreed with the President to finalize everything in Geneva and give appropriate instructions so that we can then sign that treaty," Gorbachev said. "We also agreed on the visit of the President to the Soviet Union. I have invited the President of the United States at the very end of July."

Bush said he would spend two or three days in the Soviet Union. "Thank you, Mikhail, for your invitation. Before you change your mind, we accept with pleasure," he said.

(Alan Elsner, Reuter)

START Issues Resolved; Superpower Summit Set For Late July

LONDON -- Presidents Bush and Gorbachev today announced agreement on a historic treaty to reduce their arsenals of strategic nuclear missiles and said they would hold a superpower summit in Moscow at the end of the month.

The START agreement would slash long-range nuclear weapons by about 30 percent and be the first agreement in history to reduce the number of the intercontinental missiles, bombers and submarines.

"We have moved far away from the threat of nuclear war. It is our common victory," Gorbachev said at a cordial news conference....

There was no description of how negotiators had resolved the final "throwweight" issue, involving allowable warhead limits on certain missiles. Gorbachev said simply, "We were told that all of the issues were solved."

(Barry Schweid, AP)

GORBACHEV MAKES PERSONAL APPEAL FOR HELP

LONDON -- President Gorbachev made an unprecedented appeal to the heads of the G-7 today for help to save his country from economic collapse. Wrapping up their summit, the leaders of the capitalist world offered him encouragement and technical assistance.

President Mitterrand said the summit countries agreed that "we must, really must, reach out" to assure that the Soviets accelerate their move away from communism and toward a market economy. But there was no immediate suggestion of any large cash transfer to keep the Soviet economy afloat....

Earlier, Mitterrand...said, "We all agreed to contribute to the recovery of the Soviet economy, with important structural reform." But the degree, timing and scope of the help would still have to be decided, he said. (Terence Hunt, AP)

MITTERRAND SAYS G-7 SHOULD ADMIT SOVIET UNION

LONDON -- President Mitterrand said Wednesday he would like the G-7 eventually to become the Group of Eight by admitting the Soviet Union as a member.

"It's wholly desirable," Mitterrand said at a news conference when asked whether the G-7...should expand.

The moment was not ripe for the Soviet Union to join because its economy was not yet open, and a decision was unlikely soon, he said. "But this is the direction we should be heading in," Mitterrand said. (Reuter)

G-7 CONCERNED SOVIET ECONOMIC DECLINE SPILLS INTO EASTERN EUROPE

LONDON -- The G-7 said Wednesday they were worried the Soviet Union's economic crisis was spilling over into Eastern Europe but made clear the prescription for a cure was sound policies, not Western money.

Leaders of the G-7...pledged support for President Gorbachev's reforms but put the onus on him to make a break with decades of communist central planning. "We have a great will to help," Prime Minister Major told a news conference at the end of the summit. "But that help has to be practical; we have to make sure there is no failure of dialogue."...

The seven leaders had roundly criticized Gorbachev's reform proposals during their own summit.... But the G-7 struck a warm tone as the leaders prepared for their talks with Gorbachev.

(Stephen Jukes, Reuter)

SOVIET AID/G-7

CNN learned that there's considerable tension among the Western leaders, who are wondering how President Gorbachev will respond when he discovers that the West is not ready to quickly provide hundreds of millions of dollars in cash. (Headline News)

SUMMIT LEADERS PLEDGE -- AGAIN -- TO COMPLETE TRADE TALKS

LONDON -- The G-7 leaders declared today that "a global recession has been avoided" but said future prosperity depended on the successful conclusion of stalled trade talks.

In a final summit communique, the leaders were generally upbeat about prospects for the world economy even though growth has been at the slowest rate in nearly a decade.

"The uncertainty created by the Gulf crisis is behind us," President Bush and the other summit leaders declared in their final statement. "We welcome the fact that there are now increasing signs of economic recovery."...

The summit leaders said they remained committed to working closely together to coordinate their economic policies. However, the final communique broke little new ground and essentially papered over differences between the countries.

(Martin Crutsinger, AP)

G-7 Leaders Affirm Need For Success In GATT Talks

LONDON -- The leaders of the G-7 Wednesday called for the completion of the Uruguay Round of GATT by the end of this year and pledged to intervene if necessary to break any deadlocks.

Prime Minister Major announced at the end of the summit that a successful conclusion to the GATT talks was "crucial to the future prospects of the world economy."

He said G-7 leaders had agreed to intervene "if differences can only be resolved at the highest level."

(UPI)

ISRAEL REJECTS SUMMIT'S SETTLEMENTS-BOYCOTT LINK

JERUSALEM -- Israel today rejected the London summit's implied link between the Arab boycott of companies that do business with the Jewish state and Israel's settlements in the occupied territories.

Prime Minister Shamir reacted with "disgust," according to aides quoted by the daily Yedioth Ahronoth, and a statement from Shamir's office said there was "no connection between the two things."...

The Israeli statement said the boycott, aimed at companies that aid the Israeli economy, "has existed since the foundation of the state of Israel," and was directed at, among others, the seven countries represented at the London summit.

(AP)

JAPAN PRAISES G-7 SUMMIT DECLARATIONS

TOKYO -- G-7 summit declarations received high marks in Japan Wednesday for including Asia and a Japanese-Soviet territorial dispute [revolving around four disputed islands off Japan's Hokkaido island], in a list of world priorities.

Chief Cabinet Secretary Misoji Sakamoto told reporters Japan welcomed G-7 recognition of Asia as a global participant, especially concerning relations with the Soviet Union.

(Michael Nol, UPI)

INTERNATIONAL NEWS

POLAND, U.S. SIGN DEBT-REDUCTION PACT

WARSAW -- Poland and the U.S. signed Wednesday an agreement that will cut Poland's \$3.7 billion debt to Washington by 70 percent.

U.S. Ambassador Thomas Simons and Polish Finance Minister Lech Balcerowicz, who signed the agreement, welcomed it as another major step toward Poland's drive toward a market-oriented economy.

"It is an important event because it is an implementation of a very important agreement concluded with the Paris Club this year," Balcerowicz said.... Simons said the economic reforms that took effect in January 1990 are on the right track. (UPI)

REPUBLICS GET MORE CONTROL OF EXPORTS,
CENTRAL BANK ASSETS PUBLISHED

MOSCOW -- Taking more steps to demonstrate reformist intentions, the Kremlin has given the Soviet republics a freer hand in exporting their own products and has disclosed the central bank's assets.

Prime Minister Pavlov approved a new rule allowing the republics to license the sale abroad of oil, gold and other items without permission from the Kremlin, Izvestia reported Tuesday. In addition, the State Bank for the first time disclosed its assets --- an effort to show "the Soviet Union seriously wishes to move toward a market economy," state news media reported.

(Clinton O'Brien, AP)

SADDAM HERALDS 'NEW PHASE' OF PLURALISM IN IRAQ;
NO MENTION OF U.N. DEADLINE

BAGHDAD -- In his first speech in four months, Saddam Hussein called on his people today to forget internal differences and enter a new era of promised greater political freedoms.

"Pluralism will be the main pillar in the next new phase," Saddam said in a televised address on the 23rd anniversary of the rise to power of his Baath Party. "I urge all nationalist Iraqis from all intellectual and political trends who are concerned with Iraq's sovereignty, unity and independence to turn a new page and forget the differences and contradictions of the past."...

Saddam noted that legislation authorizing multiple political parties has been passed by the National Assembly. He said it would soon become law "and we will soon start to apply the principles of pluralism in a broad manner."... However, the liberalization Saddam is promising is expected to be limited....

Saddam made no mention in the speech of a July 25 deadline set up by the U.N. Security Council for Iraq to cooperate fully on disclosure of its nuclear resources or face the threat of a new allied attack.

(Kathy Evans, AP)

ANTI-IRAQ ARAB ALLIES REJECT CALL FOR LEAGUE MEETING

KUWAIT -- Kuwait and its Gulf War allies have rejected Iraq's calls for an urgent Arab League meeting to discuss U.S. threats to bomb Baghdad for concealing its nuclear activities.

"The eight countries that signed the Damascus Declaration will reject Iraq's call for a meeting of the Arab League," said Kuwaiti Foreign Minister Sheikh Salem Sabah al-Salem al-Sabah....

Sheikh Salem said the eight countries would consider Iraq's request for a meeting only after it abided by the league's resolutions on Kuwait. (Reuter)

BCCI BACKED ISRAEL ARMS SALE TO IRAN FOR CIA, PAPER SAYS

PARIS -- Bank of Credit and Commerce International SA, closed in several countries over fraud allegations, acted as an intermediary when Israel delivered arms to Iran for the CIA during the so-called Irangate affair, a French newspaper said Wednesday,

BCCI's links with the CIA were closer than suggested in earlier reports in The New York Times, the paper Liberation reported. Citing a BCCI source, Liberation said the bank was nominated by the CIA when an Israeli arms trader and officials wanted guarantees before agreeing to be part of the deal during the Reagan Administration. The Israeli government role in the deal had never been established, the paper added. (Reuter)

ISRAEL CURBS COLLECTIVE PUNISHMENT OF PALESTINIANS

JERUSALEM -- Defense Minister Arens has barred the army from clamping curfews on entire towns to punish Palestinians, days before Secretary Baker visits Israel to press for Middle East peace concessions. Israel's military government in the occupied territories said Wednesday that Arens had issued orders removing the army's authority to impose curfews, demolish houses and cut down trees. (Marjorie Olster, Reuter)

ISRAELI JETS ROCKET SHIITE GUERRILLAS

RASHAYA, Lebanon -- Six Israeli warplanes bombed Shiite Muslim guerrillas targets in southeastern Lebanon this morning in two waves of attacks. Police said the jets fired 10 rockets in one raid. There were no immediate reports of casualties.

In Jerusalem, Israel's military command identified the targets hit only as launching pads for rocket attacks and "terrorist activities" aimed at Israel's self-designated border security zone. (AP)

U.S. RETAINS SUBIC BASE FOR 10 YEARS, GIVES UP CLARK FACILITY

MANILA -- The U.S. will retain Subic Bay Naval Station for 10 years under an agreement Wednesday that includes surrender of the volcano-damaged Clark Air Base, officials said.

The agreement faces a tough road in the Philippine Senate, where anti-base opposition is high....

U.S. spokesman Stanley Schrager, reading from a joint statement, said the two sides "reached agreement on all major issues" after year-long negotiations. (Fernando del Mundo, UPI)

CAMBODIAN FACTIONS REPORT PROGRESS IN TALKS

BEIJING -- Cambodia's warring factions have reached interim compromises on a U.N. peace plan and will send a unified delegation to the U.N. General Assembly meeting this year, Cambodian leader Prince Sihanouk said Wednesday. (Jeffrey Parker, UPI)

Prince Sihanouk Chosen To Guide National Reconciliation Body

BEIJING -- Prince Sihanouk, chosen to lead war-torn Cambodia to national reconciliation, said today he would resign as resistance leader to assume a neutral role in the peace process.

Sihanouk told reporters he was unanimously elected president of the Cambodian Supreme National Council by the four warring factions that created the council....

Cambodian Premier Hun Sen and leaders of the rebel groups that have fought his rule agreed to ask the U.N. to send observers to monitor a cease-fire and a cutoff of foreign military aid, Sihanouk said. (Kathy Chenault, AP)

PENTAGON ANALYZING PHOTO THAT FAMILIES SAY SHOWS MISSING POWs

Government analysts are studying a mysterious photo that according to relatives shows three American pilots who never returned after they were shot down over Southeast Asia during the Vietnam War.

"In coordination with the State Department, we are undertaking urgent activities to follow up on this report," Defense Department spokesman Gregg Hartung said Tuesday....

John Isaf of the American Defense Institute, a private organization, said retired Navy Capt. Eugene McDaniel, who heads the institute, received the picture last November. McDaniel declined to reveal just where he got it, saying only that it came from "sources over there," according to Isaf. (Mike Robinson, AP)

**SLOVENIA SHUTS OFF ELECTRICITY TO ARMY BASES;
TWO KILLED IN CROATIA**

LJUBLJANA -- Slovenia said today it had shut off electricity to five Yugoslav military bases because federal authorities refused to reopen the breakaway republic's airspace. "It looks like they will only respond to strong-arm pressure," said Slovene Information Minister Jelko Kacin.... In another development, two more people were reported killed in ethnic fighting between Croats and Serbs in neighboring Croatia. (Tony Smith, AP)

SENATE COMMITTEE CHAIRMAN IDENTIFIED CIA STATION CHIEF

The chairman of the Senate Intelligence Committee, Sen. Boren, mentioned the name of a CIA station chief that by-law is secret.

Boren, emerging Tuesday from a closed-door meeting of his committee, mentioned the name of Jerry Gruner after announcing postponement of confirmation hearings on Robert Gates to head the CIA....

Boren, speaking to dozens of reporters and TV cameras, did not say what Gruner was doing now but mentioned his name several times. (Ruth Sinai, AP)

NATIONAL NEWS

QUAYLE ATTACKS THOMAS CRITICS; PREDICTS CONFIRMATION

MANCHESTER, N.H. -- Vice President Quayle, on a campaign-style trip to New Hampshire Wednesday, predicted that Judge Clarence Thomas will be confirmed to the Supreme Court and lashed out at critics of the nomination....

Quayle said opposition [by many black and liberal groups because of Thomas's conservative views] is based on intolerance.

"You have people lining up against Judge Thomas without even looking at his credentials, his character and his experiences in life," he said. "Instead, because they don't believe he shares their political views, they set out to attack him personally."

He said the attacks on Thomas, particularly by black leaders for his opposition to affirmative action and other programs to aid minorities, are unfair. "I believe the attacks, the insults and the attempts to define racially correct thinking ought to be rejected and denounced by every single United States senator," Quayle said. Quayle said...he told Chief of Staff Sununu earlier in the day that the Administration has enough votes in the Senate to win confirmation for Thomas....

Quayle also noted the lack of activity so far in the 1992 presidential race. "These days you have a better chance of seeing Elvis than you do Democratic presidential candidates," he said. "There have been unconfirmed sightings of both." (UPI)

FOLEY TO EXPAND HOUSE LEADERSHIP TEAM

Speaker Foley announced today that he will expand his leadership team to break the lock of liberal, northern white men.

Foley said his goal was to include more viewpoints in party strategy meetings. "We haven't met yet to discuss the possible candidates," he said, but he acknowledged there had been demands from women, blacks and southern Democrats that they be included.

(AP)

CONSUMER PRICES RISE A MODEST 0.2 PERCENT IN JUNE

Declining energy costs offset a sharp rise in fruit and vegetable prices in June to produce a modest 0.2 percent increase in consumers' cost of living, the government said today.

The report bolsters private analysts' view that inflation will not be a problem as the nation pulls out of the recession....

The Labor Department said that food prices and so-called core prices -- excluding food and energy -- were both advancing at a slower rate this year than in 1990. (Dave Skidmore, AP)

HOUSING STARTS UP 5.2 PERCENT IN JUNE

Housing starts shot ahead 5.2 percent in June, the third straight increase, boosting the annual rate of new construction over the 1 million mark for the first time in seven months, the government said today. All regions of the country posted strong gains except the West.... Analysts contend the housing recession hit bottom with an 847,000 annual rate in January but believe the recovery will be slow and bumpy, compared to the brisk pace following most other recessions. (John McClain, AP)

-End of A-Section-

MORNING NETWORK NEWS SUMMARY

ABC'S GOOD MORNING AMERICA

8:40 a.m. -- post-news conference

Peter Jennings: You've probably watched many White House events over the years. The traveling White House has not got this one quite right [referring to audio feed/translation difficulty]....

We're not getting much out of this at all and it hasn't turned out to be much of a news conference, anyway, with Mr. Gorbachev and Mr. Bush making the briefest of appearances. We apologize, as we hope the White House will do later, for all of the technical inconvenience.

Brit Hume: The truth is...they didn't say very much beyond the announcement that indeed the last-minute concession had been made, apparently on the Soviet side, so that the negotiators in Geneva can indeed complete the long-awaited START Treaty and that then paves the way for the invitation Gorbachev extended here to Bush to visit Moscow at the end of this month. Everyone says it's now on. The questions and answers...basically went this way: the question to the President was...who caved. The President said it was mutual victory; Gorbachev agreed with that. And then there was a question to Gorbachev about what he got and whether it was enough or did he come looking for a bundle of cash. It was at that moment that he sort of grunted in semi-amusement, turned and walked over and shook hands with Mrs. Bush and that was the end of the news conference, all of which was not exactly the way the White House had planned. But it was certainly immensely amusing to President Bush, who cracked up laughing, then came forward and leaned out to all of us and said that he'd learned something here about how to conduct a news conference.

Jennings: We're now talking about the 28th, 29th of July and the first couple of days in August?

Hume: That is correct. He indicated it would be about three days.... White House aides, the secretary of state and the national security adviser had gone to great lengths to insist that this had not been some sort of a put-up job to enable the two leaders to come out here today and dramatically announce that there would in fact be a summit and an arms control deal. I can't help noting, of course, that that's exactly what happened.

Jennings asks Barrie Dunsmore: ...Only yesterday the State Department was putting out the word that [agreement on START] was going to be difficult. So it does look a bit like a put-up job, doesn't it?

Dunsmore: I have this terrible feeling that they wanted to make it more suspenseful, given the fact that it seems that the deal was actually cut on the weekend in Washington and the one remaining detail was one which I suspect they knew they could work out between then and now. At the same time, I think we should point out that after all is said and done we now do apparently have an important strategic arms reduction treaty....

Jennings asks former deputy Foreign Ministry spokesman Sergei Grigoriev: What sort of resistance, if any, there will be from the Soviet military to this START agreement?

Grigoriev: ...I think that this treaty...has many more arguments pro than contra, and there will be voices against, this will be a small thing for Gorbachev to pass through the Supreme Soviet.

Jennings asks Moscow correspondent Jim Laurie: ...How do you think this will be received by the Soviet people, or will it make any difference compared to their economic differences?

Laurie: I think what will happen is the Soviet people will at least be able to see that things can move on now from the question of confrontation with the U.S. into a new relationship where economics is the crucial question. Now Gorbachev hopes...he can get the U.S. to focus more clearly on the economic question, he can reduce his military budget further, and in turn the U.S. will reduce its.

Hume: Secretary Baker stayed here just a few moments after the news conference was over, and he said that it's not at all certain that by the time the summit is held in Moscow the treaty itself will be complete. He said what we have in effect is an agreement in principle with what he called the mechanics still to be worked out. It's likely, I would think, that that means that they really do have the deal nailed down, but as you know sometimes the devil is in the details, so I suppose there's at least a possibility there could be some hitch....

7:00 a.m.

Mike Schneider: We begin this morning at the end of the London summit. It is over now, world leaders are clearing their desks after three days of talks on everything from foreign policy to international trade. It is something they do every year, but this time around there is a difference. This time they do have a different sort of guest: Mikhail Gorbachev, who says he has high hopes that the West will help his ailing Soviet economy. Gorbachev meets with the seven leaders throughout this day, but first there is a lunch with President Bush.

Barrie Dunsmore: The G-7 leaders set the stage for their meeting with Gorbachev by setting forth some basically positive principles. (TV Coverage: G-7 leaders seated at conference table.)

(Prime Minister Major: "You will find also in the declaration support for the [efforts] being made towards the political and economic transformation of the Soviet Union.")

The important economic issue, overshadowed by the Soviet leader's visit, was the need to complete the long-stalled international trade agreement.

(Major: "Failure in the GATT Round would lead to protectionism, a decline in trade and a reduction in all opportunities.")

(TV Coverage: President Bush and Prime Minister Mulroney standing at table, conferring.)

The leaders promised to get that rolling again in order to head off a potentially disastrous international trade war. European and American agricultural subsidies are still the main hang-up.

-more-

Schneider asks Dunsmore: In terms of the other issues to be addressed today, for instance, there was a lot of speculation about what the Seven would say about the Mideast, what they would say about Iraq. Any major surprises?

Dunsmore: I don't think there are any real surprises, but it was significant yesterday that the summit did give some kind of an impetus to Secretary Baker's trip to the Middle East.... We would anticipate that Bush and Gorbachev will talk about that issue because when and if that peace conference does take place it will be done under the auspices of the Soviet Union and the U.S.

Joan Lunden interviews Soviet Foreign Ministry spokesman Vitaly Churkin

Lunden: What can you tell us about what President Gorbachev will be asking for this morning?

Churkin: I can give a very brief answer to that: Nothing. He is not going to ask or request anything. He has identified a problem and the problem is the movement of the Soviet economy towards a market and the possibility of large-scale cooperation of the Soviet Union with the West in the process of that....

Lunden: He may not be asking for any particular sum, but --

Churkin: When people refer to asking they mean bags of money, and this is not at all what it's all about. The Soviet Union is the 6th [richest country on] the earth and has enormous natural and human resources, as the G-7 documents point out correctly. So inevitably the Soviet economy will be integrated in the world economy and we feel that it's a good time to start talking about it in practical terms now.

Lunden: But in addition to integration in the world economy and investments there in the Soviet Union, there has been talk of billions of dollars needed as an infusion into the economy.

Churkin: There has been talk, speculation. But I can tell you that in the concept paper, which President Gorbachev sent to the leaders of the G-7 several days ago, no sums of aid or help are named. He has outlined some areas of large-scale cooperation with the West, he has outline our own programs for transformation of our economy and our movement towards a market.... It is something which is going to be and can be mutually beneficial, because as Western economy develops it must find some untapped markets for expansion, and the Soviet Union seems to be a very suitable place for that.

Charlie Gibson: Even as we speak, the meeting between Presidents Bush and Gorbachev....

(TV Coverage: President Bush greeting President Gorbachev at Winfield House.)

Gibson interviews Soviet expert Marshall Goldman and reformist Soviet journalist Vitaly Korotich

Gibson to Goldman: ...If it's nothing more than [technical assistance, status in IMF, support for reforms], is that going to be enough to help Gorbachev?

Goldman: I don't think it's going to be enough to help him, but I've been worried about Gorbachev's future all this time. And every time he meets some kind of impossible problem, I say that's going to be the end. This time he's going to come home empty-handed in some sense, but I don't think that's going to affect Gorbachev because he survives these things....

Gibson to Korotich: Vitaly Churkin said Gorbachev really wants nothing. Is he being honest with us? ...Gorbachev wants direct economic aid or at least a great deal of assistance, doesn't he?

Korotich: Gorbachev's task was really to put us back to mankind, back to humanity. Now we're separated from the world economy, from the world policy.... Now we must be under international control and we must have international help coming back to mankind.... We need your assistance.

7:30 a.m.

Ann Compton reports on the summit's final declaration. Although it isn't reflected in the final communique, the leaders probably spent less time fretting about their own economies and more time worried about the Soviet Union's.... Gorbachev knows he's not going to get a blank check but he does want to take them up on the offer of moral and political support.... The U.S. says it will be up to Gorbachev to raise details of the START Treaty. The U.S. denies that there's any ploy to leave one percent of the treaty to be negotiated. If the two leaders met today they might be able to announce that President Bush would be in Moscow as early as 10 days from today.

8:00 a.m.

Compton: At high noon outside the American ambassador's home the two presidents met for what will certainly be a friendly lunch and could well be a historic moment in arms control. The START Treaty is 99% complete; U.S. officials deny it's all a set-up for the two presidents to go the final mile and declare victory....

Laurie reports Gorbachev was asked as he went into the meeting with President Bush whether he was optimistic about everything. And Gorbachev still retains his good sense of humor. He said: "In my position, I have to be optimistic."

Gibson interviews Treasury Undersecretary Mulford

Gibson: There is indication that the U.S. has refused to support a fund to stabilize the ruble. Why is the U.S. opposed?

Mulford: The stabilization fund is something that I think all leaders agree is really premature. That's a fund that's set up after economic reform is well underway, reforms are being implemented, and the plan is beginning to take hold, when the decision is made to increase the degree of convertibility of the currency. It's at that point that you conceive of a stabilization fund to support that process. But that hasn't begun to happen yet in the Soviet Union....

Gibson: [Given EC 92 and the North American free trade zone] Is there really a prospect with those regional blocs developing that you can get the kind of trade cooperation that some might want?

Mulford: I don't think the development of regional blocs is necessarily inconsistent with the goal of completing the Uruguay Round. I think the two can fit together, as indeed the President's recent proposals in Latin America, for example, for increased trade fit well into the completion of the Uruguay Round. That's still the prime objective of the Administration, to bring that to a conclusion if at all possible by the end of this year.

Gibson: And has there been progress at this summit in overcoming the problems on agricultural subsidies?

Mulford: I would say there may be a little better definition of the problem, but I don't think you could say there's really been progress.

NBC's TODAY SHOW

8:40 a.m. -- post news conference

Tom Brokaw: We hope that the future cooperation between the U.S. and the Soviet Union in the area of nuclear arms will be a good deal more efficient than the technology that we witnessed here today. We apologize for the confusion over the audio system that was provided by the White House signal corps. For those of you who speak Russian, it was a morning to brush up on your language; for the rest of us, there was a good deal of confusion as a result of the simultaneous translation that was taking place.... The big news at the moment is, A) there will be a summit meeting; and B) if Gorbachev wants a piece of Western technology, he'll probably want to improve on our ability to get simultaneous translation in a form so everyone can understand it.

Jim Miklaszewski: It was left to Mikhail Gorbachev to announce that both sides had agreed to send their negotiators back to Geneva this week to work out the final details on START, and then President Bush would go to Moscow -- we think on July 29 -- and the two leaders would sign the START agreement. At this point it looks like the President will leave Washington on July 29, go to Moscow for several days, and then spend a couple more days in the Soviet Union, visiting at least three other cities, before returning to the U.S. August 2.

Ann Coury: I know the President didn't want to have a U.S.-Soviet summit until the START agreement was finalized. What do you think is going on here? They have it in gear but they don't know, or they're not announcing what the settlement is.

-more-

Miklaszewski: The strategy behind that is the White House and the U.S. knew that Gorbachev wanted badly to have a summit with President Bush.... It really does give Gorbachev a boost -- it puts it on an equal plane with the other world leaders, as it does here in London, and with President Bush, to some extent, to have the President come and visit. So the White House sort of dangled this START treaty out there a little bit. The President saw this as the best opportunity...to get what the U.S. could out of the Soviet Union.... And it looks like he's succeeded in that. Although in the announcement, the President made it clear that both sides did move, did make some compromises, President Bush announced it's in the best national security interest not only of the U.S. but of the Soviet Union....

7:00 a.m.

Miklaszewski reports that speculation is running high in London this morning that the fix may be in on a START treaty.... If Bush and Gorbachev come out of their luncheon today and say they cut a deal on START, then President Bush will go to Moscow for a summit beginning July 29. He'll stay in the Soviet Union for about five days through August 2, visit a couple of other cities. If they don't cut a deal today, the summit could be pushed off to the first week in August or maybe into September.

Bob Abernethy reports on prospects for aid to President Gorbachev. As Gorbachev arrived last night, U.S. and other officials offered assurance he will get at least some of what he wants.

(Secretary Baker: "I would submit to you there's no chance that he will leave here empty-handed.")

Gorbachev already has a broad statement of support for Soviet reform.... Last night, Soviet officials are reported to have tried to make Gorbachev's reform proposals more appealing to the West than they have been. But there is no expectation that when Gorbachev at last takes his place at the G-7 table, he'll get any hard cash. One thing Gorbachev would like here is enough support to strengthen him in his unfinished and hard-fought negotiations at home over how to divide power between the central government and Moscow and the individual republics.

Faith Daniels discusses the prospects for Soviet aid with Andre Orlov, former senior correspondent with Tass; Martin McCauly, London University professor of Soviet affairs; and Dmitri Simes, associate with the Carnegie Endowment for International Peace.

Orlov says he thinks it's too early to say Western reaction has been cool to President Gorbachev's proposal. Orlov believes that on the contrary, Gorbachev has gotten more or less everything he wanted before the summit started. Simes believes Gorbachev will ask for some support for the conversion of the Soviet defense industry. Gorbachev will bring a compromise economic program, says Simes, which is why economist Grigory Yavlinsky is not in London and Yevgeny Primakov is. Gorbachev is becoming more radical in terms of promises, but he is not quite where the G-7 would like him to be in terms of deeds. McCauly believes that in the short term, Gorbachev will be applauded by the G-7 for going down the road of market reform and democratization, but will not get foreign investment or ruble conversion assistance until he implements some of the legislation.

-more-

CBS THIS MORNING

8:40 a.m. -- post news conference

Rather: A short news conference in which the audio was less than what would be ideal. The important things are that President Gorbachev says he has renewed his invitation for a summit with President Bush in Moscow at the end of July. A summit would take two or three days. And President Bush accepts. And the Gorbachev ...said the two leaders had agreed to resolve all outstanding issues in the START Treaty. This may, as some observers speculate, be the last major weapons reduction agreement between the United States and the Soviet Union in that it may be the last achievable in some while.... Gorbachev said today that the negotiators in Geneva would be instructed to reach the final agreement, put it on the line so to speak, along the lines that he and President Bush agreed to at lunch. Gorbachev made it clear that the START treaty would be finalized in Geneva and announced in late July when the two leaders meet in Moscow.

Smith sums up news conference: reiterating the progress on START and announcement of a summit in July.

7:00 a.m. EDT

Harry Smith: G-7 leaders have finished up their official summit work and are prepared to hear from Mikhail Gorbachev. President Bush and the other summit leaders probably have a good idea what he'll have to say. The Soviet president has been meeting with them one on one since he arrived in London yesterday.

Randall Pinkston reports on the conclusion of the summit: Before they wrapped up the group of seven leaders issued their final communique. The statement endorses great support for continued role for the U.N. in resolving international conflict, it expresses hope for continued economic recovery in industrial nations, and it renews a promise to remove international trade and tariff barriers. (TV coverage: G-7 leaders at conference table)

This issue has defied solution for years, but Prime Minister Major announced a new twist. In an attempt to make progress before the next G-7 summit, the leaders won't allow the dispute to be left solely in the hands of negotiators.

(Major: "Each of us has made a personal commitment to bolster the success of the negotiations before the end of this year. We will be getting to intervene if differences can totally be resolved at the highest level.")

With the formal conclusion of the summit, the G-7 leaders now concentrate on what President Gorbachev wants and what of some of the world's wealthiest nations are willing to give.... The upshot is this: While the formal G-7 position will not include hard cash for Gorbachev, individual nations may be able to provide any assistance they want to in the future.

(Live TV Coverage: President Bush greeting President Gorbachev at Winfield House.)

Smith interviews National Security Adviser Scowcroft

Smith: What will Gorbachev get from his visit?

Scowcroft: What he's going to get is what he asked for at the outset of the letter he wrote the G-7. And that is to be accepted as a participant in the international economic system.... And the G-7 is saying "yes" you can join it, we will give you associate status in the IMF, World Bank. So, that fundamentally is what he's asking for and what he needs and what he will get in order to transform his economy.

Smith: Is that going to be enough, is he going to be satisfied with that?

Scowcroft: I don't know whether he'll be satisfied. It is what really is appropriate at this time. What he needs to do is to put in place an economic program which demonstrates that any resources put in will be productively employed to help transform the economy, rather than just go to try to shore up a decaying economy which would be the case at the present time.

Smith: The leaders here this weekend sent a clear message to Baghdad, a clear message of solidarity. Saddam Hussein says now he has now finally revealed his nuclear facilities to the West. He's lied before. Do you believe him now?

Scowcroft: No. You know it may turn out to be the case. I suspect it is not the case. He has, as you say, lied before. And we suspect this is not yet full disclosure.

Smith: Are we gonna have to go back to Baghdad?

Scowcroft: No.... I hope not. Because he began to get worried that something was going to happen to him after he refused access to sites and fired over the heads of inspectors. He thought maybe we would respond, so he has come out now with a new list of nuclear materials. So he does not want to be subjected again to punishment. So hopefully, hopefully we will not need to do anything.

Smith: Secretary Baker is heading back to the Middle East. Syria has come through and embraced some ideas about a new peace process. Syria's on board. What is it going to take to get Israel on board?

Scowcroft: We'll have to see. Israel reacted negatively to the President's proposal, the letter he sent to both sides. But hopefully they will reevaluate their position in light of Syria's acceptance. And that is one of the main reasons Secretary Baker will be going there.

7:30

Barry Peterson reports on the upcoming talks with Gorbachev: The Soviet leader was up early this morning for a series of meetings. There are indications that his plans for restyling the Soviet economy have been in rewrite the last few days, buffeted by pressure back home from both the left and right. Secretary Baker saw the original version of the plan sent to world leaders last week and came away short on details but long on doubts.

(Baker: "I did not think you could get to a market economy by simply providing assistance to a disintegrating command economy.")

(Foreign Secretary Hurd: "What I think will then happen is that he will go back with a message of encouragement. He is not expected with seven checks in his pocket.")

Gorbachev will be satisfied, say his aides, if he gets a strong statement of supports from the seven western leaders.

8:00 a.m.

Pinkston reports that the Bush administration will not allow Gorbachev to go home empty-handed. When asked if he was optimistic, Gorbachev said, he has to be optimistic.

(TV coverage: G-7 leaders at conference table)

Smith discusses Gorbachev's needs and expectations with Pinkston

Smith: What about membership or some kind of entre into the International Monetary Fund?

Pinkston: The Soviet Union wants full membership in the IMF and the World Bank. But the decision by the group of seven led by the United States, Great Britain, and Japan is not the membership but special status. That would give the Soviet Union technical assistance but no cash yet until Gorbachev demonstrates that his economy is indeed headed towards the market economy and away from communist controls.

Smith and Dan Rather report that a joint news conference by the President and Gorbachev is imminent. Both speculate that the START treaty may be complete.

-End of News Summary-

9:15 P.M. LONDON/4:15 P.M. EDT NEWS UPDATE

START/SUMMIT (London/Barry Schweid, AP) -- President Bush and President Gorbachev announced agreement on a historic START treaty and said they would hold a superpower summit in Moscow at the end of the month. "We have moved far away from the threat of nuclear war. It is our common victory," Gorbachev said at a cordial news conference that concluded his luncheon with Bush. Bush said the summit would be held July 30 and 31, and cover matters other than arms control, including the Soviet economy, human rights, regional disputes and terrorism. Bush said the START agreement is "clearly in our interest." "It's a good deal and the defense people are so enthusiastic it ought to sail through the Senate," he said. Gorbachev called the session with Bush that sealed the arms accord "one of the most important meetings of our time." Prime Minister Major hailed the agreement as "a very remarkable achievement."

SOVIETS/G-7 (London/UPI) -- The G-7 agreed to help the Soviet Union join the international economic community under a six-point program that includes a special relationship with the IMF and the World Bank. President Gorbachev, commenting on the plan at a news conference, said the plan was "vital oxygen" for Soviet society. "That is something we all need," Gorbachev said, adding that the actions of the G-7 in opening economic dialogue with the Soviet Union had made a major contribution to his country's economic stabilization. "We are going through a difficult time now. We will extricate ourselves whether you help us or not." But he emphasized that his talks in London convinced him that dialogue would continue. Prime Minister Major said: "I believe it is a new start and a very valuable one. It was, I have no doubt, a very successful and historic meeting."

(London/Terence Hunt, AP) -- Mikhail Gorbachev told the G-7 that Soviet progress toward a market economy is irreversible, and they responded with a warm welcome and a six-point plan of assistance to help make the transition work. Prime Minister Major said "outside assistance can make a contribution, it can catalyze the process," but added that the key step is for the Soviet Union to mobilize its own resources. Major said the G-7 meeting with Gorbachev established "a partnership with the Soviet Union on a new and better footing."

ENVIRONMENT/G-7 (London/Reuter) -- The G-7 pledged to reach agreements on climate change and forest conservation in time for a major environmental conference next year. The G-7 promised to work for the success of the U.N. Conference on Environment and Development, scheduled in Brazil in June 1992, and termed it a "landmark event."

(London/Reuter) -- Environmentalists accused the G-7 of being unfit for economic domination of the world and said President Gorbachev's talks with them were a waste of time. A parallel alternative summit concluded that the G-7 was too undemocratic to achieve a "sustainable world economy." "If it cannot reform, the G-7 should contribute to the 'Decade of Democracy' by winding itself up," the Third World lobbyists and environmentalists said in a communique.

ARAB BOYCOTT/G-7/ARAB LEAGUE (Cairo/Reuter) -- A senior Arab League official sharply criticized a G-7 appeal for Arab countries to suspend their economic boycott against Israel. "There is no balance in the G-7 statement which does not realize the importance of reason behind the Arab boycott," said Adnan Omran, Arab League assistant secretary-general for political affairs.

MOSCOW NIGHTCLUBBING/FIRST LADY (London/Reuter) -- Barbara Bush said she was thrilled at President Gorbachev's invitation to visit Moscow and joked she wanted to go nightclubbing there. "Gorbachev came up to me and whispered, 'Barbara, I wanna take you to all the nightclubs,'" the sassy first lady quipped. "I have been to Moscow before, but I have only been to funerals, so anything is up."

GATES/VICE PRESIDENT (AP) -- ...One senior administration official familiar with the strategy for getting Robert Gates through the Senate predicted the weeks ahead will see a steady trickle of allegations with no chance for rebuttal. "The dynamics are definitely not in his direction," said the official, speaking anonymously. Vice President Quayle predicted that there won't be any revelations fatal to the Gates nomination in the continuing investigation. "There is no smoking gun," Quayle said.

GAS TAX/SUNUNU (AP) -- President Bush will veto any transportation legislation that includes an increase in gasoline taxes, Chief of Staff Sununu is telling congressional leaders. In a letter to Rep. Michel, Sununu said he was concerned at reports that Bush might support a gas-tax increase as a way of financing transportation improvements included in a House transportation bill. "I want to let you know...there has been no change in the President's position on a gas tax increase," Sununu said in the letter, dated Tuesday and made publicly available on Wednesday. "He continues to oppose such a tax increase because it would jeopardize the economic recovery that is now under way and would undermine our continued efforts to adhere to the principles of last year's budget agreement," Sununu said.

ABORTION COUNSELING/SENATE (UPI) -- The Senate voted to kill federal regulations that ban abortion counseling at family planning clinics that get financial aid from the government. The bill was approved by voice vote and sent to the House, which has passed similar legislation. The measure was rushed through after Sen. Helms withdrew his threat to offer several amendments, apparently after he was given assurances from high-level administration officials in London that President Bush would veto the bill. At one point, Helms was asked by Sen. Hatch whether he had "conversations with people in London" earlier in the day and whether they proved satisfactory. Helms confirmed the discussions and said that "they were satisfactory to me" but, when solicited by Hatch to expand his remarks, said, "I would not want to further characterize the conversation."

STRIKEBREAKER BILL/MARTIN (AP) -- The House, in a major test of strength for the nation's labor unions, took up legislation that would prohibit companies from hiring permanent replacement workers during strikes. Debate opened as the Bush administration delivered a fresh veto threat, saying the measure would damage the U.S. economy and give labor unions too much power in contract disputes. "I, too, care about people's jobs, but you don't make the law skewed, you don't try to make small- and medium-sized businesses totally inflexible. That isn't the way you produce jobs," Secretary Martin said after meeting with House Republicans. The House was expected to easily pass the measure in a vote late Wednesday afternoon, but not by enough votes to override a veto.

(UPI) -- House Democrats, warning that the survival of collective bargaining is at stake, pushed for passage of an anti striker replacement bill. Despite the almost certain House approval, GOP opponents said the bill is "going nowhere" because of a likely filibuster in the Senate and a veto at the White House.

HISPANICS/MOSBACHER (Houston/Reuter) -- Angry leaders at a convention of groups representing 2 million Hispanics [La Raza] said Secretary Mosbacher canceled a speech before the group because of his decision allowing the 1990 census to stand without revision. The leaders accused Mosbacher of "evading responsibility" for the Monday decision on the census count, charging it failed to include more than 1 million Hispanics.

IRAQI OIL/PEREZ DE CUELLAR (U.N./Reuter) -- Secretary General Perez de Cuellar recommended that Iraq be allowed to resume oil sales so the U.N. could be paid for scrapping its weapons of mass destruction, according to a document released today. To obtain the funds, he said, trade sanctions should "be lifted for a limited period and under clearly defined conditions."

GLASPIE/SENATE (Reuter) -- The Foreign Relations Committee has postponed plans for further questions of Amb. Glaspie about a controversial meeting with Saddam Hussein before Iraq's invasion of Kuwait, a committee spokesman said.

B-2/GAO (Reuter) -- Congressional investigators, drawing angry attacks from supporters of the B-2, recommended slow production of the plane until tests prove it works. The GAO investigators told the House Armed Services Committee that production should be limited to two to four planes a year until tests prove they can carry heavy bomb loads and be nearly invisible to enemy radar. The committee's senior Republican, Rep. Dickinson, said "it is no secret that GAO's credibility has come under fire of late."

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THE WHITE HOUSE

Office of the Press Secretary
(London, England)

For Immediate Release

July 17, 1991

The President today announced his intention to nominate Delbert Leon Spurlock, Jr., of California, to be Deputy Secretary of Labor. He would succeed Roderick Allen DeArment.

Since 1989, Mr. Spurlock has been with the law firm of Gregory D. Thatch in Washington, D.C. Prior to this, he was Assistant Secretary of the Army for Manpower and Reserve Affairs in Washington D.C., 1983-1989. From 1981-1983, Mr. Spurlock was General Counsel for the Department of the Army. He was an Attorney with Spurlock & Thatch, 1977-1981. From 1975-1977, he was Chief of the Conflicts of Interest Division for the California Fair Political Practice Commission in Sacramento, California. Prior to this, he was an Acting Professor of Law at the University of California, Davis, 1972-1975.

Mr. Spurlock was graduated from Oberlin College (B.A., 1963); Howard University Law School (L.L.B., 1967); and George Washington Law Center (L.L.M., 1972). He is married, has two children and resides in Reston, Virginia.

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POOL REPORT # 16

Bush (and Scowcroft) After Gorby Meets the G-7

July 17, 1991

The President's and the General's words are en route via transcript.

Bush tried to delay until after Major-Gorbachev PC but finally gave up and started his 25 minute at 7:45 p.m. The setting was the back garden at Winfield House (the bed of lavender, white roses, and boxwood you may have seen earlier in the day.)

For tick-tock mavens, we call your attention to Bush's citation of the phone call during lunch to the "experts" who gave the thumbs up to the Soviet deal.

FYI: The newspaper writer in the night schlepper's pool has decamped, counting on promises of fresh tape, if any, from the radio rep.

Andrew Glass, Cox
Cragg Hines, Houston Chronicle

THE WHITE HOUSE

Office of the Press Secretary
(London, England)

For Immediate Release

July 17, 1991

The President today announced his intention to nominate Marshall Jordan Breger, of the District of Columbia, to be Solicitor for the Department of Labor. He would succeed Robert P. Davis.

Since 1985, Mr. Breger has served as Chairman of the Administrative Conference of the United States in Washington, D.C. Prior to this, he was Special Assistant to the President in the Office of Public Liaison at The White House in Washington, D.C., 1983-1985.

Mr. Breger was graduated from the University of Pennsylvania (B.A., M.A., 1967; J.D., 1973) and received a B. Phil. in 1970 from Oriel College, Oxford University. Mr. Breger is married, has two children and resides in Silver Spring, Maryland.

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POOL REPORT A

July 17, 1991

Barbara Bush visits AIDS ward With Princess Diana

Before we do quotes, clothes and color: news. Mrs. Bush was handed a letter by an AIDS patient during her visit to the ward housing patients too ill to see her in the dayroom. That portion was out of view of your pool. "She gladly accepted," Anna Perez said. The letter asked her to help lift U.S. immigration restrictions on people who test HIV-positive, according to its author, a patient, who like others identified himself only by first name, age and occupation. He is Steve, 28, a professional interpreter for the deaf. Earlier, Mrs. Bush and Diana spoke at length with him and two other patients in a dayroom where the mini-pool was present. Steve told pool he would deliver what he called "the letter of complaint." He said he had been a philosophy student at Indiana University, Bloomington, and had many American friends he couldn't visit. "That rule is like another Berlin Wall for me," he said. "Why shouldn't I be allowed to visit the Grand Canyon before I die?"

At a later interview in the Gold Room at Winfield House with three wire reporters and The Washington Times (White House transcript a.s.a.p.), Mrs. Bush said Steve asked her to use her influence with Congress. "I told him, 'You probably have more influence with Congress than I do.' "

In that same interview, she assessed Diana ("just fabulous," etc), the president's current health ("He feels just as tired as you do, but he's working harder than you do."), and prospects for a second term ("I think he's going to run in all honesty," she said, adding that she believes that if she asked him to quit after one term, he would do so).

Mrs. Bush and Diana, Princess of Wales, arrived together in a U.S. embassy Cadillac. With them was Mrs. Seitz, wife of U.S. ambassador. Diana brought Harry and William to see Marine One, but the boys didn't come to the hospital. Mrs. Bush said she was invited to the hospital by Princess Diana and a palace spokeswoman stressed the visit was unofficial and unrelated to the formal G-7 program.

Middlesex Hospital dates to 1745 although not in this building. Florence Nightingale once practiced there, according to officials, and there is a plaque commemorating Rudyard Kipling as a onetime patient. It has 712 beds and 400 patients. Patients and staff hung out the windows long before the motorcade arrived. They were rewarded with waves and at one point Mrs. Bush turned and applauded them. Security note: One bomb-sniffing dog was an English Springer Spaniel that looked like a clone of Millie.

Fashion notes: Mrs. Bush was all red, white and blue. Her white dress had large blue polka dots. She also wore a bright red jacket, and blue shoes and blue purse. She wore a white costume jewelry necklace and earrings, not her trademark fake pearls. Diana wore a sleeveless, silk two-piece pink floral print dress with a bias cut skirt that wrapped like a sarong, cerise bag and shoes, a single strand pearl necklace that seemed very genuine, gold bracelet. Neither had hat or gloves.

Upon arrival they were given flowers in the hospital forecourt by nurses Ann Williams and David Tansley while silent men across Mortimer Street held up a large black and white banner saying only ACT-UP London. In one hospital window a small handmade sign proclaimed, "We support ACT-UP." She then was briefed by Sir Alan Greengross, chairman of the Health Authority, and Professors Michael Adler and Stephen Semple. (In the briefing, we were told, they learned that AIDS statistics in Britain are similar to the United States except that a smaller percentage, 4%, are IV drug abusers here and home care is a focus of treatment.)

They visited the same ward Princess Diana dedicated on her highly publicized 1987 trip to the hospital, the first member of the Royals to give such high visibility to AIDS research and therapy. She has since visited about 30 AIDS treatment programs

and is patron of the National AIDS Trust. The ward is a 28-bed National Health Service unit with some very sick patients. A hospital official said, "They don't want the wards' names used so they don't put a stigma on them. Inside the hospital, halls and doorways were crowded with staff and visitors held back by ropes.

During her visit to the second-floor ward itself, Mrs. Bush told one patient her trip to the Palace state dinner, although not her first, was "the most unforgettable evening of my life." To one patient reading Jackie Collins' "Hollywood Husbands," she said: "And your reading risque books -- that's good for you."

Your pool was in the dayroom throughout the visit there with three male patients. In addition to Steve, who wore blue pajamas and a maroon robe, the others were Ken, 43, described as a former civil servant, who had jeans and a sweatshirt, and David, 36, a word processing tutor who is now an out-patient. He wore a blazer, grey slacks and loafers. Behind Ken was a poster for London Lighthouse, an AIDS charity with official support, and a poster showing the Acropolis. The women shook hands with the patients and sat boy-girl-boy-girl-boy. From left, Ken, Mrs. B, Steve, Diana, David.

At one point, during a discussion with Mrs. Bush about his outpatient care, David opened his shirt to show a mechanism taped to his chest that allows him to infuse medication to alleviate ophthalmic symptoms of AIDS which he also cited among the early signs he was contracting the disease. Mrs. Bush attempted a joke, asking, "You didn't get double vision, did you?" When he said no, she said, "I only ask that because I see double." David brushed off a question about the disease's impact, saying "It's not been any great problem really. You have to go on with it."

When Mrs. Bush asked, "Can you still read, David?" he said that his eyesight itself wasn't affected but his eyes tire. Diana, who had listened and watched with those huge eyes, then said, "It's the balance and the concentration that are affected."

Steve told them he was petrified of coming to the hospital. "But I was very dehydrated and I couldn't stand. I was scared of being used for experiments." Mrs. Bush suggested, "A guinea pig." "Yeah, a guinea pig," Steve replied. When he told her he'd be leaving the hospital on Thursday, she said, "But you're still in your jammies."

Diana and Steve then put their heads close together and talked quietly but Steve said later she had asked about his work as a deaf signer. She is president of the British Deaf Association and has been learning sign language. "It's easier and more beautiful to learn than French," Diana told Steve. He said that when they discussed why she makes such efforts, Diana replied: "Anywhere I see suffering that is where I want to be doing what I can." Mrs. Bush commented later on this and said, "She's wonderful with people who are sick -- just wonderful." Mrs. Bush said that she and Diana discussed their bedside manners, "People need to know you care. You can't just walk through a building. You have to touch and talk."

Ken told Mrs. Bush he'd be in the hospital for five weeks without visits or access to his home because Durham County, where he lives, is 250 miles to the north and has only two hospital beds for AIDS patients. As the women rose to leave, Diana came to Ken and apologized, saying "I'm sorry I didn't hear what you said while I was talking to Steve." "I'm sure Barbara will fill you in," Ken said.

Ken praised the visit which he said helps raise the visibility of research and therapy for AIDS patients. "It's a great boost. Some important people are taking an interest." David was more emotional: "What Diana has done for us is absolutely wonderful. She has brought us close to tears at times."

They left arm in arm, posed a bit for photos in the sunshine and went their separate ways. Diana's Jaguar had been pulled into place to take her home.

Frank Murray, The Washington Times

U.S. DEPARTMENT OF STATE
Office of the Assistant Secretary/Spokesman
(London)

Remarks by Secretary James A. Baker, III
Preceding His Meeting With
Japanese Foreign Minister Nakayama
July 17, 1991
Churchill Hotel

Q. Mr. Secretary, there's still a little confusion, believe it or not, about the START Treaty. Let me try if I may. Have the two leaders instructed the negotiators to simply get it done, or have they told them what to do to get it done? Have they resolved between themselves, the issue?

SECRETARY BAKER: It has been resolved. The issue that remained when we left Washington has now been resolved. There is agreement between the two parties with respect to that issue. The negotiators -- the delegations in Geneva -- have been instructed to do their very best to complete the full treaty text for the Presidents to sign in Moscow when they have their Summit.

Q. And should their very best not be good enough because, after all, the Summit is fast approaching. . .

SECRETARY BAKER: Well, there will be a Summit, and we anticipate that their very best will be good enough.

Q. And when is that Summit set for, Mr. Secretary?

SECRETARY BAKER: Well, it's not completely firm, and I wouldn't add anything to what the President said over there at his press conference with President Gorbachev. I think that both of them referred to the last days of July.

Q. Do you need to go to Moscow again for a ministerial to help prepare the final details?

SECRETARY BAKER: We will have to -- we discussed this -- and there will have to be some preparatory work done by the Foreign Minister and myself. Whether that is done in Moscow or not is still an open question.

Q. Can you tell us the nature of the compromise?

SECRETARY BAKER: I really don't want to get into all of that. It was an agreement that was satisfactory to both sides, and that permits us now to have, for the first time ever, a treaty that reduces strategic nuclear arms.

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Asked when their fourth summit would occur, Bush said it would be at the very end of July. Bush leaves London for a four-day visit to Greece and Turkey and then will return to Washington to prepare.

Gorbachev said as he arrived he was "optimistic" about his mission in London, which included a plea for assistance from western leaders for his program of economic reform, and presumably an effort to nail down a final agreement on a long-sought arms control treaty. Peace in the Middle East and the touchy situation in Iraq also were thought to be areas for discussion with Bush.

"In my position I have to be optimistic," he told reporters, "when asked if he felt he would receive aid. "Otherwise, I wouldn't endure."

Gorbachev met earlier in the day with French President Francois Mitterrand and Japanese Prime Minister Toshiki Kaifu, and was meeting later in the day with the entire summit group — the three men he saw separately, plus the leaders of Britain, Italy, Canada and Germany.

There was plenty of talk in advance about the difficulties in the Soviet economy — and speculation about what Gorbachev was seeking and would get.

Soviet Foreign Ministry spokesman Vitaly Churkin told an interviewer on ABC's "Good Morning America" that Gorbachev "is not going to ask or request anything."

He added: "He has identified a problem and the problem is the movement of the Soviet economy toward (a) market (economy) and the possibility of large-scale cooperation of the Soviet Union with the West in the process of that."

Brent Scowcroft, Bush's national security adviser, said on CBS-TV's "This Morning," that Gorbachev is "going to get what he asked for ... and that is to be accepted as a participant in the international economic system."

"The Soviets have been for most of their 70 years outside this system. He wants to join it. And the G-7 is saying, 'Yes, you can join it. We will give you associate status in the IMF, the World Bank.' So that's fundamentally what he's asking for, what he needs and what he will get in order to help transform his economy," said Scowcroft.

"I don't know whether he'd be satisfied, it is what is really appropriate at this time."

Wed 17-July-91 8:55 EDT

START Treaty to Be Finalized; Summit Set for Late July

By BARRY SCHWEID

AP Diplomatic Writer

LONDON (AP) — President Bush and Soviet President Mikhail S. Gorbachev instructed their arms control negotiators to quickly finalize a strategic arms agreement and agreed to hold their fourth full-fledged summit in Moscow at the end of this month.

The so-called START agreement would slash long-range nuclear weapons by about 30 percent and be the first agreement in history to actually reduce the number of these dangerous intercontinental missiles.

"We have moved far away from the threat of nuclear war. It is our common victory," Gorbachev said.

The prospect of an accord made it possible to proceed with a summit.

"Before you withdraw the invitation, we accept with pleasure," Bush told Gorbachev in a cordial news conference that concluded their luncheon meeting at the U.S. ambassador's residence here.

Bush said the two leaders said the summit would last two or three days and that they would try to sign an arms treaty. Yet Secretary of State James A. Baker III told reporters later,

"That's still up in the air."

He said the agreement still has to be put into final treaty language.

Bush and Gorbachev met shortly after the conclusion of the annual economic summit of the world's leading democracies where the Soviet leader was seeking western assistance to stimulate his economic reform program.

Gorbachev told reporters he and Bush had directed negotiators in Geneva to "finalize" the treaty that was snagged on one final issue during marathon talks in Washington last weekend.

The one remaining issue revolves around throwweight, or payload capacity, to be permitted for certain missiles.

The Soviet leader said that the two erstwhile Cold War adversaries "have to move reciprocally toward each other."

Bush said he was convinced that Gorbachev was determined to continue with his economic reform, but said he would defer any further declarations on the subject until after Gorbachev meets later in the day with the entire group of western leaders gathered in London for their just concluded economic summit meeting.

Gorbachev was asked whether he thought he would get enough aid to bring home, or whether he was looking for a "bundle of cash." Gorbachev abruptly shut off the news conference without a reply. He turned and shook hands with Barbara Bush, who was standing nearby.

At the outset of their luncheon, Bush greeted the Soviet leader with a warm handshake, and a greeting: "Mr. President, I'm so glad to see you."

A red flag with hammer and sickle flew over the entrance. The Stars and Stripes was affixed to a pole across the parking lot.

It was their fifth meeting since Bush took office, including three summits in Malta, Helsinki and Washington and a private session last year at a 33-nation European security conference in Paris.

Bush deferred questions on whether he and the other leaders would support Gorbachev's request for aid until after the meeting but he restated his support for the Soviet leader, who faces dissent in his country over his plans.

"I'm convinced, as I have been, that President Gorbachev is determined to continue with economic reforms," Bush said, taking note of the "difficult problems" that stand in the way for Gorbachev.

Gorbachev was accompanied by Soviet Foreign Minister Alexander Bessmertnykh, who was expected to meet again with Secretary of State James Baker. Baker and Bessmertnykh held four days of intensive negotiations in Washington last week on START, clearing most of the ground for successful conclusion of the treaty.

The logjam revolved around the issue of new Soviet missile applications, the question of throw-weight, or the destructive capacity of a missile, which affects mainly the Soviets because of the way they have structured their weaponry. The United States believes the question will affect superpower defenses for the next 15 to 20 years.

Aides earlier indicated the general time frame for a Moscow summit to sign the deal would be between July 29 and Aug. 5. Bush and Gorbachev met previously for summits in Washington, Helsinki, Finland, and Malta. The two also have met informally in Paris and now in London.

When the agreement is finalized, the United States will have committed on paper to reducing its nuclear arsenal from 12,000 warheads and bombs to roughly 9,000, while the Soviets will have negotiated down their arsenal from 11,000 to 7,000.

Wed 17-July-91 9:10 EDT
Bush-Gorbachev set Moscow summit
By HELEN THOMAS
UPI White House Reporter

LONDON (UPI) — President Bush and Soviet President Mikhail Gorbachev ordered their arms negotiators Wednesday to finalize agreement on a treaty to cut long-range strategic weapons, clearing the way for a superpower summit meeting later this month, Gorbachev announced.

Concluding a session just prior to Gorbachev's unprecedented meeting with leaders of the G-7 nations, the Soviet president said the remaining impasse on the treaty had been broken and that each leader now had moved to finalize the details in Geneva, where negotiators have been working.

"I hope that everything is clear now about the visit," Gorbachev told a news conference. "The visit will take place. The Soviet people — all of us — will be ready to give our hospitality to the president of the United States, to Mrs. Bush and to all of those who will accompany him to Moscow."

Bush said the precise date for the meeting was still under discussion but that their fourth full-fledged summit meeting would likely be held at "the very end of July," lasting for two or three days.

Scheduling of the summit, postponed in February because of the Persian Gulf War and trouble in the Baltic republics, was delayed by the deadlock on the arms control pact, nine years in the making.

Gorbachev said both leaders had been informed that the remaining issues had been resolved and that a treaty could be signed. Both Bush and the Soviet president stressed there were no "winners or losers" in the negotiations.

"We have agreed to finalize everything in general and we will give commensurate instructions so that we can then sign this treaty," Gorbachev told reporters.

The session was announced at the end of a brief meeting between the two leaders, who have developed a close rapport as Gorbachev has struggled to move the Soviet Union toward a market economy and democratic reforms. Both presidents had said no summit could take place until the START treaty was ready for signing.

For Gorbachev, the one-on-one talks with Bush also preceded his scheduled meeting with the other leaders of the Group of Seven, meeting in London for the annual economic summit.

Echoing Bush, Gorbachev said, "We will not be able to succeed either today or tomorrow in building new international relations, new international security, in achieving a balance of interests in the world if we try to achieve advantage and if we try to win. We have to move reciprocally towards each other, in the interests of both our people."

The news conference with the two leaders was brief, as both readied for Gorbachev's presentation of his plans for the Soviet economy to the leaders of Britain, Canada, France, Germany, Italy, Japan and the United States.

Standing side by side at the residence of the American ambassador, both alluded to the unprecedented opportunity for the Soviet leader to address the leaders of the world's richest economies.

Asked earlier whether he was optimistic about the leading industrial nations responding favorably to his appeal for massive aid to finance economic restructuring in the Soviet Union, Gorbachev replied with a smile, "In my position I have to be optimistic."

Bush, Baker and Scowcroft then went into the small dining room of Winfield House to discuss the new Soviet positions.

"At this time, the decision was made that we had reached an agreement on the START treaty, pending the final discussion between President Bush and President Gorbachev," a White House statement said.

They passed the word to Bessmertnykh in a brief hallway meeting before Bush welcomed Gorbachev for their luncheon meeting. Afterward, the two presidents met privately in the living room to conclude the agreement, presumably after receiving the OK from the technical experts that Bush mentioned later in the day to reporters.

Wednesday's agreement means that on START as well as on two previous treaties, the Soviet Union was the party that made the final concessions, said Jack Mendelsohn, deputy director of the Arms Control Association.

On the 1987 treaty banning intermediate-range missiles, he said, "they accepted the zero outcome and destroyed about two and one-half times as many missiles as we. On CFE (Conventional Forces in Europe), they took an equal outcome, but since their forces were so much larger, they had to destroy about 20,000 items of equipment, and we about 2,000.

"And on START, they basically accepted the U.S. outline for the treaty and many of the U.S.-suggested positions, he said. "The Soviets will have to take much larger reductions in their forces than the U.S. "

The agreement capped a marathon negotiating process that had primarily been conducted by Baker with the last two Soviet foreign ministers, Bessmertnykh and his predecessor, Eduard Shevardnadze, at locales ranging from Irkutsk, Siberia, to Jackson Hole, Wyo.

after a lunchtime call to U.S. technical experts led by Undersecretary of State Reginald Bartholomew.

Meanwhile, U.S. officials went out of their way to avoid saying that the Soviets had given in.

"It wasn't a case of winners or losers or who gave or didn't give," Bush said. "It was a case of both sides' agreeing to a limitation that will mean real reductions in nuclear long-range missiles."

Reaction to the agreement was primarily positive, and Bush predicted that strong support from the Pentagon would help it win Senate ratification.

"It ought to sail through the Senate now," he told reporters.

"I think they will be well satisfied with this."

British Prime Minister John Major called it "a very remarkable achievement," adding that "it was very well received" as leaders of the world's industrial democracies wound up their annual economic summit meeting.

Michael Mandelbaum, a Soviet affairs expert with the Council on Foreign Relations, said, "It is less significant than it would have been before the end of the Cold War."

"But these are nuclear weapons," he added. "This does reduce them, bring them back to numbers we had in the early '80s and goes some way to making the balance more stable by our definition."

Robert Hunter of the Center for Strategic and International Studies said: "This is really a political thing. It lets Gorbachev continue to be a major player and gets him the president of the United States and all of the status that now confers at a Moscow summit."

There was some initial doubt whether the full 500-page treaty would be ready for the presidents to sign in Moscow.

Right after the Bush-Gorbachev news conference, Baker said, "That's still up in the air."

But he later told reporters that the U.S. and Soviet delegations at the Geneva arms-control talks "have been instructed to do their very best to complete the full treaty text for the presidents to sign in Moscow when they have their summit."

And he added that "we anticipate that their very best will be good enough."

U.S. officials had made clear before Wednesday's meeting that they hoped the Strategic Arms Reduction Treaty could be settled in time to hold a summit before Bush goes to Kennebunkport, Maine, in August for his annual vacation.

But they insisted Wednesday that they had not known that the Soviets were ready to reopen the discussion that had stalled last Sunday in Washington until Bessmertnykh called in the morning and asked to meet with Baker.

"This wasn't a stacked deck," Bush said. "It wasn't a set deal. ... We hadn't known this was going to happen."

But he said that Gorbachev believed that "what they came with was a deal-maker, and, sure enough, it was."

As the two foreign ministers met and Bush awaited Gorbachev's arrival this morning, Baker suddenly emerged from the meeting and asked Bush, "Can I have two minutes of your time?" according to an account of the conversation by administration official.

Wed 17-July-91 21:59 EDT

U.S., Soviets agree to slash long-range nuclear weapons

By Carl P. Leubsdorf

Dallas Morning News

LONDON President Bush and Soviet President Mikhail Gorbachev reached a historic arms control agreement Wednesday to slash nuclear arsenals by about 30 percent and decided to hold their long-delayed Moscow summit at the end of July.

The pact is the first to cut back the two countries' most important strategic weapons, including Soviet land-based intercontinental ballistic missiles, U.S. submarine-launched missiles and long-range bombers. Bush said he hoped that the treaty could be formally signed in Moscow.

"It's in the best interests of the United States, and I hope that the Soviet people feel it's in the best interest of the Soviet people," Bush said. He held a news conference to announce the accord after a luncheon meeting with Gorbachev at the U.S. ambassador's Georgian-style residence, Winfield House.

"We have moved away from the threat of nuclear war. ... It's our common victory," Gorbachev said of the treaty.

The summit is scheduled to take place July 30 and 31. Administration officials said the presidential visit could extend to Aug. 3 and include a visit to Kiev, the capital of the Ukraine, one of the Soviet Union's most independence-minded republics. But first lady Barbara Bush said Wednesday that she would like to visit Leningrad.

The Moscow meeting will be the fourth full-fledged summit between the two presidents, their sixth meeting since Bush entered the White House and the 11th meeting of the top U.S. and Soviet leaders since 1985.

The principal provisions of the treaty, which have been under negotiation for more than nine years, were accepted by both sides in December 1987.

But it took many rounds of intensive talks to resolve the final details of a complex plan that will cut the Soviet arsenal from about 11,000 to about 8,000 nuclear warheads and the U.S. force from 12,000 to about 10,400.

The accord falls short of the 50 percent reduction originally promised by Gorbachev and former President Ronald Reagan. But it will be the most far-reaching agreement in nearly a quarter-century of U.S.-Soviet efforts to cut back nuclear missiles.

The final agreement was worked out just before the Bush-Gorbachev lunch by Secretary of State James Baker and Soviet Foreign Minister Alexander Bessmertnykh. The Soviets made a concession on the sole remaining issue, a highly technical provision relating to measuring future Soviet missile development.

National Security Adviser Brent Scowcroft told reporters that the specific issue was "how you define new types of missiles" and affected whether they would be counted as new missiles or old ones, subject to the treaty's limits. The Soviets are believed to be interested in upgrading their SS-25s.

The agreement was reached, Scowcroft said, when "they came in with a proposal and we accepted." But precise details were not disclosed. Bush later told reporters that the deal was sealed only