Originally Processed With FOIA(s):
2009-0275-S

FOIA Number:
2009-0275-S

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the George Bush Presidential Library Staff.

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Scowcroft, Brent, Collection
Series: Presidential Correspondence Files
Subseries: Presidential Memcons Files

OA/ID Number: 91107
Folder ID Number: 91107-002

Folder Title:
Presidential Meetings - Memorandum of Conversations 2/26/89 - 4/19/89

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	1	1

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memcon	Re: Memorandum of Conversation (7 pp.)	2/26/89	(b)(1)	S
02. Memcon	Re: Memorandum of Conversation (7 pp.)	2/26/89	(b)(1)	S
03. Memcon	Re: President Bush's Meeting with General Secretary of the Central Committee of the Communist Party Zhao Ziyang of the People's Republic of China (12 pp.)	2/26/89	(b)(1)	S
04. Memcon	Re: President Bush's Meeting with Premier Li Peng of the People's Republic China (20 pp.)	2/26/89	(b)(1)	S
05. Memcon	Re: President Bush's Meeting with Chairman Deng Xiaoping of the People's Republic of China (9 pp.)	2/26/89	(b)(1)	S
06. Memcon	Re: President Bush's One-on-One Meeting with President Roh Tae Woo of Korea (4 pp.)	2/27/89	(b)(1)	S
07. Memcon	Re: Plenary Meeting between President Bush and President Roh Tae Woo of Korea, and Lunch (4 pp.)	2/27/89	(b)(1)	S
08. Memcon	Re: Meeting with President Vinicio Cerezo of Guatemala (4 pp.)	3/2/89	(b)(1)	S
09. Memcon	Re: Meeting with Foreign Minister Arens of Israel (3 pp.)	3/13/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meetings - Memorandum of Conversations 2/26/89 - 4/19/89

Pinksheet Number: cap911
OA/ID Number: 91107-002
Date Closed: 1/23/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
10. Memcon	Re: The President's Meeting with Spanish and EC Foreign Minister Francisco Fernandez Ordonez (2 pp.)	3/14/89	(b)(1)	C
11. Memcon	Re: General Scowcroft's Meeting with Norwegian Defense Minister Johan Holst (3 pp.)	3/15/89	(b)(1)	S
12. Memcon	Re: Meeting with Prime Minister Manley of Jamaica (2 pp.)	3/15/89	(b)(1)	S
13. Memcon	Re: Meeting with Mexican Foreign Secretary Fernando Solana (3 pp.)	3/20/89	(b)(1)	S
14. Memcon	Re: Meeting with President Carlos Andres Perez of Venezuela (5 pp.)	4/1/89	(b)(1)	S
15. Memcon	Re: Plenary Session with President Mubarak of Egypt (3 pp.)	4/3/89	(b)(1)	S
16. Memcon	Re: Meeting Between the President and Costa Rican President Arias (10 pp.)	4/4/89	(b)(1)	S
17. Memcon	Re: One-on-One Meeting with Prime Minister Shamir of Israel (4 pp.)	4/6/89	(b)(1)	S
18. Memcon	Re: Meeting of the President and President-elect Alfredo Cristiani of El Salvador (7 pp.)	4/7/89	(b)(1)	S
19. Memcon	Re: Meeting with Foreign Minister Roland Dumas of France (5 pp.)	6/14/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meetings - Memorandum of Conversations 2/26/89 - 4/19/89

Pinksheet Number: cap911
OA/ID Number: 91107-002
Date Closed: 1/23/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
20. Memcon	Re: The President's Meeting with Prime Minister A.N.R. Robinson of Trinidad and Tobago (4 pp.)	4/12/89	(b)(1)	S
21. Memcon	Re: Meeting with Manfred Woerner of NATO (4 pp.)	4/12/89	(b)(1)	S
22. Memcon	Re: Plenary Session with King Hussein of Jordan (5 pp.)	4/19/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meetings - Memorandum of Conversations 2/26/89 - 4/19/89

Pinksheet Number: cap911
OA/ID Number: 91107-002
Date Closed: 1/23/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
01. Memcon	Re: Memorandum of Conversation (7 pp.)	2/26/89	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meetings - Memorandum of Conversations 2/26/89 - 4/19/89

Document Partially Declassified
(Copy of Document Follows)
By GRL (NLGB) on 10/6/10

Date Closed:	1/23/2009	**OA/ID Number:**	91107-002
FOIA/SYS Case #:	2009-0275-S	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:	2000-0429-F(22)	**MR Case #:**	
AR Disposition:	Released in Part	**MR Disposition:**	
AR Disposition Date:	8/21/2009	**MR Disposition Date:**	

RESTRICTION CODES

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

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.

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

(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]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

~~SECRET~~ 2148

BUSH PRESIDENTIAL LIBRARY
22

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prince Norodom Sihanouk of Cambodia ~~(S)~~

PARTICIPANTS:

U.S.
The President
James A. Baker III, Secretary of State
Winston Lord, American Ambassador to China
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President for Press Relations
Gaston Sigur, Assistant Secretary of State for East Asian and Pacific Affairs
Karl Jackson, Senior Director for Asian Affairs, National Security Council
William Stanton, Embassy Notetaker

Cambodia
Prince Norodom Sihanouk

DATE, TIME AND PLACE: February 26, 1989, 2:30-3:00 p.m.
Diaoyutai State Guest House, Villa #18, Beijing, China

SUMMARY: In an extremely cordial half-hour meeting with Prince Sihanouk on February 26, President Bush reiterated strong and steadfast support for a Sihanouk-led government in Cambodia. The President expressed the hope that neither Thailand nor any other country would reconcile with the Phnom Penh regime. Commenting that there was an ache in his heart for Cambodia, the President expressed appreciation for the opportunity to hear Prince Sihanouk's views directly.

Prince Sihanouk blamed the lack of success at JIM-II on the refusal of Vietnam and the Hun Sen regime to abide by its promise to withdraw by the end of September 1989. The Prince said it was necessary to dismantle the PRK government and the DK to ensure free elections, and to establish an international peacekeeping force in order to ensure the withdrawal of the Vietnamese and to guarantee that the Khmer Rouge would not retake power. Sihanouk observed that of all the ASEAN countries, only Singapore had the courage to defend Sihanouk's proposals at JIM-II.

In response to the President's questions, Sihanouk said 80% of the Cambodian people would vote for him in free elections. This

DECLASSIFIED IN PART
PER E.O. 12958, AS AMENDED
2000-0429-F
8/21/09

was why Hun Sen is opposed to free elections. (b)(1)

(b)(1) Sihanouk argued that the Cambodian people wanted a liberal democracy. (S)

Sihanouk said that while Pol Pot remained Commander-in-Chief of the Khmer Rouge, he suffered from malaria and was in bad health. (b)(1)

(b)(1) The Prince claimed that 100,000 Vietnamese forces remained in Cambodia and that many Vietnamese were disguised as Cambodians. (S)

Sihanouk observed that while the Thai government was divided, he did not think Prime Minister Chatchai would dare to change Thai policy toward Cambodia. Fortunately, he observed, Sitthi Savetsila was still Thai Foreign Minister and Sitthi had assured him that Thai policy would not change. Sihanouk said he therefore believed that, for the time being, the situation along the Thai-Cambodian border would not change. End summary. (S)

REMARKS UPON THE PRINCE'S ARRIVAL

Prince Sihanouk: I am very honored, Your Excellency. It is so nice of Your Excellency to see me. (U)

President Bush: Well, I am very happy to see you again. Shall we have a picture taken? You are looking very well. (U)

Prince Sihanouk: Very well, Your Excellency, thank you. (U)

ON THE WAY TO THE MEETING ROOM

Prince Sihanouk: It is a great honor to present Your Excellency with these flowers. (U)

President Bush: Thanks so much. These flowers are beautiful. Barbara will love this. We will want to save the card. (U)

IN THE MEETING ROOM WITH PRESS PRESENT

President Bush: Do you still have your house near Tiananmen? (U)

Prince Sihanouk: It is being renovated so I am staying here for the time being. I am staying in Villa #15. (U)

President Bush: I've had very good talks with Chinese leaders. You certainly have their strong support. We share the same view on the importance of a Sihanouk-led government in Cambodia. (In response to a reporter's question): We strongly support a

~~SECRET~~

Sihanouk-led government.

AFTER THE PRESS DEPARTED:

Prince Sihanouk: As you know, JIM-II was not successful. Vietnam refused to abide by its promise to withdraw its troops from Cambodia by the end of September 1989, and wanted a prior agreement among all four of the Cambodian factions, including Hun Sen's faction and the three parties of the Cambodian resistance. We tried hard to reach such an agreement with Hun Sen but there are two points which divide us. First is the question of the dismantling of Democratic Kampuchea and the illegal People's Republic of Kampuchea (PRK) in order to pave the way for the Cambodian people to achieve self-determination. The Cambodian people would not have free elections in Cambodia unless the elections take place outside the framework of the illegal PRK.

The government was set up in January 1979, by Vietnam when it invaded Cambodia and created this so-called People's Republic of Kampuchea and imposed such a Communist regime on the Cambodian people. Second, Mr. President, people throughout the world continue to say that we must prevent Pol Pot and the Khmer Rouge from returning to power in Cambodia. The Khmer Rouge, under pressure from China, has accepted an international control commission and an international peacekeeping force sent by the United Nations. Hun Sen opposes this. China and the Khmer Rouge leaders only ask to let the Khmer Rouge be a member of a quadripartite system under my leadership and without playing a dominant role. But Hun Sen and Vietnam reject this and continue to reject proposals which consist of having an international peacekeeping force in Cambodia and free elections and international supervision. They want to maintain the so-called People's Republic of Kampuchea and the so-called government of the People's Republic of Kampuchea under the leadership of Hun Sen. They propose, alongside the People's Republic of Kampuchea, to set up what they call a national reconciliation council to be presided over by Norodom Sihanouk. But I cannot accept this because it would not be able to organize truly free elections if the PRK government remains in power (at the time of the election).

President Bush: I know. Let me ask you a question. If there were totally free elections in Cambodia, would you win big?

Prince Sihanouk: I am sure that in elections by the people about 80% would remain faithful to Sihanouk.

President Bush: Eighty percent?

Prince Sihanouk: Your Excellency, I am not proud of myself, but

it is the truth. This is the reason Hun Sen refuses to allow free elections. If they were so sure to win, the people in Phnom Penh would accept free elections. But they don't want free elections. (S)

President Bush: But your support is that strong? That is very good. (S)

Prince Sihanouk: Even TIME and NEWSWEEK, in an article by Ron Moreau, wrote that my people still have nostalgia for the Sihanouk reign, the Golden Age of Cambodia. So, Mr. President, without praising myself, I assure you about 80% of the people would vote in favor of me and my party. Hun Sen is liked by a small part of the Cambodian nation because those people believe that he saved them from the yoke of the Khmer Rouge. (b)(1) (b)(1)

(b)(1)

(b)(1) In the annual report, they mention serious violations by the Vietnamese army in Cambodia and by the government in Phnom Penh. Therefore, they can't be liked by the whole nation of Cambodia. The Cambodian people are proud and very patriotic and they want a free and independent Cambodia, not a satellite of Vietnam or of other foreign countries. They want a liberal democracy with a liberal economic system. We are small, but we want to follow the U.S. example. We want to be a liberal democracy. We must achieve this. (S)

President Bush: Where is Pol Pot now? Is he with his troops or is he in hiding? (S)

Prince Sihanouk: Yes, he is hiding. Pol Pot is in bad shape. He has malaria and is weak. He is not in good health. He remains, in fact, Commander-in-Chief of the Khmer Rouge party and army. But officially the chief is Khieu Samphan. (b)(1) (b)(1) (b)(1) 2546

(b)(1)

President Bush: (b)(1)

Prince Sihanouk: (b)(1)

President Bush: It was certainly a very brutal period in your history. (C)

Prince Sihanouk: A very dark period. (C)

President Bush: Are the Vietnamese today in Cambodia doing a lot of fighting or sitting in armed camps? (S)

Prince Sihanouk: They are fighting. The Thai press mentioned recently that there are continuing battles between the Vietnamese and the resistance forces. My army has made tremendous progress. When you say resistance forces, it is not only the Khmer Rouge, but also Sihanouk's forces. Son Sann's forces are the weakest, but the resistance continues to fight Vietnam. (S)

Practically speaking, the forces of Heng Samrin and Hun Sen are not fighting us but we still face Vietnam. (b)(1) (b)(1) there are still 100,000 Vietnamese troops in Cambodia. Vietnam made a proposal regarding a so-called withdrawal from Cambodia. The Vietnamese said that 50,000 troops had been withdrawn, this was not true. About 15,000 were withdrawn. Without the protection of 100,000 troops, the regime of Hun Sen would collapse, crumble. The army of Hun Sen is not strong. There are big numbers of so-called volunteers. When the people are genuinely Khmer, they don't fight because they don't like Vietnam. They want an independent Cambodia. The fact is that Vietnam decided a few years ago to put more and more Vietnamese disguised as Cambodians in the so-called Cambodian army of Hun Sen. (S)

President Bush: We heard the Chinese tell us today that the Vietnamese are changing their uniforms. Don't the people know this is happening? (S)

Prince Sihanouk: Yes, they do. But for Westerners, it is difficult to know the difference between a Cambodian and a Vietnamese face. (S)

President Bush: Well, we certainly wish you luck. We respect your efforts and the cause you represent. You are a symbol of unity for Cambodia. I hope that neither Thailand nor anyone else goes off on their own and tries to reconcile with the puppet regime in Phnom Penh. (S)

Prince Sihanouk: That would be bad. I cannot criticize Prime Minister Chatchai Chunhawan for deciding to receive Hun Sen so

warmly in Bangkok. I don't criticize him, but he must take into account that we do not need a national reconciliation council in the framework of the so-called People's Republic of Kampuchea but a quadripartite government set up outside of this framework. Whether this government is capitalist or communist, whether it is socialist or capitalist, this is up to the Cambodian people to decide. We must not force the Cambodian people to do things under the illegal system of the PRK. That is why we need an international peacekeeping force and an international control commission. Not just for the realization of the future Vietnamese withdrawal but also to prevent the Khmer Rouge from trying to take power. The Khmer Rouge say they will not try, but if the international community refuses to trust them, then we need an international peacekeeping force.

In JIM-II, we could not surrender to Vietnam. The reason it was not a success is that Vietnam and Hun Sen want us to surrender to unacceptable conditions. Thailand, Indonesia, even Malaysia, Brunei, and the Philippines did not help us, did not defend our just cause and our resistance. Only Singapore had the courage to say Sihanouk is right and Vietnam is wrong. Only Singapore defended our just cause. Mr. President, I think Thailand and the other ASEAN countries should maintain their stand in favor of the resistance, just as the U.S., Japan, China, and Singapore continue to make clear their stand. We need free elections and international supervision. I think these two points are essential. They are vital. We will not give them up. ~~(S)~~

President Bush: This meeting has been a great help to us in hearing directly from you your views. We are heading off now to see Zhao Ziyang, but I want you to know we will be steadfast in our support for this arrangement. We made this point to the Thai. We must stick together. What is your next step? Will there be a JIM-III? ~~(S)~~

Prince Sihanouk: They say that after four months, following the Deng-Gorbachev summit, ASEAN would like to organize another meeting. ~~(C)~~

President Bush: Will you go? (U)

Prince Sihanouk: Mr. President, I will examine the situation. (U)

President Bush: I understand. You can't make a commitment ahead of time. (U)

Prince Sihanouk: Yes. (U)

Secretary Baker: Do you know whether the Thai will close off the border? ~~(S)~~

Prince Sihanouk: Between Foreign Minister Sitthi and Prime Minister Chatchai, there is not a common view. I saw Sitthi here and next month Chatchai will visit on the 15th of March. He will meet Deng and the other leaders and on the 16th I will give a banquet in his honor. I think Chatchai himself will not dare to change the present Thai policy which was established under Prime Minister Prem. It is fortunate for us that Sitthi Savetsila is still Foreign Minister. He told me the other day that Thailand will not change its policy and they will continue to help the resistance with Chinese aid. For the time being, I think we can trust Thailand. (S)

President Bush: It's a great help to hear from you directly your views. Believe me when I say there is an ache in my heart for your country. You are the hope of your people. (C)

Prince Sihanouk: I am immensely encouraged by your noble words and generous support. (U)

ON THE WAY OUT THE DOOR

President Bush: Will you be going back to the Cambodian border any time soon? (S)

Prince Sihanouk: Yes, I will go back to the frontier in April, Mr. President. I will also visit Thailand and Indonesia. (S)

President Bush: Are you worried about your security? (S)

Prince Sihanouk: The army of Thailand will take care of me. Of course, I cannot go to Phnom Penh. They only would want me to be attached to their government. (S)

SECRET

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Memcon	Re: Memorandum of Conversation (7 pp.)	2/26/89	(b)(1)	S

Collection:

Document Partially Declassified
(Copy of Document Follows)
By GJ (NLGB) on 10/6/10

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meetings - Memorandum of Conversations 2/26/89 - 4/19/89

Date Closed:	1/23/2009	**OA/ID Number:**	91107-002
FOIA/SYS Case #:	2009-0275-S	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:	2000-0429-F(23)	**MR Case #:**	
AR Disposition:	Released in Part	**MR Disposition:**	
AR Disposition Date:	8/21/2009	**MR Disposition Date:**	

RESTRICTION CODES

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

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.

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

(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]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

~~SECRET~~

THE WHITE HOUSE

~~SECRET~~ WASHINGTON 2148

BUSH PRESIDENTIAL LIBRARY
23

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prince Norodom Sihanouk of Cambodia ~~(S)~~

PARTICIPANTS:

U.S.
The President
James A. Baker III, Secretary of State
Winston Lord, American Ambassador to China
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President for Press Relations
Gaston Sigur, Assistant Secretary of State for East Asian and Pacific Affairs
Karl Jackson, Senior Director for Asian Affairs, National Security Council
William Stanton, Embassy Notetaker

Cambodia
Prince Norodom Sihanouk

DATE, TIME AND PLACE: February 26, 1989, 2:30-3:00 p.m.
Diaoyutai State Guest House, Villa #18, Beijing, China

SUMMARY: In an extremely cordial half-hour meeting with Prince Sihanouk on February 26, President Bush reiterated strong and steadfast support for a Sihanouk-led government in Cambodia. The President expressed the hope that neither Thailand nor any other country would reconcile with the Phnom Penh regime. Commenting that there was an ache in his heart for Cambodia, the President expressed appreciation for the opportunity to hear Prince Sihanouk's views directly.

Prince Sihanouk blamed the lack of success at JIM-II on the refusal of Vietnam and the Hun Sen regime to abide by its promise to withdraw by the end of September 1989. The Prince said it was necessary to dismantle the PRK government and the DK to ensure free elections, and to establish an international peacekeeping force in order to ensure the withdrawal of the Vietnamese and to guarantee that the Khmer Rouge would not retake power. Sihanouk observed that of all the ASEAN countries, only Singapore had the courage to defend Sihanouk's proposals at JIM-II.

In response to the President's questions, Sihanouk said 80% of the Cambodian people would vote for him in free elections. This

DECLASSIFIED IN PART
PER E.O. 12958, AS AMENDED
2000-0429-F
8/21/09

was why Hun Sen is opposed to free elections. (b)(1)

(b)(1) Sihanouk argued that the Cambodian people wanted a liberal democracy. (S)

Sihanouk said that while Pol Pot remained Commander-in-Chief of the Khmer Rouge, he suffered from malaria and was in bad health. (b)(1)

(b)(1) The Prince claimed that 100,000 Vietnamese forces remained in Cambodia and that many Vietnamese were disguised as Cambodians. (S)

Sihanouk observed that while the Thai government was divided, he did not think Prime Minister Chatchai would dare to change Thai policy toward Cambodia. Fortunately, he observed, Sitthi Savetsila was still Thai Foreign Minister and Sitthi had assured him that Thai policy would not change. Sihanouk said he therefore believed that, for the time being, the situation along the Thai-Cambodian border would not change. End summary. (S)

REMARKS UPON THE PRINCE'S ARRIVAL

Prince Sihanouk: I am very honored, Your Excellency. It is so nice of Your Excellency to see me. (U)

President Bush: Well, I am very happy to see you again. Shall we have a picture taken? You are looking very well. (U)

Prince Sihanouk: Very well, Your Excellency, thank you. (U)

ON THE WAY TO THE MEETING ROOM

Prince Sihanouk: It is a great honor to present Your Excellency with these flowers. (U)

President Bush: Thanks so much. These flowers are beautiful. Barbara will love this. We will want to save the card. (U)

IN THE MEETING ROOM WITH PRESS PRESENT

President Bush: Do you still have your house near Tiananmen? (U)

Prince Sihanouk: It is being renovated so I am staying here for the time being. I am staying in Villa #15. (U)

President Bush: I've had very good talks with Chinese leaders. You certainly have their strong support. We share the same view on the importance of a Sihanouk-led government in Cambodia. (In response to a reporter's question): We strongly support a

~~SECRET~~

Sihanouk-led government.

AFTER THE PRESS DEPARTED:

Prince Sihanouk: As you know, JIM-II was not successful. Vietnam refused to abide by its promise to withdraw its troops from Cambodia by the end of September 1989, and wanted a prior agreement among all four of the Cambodian factions, including Hun Sen's faction and the three parties of the Cambodian resistance. We tried hard to reach such an agreement with Hun Sen but there are two points which divide us. First is the question of the dismantling of Democratic Kampuchea and the illegal People's Republic of Kampuchea (PRK) in order to pave the way for the Cambodian people to achieve self-determination. The Cambodian people would not have free elections in Cambodia unless the elections take place outside the framework of the illegal PRK.

The government was set up in January 1979, by Vietnam when it invaded Cambodia and created this so-called People's Republic of Kampuchea and imposed such a Communist regime on the Cambodian people. Second, Mr. President, people throughout the world continue to say that we must prevent Pol Pot and the Khmer Rouge from returning to power in Cambodia. The Khmer Rouge, under pressure from China, has accepted an international control commission and an international peacekeeping force sent by the United Nations. Hun Sen opposes this. China and the Khmer Rouge leaders only ask to let the Khmer Rouge be a member of a quadripartite system under my leadership and without playing a dominant role. But Hun Sen and Vietnam reject this and continue to reject proposals which consist of having an international peacekeeping force in Cambodia and free elections and international supervision. They want to maintain the so-called People's Republic of Kampuchea and the so-called government of the People's Republic of Kampuchea under the leadership of Hun Sen. They propose, alongside the People's Republic of Kampuchea, to set up what they call a national reconciliation council to be presided over by Norodom Sihanouk. But I cannot accept this because it would not be able to organize truly free elections if the PRK government remains in power (at the time of the election).

President Bush: I know. Let me ask you a question. If there were totally free elections in Cambodia, would you win big?

Prince Sihanouk: I am sure that in elections by the people about 80% would remain faithful to Sihanouk.

President Bush: Eighty percent?

Prince Sihanouk: Your Excellency, I am not proud of myself, but

it is the truth. This is the reason Hun Sen refuses to allow free elections. If they were so sure to win, the people in Phnom Penh would accept free elections. But they don't want free elections. (S)

President Bush: But your support is that strong? That is very good. (S)

Prince Sihanouk: Even TIME and NEWSWEEK, in an article by Ron Moreau, wrote that my people still have nostalgia for the Sihanouk reign, the Golden Age of Cambodia. So, Mr. President, without praising myself, I assure you about 80% of the people would vote in favor of me and my party. Hun Sen is liked by a small part of the Cambodian nation because those people believe that he saved them from the yoke of the Khmer Rouge. (b)(1) (b)(1) (b)(1)

(b)(1) In the annual report, they mention serious violations by the Vietnamese army in Cambodia and by the government in Phnom Penh. Therefore, they can't be liked by the whole nation of Cambodia. The Cambodian people are proud and very patriotic and they want a free and independent Cambodia, not a satellite of Vietnam or of other foreign countries. They want a liberal democracy with a liberal economic system. We are small, but we want to follow the U.S. example. We want to be a liberal democracy. We must achieve this. (S)

President Bush: Where is Pol Pot now? Is he with his troops or is he in hiding? (S)

Prince Sihanouk: Yes, he is hiding. Pol Pot is in bad shape. He has malaria and is weak. He is not in good health. He remains, in fact, Commander-in-Chief of the Khmer Rouge party and army. But officially the chief is Khieu Samphan. (b)(1) (b)(1) (1.4)(1) 2546

President Bush: (b)(1)

Prince Sihanouk: (b)(1)

President Bush: It was certainly a very brutal period in your history. (C)

Prince Sihanouk: A very dark period. (C)

President Bush: Are the Vietnamese today in Cambodia doing a lot of fighting or sitting in armed camps? (S)

Prince Sihanouk: They are fighting. The Thai press mentioned recently that there are continuing battles between the Vietnamese and the resistance forces. My army has made tremendous progress. When you say resistance forces, it is not only the Khmer Rouge, but also Sihanouk's forces. Son Sann's forces are the weakest, but the resistance continues to fight Vietnam. (S)

Practically speaking, the forces of Heng Samrin and Hun Sen are not fighting us but we still face Vietnam. (b)(1) (b)(1) there are still 100,000 Vietnamese troops in Cambodia. Vietnam made a proposal regarding a so-called withdrawal from Cambodia. The Vietnamese said that 50,000 troops had been withdrawn, this was not true. About 15,000 were withdrawn. Without the protection of 100,000 troops, the regime of Hun Sen would collapse, crumble. The army of Hun Sen is not strong. There are big numbers of so-called volunteers. When the people are genuinely Khmer, they don't fight because they don't like Vietnam. They want an independent Cambodia. The fact is that Vietnam decided a few years ago to put more and more Vietnamese disguised as Cambodians in the so-called Cambodian army of Hun Sen. (S)

President Bush: We heard the Chinese tell us today that the Vietnamese are changing their uniforms. Don't the people know this is happening? (S)

Prince Sihanouk: Yes, they do. But for Westerners, it is difficult to know the difference between a Cambodian and a Vietnamese face. (S)

President Bush: Well, we certainly wish you luck. We respect your efforts and the cause you represent. You are a symbol of unity for Cambodia. I hope that neither Thailand nor anyone else goes off on their own and tries to reconcile with the puppet regime in Phnom Penh. (S)

Prince Sihanouk: That would be bad. I cannot criticize Prime Minister Chatchai Chunhawan for deciding to receive Hun Sen so

warmly in Bangkok. I don't criticize him, but he must take into account that we do not need a national reconciliation council in the framework of the so-called People's Republic of Kampuchea but a quadripartite government set up outside of this framework. Whether this government is capitalist or communist, whether it is socialist or capitalist, this is up to the Cambodian people to decide. We must not force the Cambodian people to do things under the illegal system of the PRK. That is why we need an international peacekeeping force and an international control commission. Not just for the realization of the future Vietnamese withdrawal but also to prevent the Khmer Rouge from trying to take power. The Khmer Rouge say they will not try, but if the international community refuses to trust them, then we need an international peacekeeping force.

In JIM-II, we could not surrender to Vietnam. The reason it was not a success is that Vietnam and Hun Sen want us to surrender to unacceptable conditions. Thailand, Indonesia, even Malaysia, Brunei, and the Philippines did not help us, did not defend our just cause and our resistance. Only Singapore had the courage to say Sihanouk is right and Vietnam is wrong. Only Singapore defended our just cause. Mr. President, I think Thailand and the other ASEAN countries should maintain their stand in favor of the resistance, just as the U.S., Japan, China, and Singapore continue to make clear their stand. We need free elections and international supervision. I think these two points are essential. They are vital. We will not give them up. ~~(S)~~

President Bush: This meeting has been a great help to us in hearing directly from you your views. We are heading off now to see Zhao Ziyang, but I want you to know we will be steadfast in our support for this arrangement. We made this point to the Thai. We must stick together. What is your next step? Will there be a JIM-III? ~~(S)~~

Prince Sihanouk: They say that after four months, following the Deng-Gorbachev summit, ASEAN would like to organize another meeting. ~~(C)~~

President Bush: Will you go? (U)

Prince Sihanouk: Mr. President, I will examine the situation. (U)

President Bush: I understand. You can't make a commitment ahead of time. (U)

Prince Sihanouk: Yes. (U)

Secretary Baker: Do you know whether the Thai will close off the border? ~~(S)~~

Prince Sihanouk: Between Foreign Minister Sitthi and Prime Minister Chatchai, there is not a common view. I saw Sitthi here and next month Chatchai will visit on the 15th of March. He will meet Deng and the other leaders and on the 16th I will give a banquet in his honor. I think Chatchai himself will not dare to change the present Thai policy which was established under Prime Minister Prem. It is fortunate for us that Sitthi Savetsila is still Foreign Minister. He told me the other day that Thailand will not change its policy and they will continue to help the resistance with Chinese aid. For the time being, I think we can trust Thailand. (S)

President Bush: It's a great help to hear from you directly your views. Believe me when I say there is an ache in my heart for your country. You are the hope of your people. (C)

Prince Sihanouk: I am immensely encouraged by your noble words and generous support. (U)

ON THE WAY OUT THE DOOR

President Bush: Will you be going back to the Cambodian border any time soon? (S)

Prince Sihanouk: Yes, I will go back to the frontier in April, Mr. President. I will also visit Thailand and Indonesia. (S)

President Bush: Are you worried about your security? (S)

Prince Sihanouk: The army of Thailand will take care of me. Of course, I cannot go to Phnom Penh. They only would want me to be attached to their government. (S)

SECRET

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

MEMORANDUM OF CONVERSATION

SUBJECT: President Bush's Meeting with General Secretary of the Central Committee of the Communist Party Zhao Ziyang of the People's Republic of China

PARTICIPANTS:

U.S.
President Bush
James A. Baker III, Secretary of State
Winston Lord, Ambassador to China
John Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President and Press Secretary
Stephen Studdert, Assistant to the President, Special Activities and Initiatives
Robert Zoellick, Counselor-Designate, State Department
Gaston Sigur, Assistant Secretary of State for East Asia and Pacific Affairs
Margaret Tutwiler, Assistant Secretary of State, Public Affairs (Designate)
James A. Kelly, Senior Director of Asian Affairs, National Security Council
J. Stapleton Roy, Deputy Assistant Secretary of State
Peter Tomsen, Deputy Chief of Mission, Embassy Beijing
Karl Jackson, Senior Director of Asian Affairs, National Security Council
Ray Burghardt, Political Counselor, Embassy Beijing
Mr. J. Larocco, Embassy Beijing, Notetaker
Mr. James Brown, Interpreter

China
General Secretary Zhao Ziyang
Vice Premier Wu Xueqian
Foreign Minister Qian Qichen
Vice Foreign Minister Zhu Qizhen
Han Xu, Ambassador to the United States
MOFERT Vice Minister Lu Xuejian
AFM Liu Huaqiu
MFA Protocol Director Wu Minglian
MFA Information Director Li Zhaoxing
USA Department Counselor Wang Li
Other participants (2)
Notetakers (2)
Interpreter

~~SECRET~~
Declassify on: OADR

~~SECRET~~

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
CSI 8/21/09

DATE, TIME AND PLACE: February 26, 1989, 4:00 p.m. - 5:40 p.m. Great Hall of the People, South Reception Room, Beijing, China

SUMMARY: During a cordial one hour and forty minute meeting, President Bush and General Secretary Zhao Ziyang discussed the general state of Sino-U.S. relations, Chinese domestic reform efforts, and a variety of bilateral and international issues, including Sino-U.S. economic and commercial concerns, Sino-Soviet relations, Sino-Indian and Sino-Pakistan ties, nuclear nonproliferation in South Asia, and the roles of China, the United States and the Soviet Union in reducing tensions on the Korean Peninsula.

General Secretary Zhao characterized Sino-U.S. relations as having reached a level of significant mutual understanding; both sides know the great potential for increased cooperation while recognizing where our differences lie.

The President agreed with this assessment, noting that one area where we can certainly do more is in improving the climate for trade and investment between our two countries. He stressed that he did not see any foreign policy barriers standing in the way of developing further our already substantial bilateral economic relationship.

General Secretary Zhao endorsed the view that the improvement of Sino-Soviet relations would not adversely affect Sino-U.S. relations. Zhao noted that Gorbachev would be visiting China primarily in his capacity as President of the Supreme Soviet. His visit would have the effect of reestablishing party-to-party relations, but the principal purpose would be to restore normal state relations.

In response to the President's question on the state of Sino-Indian ties, General Secretary Zhao called Prime Minister Gandhi's recent visit to Beijing very successful in that Gandhi modified India's long-standing policy of refusing to make progress in other areas of the bilateral relationship as long as the Sino-Indian border dispute remained unresolved. He cautioned, however, that because of the boundary dispute there were limits on how far Sino-Indian cooperation could proceed.

The President stressed the need for Pakistan to adhere to its nuclear nonproliferation obligations.

General Secretary Zhao noted Pakistan's repeated assurances of the peaceful nature of its nuclear program, and cited the inconsistency of the international community in criticizing Pakistan while refraining from censure of India, which already possessed a nuclear capability.

General Secretary Zhao said he would visit the DPRK in late April.

The President emphasized that the U.S. genuinely wanted a reduction of tensions on the Korean Peninsula; urged China to influence the DPRK to moderate its policies; stressed the importance of direct North/South dialogue; and expressed pessimism about the nature of North Korea's leadership.

General Secretary Zhao replied that Soviet influence over the DPRK, while also limited, is greater than China's. He said China would open a trade office in South Korea, welcomes the more relaxed U.S. posture toward North Korea, urged further steps in this direction, and noted this would enhance China's ability to moderate DPRK policies. Zhao promised to pass to the U.S. any message from the DPRK.

In an extended monologue that closed the meeting, General Secretary Zhao emphasized China's commitment to carry domestic reforms through to completion and characterized the current retrenchment as a temporary adjustment to curb inflation and cool the economy. Zhao contended that the active minority who favored a Western political system in China could create chaos and disrupt reform. He said U.S. support for such people would hurt reform and adversely affect Sino-U.S. friendship. END SUMMARY.

General Secretary Zhao: There's a lot of press here.

President Bush: There is much interest in America in this visit.

General Secretary Zhao: Some reporters came with you, and some are stationed here in Beijing. Is that right?

President Bush: Yes.

General Secretary Zhao: Have you been in this room before?

President Bush: I don't think so. It's a beautiful room.

General Secretary Zhao: It is the reception room of the Great Hall of the People where Ambassadors present their credentials.

President Bush: What is its name?

General Secretary Zhao: (After discussion among the Chinese present) It is just called the Reception Room. As you know, every province and municipality under the control of the Central Government has a room in this building. This is not one of those rooms.

President Bush: Yes, I know.

General Secretary Zhao: How was the weather in Tokyo?

President Bush: You should be glad you were not at the funeral. It was so cold. There was icy cold rain, and the wind was all

the way from Moscow, and cut right through you. I thought we would lose a King who was sitting near us.

General Secretary Zhao: The weather here recently has been quite good.

President Bush: I expected colder weather, but it is like home.

General Secretary Zhao: A characteristic of this winter is that it has been on the warm side. It is hard to say whether this is a good or bad omen.

President Bush: Let's consider it a good omen.

General Secretary Zhao: If a warm winter doesn't usher in a Spring drought, then it's OK.

President Bush: There was a bad drought in the U.S. last year. It was a real cause for concern.

General Secretary Zhao: That's why international grain prices are up.

President Bush: How is agricultural production?

General Secretary Zhao: Pretty good two years ago...not good last year. Since 1985, agricultural production has been stagnant. There was a great expansion of production from 1981 through 1985. This was the result of our reforms, especially the linking of output to household responsibility. But that has achieved as much as it can. We need new steps now. But stagnation has only been from grains; other crops are doing well.

It is a great pleasure to welcome you, Mr. President. Without counting your time here as Liaison Office Chief, this is your fifth trip to China. During this period, despite some difficulties and setbacks, Sino-U.S. relations have developed in a steady manner and marked progress has been made. Mr. President, you are the best witness to the development of Sino-U.S. relations over the last decade. Of course, we must not be complacent; there is still great potential to be tapped in our bilateral relationship.

As you are well aware, China attaches great importance to our bilateral relations. We regard development of Sino-U.S. relations as a long-term strategic decision of the Chinese government. I also noted with great pleasure what you said in your letter to Chairman Deng Xiaoping last September. You said that if elected you would do your best to consolidate Sino-U.S. relations. Both of us understand the great significance of Sino-U.S. friendship. Both sides know the great potential and broad prospects for developing friendly relations and cooperation; we also know where the differences and obstacles lie.
That is why we place great hopes on your new administration. We hope that through joint efforts we can make new progress in

economic, political, and military fields. We hope the critical issues in our bilateral relationship can be properly settled so that in the new period our bilateral relationship can reach new heights.

President Bush: We are on the same general wave length. I share your assessment of where we stand right now.

Let me first talk a bit about the trade and investment climate between our two countries. This is an area where we can move forward more. I mentioned at an earlier meeting today that there are a couple of areas where we would like to work on improving. If we resolve some areas of difficulty for our business people, we can open the way for great progress.

I raised the issue of intellectual property rights with Premier Li Peng. He said that a patent law had been worked out and that you were working on a copyright law. These are very important steps. I want to say that this is not just a Sino-U.S. issue, but is an issue with other countries as well. For example, I think we have this kind of problem with Canada. I urge close cooperation on intellectual property rights.

I believe Li Peng, or perhaps it was Deng, talked about the U.S. being the largest investor in China. We want that to grow. I think a bilateral investment treaty would be helpful in this regard.

Generally, you are familiar with the GATT. We generally support your entry into the GATT. We have been discussing reforms in your trading system with you and can keep on discussing that.

There are ongoing discussions in our bureaucracy about export controls. Our policy is designed to allow U.S. companies to make the greatest possible contribution to your development. We must keep controls in certain highly sensitive areas. But we can discuss areas of special interest to you. If we can work out a deal for the launching of American satellites on Chinese rockets, we should be able to work out anything. This is a very technical subject. We are still having a lively debate in our government -- among State, Defense, and Commerce -- on liberalizing export controls on high technology items. We have supported liberalization in areas such as computers and fiber optics. I hope this has been of assistance to you. We will continue to work with other Western countries to provide the tools needed for China's modernization.

But putting these technical points aside, we are generally on the right track on trade. We want to keep building on that. I don't see any barriers in a broad foreign policy sense to the development of this relationship.

I listened carefully to Chairman Deng today. We are not concerned about the upcoming Soviet visit to China. We work with the Soviets in lots of areas. There is nothing in the change in

your or our relations with the Soviets that will affect our relationship. We do not work with the Soviets in ways that will adversely affect China. We do not link the two in any way.

General Secretary Zhao: We also noted that not only you but others in political circles and the press in America clearly understand that the improvement of Sino-Soviet relations will not adversely affect Sino-U.S. relations. This is an entirely correct interpretation.

There might be some people in America who have apprehensions on how Sino-Soviet party relations will develop. The Gorbachev visit to China, the Summit meeting, and the normalization of state relations will naturally lead to the restoration of party relations. Future party relations will by no means be as they were in the 1950s. There will be a new relationship on a new basis.

You might have noticed that as far as party relations are concerned, we not only have party relations with other communist parties, but also with socialist parties and nationalist parties in developing countries. Our understanding of party-to-party relations is now entirely different from our understanding in the 1950.

Take Pakistan, for example. We established party relations with Prime Minister Junejo's Muslim League. When Benazir Bhutto came recently, we established party relations with the Pakistan People's Party led by her.

We apply four principles to relations with other parties; whether communist, socialist, or national: independence, equality, mutual respect and noninterference in internal affairs.

President Bush: Is the Soviet visit a party visit? Will you host the visit as a party visit or as a party and government visit?

General Secretary Zhao: This time Gorbachev will come to China primarily in his capacity as President of the Supreme Soviet. He has been invited by President Yang. His meeting with Deng will be the high-level meeting. I will also meet him. This meeting will mean the establishment of party relations.

President Bush: This is very complicated. We have not dealt so much on party relations. There is a new development, involving Dick Allen, in which the Republican Party is dealing with lots of European parties in the International Democratic League. This has nothing to do with the government.

General Secretary Zhao: Of course the establishment of party relations between two ruling parties will be beneficial to the promotion of state-to-state relations. But relations between two countries are primarily state relations. That is why I say that the purpose of the high-level Gorbachev meeting with Chinese

leaders is primarily to normalize state relations. Normalizing state relations will naturally mean the restoration of party relations, but party relations will not have any special significance.

President Bush: We have covered lots of ground in my three previous meetings. One area I have not inquired about in my meetings here has been Sino-Indian relations.

General Secretary Zhao: The Gandhi visit was very successful. This visit solved one problem. On the Sino-Indian boundary dispute, we agreed that it is difficult to reach a mutually acceptable solution in a short time. Previously, Indian leaders always insisted the boundary question must be settled before cooperation in other areas could proceed and that it was an important condition for improvement of relations. But the fact is the problem cannot be solved in a short time. We have proposed some ideas, but the problem still cannot be settled quickly. Because of the Indian attitude, it is hard to make progress. Gandhi agreed that while we are discussing the border, we could make progress in other fields. This is a good step and is significant.

Nevertheless, because of the boundary dispute, there is a limit on how far cooperation and friendly relations can develop. There is this inhibition. Besides, we have all along been critical of the Indian approach to its neighbors in South Asia. It is the big bullying the small. So far, India has not abandoned this approach.

Since Gandhi became Prime Minister, U.S.-Indian relations have improved. Is that correct?

President Bush: Yes. I asked about this issue because Gandhi and Bhutto seem to have established good relations. There have been some differences, but they are close generationally. Their relations seem to be off to a good start. To the degree that they were divided over Afghanistan, with India closer to the Soviets, things should improve with the Soviet pullout.

Pakistan still worries about India in the nuclear field. And we still worry about Pakistan in the nuclear area because we have rigid Congressional certification requirements. It is a very serious question in terms of our ability to give the support we want to Pakistan. I made a clear presentation about this to Bhutto the other day in Tokyo, emphasizing that Pakistan must keep to its nonproliferation obligations. She anticipated my approach and took the initiative because she knew I would raise the matter. She gave lots of assurances. I do not want to burden you with this but it is a very serious matter. If Pakistan goes ahead with a nuclear device, we have to cut off our aid. I do not want this to happen. In any event, I think we should all work together for peace on the subcontinent. I knew of your visit with Gandhi. We may be on the edge of a new era in Indo-Pakistan relations. This would be good for all of us.

General Secretary Zhao: Both President Zia and Bhutto have said again and again that Pakistan is not seeking nuclear weapons. They are engaged in peaceful uses of nuclear energy. We have often told our American friends that China-Pakistan cooperation is confined to peaceful uses of nuclear energy. Pakistan is participating in IAEA safeguards. So do we. We will continue to carry out our commitments to IAEA. However, our American friends should know that Pakistan leaders have one complaint: they have given assurances that they will not go for nuclear weapons, but they feel that the international community has a different policy toward India. There are two big countries in South Asia. One has a nuclear device and no one says anything about it. The other has no device and is only engaged in nuclear energy research, but the press and the United States exert big pressure on Pakistan.

President Bush: They have made the same points to us. I wish I could be relaxed that they are only engaged in peaceful nuclear energy research. But we are not. President Zia said the same thing. But we have pretty good evidence to the contrary. We hope that she will work on this. On the second question of unequal treatment by the international community, we are indeed concerned about India, and Pakistan has legitimate concerns. But we cannot look the other way. We must guard against further proliferation. We hope India and Pakistan can sign a nuclear agreement. But India thinks it has an advantage. We will work with it, but we have no influence with India.

General Secretary Zhao: I would like to tell you that in late April I will visit the DPRK. Do you have any advice?

President Bush: Good luck on your visit! (Laughter) Secondly, the fact that China has started to have relations with the South is an extraordinarily good thing. Third, I think China more than any other country can help convince North Korea to moderate its policies a bit. We appreciate the fact that you helped facilitate some low-level contacts for us with them. I would ask you on our behalf to convince North Korea not to seek to engage us in conversation about the South, but to engage the South directly in discussions about peaceful reunification on the Korean Peninsula. Lastly, we would genuinely welcome reductions of tensions on the Korean Peninsula. It would be wonderful for us. It's very expensive. We would like to see our role reduced, or even eliminated, by a peaceful resolution among the parties. Otherwise, we don't have much of a role. We welcome your views.

General Secretary Zhao: For my visit this time, I am mentally prepared to listen to criticism by the comrades in the DPRK. They have lots of complaints about our direct and indirect economic and trade ties with South Korea. On my part, I will elaborate on why we are moving to develop certain ties with South Korea. It is impossible for our relations with the South to go too fast or too far. On the other hand, we cannot do things entirely according to the North's opinions, but we must take int

account what North Korea can bear. Maintaining stability on the Korean Peninsula is in our interest, your interest, and the region's interest. We will continue to do what we can and will use our influence whenever possible. It seems to me, however, that China's influence is limited in encouraging North Korea to be more flexible. The role played by U.S. policy is more important. We noted with great pleasure that the U.S. has adopted a more relaxed approach to North Korea and that this has achieved good results. We hope the U.S. can take an even more relaxed approach. The more relaxed the U.S. approach, the less isolated North Korea will feel. Hence, our influence will increase. To a great extent, our influence on North Korea is affected by U.S. policy.

It would appear from Gorbachev's new thinking that the Soviets also wish to see a relaxation on the peninsula.

Soviet influence on the North is greater than ours, but it is also limited. All of us should do something to promote relaxation of tensions on the peninsula.

The North on many occasions has asked us to convey messages to the U.S. hoping to improve relations. The U.S. has taken some steps already toward more relaxed relations with North Korea. We hope for more steps.

President Bush: We need to identify people who have influence who are more reasonable than the two top people in North Korea, Kim Il-sung and his son. I hope this does not offend you. They have a stake in hostility toward the U.S. We need to find other people who are more reasonable to deal with. Is this unfair?

General Secretary Zhao: In my view, if you want to improve relations with North Korea, you must deal with the two people you don't like.

President Bush: It's not a question of our not liking them. We don't think they want to deal. There is a performance barrier. They do not accept norms of civilization. They slip drugs and arms into diplomatic pouches. The leadership views are unacceptable. If I am being unreasonable, you tell me. We really are pessimistic about productive dealings because of the way the leadership views the U.S. Maybe they can change.

General Secretary Zhao: I favor the view that the nature of policy pursued by leaders has something to do with the set of circumstances they find themselves in. If the circumstances change, if the conditions change, so will the policies being pursued. I hope you are open-minded. After all, isn't it true that Khomeini accepted the UN Security Council resolution?

President Bush: Yes...but then he went and put a murder contract out on that writer. Look. I am serious. We sincerely welcome your advice. We honestly don't know these people in the North. If there is anything you can share, if you sense any flexibility,

after your visit, we would welcome this and would like to hear about it. You will have difficulty convincing me he is a noble human being. But relations are not based on that. We are open-minded. We want to be a catalyst for peace on the Korean Peninsula.

General Secretary Zhao: If they have any message, I will convey it to you.

President Bush: Aren't you encouraged by feelers between the North and South? Isn't that a good sign?

General Secretary Zhao: Yes. There are some good trends. We hope they will continue. In my view, changes in the international climate and trends toward relaxation of tensions will help in the settlement of various regional issues, though the timing may be different from case to case.

Since you have discussed international issues at length at your other meetings with Chairman Deng, Premier Li, and President Yang, let's change the subject. Let me briefly take this opportunity to talk about the domestic situation in China. After my briefing, I would be interested in your views on the domestic scene in China.

President Bush: I am very interested.

General Secretary Zhao: Ten years have elapsed since reform was launched in China. The steps taken have not been small. However, we are only halfway through. We will unswervingly continue until the end of the road is reached. However, it is indeed a tough pursuit to transform the Chinese economy from a highly centralized system to a planned commodity system. It is a long process that cannot be done in a short period of time, particularly in a large country like China.

I have two points to stress: We must be firm in moving forward to complete the reform process, but we must also adjust to the actual conditions in China and gradually carry out reform. As you know, China has made progress in the last decade, which is primarily attributable to the reform steps taken. Recently, the Wall Street Journal carried articles comparing reform in China and the Soviet Union. They quoted CIA statistics. These statistics noted that Soviet average annual GNP growth in the 1980s was 1 percent while China's was 8 percent. Although this figure is slightly lower than ours, these statistics illustrate the big progress China has recorded during the ten years of reform. Our national strength has increased, and the quality of life for the Chinese has improved as well.

In view of the tremendous beneficial changes brought by reform, and the improvement in living standards, there is no reason or basis for changing current policies. Our view is that the reform trend is irreversible in China.

In September 1988, we announced a program to improve the economic environment and restore economic order. Some people in China did not understand the program, and there was talk abroad that China was retreating from or abandoning reform. This doesn't tally with the facts. Rectification is mainly designed to solve problems related to an overheated economy. It is a common approach in Western countries to have alternating policies to deal either with inflation or recession. The correction in China is to curb inflation and dampen the overheated economy. The Chinese people do not have as much capacity as in the West to bear the effects of inflation because we pursued a low wage system, and also because of certain historical reasons and traditional ways of thinking. In fact, problems of inflation have long been with us in China, although they used to be in hidden form. The main manifestation of inflation in the 50s, 60s and 70s was not higher prices for commodities, but rather the unavailability of goods, the use of coupons, rationing, and standing in lines. That is inflation.

During the 34 years from 1951-1984, the average annual increase in the commodity price index was never more than 3 percent except in 1961 when it reached 16 percent. However, from 1985-1987, because of the gradual decontrol of prices, inflation averaged 6-8 percent. These rates were no real problem; the people could bear them. In 1988, however, the consumer price index shot up to 18.5 percent. That caused uneasiness.

President Bush: Are you referring to consumer prices or producer prices?

General Secretary Zhao: These are market prices not production prices.

We could not continue with reform with this rate of inflation. So we concentrated on austerity in financial expenditures, credit, and capital investment to curb demand. The main reason for this inordinate increase in commodity prices was the overly rapid issuance of money to support rapid economic development, excessive capital investment and too much consumption. The task of improving the economic environment and rectifying the economic order cannot be done in a short period. It may take two years, or a little longer. But rectification does not mean stopping reform. Rather, we must stabilize the economy so reform can press ahead according to the original plan. In analyzing the situation in China, I would emphasize two points: First, the Chinese people are both participants and beneficiaries of reform. On the whole, the Chinese people support reform. Second, quite a number of people in China are not adequately prepared mentally for the extent of the difficulties and the complexities of reform, especially the adjustment of interest. So they complain. Concerning this second point, when things go smoothly, the complaints are few. When things do not, the complaints are many.

In China, there exist two erroneous and extreme ideas. First, because there are so many difficulties with reform, some people think that reform is infeasible and that China should go back to the old road. These people are few and have no appeal. Second, there are also a small number who think there are so many difficulties in reform because China is lagging behind on political reform. They stand for a multi-party parliamentary system -- the introduction of a Western political system. These people may be few, but they are vocal and active.
Let's put aside the ideological question entirely. The above proposition does not tally with the realities of China. If it is carried out, chaos will result, and reform will be disrupted.

Some press people in the West and the U.S. feel warmly toward those in China who advocate a Western political system and have great interest in them. These forces want to influence current and future U.S. policy. In our view, if there are Americans who support those Chinese people who are opposed to the current policies of the Chinese government, they will hurt reform as well as Sino-U.S. friendship. Mr. President, you know that it is the Chinese government and people who are promoting reform in the light of the actual conditions of China. It is not these others. Mr. President, you know well China's history and its realities. I know you understand the above analysis. I hope the U.S. government will pay attention to this question for the sake of Sino-U.S. friendship, the stability of China, and the success of reform. NOTE: It was 5:45 p.m. The meeting had been scheduled to conclude at 5:25 p.m.

President Bush: That was a fascinating exposition. They tell me I am to be on live TV at 6:00 p.m. Let me say that I am very interested in what you said about reform. We strongly support reform and what the Chinese government has done. We know there are ups and downs. The U.S. also has its own economic problems, and I will do my level best to get our deficit down, which will benefit China and help you on your interest rates. I am glad to be here in China because I have escaped some of my own critics of my economic efforts. Don't worry about these critics. We want to see your reform succeed. We want to use our economic clout to be part of that success. I apologize for running. Thank you for your exposition.

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

MEMORANDUM OF CONVERSATION

SUBJECT: President Bush's Meeting with Premier Li Peng of The People's Republic of China

PARTICIPANTS:

U.S.
The President
James A. Baker III, Secretary of State
Winston Lord, American Ambassador
John Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Andrew Card, Deputy Chief of Staff
Marlin Fitzwater, Assistant to the President and Press Secretary
Robert Zoellick, Counselor Designate, Department of State
Gaston J. Sigur, Assistant Secretary of State for East Asian and Pacific Affairs
Margaret Tutwiler, Assistant Secretary of State, Public Affairs (Designate)
James A. Kelly, Senior Director, Asian Affairs, National Security Council
J. Stapleton Roy, Deputy Assistant Secretary of State
Peter Tomsen, Deputy Chief of Mission, Embassy Beijing
Karl Jackson, Director, Asian Affairs, National Security Council
Ray Burghardt, Political Counselor, Embassy Beijing
F. Maerkle, Political Officer, Embassy Beijing (Notetaker)
James Brown, Department of State (Interpreter)

DECLASSIFIED
PER E.O. 13526
2009-1150-MR
SCS 10/17/13

China
Premier Li Peng
Vice Premier Wu Xueqian
Foreign Minister Qian Qichen
Vice Foreign Minister Zhu Qizhen
Han Xu, Ambassador to the United States
Assistant Foreign Minister Liu Huaqiu
MFA Protocol Director Wu Minglian

~~SECRET~~
Declassify on: OADR

MFA Information Director Li Zhaoxing
Deputy Director Zha Peixin, USA Department
Counselor Wang Li, USA Department
Division Chief Ma Zhengang, USA Department
Deputy Division Chief Liu Xizheng, MFA Protocol
First Secretary Zhu Luchang, MFA Protocol
Other Participants (2)
Notetakers (2)
Interpreter

DATE, TIME AND PLACE: February 26, 1989, 9:00 a.m. - 11:00 a.m. Great Hall of the People, Xinjiang Room, Beijing, China

SUMMARY: In a cordial and relaxed two hour meeting, President Bush and Premier Li Peng exchanged views on a wide range of international and bilateral topics including Sino-U.S. relations, relations with the Soviet Union, Cambodia, the Philippines, the Korean Peninsula, Japan, the Middle East, anti-terrorism, diplomatic reciprocity, science and technology, Third World debt, the Indian sub-continent, Afghanistan, Eastern Europe, missile sales and the Peace Corps. The President began with a statement giving his views on many of the above issues. Premier Li Peng then responded with his prepared text and additionally commented on issues raised by the President.

In the Premier's presentation, plus the subsequent discussion, the Chinese made comments about foreign intervention in Chinese domestic affairs. The Premier characterized Soviet domestic political liberalization (a topic that he termed "more to the taste of Americans") as dangerous and concluded that the Soviets should devote their effort to economic reform, a statement with implications for China's domestic policy. Later, commenting on bilateral relations, he pointedly remarked that "some Americans," such as members of Congress, try to influence China's domestic policy and he warned against any such actions by U.S. executive branch officials.

In significant comments on international affairs, Li said that China would improve non-government and trade relations with South Korea in the future. Li said China would be very displeased at any increase in the level of official U.S. contacts with Taiwan. He indicated that once current agreements expire, the PRC would cease weapons deliveries to the Afghan resistance forces. Discussing bilateral affairs, the Premier termed Sino-U.S. relations as "good," and hoped to see continued development of

~~SECRET~~

relations. Responding to the President's concerns about proliferation of intermediate range ballistic missiles, the Premier made a clear statement that China would "no longer sell such missiles." END SUMMARY.

President Bush: I am sorry for being a few minutes late.

Premier Li: I represent the Chinese government in warmly welcoming you to China. We want a broad and in-depth exchange of views on bilateral and international questions of mutual interest. We think the talks should be full and frank so that we can get to know each other's viewpoints and thus further the development of Sino-American relations. Our talks today are brief and some time will be taken by interpretation. I see two possible ways to proceed:

-- in accordance with our practice, you can make an opening statement, and then we can consider issues one by one; or

-- we might divide the issues into two categories -- bilateral and international -- and first discuss all aspects of one category before moving to the second.

President Bush: The first method is agreeable. I have some matters to raise and would like to make an opening statement. After your opening statement, we could go to a frank exchange of questions and answers so that the meeting will have more substance.

Premier Li: Good, I agree.

Basis of U.S. Policy Toward China

President Bush: Thank you for the lovely banquet that you and President Yang hosted, and for the warm welcome back to China. From my standpoint, this is a very important visit to China and its people. The relations between the U.S. and China are as important as any in the world. At the start of my administration, we are engaging in a total review of many policies, including arms control negotiations with the Soviet Union and what to do in the Middle East. China is an exception: we already know where we are, where we want to go, and what we want to do. We want to continue strengthening and developing our bilateral relations. This relationship stands on its own and

will not be affected by rapid changes on the international stage. As I said last night, I am glad that General Secretary Gorbachev is coming to China. We have passed the stage of worrying about this type of event. The Joint Communiques of 1972, 1979 and 1982 will continue to form the basis of my administration's China policy.

Administration's Firm Commitment to One China Policy.

We are firmly committed to a policy of one China. We have stated so publicly in ways designed to deter separatist elements. The future of Taiwan must be worked out by Chinese on both sides of the Taiwan Strait without interference and certainly without our mediation. We have big problems with Taiwan in trade areas, but we have trouble acting on them because we are inhibited in discussing these areas with them because of our arrangements with you. We will continue these arrangements, but we wish we could find a better way to lean on them in the trade area. A solution of the trade problems would benefit ourselves and benefit China. This is your business, but we welcome your growing contacts with Taiwan. Our policy is aimed at fostering further progress in these areas and good relations based on our Communiques.

Bush Administration's International Policies

On the Sino-Soviet-U.S. front, as I have indicated, we welcome the recent progress in the Sino-Soviet relationship, what appears to us to be progress. We would like to feel that this will result in improved prospects for durable global and regional stability. When I last met Gorbachev, when he came to New York City just before I was sworn in as President, there had been discussion of his coming to China but there were no firm arrangements at the time. I told him, "I am pleased you are going to China and that you will see Deng Xiaoping who has a broad global view unmatched by other foreign leaders."

U.S.-Soviet Relations

On U.S.-Soviet relations, my position is that we want to continue our basic policy toward the Soviet Union, but I am cautious. Everyone on this side of the table is cautious. I have ordered a comprehensive review of our overall relationship and what steps to propose in arms control and in other areas. We want to see

~~SECRET~~

perestroika continue and be successful. To be very candid, although we are pleased with the Soviet withdrawal from Afghanistan and the recent arrangements in Angola, there are several areas of Soviet international behavior that disturb us. Therefore, I view our relationship with hope and caution. It is important for the Soviets to understand that our review is not a stalling tactic or foot-dragging. I personally made that point to Mr. Gorbachev. Needless to say, we would welcome Chinese views on the Soviet domestic political situation. We are watching it and would like to compare notes with you. We will continue our standard agenda of emphasizing human rights, arms control, regional, and bilateral issues. We want to expand our talks with them on other issues of growing concern, such as the global environment, anti-terrorism and narcotics.

Cambodia

May I say a few words on Cambodia. We want to keep the focus on a comprehensive settlement, which would include:

-- complete and rapid withdrawal of Vietnamese troops from Cambodia;

-- a coalition government headed by Prince Sihanouk;

-- an international presence with "teeth" in it;

-- effective safeguards against a Khmer Rouge return to dominance, including reduction of outside military aid to the Khmer Rouge and arrangements for the relocation of unacceptable Khmer Rouge leaders to a place outside of Cambodia.

This is the U.S. position. My intention is to step up our support for the Sihanouk forces. We hope others will do the same. We are pleased that until recently the ASEAN countries have stayed close together, though we are concerned at Thai Prime Minister Chatchai's going it alone in meeting with the puppet government from Phnom Penh.

Philippines

With regard to the Philippines, we have a strong historic relationship. We are committed to its economic recovery and are working closely with Japan in this regard. I must confess to a certain worry about the Philippines, but we will work with Mrs.

Aquino to try to achieve economic recovery.

Korean Peninsula

On the Korean peninsula, we are encouraged by recent overall trends there. Of course, I recognize that no one has great influence over Kim Il-sung. But to the extent that China has greater influence there than we do, we hope you will encourage the North Koreans to engage in a meaningful dialogue with South Korea. From our standpoint, we believe that the links China has developed with Seoul help reduce tensions on the Korean peninsula. We welcome that. Trade offices would be a good further step and would help. I also want to express my appreciation to China for its help in arranging U.S. diplomatic contacts with North Korea.

Japan

We think our relations with Japan have a key role to play in maintaining regional stability. We will keep working at these relations, but we have some major trade problems with Japan that disturb us and Congress. We feel that increased China-Japan ties would also be good for Asian stability. I have wondered whether Japan might at some time in the future try to shift its interest toward the Soviet Union by stressing economic relations, but I feel that until the Northern Islands issue is solved, such a move is most unlikely.

Middle East, the PLO, International Terrorism

I know that we have had differences with you on the Middle East and that they will continue to some degree. We are committed to pursuing a comprehensive peace and will try to engage in dialogue with all regional parties to that end. I welcome Arafat's recent statement which resulted in our dialogue with the PLO. To the degree that China has close ties to the PLO, I hope that you will urge the PLO toward moderation. I worry very much about elements to the left or radical side of Arafat.

We continue to be concerned about international terrorism. In countering terrorism, we would like to see China as actively involved as possible. To the extent that China has influence with Pyongyang, I hope that you could encourage them to take some positive steps. Incidentally, with regard to the radical elements in the PLO, Secretary Baker has asked me to express our

~~SECRET~~

concern that certain anti-Arafat elements in the PLO will try to disrupt our dialogue with him through radical action. We recognize that we have a unique role to play in helping in the Middle East, but we do not want to move so precipitously that the move goes up in smoke, and nothing happens. Having said that, the recent steps with the PLO offer some promise. We will not stall, but we are not now ready to move forward and get out front with a new American plan.

U.S.-CHINESE BILATERAL ISSUES

Diplomatic Reciprocity

There are a couple of other matters I would like to raise, more on the bilateral side. I strongly urge you to consider our recent request for reciprocity for diplomats on such matters as communications systems, offices, housing, travel, and ability to meet with officials. Back in 1974, on instructions from Washington, I made a pitch that we be allowed to use the Skylink communications system. I hope that our Embassy can soon gain the ability to use that system.

China's Economic Reform Achievements

In connection with our bilateral economic and S&T issues, let me say that we continue to be impressed, very impressed, by China's bold initiatives on economic reform. It is amazing how people in the United States -- Ambassador Han Xu can confirm this -- are aware of these changes and are impressed by them. We are not unaware of pending problems, but the results in terms of increased output, expanded trade, increased investment, and improved living standards represent major achievements for which we have great respect.

Need for Increased Reliance on Markets

Yesterday, I had an agonizing talk with President Sarney of Brazil about the Third World debt issue, another major question that concerns us. I urged market reform on him -- that is, that he base his economy as much as possible on markets. This is true not just for Brazil, but for all countries -- that there should be an increased role for markets. I have great respect for your achievements in stimulating economic growth and increasing trade and investment with the U.S. and Europe. I congratulate China for its progress in this regard.

Fight Against Protectionism

I will continue to resist protectionist pressure in the U.S. and will do my best to insure that U.S. markets remain open. But trade has to be a two-way street. I and my administration oppose protectionist pressure, but I cannot overemphasize the pressure rising in the country and in the Congress for reciprocity. Many powerful elements which previously were anti-protectionist are now willing to go that route. I will resist these pressures, and the U.S. will resist them, but the pressures are great, and the answer is greater access to foreign markets. I hope to enlist the help of Chinese leaders to increase protection of intellectual property rights, reduce import duties, and improve implementation of contracts with foreign firms. In turn, we will do our best to liberalize export controls and to act favorably on issues of interest to China, such as GATT membership. It would also be worthwhile to study intensively the possibility of a bilateral investment treaty.

Mr. Premier, you are expert on this but I like to think that U.S. firms have made a contribution to China's development, especially in the fields of energy and transportation. I hope that you will support continued cooperation with U.S. firms in these areas, and also in telecommunications.

Renewal of the Science and Technology Agreement

In science and technology, we have got to work together in coming weeks to resolve differences and renew the S&T cooperation agreement. It is an important agreement and should be renewed without interruption to permit the continuation of cooperative activities under it.

European Issues

There are many other areas that I have not touched on. I have just touched the top of the iceberg with respect to Third World debt. We are very concerned about coming up with a plan for sharing the debt with other significant lenders that will be helpful. I don't want to bore you with my opinion on West European developments in Germany and elsewhere. But I do want to say that I intend to keep the alliance as strong as possible. We have some problems there because of Gorbachev's ability to appeal to the West with his peace offensive, which is very attractive to people there.

South Asian Sub-continent

You probably are more closely identified with issues in the sub-continent. I am optimistic about the new leadership in India and Pakistan. Rajiv Gandhi and Prime Minister Bhutto seem to be off to a good start. We have some special concerns about Pakistan, which I mentioned last night, but we are pleased with Pakistan's help in Afghanistan.

Eastern Europe

My last point relates to Eastern Europe. As the Soviet policies of perestroika and glasnost move forward, they create new challenges and opportunities for all of us in our relations with the East European countries. There is enormous potential for progress, but also enormous potential for danger.

Thank you for the opportunity to present my views. I would be glad after your presentation to take any questions you may have.

PRESENTATION OF PREMIER LI PENG

General Remarks

Premier Li: Mr. President, I have listened carefully to your presentation on the international situation and our bilateral relations. China is pleased with the relaxation of tensions in the world recently. With the signing of the INF treaty between the U.S. and the Soviet Union, some hot spots in the world have been settled and others are in the process of being settled. We hope to see a continuation of this trend and that the two big countries wll reach a further agreement on the reduction of strategic nuclear weapons and other types of nuclear weapons. China is now engaged in the four modernizations, but we still have a poor and backward economy. We need modernization and put modernization at the center of our efforts. We need a peaceful international environment and stability at home. So we will work for relaxation worldwide.

Normalization of Sino-Soviet Relations

It can be said that the process of Sino-Soviet normalization has

already begun and will be furthered at the high-level meeting this May. This is all based on the premise that significant progress has been made in the three major obstacles posed by the Soviet Union. The Soviet Union has agreed to China's conditions or most of our conditions, on the three major obstacles. What we want to restore is normal state relations -- that is, the situation was abnormal before. For a long time, China and the Soviet Union were locked in confrontation, but now we want relations to be normal again. A higher goal is for China and the Soviet Union to become good neighbors, but not to have an alliance relationship. Proceeding from China's own security interests, we do not want an alliance with any country in the world. To be frank, to what extent the Soviet Union changes its policy we will have to wait and see.

Soviet Problems in Implementing Perestroika

As I discussed with you at dinner last night, there is a possibility that to develop its economy, the Soviet Union will have to decrease its military expenditures. This would be conducive to the relaxation of tensions in the world. But the Soviet Union is encountering enormous difficulties in implementing perestroika. We feel that the Soviet difficulties have occurred because the Soviet people have not gained any practical benefits from perestroika, there has been more rhetoric than benefits, so the people are not enthusiastic about perestroika. For a time, the Soviets emphasized economic reform, but now they are emphasizing political reform and the process of democratization. This latter emphasis may suit the taste of the U.S. However, the effect of the latter approach may be rather limited and may provoke ethnic problems in the Soviet Union. At best it may only arouse the enthusiasm of the intellectuals for perestroika. In my view, the Soviet Union should mainly concentrate on the economic problems of the country.

Party-to-Party Relations

You might be concerned at the possibility that China will restore party-to-party relations with the Soviet Union. In fact, we have established party relations with a great many countries in the world, which is no more than having contact with party delegations. That's what we mean. As a matter of fact, we intend to establish such relations with the Republican and Democratic parties in the U.S., that is, there will be relations between your parties and the Chinese Communist Party's International Liaison Department.

During his visit to Beijing, Gorbachev will meet Party General Secretary Zhao Ziyang. Both are Party General Secretaries, and that will accomplish restoration of party-to-party relations. They will talk, but you don't have to worry about that. We will not emphasize party-to-party relations. That aspect is not so important.

Relations Are Independent of Social System/Ideology

One of China's basic views on international relations is that the state of relations between countries does not depend on similarities or differences in social systems or ideologies. Of course, in approaching Sino-Soviet relations we will also consider possibilities for expanding science and technology and economic cooperation with the Soviet Union. However, the potential in that respect for expansion of these relations is much less than between our two countries.

After these general remarks, I would like to respond to the point you raised.

Afghanistan

We welcome the Soviet withdrawal but are concerned about the possibility that civil war will break out after Soviet troop withdrawal. Pakistani Prime Minister Bhutto told me that the resistance forces in Afghanistan have firm determination and are optimistic in their outlook, that is, that feel they can defeat the Kabul regime by force in a few months. While China is not entirely clear about the situation there, we think the above estimate is too optimistic. We feel that after the Soviet troop withdrawal, China has lost the basis for continuing military assistance to the resistance forces. The original purpose of the Chinese assistance was to force the withdrawal of foreign troops and let the Afghan people solve their problems themselves. Now that Soviet troops are gone, continued support of the Afghan resistance forces would be tantamount to support of a civil war. However, for that portion of assistance to the Afghan resistance which has been committed under an agreement, we will carry out the agreement, and the balance of material will be delivered to the Afghan side.

Kampuchea Question

On the Kampuchea question, there are two core questions:

-- First, withdrawal of Vietnamese troops. You probably know this, but some Vietnamese soldiers are changing uniforms to those of the puppet troops so as to stay on in that country. This represents de facto control of Kampuchea by the Vietnamese. We are very much concerned about this.

-- Second, a quadripartite coalition government headed by Prince Sihanouk. Such a government should be established after Vietnamese withdrawal, and everyone should support Sihanouk. China will not support a monopoly of power by the Khmer Rouge.

China has made three proposals that explain our approach to this issue:

-- All candidates for positions in the new coalition government should be submitted for approval to the other parties. If another party objects, then that candidate cannot participate in the government. If there is disagreement on Pol Pot, then obviously he cannot participate.

-- Troop reductions should be made on a reciprocal basis. Each faction should reduce its armed forces to 10,000 soldiers, thus creating a unified national defense force of 40,000 troops.

-- There should be international control and supervision, and the dispatch of an international peacekeeping force to Kampuchea.

All of these moves show support for Prince Sihanouk and will not only restrain the Phnom Penh regime but also the Khmer Rouge. But we should also address another tendency, i.e., the possibility of a monopoly of power by the Phnom Penh regime to the exclusion of the other three parties. If the Khmer Rouge is excluded, then there is no force available to restrain the forces of the Phnom Penh regime; in that case the Phnom Penh regime would have an effective monopoly. Perhaps Thai Prime Minister Chatchai has overestimated the role of the Hun Sen regime.

Actually, it does not have much of an independent say but is rather at the beck and call of Vietnam.

Korea Policy -- North Korea

We attach great importance to developments on the Korean peninsula because they are directly related to China. It is a good proposal to encourage direct dialogue between North and South Korea. China's relations with North Korea are good but our influence is rather limited. Our friend over there has great confidence in himself. Now North Korea is somewhat isolated in the international community. So we think that they should be allowed to have more contacts with the international community which might encourage them to adopt more flexible policies. The more that North Korea is isolated the worse the consequences. For instance, North Korea is very sensitive to joint military exercises between the U.S. and South Korea. In our view, why should such exercises be held to irritate North Korea?

Korea Policy -- South Korea

For all practical purposes, we have already achieved a breakthrough in our relations with Seoul in South Korea in the non-official and commercial area. For example, we attended the Seoul Olympics. With the expansion of economic ties between China and South Korea, to protect our economic interests and to make representations, it is appropriate and necessary for us to set up a trade office in South Korea. However, this has not been done up to now. But we are not prepared to let relations with South Korea develop into normal official relations. Rather, relations will remain at a non-governmental level.

Japan

We know that you are on excellent terms with Japan, although we are aware of a number of problems. On the whole, Sino-Japanese relations are not bad. Japan remains our number one trading partner if you exclude the Hong Kong area. Japan has outstripped the U.S. in that regard. Of course, there are some problems in China's relations with Japan, mainly because of the revival and existence of militaristic elements in Japan. Japanese military expenditures now exceed one percent of GNP, and the actual figure exceeds U.S. $30 billion, a figure that is much greater than China's military expenditures.

Middle East and the PLO

We express appreciation for the recent U.S. announcement of its readiness to enter into dialogue with the PLO. The Middle East is a big hot spot which should be settled. Recently, Mr. Khadumi, the chief of the political office of the PLO, a person who is equivalent to their foreign minister, visited China. In our talks with him, we encouraged the PLO to take a more flexible policy. He is a top PLO official. He indicated readiness to go along that line. The U.S. has a big influence on Israel. You should encourage Israel to change its intransigent policy. One should give people a way out. The PLO is still an exile government.

BILATERAL RELATIONS

Sino-U.S. Relations Are Good

Sino-U.S. relations are good. Relations are developing steadily. China's leaders are pleased and hope to see continued development of relations. The problems you have mentioned -- reciprocity, housing, communications, travel -- are of secondary importance. They can be solved by the Departments concerned under the coordination of the Ministry of Foreign Affairs and on the basis of mutual understanding. I have confidence in these departments.

Sino-U.S. Economic Trade and Investment Relations

You also talked about the need to strengthen Sino-U.S. relations through the conclusion of agreements in the economic area. We also attach importance to a bilateral investment treaty and to intellectual property rights. We already have a patent law in China and are now drafting a copyright law which will soon be submitted for discussion. We would also like to continue improving the investment climate in China. We hope to see increased U.S. investment. The percentage of U.S. investment in comparison to total investment is quite high. We appreciate that and want more. We are improving China's investment climate to protect the ability of U.S. investors to exercise their normal rights under bilateral agreements.

Opposition to Taiwan's "Elastic Diplomacy"

We attach great importance to the Taiwan issue. We listened to your reiteration of the importance of the three Communiques and we express our appreciation. Recently, Taiwan has relaxed its policy to an extent, and there has been increased interchange of people across the Taiwan Strait. This is a good thing. On the other hand, there is also a trend toward independence in Taiwan which is also developing. For instance, Taiwan is now practicing its so-called "elastic diplomacy" which is a bid to return to the international community, which in essence is trying to create two Chinas. We are very much concerned about that. We hope that the U.S. will not support the so-called "elastic foreign policy" on the part of the Taiwan authorities.

U.S. Contacts with Taiwan Should Be Unofficial

The U.S. has many economic and trade ties with Taiwan, and this we understand. Since the ties are already there, there must be contacts, but the contacts should be non-governmental. This is stipulated in the Sino-U.S. agreements. But if such contacts should be revised to a level of an official nature, i.e., contacts involving high-ranking officials of the U.S., including even department secretaries and cabinet members, then we would be most displeased.

Opposition to U.S. Interference in Domestic Politics

Another question is that some Americans try in one way or another to influence China's policy. To be more blunt, this smacks of interference in China's internal affairs, and we are not happy about it. Of course, in the past, this phenomenon came mainly not from the U.S. Government, but from various walks and circles including members of Congress and others who make trouble on this or that question. We are not pleased. We would be even more unhappy if this were raised to the level where there was interference by government officials. We have no business to interfere if the U.S. observes developments in China from its own point of view, but if it tries to impose this view on us, we will oppose this.

Reform Requires a Strong Chinese Government

As you know, Chinese society is entirely different from U.S.

society. We are at entirely different development levels. China is a developing country and is still very poor. One should not look at Beijing. In other areas there is real poverty. Some people do not have enough food to eat. China is engaged in economic development and reform. Reform, itself, is a big transformation and the situation is very complicated. We thank you for your support of our reform. On the other hand, we hope that you will also support our view that to improve the domestic economic environment we need a strong government in China. We hope to see the continuation of a good trend in the development of relations between our two countries, so I particularly stress the above points. As old friends, I feel I can talk in this very frank way. With others I might not approach the question in this manner.

Anti-Protectionist Position

We know that the Reagan administration and you have resisted U.S. trade protectionist pressures in the U.S. Regardless of whether one says that Sino-U.S. trade was U.S. $14 billion, as you asserted, or U.S. $10 billion, as China asserts, the point is still the same that Sino-U.S. trade is a small percentage of total U.S. trade. In the final analysis, our dollars earned from trade with you go back to the U.S. when we buy advanced American technology and equipment, including military equipment. All these things cost money, including the military equipment, the prices of which in the U.S. are very high. So it is really an exchange of money, and ultimately the money from the U.S. goes back to the U.S.

China to Adopt Measures to Protect U.S. High Technology

On the question of transfer of sensitive high technology to China, we understand that the U.S. has concerns. The Chinese government will adopt even stricter measures to ensure that there is no proliferation (sic) [i.e., no further dissemination of such technology].

Perhaps we should set aside some time for deeper discussion of these questions.

~~SECRET~~

Agreement on the Peace Corps in China

President Bush: Thank you for your full and frank presentation. There are a couple of items which I forgot to mention in which I have a personal interest. One is the Peace Corps. We are very pleased that China has agreed to receive Peace Corps representatives. I strongly urge that we get on with the practical details and the exchange of letters. We would like a response to our draft proposal. The whole concept of teaching English in Sichuan is good. China is so big that it is a drop in the bucket, but it is a good symbol of our improved relations. So I hope that we can get on with that.

I have a couple of more comments on what you said. I made some notes as you were speaking, so with your permission, I will make some comments in no particular order.

Afghanistan Resupply

On the question of Afghan resupply, the Soviet Union said they were not happy with my recent statement on Afghanistan, in which I said that they had left a large amount of military equipment behind in Afghanistan. I said that we could not permit an imbalance in military strength to result. We have incontrovertible evidence that after the Soviets left, they are resupplying the Najibullah government. So I am pleased China will do what you said it would do. I listened very carefully to what you said. We don't want to throw a lot of arms into Afghanistan and to undermine peace. But we do not want to allow an imbalance to develop that would cause the resistance to lose in peace what they gained through fierce fighting.

Cambodia/Vietnam

One comment on Cambodia and Vietnam. Some in the U.S. feel that we should dramatically improve relations with Vietnam, but I am very wary of that action. Even if Vietnam does the right thing in Cambodia, we will still proceed very cautiously with Vietnam. I just wanted you to know that. There is the question of the motive for Chatchai's move toward the puppet government. The answer may be in trade, in the desire to be out in front of the other ASEAN countries, or in the desire to go down in history as the man who paved the way for improved relations with Cambodia. We think he made a mistake. We think we should all stay together as much as possible and not go off on separate tracks.

Premier Li: Incidentally, from March 15, Prime Minister Chatchai will visit Beijing at my invitation.

President Bush: Good. He is a good man; we have good relations with him. But we are worried about that step he took.

The North Korean Leader with "Great Confidence"

Forgive me for smiling when you said that the leader of North Korea has "great confidence in himself." That is a classic understatement. (Amused laughter among both the American and the English-speaking members of the Chinese delegation.) But I want to say that the U.S. sees no use in a direct dialogue with North Korea on this question. The dialogue must be direct, North-South dialogue.

Renewed Imperialist Designs in Japan

On Japan and its military expenditures, I am curious whether you worry about military expenditures as a step toward renewed imperialism or imperialist designs? Some in the U.S. say that "Japan is rich, and got extraordinarily rich off of one-sided trade with the U.S. so we should make them do more in the military sphere." I do not share that feeling. I am cautious. We are torn because for the common good we would like to see as much cooperation as possible, but we are sensitive to concerns, particularly in Asia, about possibilities for future military expansionism.

Commitment to Three Communiques Position on Taiwan

On Taiwan, let me reiterate that we will do nothing to encourage an independence movement or discussion or rhetoric with regard to this question that so concerns China. I noted your response regarding official contacts. We will live by the three Communiques. But I repeat that we are in less good shape than if we could make clear to Taiwan our dissatisfaction with their enormous trade surplus. But nonetheless, I have made my point, and we will live by what I said we would do. They are clearly taking advantage of a lot of their trading partners. If you need examples, Secretary Baker would be happy to provide them. We are fighting with one hand tied behind our back, but we will live by what we said. I just want to reiterate our commitment to the three Communiques.

~~SECRET~~

Chinese Missile Sales

The last matter concerns the question of missile sales. I wonder if it would be useful to form some kind of group to discuss this sensitive matter. I think you know that we are concerned about missile proliferation. We have been discussing it in meetings between delegations from both sides, but if you think that this small group would be useful, we could organize something. We are very concerned about this.

Premier Li: On the missile question, last year Chairman Deng Xiaoping assured then-U.S. Secretary of Defense Carlucci that China would no longer sell intermediate-range ballistic missiles to other countries. Actually, the sale of missiles to Saudi Arabia occurred before the signing of the INF Treaty. We appreciate the relaxation of tension from the INF Agreement so we will no longer sell intermediate-range missiles. This is our commitment, and we will live by it. You are aware of the fact that except for the sale of IRBMs to the Saudis, China has not provided such missiles to any country. Under such circumstances, perhaps it is not necessary to have a special group set up to discuss this question. We can discuss this topic at any time, whenever you have any new ideas.

President Bush: This question is not just one with China. We have problems with other nations as well. But we can leave it at that. It is not just Chinese missiles, but that is agreeable with us.

Peace Corps to Be Called "Sino-U.S. Friendship Volunteers"

Premier Li: You mentioned the Peace Corps. Agreement has been reached for these people to be called "Sino-U.S. Friendship Volunteers." This name sounds better in China. We will respect the agreement. The technical details can be solved. After the initial small group of volunteers has worked to gain credibility among the Chinese people, then we can consider expansion of the program. The Chinese have a saying; "The beginning is the hardest part."

This afternoon you will meet Communist Party General Secretary Zhao Ziyang. Now there is no time to discuss economic reform and development, but he will brief you as you suggested last night.

At 11:00 a.m. you will be meeting Deng Xiaoping. That will be

the climax of your visit. He remains China's paramount leader. His habit is to talk about his subjects such as the international scene and the norms governing bilateral relations, but he leaves the details to us.

The President's Appreciation of Deng Xiaoping

President Bush: I would not say this to him directly because he would think that it is excessive flattery, but the respect level for Deng Xiaoping around the world is high. People do not agree with him, of course, on all issues. But the way he addresses broad issues has gained him tremendous respect, at least among the countries we deal with.

It is funny how little courtesies are long remembered. When Barbara and I left China, I was not an ambassador because we did not have diplomatic relations. Though we did not meet on a day-to-day basis, I think that he sensed our deep friendship for China and the Chinese people. So when we were leaving, we came in through a side door of the Great Hall of the People, where he gave an unprecedented small luncheon for us, which he hosted himself. This was a very significant gesture. In the U.S., we have a saying: "What goes around comes around." So I have come back as President and in my heart is the memory of this extraordinary courtesy.

Premier Li: There is a long-term friendship between you and Chairman Deng. The news media in China has already reported that.

While expressing general appreciation for the President's remarks, Premier Li then stood up and escorted President Bush to the door of the Xinjiang Room.

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

MEMORANDUM OF CONVERSATION

SUBJECT: President Bush's Meeting with Chairman Deng Xiaoping of the People's Republic of China

PARTICIPANTS:

U.S.
President Bush
James A. Baker III, Secretary of State
Winston Lord, Ambassador to China
John Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Andrew Card, Deputy Chief of Staff
Marlin Fitzwater, Assistant to the President and Press Secretary
Gaston J. Sigur, Assistant Secretary of State for East Asia and Pacific Affairs
Robert Zoellick, Counselor (Designate), Department of State
Margaret Tutwiler, Assistant Secretary of State, Public Affairs-Designate
James A. Kelly, Senior Director of Asian Affairs, National Security Council
J. Stapleton Roy, Deputy Assistant Secretary of State
Peter Tomsen, Deputy Chief of Mission, Embassy Beijing
Karl Jackson, Senior Director of Asian Affairs, National Security Council
Ray Burghardt, Political Counselor, Embassy Beijing
Mark Mohr, Notetaker
Vivian Chang, Interpreter

China
Chairman Deng Xiaoping
CCPPCC Chairman Li Xiannian
Vice Premier Wu Xueqian
Foreign Minister Qian Qichen
Vice Foreign Minister Zhu Qizhen
Han Xu, Ambassador to the U.S.
MFA Protocol Director Wu Minglian
MFA Information Director Li Zhaoxing
USA Deputy Director Zha Peixin
USA Deputy Counselor Wang Li
MFA Protocol Deputy Division Chief Liu Xizhen
MFA Protocol First Secretary Zhu Luchang
Interpreter
Notetakers (2)

~~SECRET~~
Declassify on: OADR

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
CSI 8121109

DATE, TIME AND PLACE: February 26, 1989, 11:00 a.m. - 12:00 noon
Great Hall of the People, Fujian Room, Beijing, China

SUMMARY: Chairman Deng warmly welcomed the President and called his short working visit more important than an official visit. He expressed his personal hope that the bilateral relationship would develop in a "new pattern," based on mutual trust, mutual support, and minimizing as much as possible mutual problems. He characterized the overall pattern of the relationship as one of steady progress. President Bush pointed out those who say he had come to China because Gorbachev was coming were wrong. The President said that Sino-U.S. relations stand on their own merits and are not based on changes in Soviet policy. He noted that support for the bilateral relationship has never been stronger in the U.S.

Turning to Sino-Soviet relations, Deng emphasized the deeply rooted historical difference between China and the Soviet Union that would continue to affect the relationship. He noted that over the past 150 years, two countries had done the greatest damage to China: Japan and Czarish Russia/Soviet Union. Deng noted, however, that the Soviet Union got the most tangible benefits in the form of the three million square kilometers of territory that had been cut off from China, although he acknowledged that much of this acquisition has now been formally accepted by the PRC. Deng cited the tearing away of Outer Mongolia and Khrushchev's policy of encircling China to underscore the unfavorable strategic situation that continued to make the Soviet Union the main threat to China. Deng said he had cited these factors to demonstrate that China's opening to the U.S. and the West had been a strategic decision and not a question of expediency. This is why, concluded Deng, China's relations with the Soviet Union will not revert to what they were in the 1950's.

Turning to internal problems, Deng said China's overwhelming need was to maintain stability. He noted, "We hope our friends abroad can understand this point." END SUMMARY.

Chairman Deng: You have had a long journey.

President Bush: But I am not tired. I have even been riding my bicycle.

Chairman Deng: Yes, you have so many hobbies. One of them you have in common with me - bridge.

President Bush: But you are too good for me.

Chairman Deng: That is hard to say. We have not played together. Even if we play, it will be friendly.

President Bush: I gave up bridge a long time ago. It was too difficult and complicated. You're the expert.

Chairman Deng: Nowadays, it is even more difficult to find time to play bridge. You have a difficult job, being President of the United States. You could be champion of the world in terms of the busyness of your schedule.

President Bush: I have been busy, but it is very interesting. Although the time here is short, I am having a good visit. I have just had a very interesting talk with Premier Li Peng, and last night I had a wonderful banquet hosted by President Yang.

Chairman Deng: Mr. President, because this is a working visit, we've simplified some protocol arrangements. I hope that you will pay an official visit to China at a time you think appropriate.

President Bush: I would love to do it. I appreciate the invitation, especially the opportunity to look around the countryside again.

Chairman Deng: In my view, although this is only a working visit lasting two days, it is more important than an official visit.

President Bush: There is so much change in the world, so many big things happening. I have come at an interesting time of opportunity and challenge. I am delighted that the Soviet leader is coming here. That is a good thing. I think he can learn from you.

Chairman Deng: Gorbachev will come to Beijing on May 15. So far, I don't know how many gifts he will bring. I don't even know what will happen regarding Vietnamese troop withdrawal from Cambodia. When you served as Chief of the Liaison Office, you contributed to the promotion of Sino-U.S. relations. After that, you visited China four times. During the two times you visited as Vice President, you brought happy tidings with regard to the expansion of Sino-U.S. relations. This time, you've taken time out of your busy schedule to first come to Beijing. This in itself represents an important development in Sino-U.S. relations. I believe the above judgment of mine is a sound one.

This does not necessarily mean that we see eye-to-eye on all matters, nor does it mean that disputes will not crop up between us. However, I can say that both the Chinese and American sides want to see the further development of Sino-U.S. relations. I am speaking not just for myself but for other Chinese leaders as well, and you are speaking for the U.S. side. My personal hope is that during your tenure as President, Sino-U.S. relations will develop in a new pattern. I am not talking about a strategic relationship, but rather a relationship of mutual trust, mutual support, and minimizing as much as possible the problems (in Chinese - ma fan) between us. Problems after all will be there, but they can be reduced.

President Bush: Some have said in the world press: "The U.S. President is going to China because Gorbachev is going to China." That's crazy, that's wrong. I wanted to come because I agree with you on where the relationship stands, and that the prospects for our two countries to advance the relationship have never been greater. Support for this relationship has never been stronger in my country. So the China-U.S. relationship must stand on its own feet. After that we can talk about the broad challenges that face all of us because of changes in the Soviet Union, the unification of the European common market in 1992, and the Third World debt. We can discuss these problems. But I was anxious to come as President to make the relationship stronger and better. I can guarantee that in my Administration our bilateral relationship will be stronger and better. Yes, we can fight about our differences, but the differences are far outweighed by our common points, so the differences are a small matter.

Chairman Deng: Just now, you talked about the Soviet Union. China, like the U.S., is improving its relations with the Soviet Union. We think this will make a major contribution to the maintenance of world peace. However, the fact is that a great many problems exist in the U.S.-Soviet relationship. This is also true of Sino-Soviet relations. What's more, the many problems that exist are not those that can be easily solved. For instance, the U.S. and Soviet Union were successful in solving the INF question, and we expressed our welcome. Why? Because relaxation of tension between the U.S. and the Soviet Union is beneficial to world peace. This does not mean that peace has already arrived. Recently, the question of short-range nuclear missiles cropped up. Also, the question of long-range nuclear missiles has hardly been touched. Nor have the U.S. and the Soviet Union dealt with the question of conventional weapons. The most that can be said is that you have had some contacts on this question. We hope that the U.S. and Soviet Union will follow up on the INF treaty and proceed to settle other major questions.

~~RET~~

Likewise, there are piles and piles of problems in the relationship between China and the Soviet Union. As a matter of fact, China and the Soviet Union cut off contact in 1963. A good 25 years have elapsed since then. Sino-U.S. contacts were cut off in 1949 and resumed in 1972, a period two years shorter than for Sino-Soviet relations. Another special feature of Sino-U.S. relations is that President Nixon and Dr. Kissinger visited China in 1972. This essentially restored relations between our two countries, and that was 16 years ago. We have continued to make progress. There have been quarrels, disputes, and mutual criticism, but the overall pattern has been one of steady progress. It has always been our view that Sino-U.S. relations have developed steadily. More importantly, this continued development shows a great potential for a new pattern to emerge. I deeply believe that leaders in both China and the U.S., including leaders of the Democratic and Republican parties, all hope that the Sino-U.S. relationship will make even better progress in a new pattern.

With regard to the Sino-Soviet relationship, if talks with Gorbachev prove to be successful, and Sino-Soviet relations are normalized, then what will follow? Personally, I think it is still an unknown quantity. The fact is there are many accumulated problems. What's more, they have deep historical roots. The Chinese people pay great attention to history. In China, it is a question of China's having been subjected to humiliation and invasion of foreign powers interfering in China's internal affairs. This went on for a hundred and fifty years, since the outbreak of the Opium War in 1840. In that century and a half, foreign powers each inflicted great losses on the Chinese people. But taken together, there were two countries that did the most damage. The first is Japan, and the other is Czarist Russia and the Soviet Union. However, in terms of who got the most tangible benefits from these wars with China, it was Czarist Russia and the Soviet Union. Japan did the most damage. Tens of millions of lives were lost, and the damage is incalculable in financial terms. However, in the end Japan didn't get any Chinese territory. In terms of territorial questions between China and Japan, there is only the Diaoyhutai Islands, which the Japanese call the Senkakus. We've proposed to shelve this problem for the time being, and anyway there are no inhabitants to speak of on these islands. Speaking historically, Japan started to invade China several hundred years before the Opium War. There are historical accounts of Japanese bandit invasions starting from the Ming Dynasty. Finally, Japan failed to gain any Chinese territory.

The situation is different with respect to Czarist Russia and the Soviet Union. What the Soviets gained after World War II was Chinese territory -- more than 3 million square kilometers. In

the Czarist Russia period, the Russians gained 1.5 million square kilometers or more of Chinese territory. They have this in their hand now. During the Stalinist period, what the Soviet Union gained in territory was Outer Mongolia, which had been Chinese territory for hundreds of years. It was split off and is now the Mongolian People's Republic, which is under Soviet control. Outer Mongolia covers an area of 1.5 million square kilometers, about the same as the territory occupied by Czarist Russia. So all together this comes to 3 million square kilometers. I would like to add that one of the results of the Yalta Conference held by the Soviet Union, Great Britain, and the United States at the end of World War II was to divide up China. I don't think Churchill played a significant role. This matter was mainly between the U.S. and the Soviet Union. However, because Chiang Kai-shek was defeated in China, the U.S. didn't gain anything. I am speaking historically and am not trying to offend you.

President Bush: You are not offending me. I don't like Yalta either. In retrospect, Yalta did not turn out so well. It pledged free elections for Eastern Europe, and they still haven't occurred.

Chairman Deng: Yalta not only severed Outer Mongolia from China, but also brought the Northeastern part of China into the Soviet sphere. Sovereign rights to the Changchun railroad were given to the Soviet Union, and also sovereign rights to Port Arthur. After the founding of the PRC, our first demands to the Soviet Union were to recover Chinese sovereignty over the Changchun railway and Port Arthur. Only then was PRC authority in northeastern China confirmed. Only the question of Outer Mongolia remained. We raised the question of Outer Mongolia, but the Soviets didn't respond. At present, the Soviet Union has an anti-Stalin campaign. But after the founding of the PRC, Stalin did some good things for China. He helped us with economic development. For example, there were 156 industrial projects. Soviet experts also genuinely had the intention of helping us. However, after Khrushchev came to power, he scrapped several hundred Sino-Soviet contracts overnight. What's more, Khrushchev's strategy, besides trying to counter the U.S. and others, was to encircle China. All along the Sino-Soviet boundary line, in the west and the east, the Soviet Union stationed one million men and deployed about one-third of all its nuclear missiles.

Mr. President, you are my friend. I hope you will look at the map to see what happened after the Soviet Union severed Outer Mongolia from China. What kind of strategic situation did we find ourselves in? Those over 50 in China remember that the shape of China was like a maple leaf. Now, if you look at a map, you see a huge chunk in the north cut away; the maple leaf has

been nibbled away. I hope Ambassador Lord will show the President a map of China. It's very interesting. The strategic situation I have mentioned is very unfavorable for China. The Soviet Union used this strategic advantage in its war with Japan, i.e., as a pincer movement from the west and the east to cut East and Northeast China right in half. This encirclement of China has continued from the Khrushchev period through Brezhnev to the present.

On the northern and western borders of China the Soviets have massive numbers of troops and missiles. India was added, and then Vietnam. Now the Soviets have military air transit rights over North Korea which allows them to connect to Cam Ranh Bay. Their planes can now conduct air reconnaissance over China. How can China not feel that the greatest threat comes from the Soviet Union? That's why in addressing the question of the normalization of Sino-Soviet relations, we have raised various obstacles to be removed, the danger posed to China by encirclement must be removed.

It is precisely because of the above that China in the time of Chairman Mao and Premier Zhou Enlai paid attention to the development of China's relations with the United States, Western Europe, and Japan. I have said all this to show that it was from a consideration of China's own interest that China came to this strategic decision. It was not a question of playing cards, and it was not a question of expediency. I have explained this passage of history to give people a clear point of departure to understand China's foreign policy and economic development. In the last few years, we haven't done a good job in educating young people in China. They don't understand this point. We have started to pay attention to this problem, but it will be difficult to show immediate results.

Just now I said we're not clear what will happen after Gorbachev comes to Beijing. The most important question is whether the Soviets will dismantle their encirclement of China. In this regard, Afghanistan and Cambodia are the most important questions. We share a border with Afghanistan, though it's very short. Another question is what should be the basis for Sino-Soviet normalization. Because of this past history, can anyone really write an article saying that China and the Soviet Union will restore close relations, similar to what they were in the 1950s? No, this cannot be done. Recently, when Shevardnadze came to China, I asked him: To what extent can anyone believe what the Vietnamese say? He said: The decisions made by top Vietnamese leaders are largely credible. I said: One should not be naive. China has had more experience in dealing with the Vietnamese than the Soviets. So people do not need to worry that Sino-Soviet relations will revert to what they were in the 1950s.

~~SECRET~~

Nor is this possible. There are current and future reasons for this not to happen. The historical reasons are the most important ones.

President Bush: This is extremely interesting.

Chairman Deng: Another question is the timing of the strategy mapped out by Khrushchev, which he implemented exactly at the time when China and the Soviet Union enjoyed their best relations. In the 1950s, we were not clear about that, but after reading Adenauer's memoirs, we came to understand. Back in 1955, Khrushchev warned Adenauer concerning the danger of the Yellow Peril. I have given you this background to let people see the prospects for Sino-Soviet relations. Relations will develop, especially in areas such as people-to-people exchange and trade. However, there is a limit. It is not easy for the Chinese people to forget that the Soviet Union occupies 3 million square kilometers of Chinese territory. We have recognized the treaties signed during the Qing Dynasty which stipulate this Soviet occupation of 3 million square kilometers of Chinese territory. The treaty giving up Outer Mongolia was signed during the Nationalist period. In fact, Chiang Ching-kuo actively participated in the negotiations for the agreement that was signed by T.V. Soong (Song Ziwen) in Moscow. Since that agreement, we have decided to let bygones be bygones. We have concluded a boundary agreement with the Mongolian People's Republic (MPR) so that portions of the Sino-Soviet border has been settled by an agreement with the MPR. I am sorry I have taken almost an hour.

President Bush: What you have said is very important. This hour has been very valuable for me and everyone here. It is essential that we understand this. We will be facing major decisions regarding the Soviet Union. I want to assure you that no decision will be taken -- whether on strategic arms, conventional weapons, or whatever -- that will benefit the West, but be detrimental to Chinese interests. Gorbachev is a charming man, and the Soviet Union is in a state of change. But the byword for the U.S. is caution. This is an interesting and challenging time. We are not afraid to move forward, but we will exercise caution. Your presentation has been extraordinarily helpful for my thinking and I thank you for it.

Chairman Deng: We hope that good results will come out of the U.S.-Soviet strategic arms talks because this is in the interest of mankind. We also hope that Gorbachev's reforms will gradually become fruitful. Our own experience tells us that it is not easy to get fruits.

President Bush: Our experience tells us that you cannot make

broad foreign policy decisions based on the personality or aspirations of one man. You need to consider the trend of the whole society and country.

Chairman Deng: Yes. With regard to the problems confronting China, let me say to you that the overwhelming need is to maintain stability. Without stability, everything will be gone. even accomplishments will be ruined. We hope our friends abroad can understand this point.

President Bush: We do.

Chairman Deng: We don't have any more time. Let's continue this discussion at lunch, if that's alright with you.

President Bush: That's fine with me.

Chairman Deng: All right, then, let's have lunch.

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: President Bush's One-on-One Meeting with President Roh Tae Woo of Korea

PARTICIPANTS:

U.S.
The President
James A. Kelly, NSC, Notetaker
Chang Ho Lie, Interpreter

Korea
President Roh Tae Woo
Shin Doo Byong, Notetaker
Loh Chang Hee, Interpreter

DATE, TIME and PLACE: February 27, 1989, 12:47 p.m. - 1:26 p.m.
President Roh's office/study; Chong Wa Dae (Blue House), Seoul, Korea

President Roh welcomed President Bush warmly. He said the visit was a sign of the importance the President attaches to our relations. Roh recalled that at their first meeting in 1987, both were running for office. Now both could meet again as heads of state. Roh again congratulated the President on his inauguration, which augurs well for the peace, freedom, and prosperity of the world. He related that when he visited Washington in October 1988, after his speech to the United Nations, President Reagan had told him the campaign was "history" and Bush was going to win. Roh said his own campaign was very tight. Only those who have run for public office can truly understand the experience.

President Bush said he had followed the Korean campaign very closely, and he respected how it had been run. He related former U.S. Speaker Sam Rayburn's criticism of someone -- "He never ran for sheriff" -- in support of the need for leaders to experience the feeling of standing for office. The President said that both our democracies' Presidents take strength from having taken themselves "to the people." It is an important underpinning of our authority.

President Roh said both had surprised skeptical political commentators. President Bush is the first American Vice

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
8/21/09

President to be elected President in 152 years. Roh described himself as having been "second man" while Mr. Bush was Vice President, and said the mantle of leadership is very difficult to inherit.

President Bush apologized for not having more time for this visit to Korea. He thanked Roh for inviting him, and emphasized his pleasure at being in Seoul. In the short time available, President Bush told Roh that he wanted to touch on the following:

-- salute the strong friendship between the two countries;
-- pledge continuity of American policies;
-- encourage Korea's legislature to keep up its democratic work and express Korea's commitment to democracy;
-- show we can also discuss contentious topics in the trade area; and,
-- show the U.S. to be a steadfast friend which is not going to pull out and will not weaken its security commitment to Korea.

President Roh thanked the President for those words and for maintaining the strong relationship. The bonds between us were forged in blood, he said, and the U.S. had then helped Korea recover from its terrible war. The majority of Korean people will never forget this help.

President Bush interrupted the interpreter to ask President Roh to what extent young people still feel that sentiment.

President Roh said yes, the overwhelming majority do. A small fraction, maybe 1%, do not. Roh noted two categories of those who are anti-American. First are leftists who have been there all along. A second category is those that are being influenced by North Korea. With Korea's tight authoritarian controls in the past, feelings were submerged. Now they have come up, causing trouble and noise, but it is under control. From all that help, Roh said, Korea is trying to build itself as a world model for development. The Olympics have been a symbol of these policies coming to fruition. Concerning the Olympics, Roh said he was indebted to the U.S. for the help provided by the Los Angeles Olympic Organizing Committee, and from the U.S. for helping to prevent provocation from the North.

President Bush said he was delighted that this had brought the two countries closer on security cooperation. The same kind of efforts could help on tricky trade questions.

President Roh asked the President to discuss his just concluded

visit to China, especially any context involving Korea.

President Bush reported that General Secretary Zhao Ziyang will visit North Korea in April. China is very pleased with its unofficial trade contacts with South Korea. The President had advised China's leaders not to urge the U.S. to talk to North Korea about unification because that did not help dialogue. Successful talks are a matter for North and South, conversing together. The President said he had offered his frank opinion in Beijing, that he thought it may be too difficult for the United States to do serious business with Kim Il Sung or his son. Lower level discussions "to clear out the underbrush" would be fine, but the President was pessimistic about much beyond that. The Chinese, he said, seemed to understand what the President had said about the "supreme leader." China, of course, wants to expand its ties with South Korea and we favor that, and have been encouraged. The President said Chinese leaders were more understanding than he had expected of problems with North Korea -- they seemed a little embarrassed. There had been no pretense of encouraging the U.S. to reduce troop levels in Korea, and that was not mentioned.

President Roh made a point on South Korea's relations with China and the USSR. With respect to China, "the friend of our friend is our friend." There have been many contacts which continue. Korea's relations with the Soviets are of a different order. Roh hopes to cultivate these so as to encourage the Soviets to influence North Korea not to engage in aggressive behavior. In all Korea's relations with the Soviet Union and Eastern Europe, U.S. suggestions and guidelines are most welcome and will be used.

President Bush responded that China will not be joining with North Korea in any threats. They are interested in emulating South Korean economic development, and can play a useful role with the North.

At President Roh's suggestion that the leaders join the plenary meeting, President Bush -- who had made some notes on a pad -- told President Roh that although it might not be very legible, he wanted to leave a very personal "non-paper." The paper had three points:

-- Market liberalization.
-- Won re-evaluation -- very difficult, very important.
-- Intellectual property rights.

The President added his hope that these actions could be seen as Korea's own. The U.S. Congress demands case-by-case action by the Executive Branch, creating an impression of pressuring our friends. The President said our Congress worried him, because they think responses only come from overt pressure, which undermines larger relationships. So the more that Korea could move on its own, said President Bush, the better. These trade and exchange rate problems, said the President, are our only major difference.

President Roh responded that he understood the gravity of this. He hoped both sides -- governments and private sectors -- could work cooperatively. But, said Roh, this may take some time.

President Bush then added a final point from China. Premier Li Peng had said China's central government would open a trade mission in Seoul, but had given no date. This had responded to a Korean request.

As a final point, President Roh asked the President's public support and approval of Korea's so-called "Nord politik" and the President agreed.

With a discussion of Roh's elaborately carved desk, the leaders left the room.

~~SECRET~~

THE WHITE HOUSE

~~SECRET~~ WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Plenary Meeting between President Bush and President Roh Tae Woo of Korea, and Lunch

PARTICIPANTS:

U.S.
The President
James A. Baker III, Secretary of State
Charge Brooks, U.S. Embassy, Seoul
John Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President and Press Secretary
Robert Zoellick, Department of State
James A. Kelly, NSC, Notetaker
Chang Ho Lie, Interpreter

Korea
President Roh Tae Woo
Choi Ho-Joong, Foreign Minister
Lee Sang-Hoon, Defense Minister
Hong Song-Chul, Secretary General
Kim Chong-Wi, National Security Assistant
Lee Soo-Jung, Press Secretary
Moon Hi-Gab, Senior Secretary for Economic Affairs
Roe Chang-Hee, Chief of Protocol
Park Tong-Jin, Ambassador to the United States
Kim Chong-Whi, Advisor for Foreign Affairs and National Security
Shin Doo-Byong, Director, American Affairs Bureau, MOFA
Moon Dong-Suk, Secretary for Foreign Affairs

DATE, TIME AND PLACE: February 27, 1989, 1:15 p.m. - 1:35 p.m.
Blue House, Seoul, Korea

(The meeting was already in progress when the President joined it and the MEMCON covers only the time the President was at the meeting.)

President Roh welcomed the President again to the Blue House in the presence of his Foreign Minister and senior officials and noted that only about ten minutes remained before it was necessary to go to lunch. He called on Foreign Minister Choi to review the topics that had been covered. The Foreign Minister

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
CBI 8/21/09

indicated that security cooperation had been discussed, some trade problems had been addressed, and the Republic of Korea's northern policy toward the Soviet Union, China and Eastern Europe had been touched on.

Secretary Baker indicated that he had mentioned that the limited nature of street demonstrations suggest that full democracy has now come to the Republic of Korea.

President Roh indicated that the private discussion with President Bush had touched on similar points and that he had mentioned inter-Korean relations. President Roh said that the power of Kim Il Sung in North Korea appeared to be in the process of transition and that his son, Kim Chong Il, seems to be in control. North Korea, he said, is in a very difficult position. It is being pressured for reform because of no economic progress. It recognizes that there has been a world-wide change of mood and yet there has been no basic change in the harsh conditions of its government. This, he said, poses for South Korea certain dangers as well as opportunities, but that the surest way to progress is by working together closely with the United States.

President Bush responded by saying that this visit underscores the American commitment to the security of the Republic of Korea. It is a commitment to what is an outstanding relationship. He believed, based on his just concluded visit, that China could be helpful to Korea in terms of its relationship with North Korea. He told President Roh that in the relationship with the United States, there would be no decisions or negotiations that would occur behind the backs of our allies. The policies of President Bush's Administration toward Korea are essentially the same as the policies of the old Administration.

President Roh responded that his current diplomacy, based on strength, and the careful cooperation of our two nations, had brought both sides to the present position. His diplomatic openings toward the Soviet Union are intended as a means of curbing North Korea's aggressive designs.

President Bush responded that he is prepared to work closely with President Roh, and President Roh thanked the President.

President Bush said that he had already covered three segments of the trade and economic issue and that it was not necessary to take more time on those.

President Roh responded that these economic problems remain and a joint effort can increase the understanding of these problems and

through that they can be solved. A step-by-step effort, he said, will improve the task of working these problems. President Roh explained that his country had gone from deficit to surplus in its current account only in the last couple of years. As a result, Korean people are not aware of or used to the idea of a surplus, and there has to be much institutional work to prepare the public for this new situation.

President Bush responded by saying that agricultural policies are strongly politically related and they are difficult for every country. Political leaders, even in a city, become troubled by agricultural issues. Despite this he urged strong cooperation with an emphasis on access to markets. The President explained that he is still worried about protectionist pressures coming from the U.S. Congress, that there are some strong feelings and that progress was going to be necessary on agricultural issues. The President called for as much understanding as possible on the import and export of agricultural products.

President Roh pointed out that this did pose a very serious and complex question for his government. There had been a big demonstration of 15,000 farmers from all over the country recently, which had become rather violent, that it was certainly a political problem for the United States, but the Korean problem was even worse. He added that Korea is the number three agricultural importer from the U.S. and it will continue to try to improve.

President Bush said that he was worried because the intensity of some of these issues caused some spillover into the security relationship. Some congressmen had strong feelings and the overall security relationship, although not in immediate danger, was a concern for the long term. There was an underpinning of feeling within the Congress that trade and security issues must go together, and that sometimes presidents, under the laws of the United States, have issues forced upon them in a way that they cannot control.

President Roh responded that we would certainly have to work carefully on these common problems.

President Bush ended the meeting by making a special request to President Roh, noting the security identification buttons that most persons present were wearing. He said that he thought this button (showing both Korean and American flags) was the most tasteful and colorful that he had seen. One was promptly provided and the President wore it for the rest of the day.

The luncheon had a reduced time from 2:00 p.m. to about 2:35

p.m., and was remarkable for good food and talk that was essentially general in nature. Among the subjects discussed were the Olympic games, the terrorist threat of North Korea, the use of Olympic facilities after the Olympics, the reception accorded to Russians in Seoul, the Los Angeles games, and the particular close affinity and loyalty of Mexican-Americans for their new country, and the nature of demonstrations in Korea and the involvement of leftists and radicals.

The luncheon was completed and departure statements were read at 2:40 p.m.

MARCH

~~SECRET~~ ~~SECRET~~ 1322 ~~1355~~

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Vinicio Cerezo of Guatemala

PARTICIPANTS: The President
The Vice President
James Baker, Secretary of State
John Sununu, Chief of Staff
Brent Scowcroft, National Security Advisor
James H. Michel, Ambassador to Guatemala
Michael Kozak, Acting Assistant Secretary of State for Inter-American Affairs
Robert Pastorino, NSC (Notetaker)
President Vinicio Cerezo
Sara Mishaan, Minister for Specific Affairs
Rodolfo Rohrmoser, Ambassador of Guatemala
Claudia Arenas, Secretary for Press Relations

DATE, TIME AND PLACE: March 2, 1989, 10:30 a.m. - 11:05 a.m.
Oval Office

The President and President Cerezo met for thirty-five minutes in the Oval Office to discuss Central American regional issues and U.S.-Guatemalan bilateral issues. (Cerezo spoke somewhat broken English--some not fully intelligible.)

The President began the meeting by welcoming Cerezo to Washington. After discussing his Far East trip and the press corps, the President turned the floor over to Cerezo.

President Cerezo said he was in Washington on a private visit to meet with the Administration and Congressional officials about misperceptions concerning respect for human rights in Guatemala. He noted he had already met with some Congressmen and was providing specific details on alleged violations of human rights. He then added there was considerable interest on the Hill about the Central American peace process and economic development in Guatemala.

President Cerezo noted that he was satisfied with current economic development trends in Guatemala. He stated his Government has an agreement with the International Monetary Fund; with USG support similar to current levels and programs, economic development should continue. Cerezo noted his efforts to work with the private sector.

~~SECRET~~
Declassify on: OADR

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
CBJ 8/21/2009

~~SECRET~~

President Cerezo then turned to Central America. He said he was trying to elaborate a plan to assure democratization in Nicaragua. He stated his belief that Nicaragua's back was against the wall because of its economic problems; that the Presidents of the four Central American democracies are not naive about Sandinista intentions; and that they must refine and explore the Tesoro Accord.

The President said he was encouraged about economic development in Guatemala and was glad to hear a positive policy on human rights.

The President then noted his disappointment that the U.S. didn't know about the Tesoro Agreement in advance. He noted real U.S. commitments in Central America which he is trying to support, and that "life is a two-way" street.

The President noted we now have 90 days under the El Salvador Agreement. He asked how we could be sure the Sandinistas would comply with their commitments (since Ortega had broken them before) and how we could put teeth in the agreement. The President said the U.S. does not want to overthrow Ortega but only wants the political benefits for the Nicaraguan people enjoyed by Guatemalans. He said he needed to be convinced about Sandinista sincerity and didn't want to be part of a situation in which a non-democratic cancer flourishes and spreads. He noted changes in rhetoric by Ortega but asked for evidence.

The President hoped Cerezo agreed with the U.S. on the need for further humanitarian assistance for the Nicaraguan Resistance. We haven't yet convinced Congress or the American people about the reality of the Resistance; thus there has been division in the U.S. He said we would be speaking with one voice in the future. President Bush also noted that the U.S. has to change the age-old perception of being the colossus of the north. He said he wanted to find ways to dispel that reputation and to work together with Latin America.

President Cerezo noted there is a very positive feeling in Latin America--and especially in Central America--about President Bush. He noted there is a perception of the President's sensitivity to relations and to problems. He stated this is a historic moment to accomplish something in Central America. Even Daniel Ortega said good things, according to Cerezo, and so did Carlos Andres Perez.

President Cerezo noted it is time to seek practical ways to reach our common goals; time is running against Nicaragua; they are losing even Northern European support and confidence. Europeans are also changing in a postive manner their opinions of

Guatemala, he added, and are now providing assistance to the Government rather than only to nongovernmental agencies. The Europeans are also telling Ortega to comply. Cerezo said he also believes the Soviets had told Ortega that they would not continue assistance. All of this was causing changes in Sandinista attitudes.

The President asked Cerezo how we develop specific criteria and mechanisms as well as how he could provide guarantees.

President Cerezo thought the Sandinistas only negotiate when they are desperate and said that "we must have a plan." He said the Sandinistas must be forced to comply or the world must be shown their non-compliance. He said the Central Americans must avoid Sandinista destabilization. Cerezo noted the need for opposition people inside Nicaragua to organize for elections. He offered to help his friends (Christian Democrats?) to do that.

Secretary Baker asked why the U.S., the Central American democracies and some Europeans could not get together to develop a plan containing specific time lines with respect to Sandinista promises. The U.S. will be unified and we also could work with Venezuela, Canada, and perhaps others. With regard to the repatriation plan, there would be repatriation once Nicaragua had kept its promises. Meanwhile--for the next eleven months until the election--we will maintain the Resistance. He said it doesn't make sense to repatriate in exchange for promises. He asked Cerezo why we don't ask for performance while we keep the Contras in being--but without lethal aid. He noted he hoped to begin consultations with Congress this afternoon and said we might be able to reduce economic sanctions--but only after some Nicaraguan performance in meeting their promises to democratize.

President Cerezo said he was in agreement on humanitarian assistance.

Secretary Baker emphasized that he was talking about 11-12 months which should be enough time to judge Ortega's performance.

President Cerezo again said he wanted to help the internal opposition.

Secretary Baker stated we had to hold out the possibility of the Resistance in case Ortega doesn't comply.

The President says there is a strong feeling that the U.S. can't back off or be seen as weakening on our commitment to the people of Nicaragua. We feel strongly, he added.

General Scowcroft asked Cerezo if he would state his agreement (to what he had said) publicly. Cerezo said he can now say more publicly because people don't believe he is being forced by the U.S.

Secretary Baker said the U.S. is willing to give diplomacy a chance; but in order to do that we will need vocal Central American support as Scowcroft has mentioned. He said we must dissuade people of the perception that Central America wants to disband the Resistance. Baker added finally that Cerezo should know that if Nicaragua becomes a back-burner issue, Honduras, Guatemala, and El Salvador will receive more attention from our political opponents.

The President said the leftist activists don't care about democracy; in fact, some support the FMLN and the Guatemalan guerrillas. He again said the U.S. does not want to "smother" the Central Americans.

The meeting then ended.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Foreign Minister Arens of Israel

PARTICIPANTS: United States
The President
Secretary of State James A. Baker, III
John Sununu, The Chief of Staff to the President
Brent Scowcroft, The Assistant to the President for National Security Affairs
Marlin Fitzwater, The Press Secretary
Ambassador William Brown, US Ambassador to Israel
Paul Hare, Acting Assistant Secretary of State (NEA)
Richard N. Haass, Senior Director National Security Council (notetaker)

Israel
Foreign Minister Moshe Arens
Israeli Ambassador Moshe Arad
Sallai Meridor, Policy Advisor

DATE, TIME AND PLACE: March 13, 1989, 2:00 p.m. - 2:30 p.m.
Oval Office

Foreign Minister Arens began the meeting by noting that this March 26 marked the tenth anniversary of the Israel-Egypt Peace Treaty. He stated his hope that the event could be commemorated by a ceremony involving Prime Minister Shamir and Egyptian President Mubarak. Such a ceremony would also provide a reminder of the lack of diplomatic progress achieved since.

The President said that his role in any ceremony would be affected by his schedule. He added that the real question was how to negotiate progress. His hope was that PM Shamir would come to this country with new ideas. This would be important given the climate in the United States and his desire to move the peace process forward.

Foreign Minister Arens said that he would give this message to PM Shamir, that Israel also had a great desire for peace and that US help would be welcome. The problem was that this interest in peace was not widely shared in the Arab world. Qadhafi in Libya and Assad in Syria had no interest in peace. Israel wanted to talk to West Bank/Gaza Palestinians, but potential partners for

DECLASSIFIED PER E.O. 12958, AS AMENDED 2000-0429-F 8/21/09

Israel were being intimidated. The challenge was to produce legitimate Palestinian partners. Elections were a possibility. In addition to increasing Jordan's role and bringing about Palestinian participation, Israel also sought to bring into the peace process another Arab country -- Saudi Arabia -- currently in a state of war with Israel.

The President noted that Hussein favored a conference as a form of international umbrella. The President added that there had been no shift in US policy toward a conference and that one would be acceptable if it really promoted direct dialogue with Hussein.

Foreign Minister Arens agreed that the aim was to bring about direct negotiations. He stated that Mubarak shared this view, although the Egyptian president wanted an international conference to break the psychological barrier on direct contacts. The conference raised the question of the Soviet role. He described the Soviets as "hungry" to get involved, but expressed the view that including them might be too high a price to pay. There might be other ways to reassure Hussein.

The President stated that he did not see an ongoing role for the Soviets in the area. He added that he did not want to miss an opportunity, that the situation on the West Bank deeply troubled Americans, and that he wanted to bring about a better climate.

Foreign Minister Arens noted that there was much soul-searching in Israel about the West Bank and Gaza. Violence had become a daily reality. The key was to find local Palestinian interlocutors. The best way to move forward would be with a coordinated US-Israeli position.

The President agreed with this point and asked whether the Foreign Minister saw any positive developments involving the PLO.

Foreign Minister Arens responded that the negatives outweighed the positives. Non-Fatah PLO attacks were being mounted with increasing frequency. The PLO was encouraging those involved in the intifada to use violent methods. The PLO was also terrorizing the local population to discourage its cooperating with Israel. "This is terrorism pure and simple and constitutes the biggest obstacle to peace."

Secretary Baker stated that this concern once again raises the issue of finding an acceptable interlocutor. Foreign Minister Arens reiterated that elections might be the best answer.

The President noted King Hussein's enthusiasm for Arafat's recent moves. Hussein was concerned about radicals threatening Arafat from the far left. The President observed that a terrorist incident involving Arafat would be "very badly received" here. He stated too the need to encourage further moderation by Arafat.

Foreign Minister Arens stated that the facts suggested that Arafat was not becoming more moderate. There was evidence he was

directly involved in threats against Palestinians (Arens cited the alleged threat to Bethlehem Mayor Freij) and was associated with non-Fatah (but still PLO) terrorism stemming from Lebanon.

The President stated that it was important that we work to agree on a common set of facts concerning terrorism before PM Shamir's visit. The President then noted that he did not want to do something just to do something, but did not want to miss an opportunity either. He stated he was looking for a plan to support, that we did not wish to be passive, that we wanted to play a useful role, that we remained strongly committed to Israel, and that we would decide based on our own national interests the best thing to do. We would listen carefully to PM Shamir. The President added that it was not in our interest to have the Soviets be involved in an intrusive manner, but that there may be new opportunities to engage them. He added his desire that West Bank events not be allowed to undermine the US-Israeli relationship and reiterated his desire to avoid either moving too fast or missing what opportunities did exist.

Foreign Minister Arens responded that he shared the President's eagerness to move forward, that Israel was paying a high price for the absence of peace, that the US was the key, and that the two governments should coordinate closely. He noted the inconsistency between Soviet statements indicating new thinking and those resembling harsh "Brezhnev-like" policy. Restoring diplomatic ties to Moscow was desirable, but not that important for Israel. The Soviets had to understand that they had no chance of playing a major diplomatic role without restoring relations.

The President mentioned that the creation of any new settlements in the occupied territories would pose a tough issue for us.

Foreign Minister Arens responded that additional exchanges were required on this topic. Some 10% of the West Bank population was Israeli, and the presence of Israelis on the West Bank was a reality. He suggested that this was possibly good as it showed Jews and Arabs could live together. He added that this was a political issue of considerable sensitivity in Israel.

The President said that it was important the PM appreciate the significance of this issue here and avoid surprises.

Foreign Minister Arens stated that he would work to close any gaps between our two governments, but that some might remain.

The President repeated his desire to avoid missing opportunities to promote peace. He stated he would resist pressures to do too much. He closed the meeting by noting his great respect for PM Shamir and by noting that he was looking forward to his visit.

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

1733

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Meeting with Spanish and EC Foreign Minister Francisco Fernandez Ordonez

PARTICIPANTS:

US
The President
Secretary of State James Baker
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert D. Blackwill, NSC
Adrian Basora, NSC (Notetaker)

Spain
Francisco Fernandez Ordonez, Foreign Minister
Eudaldo Mirapeix, Director General for North America, Foreign Ministry
Julian Santamaria, Ambassador to the US

DATE, TIME AND PLACE: March 14, 1989, 1:35 p.m. - 1:50 p.m., Oval Office

The session began with a photo opportunity, during which Foreign Minister Ordonez mentioned his visit with US Trade Representative Hills and his earlier contact with Secretary Yeutter.

The President said he was counting on both of them to handle the difficult trade problems we face.

Foreign Minister Ordonez said he was aware of US public opinion concerns on trade with the EC.

The President described the great public concern on trade issues that he had encountered during the campaign, although he remains in favor of open trade. In order to control the "bubbling cauldron of protectionism," there should be as much US-EC cooperation as possible, keeping in mind that we both have political problems.

Foreign Minister Ordonez referred to his earlier discussion with General Scowcroft, stressing that the time had come to revamp the

Declassify on: OADR

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
81 8/21/09

bilateral US-Spanish relationship. A visit soon by Prime Minister Gonzalez would thus be of special value.

The President said he wanted to see Gonzalez. He has great respect for him and for the King. In principle, he is very anxious to see the Prime Minister, but we will have to get back to the Foreign Minister on the specifics of scheduling.

The President then recalled earlier discussions on Central America, and said that Spain could play a very useful role in view of its own experience with transition to democracy. The US intention is not to overthrow Ortega, but rather to assure that the Nicaraguan people have a right to democracy. We would welcome Spain's support on insisting that the Sandinistas stop exporting revolution and do what they said they would do on democratization.

Foreign Minister Ordonez said Spain was doing this; Gonzalez had told Ortega democracy was not just a bargaining chip.

The President said that, if Gonzalez is on the same wavelength, he has the stature to help. Because of his respect for Gonzalez, the President felt Gonzalez had a unique role to play. Other countries in Central America are progressing. Nicaragua must also progress.

The President then addressed the Foreign Minister "wearing his EC hat" and said we will not let Gorbachev capture the high ground either in propaganda or in imagination. But the US needed a little time to review, which was natural at the start of a new Administration.

The President said that relations between Spain and the US were excellent and that he had chosen a very good man as his new Ambassador to Spain. He stressed that the new Ambassador was very close to him personally, very successful in the private sector, and instrumental in setting up an exemplary anti-narcotics program. He might have some things to learn in his new role, but the President knew that the Foreign Minister would be understanding and assist him. He would find the new Ambassador very compatible, a very warm human being.

Foreign Minister Ordonez responded positively, noting that the Government of Spain had given its agrement "within 24 hours."

~~SECRET~~

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

1427
Add On

MEMORANDUM OF CONVERSATION

SUBJECT: General Scowcroft's Meeting with Norwegian Defense Minister Johan Holst

PARTICIPANTS:

U.S.
Brent Scowcroft, Assistant to the President for National Security Affairs
Ambassador Robert D. Blackwill, Senior Director, European and Soviet Affairs
Robert L. Hutchings, Director for European Political Affairs (Notetaker)

Norway
Defense Minister Johan Jorgen Holst
Erik Senstad, Director General, Defense Ministry
Vidar Falck, Military Adviser
Ambassador Kjeld Vibe
Vidar Wikberg, Minister and Deputy Chief of Mission

DATE, TIME AND PLACE: March 15, 1989, 11:00 a.m. - 11:30 a.m.
General Scowcroft's Office

After opening greetings, Defense Minister Holst noted that he had not met Defense Secretary-designate Cheney except in group settings, but that he had spoken with him by telephone the day before. General Scowcroft recalled his joint tenure with Congressman Cheney when they were, respectively, National Security Advisor and Chief of Staff under President Ford. The General assured Minister Holst that he would like his new counterpart and find him good to work with.

Minister Holst noted that he had seen Assistant Secretary of State Ridgway earlier in the day and was going next to Canada and also to New York in connection with U.N. peacekeeping groups.

By way of launching the discussion, General Scowcroft asked what the Minister was worried about.

~~SECRET~~
Declassify on: OADR

~~SECRET~~

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
CBL 8/21/2007

Minister Holst replied that there was also a bright side, particularly in Vienna, where there are hopeful signs and where the Soviet Union is taking a businesslike approach. He stressed that the Alliance must still deal with SNF, which has now become a political issue and a key domestic problem in the FRG. Only the British, he said, will stick their necks out on SNF. Minister Holst asked General Scowcroft about prospects for the START negotiations.

General Scowcroft agreed that prospects are brighter and asked whether we as an Alliance can stand prosperity. Can we make the most of these opportunities, or will we lose the chance? The answer is not self-evident. The Alliance must work together in a positive way, not just in reaction to a military threat. General Scowcroft agreed that SNF is an acute political issue, especially in the FRG, and emphasized that we must make it clear that we are not planning to denuclearize the Alliance.

Turning to START, General Scowcroft said that the Administration is reviewing thoroughly the draft treaty and overall U.S. objectives. It is also keeping an eye on ratification, bearing in mind that during the INF debate some in Congress saved their ammunition for START. The General said that his personal forecast was that the Administration would not start all over on a process already well under way and that any significant variations would be done thoughtfully.

Minister Holst asked about the handling of sea-launched cruise missiles (SLCMs). General Scowcroft offered what he stressed were his personal views on this difficult issue. Much depends on force structure: with survivable ICBMs we can be more relaxed about SLCMs, for example. Strategically, what they offer is negligible except to replace nonsurvivable ICBMs. Minister Holst raised the question of verification and agreed with General Scowcroft that these systems are so easy to conceal and hard to detect that a verification regime would almost certainly be more general than we would like. The best for verification would be an all or none solution. Minister Holst observed that a ban on all nuclear warheads is more likely -- which, General Scowcroft observed, would make verification difficult.

Ambassador Blackwill noted that there is more interest in Europe in SLCMs after the INF treaty. Minister Holst added that Ambassador Nitze has said that the Germans want to find substitutes for land-based cruise missiles. The Germans have not said this to us, Minister Holst noted, but his government's view is that a greater nuclear role for naval forces would interfere with their principal role in protecting sea lanes. SLCMs, Minister Holst noted, are of greater concern in northern Europe than in central Europe, where the preoccupation is with ground-based weapons.

General Scowcroft stressed the danger that some might see SLCMs as an easy way out of the SNF problem. Minister Holst noted that the HLTF and SACLANT see dangers in dealing with these issues piecemeal, adding that such an approach may preempt an overall solution. Moreover, naval forces should not be treated as if they were regional forces; in a reductions environment their roles in reinforcement and resupply become more important. General Scowcroft agreed, adding his personal hope that we do not turn to naval forces for a primary role in the defense of Europe.

Minister Holst asked General Scowcroft his assessment of an SNF outcome and timetable. General Scowcroft said he could not be sure, but he looked to an agreement in principle and then to Chancellor Kohl's view of what is possible in the FRG. General Scowcroft hoped for an early decision: if deferred until after the 1990 election in the FRG it would become an election issue anyway.

Strategically, General Scowcroft continued, what kind of role SNF plays is dependent on the outcome of conventional negotiations. It would be premature to begin SNF negotiations without a conventional agreement, though we might agree in principle to negotiate SNF. General Scowcroft added that this is not Foreign Minister Genscher's view, however. Minister Holst agreed that we should not preempt the question of when SNF talks might start but rather maintain our options so long as the issue does not block progress on conventional negotiations.

Minister Holst alluded briefly to General Galvin's nuclear weapons study, noting the conceptual difficulty of aligning the questions of methodology and nuclear theology with the more important issue of the role of nuclear weapons in the Alliance.

General Scowcroft conveyed his greetings to Foreign Minister Stoltenberg, with whom he met recently, and to Prime Minister Brundtland, who is scheduled to visit Washington May 3 for a meeting with the President.

THE WHITE HOUSE

~~SECRET~~ WASHINGTON 1781

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Manley of Jamaica

PARTICIPANTS:
The President
The Vice President
Brent Scowcroft, Assistant to the President for National Security Affairs
Michael Sotirhos, U.S. Ambassador to Jamaica
Richard H. Melton, Deputy Assistant Secretary of State
Robert S. Pastorino (NSC Notetaker)

Michael Manley, Prime Minister of Jamaica
Keith Johnson, Jamaican Ambassador
David Coore, Foreign Minister
Fred Francis, Foreign Ministry
William Byrce, Foreign Ministry

DATE, TIME AND PLACE: March 15, 1989, 3:55 p.m. - 4:10 p.m.
Oval Office

The President began the meeting by congratulating Prime Minister Manley on his electoral victory, reminding Manley they had previously met on several social occasions.

Prime Minister Manley noted his Government wants the best possible relations with the U.S. He said he would work very hard toward this end and noted several positive changes had taken place in the past year: an improved investment climate and a rising "Manley stock market". He concluded by saying the U.S. would be the center of Jamaican international relations.

The Prime Minister noted he had talked to Bill Bennett and Jack Lawn about plans to continue the fight against drugs; he noted that a common intelligence network is needed.

The President stated that the war on drugs means very much to the U.S.; it is one of our highest priorities. He noted that the U.S. is beginning to realize demand is a great problem.

The President noted the U.S. wants to work with the Manley Government, noting there were big differences previously. He said that Manley or his Minister should communicate with the

Declassify on: OADR

~~SECRET~~

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0129-F
8/21/09

United States Government if there are any problems and the United States Government hopes Manley wouldn't object if U.S. officials did the same. He noted there may still be differences, for instance over "neighbors" in the region.

The Prime Minister noted that his Government would be implementing an economic strategy similar to that of Former Prime Minister Seaga, including his privatization program. Manley said he had previously tried government intervention in the economy and it hadn't worked. In the foreign policy sphere, Manley stated he would work for a strong Caribbean, including a possible Caribbean-wide stock exchange, possibly based in Kingston. The Prime Minister noted the significance of the Caribbean Basin Initiative and hoped it would be strengthened.

The Prime Minister said that at some point Jamaica would allow resumption of relations with Cuba, but he would never allow those relations to affect the U.S./Jamaican relationship.

The President asked what the other Caribbean Democracies thought about the resumption. Manley said Jamaica was one of the only countries which did not have relations.

The President noted the U.S. still has serious problems with Cuba. While the Cubans might have changed slightly their relations with the church, the United States has not seen any significant change in Cuba's overall policies. He stated he didn't want Jamaica caught in an East-West problem over Cuba. The U.S. still sees Cuban export and support of revolution in the fragile democracies of Central America and South America.

The Prime Minister noted it would be helpful if information of this type could be passed on to him. He noted he would be working with Carlos Andres Perez on democratization in the region.

The President noted that U.S. policy on Cuba is not a reflective reaction; the U.S. is concerned about Cuba's export of and support for revolution. The United States Government will provide information to clarify the differences between fact and fiction.

The Prime Minister ended the conversation by telling the President that he had an absolute ally in Jamaica.

Confirmed Mtg w/
Haughey of Ireland
on Mar 17th

NO MENCON

THE WHITE HOUSE

~~SECRET~~ WASHINGTON 1897

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Mexican Foreign Secretary Fernando Solana

PARTICIPANTS: The President
Secretary of State James A. Baker, III
Brent Scowcroft, Assistant to the President for National Security Affairs
Jack St. John, Director of Mexican Affairs, Department of State
Robert S. Pastorino, NSC (Notetaker)

Fernando Solana,
Mexican Secretary of Foreign Affairs
Gustavo Petricioli,
Mexican Ambassador to the United States

DATE, TIME AND PLACE: March 20, 1989, 2:32 - 2:50 p.m.
Oval Office

The President began the meeting by telling Solana that the U.S. wanted President Salinas to learn that he was welcome to pay a State Visit to Washington at any time. He noted that it would be appropriate to have Salinas as the first visitor. But he said it was up to Salinas to pick the most convenient time; he said the U.S. is sensitive to Salinas' needs and schedule.

Foreign Secretary Solana noted that President Salinas very much wants to visit Washington but a visit a little later in the year would be more convenient -- perhaps in September or October. Solana noted Salinas' desire for the best possible U.S. - Mexican relations. He added that a bilateral commission might take place before the State Visit.

The President repeated that the visit would be whenever Salinas desired it. He then noted he had been impressed with the activity of President Salinas, especially his tough decisions on corruption. He said the decisions were courageous and stated he hoped they would work to Salinas' benefit.

Solana noted it was an important decision, the action was successful, and the problem is now resolved.

The President, again alluding to a possible visit, said that the date was up to Salinas; he added if there was any need to talk, the telephone was always available. He added that Secretary Baker would stay in touch to work on problems.

~~SECRET~~
Declassify on: OADR

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0459-F
8/21/09

Solana said that the Mexican Government had received very well the Brady speech on debt; he noted it generated a new momentum and that he hoped it would work. He pointed out Mexico's sense of urgency on the debt problem.

The President asked whether rising oil prices had helped the Mexican financial situation.

Amb Petricioli noted that the price of Mexican crude had not yet reached $20 per barrel.

Solana commended the U. S. for the new Central American policy saying that there was a coincidence of views with Mexico on part of the issue.

The President said he remains sensitive to the history of Mexico's relations with Cuba, and that he wants to be understanding. He noted that our position (on monitoring of human rights in Cuba) did not prevail in Geneva and that he would like to see more progress on respect for human rights in Cuba. He noted there should be some way to pressure Castro on the issue although we noted Castro won't ever adopt perestroika. He noted we may have differences with Mexico on this issue.

The President then noted that he is often asked about possible policy changes toward Cuba but said we haven't seen any changes on the part of Castro. He asked Solana to inform us if he thinks there is anything the U. S. can do to encourage change in Cuba. The President noted his belief that if democratization were to take place in Cuba, the Cuban people would be friendly to the U.S.

Solana said he thought change would come sooner in Nicaragua; it will be slower in Cuba. He said he thought something could be done in Central America first.

The President stated he was pessimistic. There is an East-West angle and a U. S. security component involved in Central America. The U.S. has to accept its responsibility in the area. The Soviets have not reduced their $1 billion in assistance to Nicaragua.

Solana stated he has visited all five Central American Presidents and he believes Ortega understands that circumstances are changing, that he will become isolated. He said that in Nicaragua the leaders are starting to feel change and the need to accept Esquipulas.

The President said he wants to work closely with Mexico on the drug problem.

The President ended the meeting by noting that he had read about the controversy in the Mexican press about the appointment of John Negroponte, U. S. Ambassador. He stated Negroponte is an outstanding man, a friend, a person he respects, and a very able Foreign Service Officer who supports U. S. Government policies. He noted Negroponte has great affection for Latin America and is very simpatico. He asked Solana to inform President Salinas that he is receiving a good man as U.S. Ambassador; he will be in Mexico to strengthen the relationship.

APRIL

THE WHITE HOUSE

~~SECRET~~ WASHINGTON 2276

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Carlos Andres Perez of Venezuela

PARTICIPANTS: The President
The Vice President
James Baker, Secretary of State
Nicholas Brady, Secretary of Treasury
John Sununu, Chief of Staff
Brent Scowcroft, National Security Advisor
Bernard Aronson, Assistant Secretary of State Designate for Inter-American Affairs
Robert Pastorino, NSC Notetaker

President Carlos Andres Perez of Venezuela
Enrique Tejera Paris, Foreign Minister
Miguel Rodriquez, Minister of Planning
Reinaldo Figueredo, Chief of Staff
Valentin Hernandez, Venezuelan Ambassador
Simon Alberto Consalvi, Ambassador-designate to the U.S.

DATE, TIME AND PLACE: April 1, 1989, 8:00 a.m. - 9:30 a.m.
Family Dining Room

The President began the breakfast meeting by welcoming President Perez to the White House, saying he understood Perez had had a good visit with Secretary Baker and had also met with David Rockefeller in New York. (Ø)

President Perez noted he had met with Rockefeller and a group of U.S. businessmen. In response to the President's query, he said that Mr. Vollmer, an old Venezuelan friend of the President, did not make the trip with him. (Ø)

The President stated he has heard a Rockefeller speech in which he advocated a major hemispheric meeting. He noted that a large, unplanned meeting could be counterproductive; some countries could try and take advantage to push radical positions. (Ø)

President Perez stated that Rockefeller was talking about a Hemispheric Congress rather than a Group of Eight meeting, perhaps something like the Punta del Este meeting in 1961.

~~SECRET~~
Declassify on: OADR

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
OSI 8/21/09

He agreed that any meeting would have to be well-prepared in order to avoid what the President is concerned about.

The President noted that a meeting would be bad if it ended in division or dispute. (S)

President Perez agreed with the President and added that a meeting would be important to highlight important issues in U.S.-Latin American relations and could serve as an exchange of ideas between leaders; it would be larger than the Group of Eight, perhaps including Caribbean leaders. It would serve as a point of departure for better U.S.-Latin American relations. (S)

The President emphasized he is most interested in a demonstrably closer relationship. He noted that most of his top advisors on Latin America were at the breakfast. (S)

President Perez said that perhaps a large meeting should be a project for the future. He stated that the Brady strategy changes the whole concept on how to resolve the debt problem, adding that now implementation is important. He described the requirement that debtor countries need to talk to various international and U.S. financial entities as a ping-pong game (in which they are being shuttled back and forth). (S)

Secretary Baker said that Perez's portrayal of the process is accurate; he noted that Treasury was now eager to engage the Venezuelans, who, as he noted he had said on the plane, have a capacity for significant debt reduction. (S)

Secretary Brady noted his agreement with Baker, saying the sooner Treasury sits down with the Venezuelans the better. He said Venezuela, given its performance and the rising oil prices, probably will be the first to take advantage of the Brady Plan. (S)

President Perez stated his agreement but emphasized that Venezuela is already two months behind schedule in interest payments. He said the arrearages are not a maneuver. He noted that in 30 days more, Venezuelan loans would be placed on a non-performance status. That would harm Venezuela's credit rating. It has been high for five years, as Venezuela has kept its payments current. (S)

The President asked Secretary Brady how to move forward. (S)

Secretary Brady noted the G-7 is meeting this weekend and the Interim Committee will meet Monday or Tuesday. Both meetings would be helpful to focus the issue; the IMF and IBRD now better understand their role on the debt issue. (S)

The President asked Perez whether the case by case treatment gives Venezuela a problem. Perez responded that both a global framework and case-by-case solutions are necessary. In fact, case-by-case solutions are inevitable because of the difference in each debtor's problems. They should be pursued by those debtors who accept conditionality under a framework umbrella agreement. (S)

President Perez noted the urgency of the problem. Venezuela has not been confrontational, he stated, and in fact has agreed not to publicize the Rio Agreement among the Group of Eight Finance Ministers. Unfortunately, it had been leaked, he stated. Perez added that Venezuela was now using a modern language in talking with the United States, not the former language of imperialism. He noted that former Venezuelan President Caldera had recently mentioned a Marshall Plan for Latin America. (S)

The President noted the importance to the United States, and to the world in the context of rising interest rates, of the U.S. budget deficit. He noted that if he and the Congress can reach agreement on a plan which projects budget certainty it would have a positive effect on interest rates. He noted the United States is sympathetic to the problem of developing countries and did not want to imply we didn't have resources to work on the debt problem. He again emphasized that interest rates must come down. (S)

President Perez stated his understanding of the U.S. budget problem. He then mentioned the February 27 riots in Caracas which took 300 lives and caused great personal injury and property damage. He noted he had to use the Army to end this and asked rhetorically what would happen if riots erupted in Mexico City or Sao Paulo. Perez noted that the influence of television is increasing materialistic expectations. (S)

Secretary Baker noted that we all agree on the sense of urgency. He stated that a major middle-income country--like Venezuela or perhaps Mexico--should take advantage of the opportunity presented by the Brady proposal to work out a debt reduction package. No one country can resolve other countries' problems because they are so different--for example Alfonsin's and Garcia's. He noted that some tangible progress is needed now on the Brady proposal. He hoped we don't miss the opportunity because of too much dialogue. (S)

The President noted a U.S.-Venezuelan agreement on debt would set an example. Mexico is another possibility, he said. (S)

President Perez again stated that he thought we should have a general framework and a case-by-case approach at the same time. He noted his great concern of the risk to Latin America if the debt problem is not resolved. He noted Peru could be the first to return to a military dictatorship, but it could happen to other countries also. With regard to Alan Garcia, he described him as impulsive and lacking in experience. Garcia had made many mistakes but had learned by them; he would grab a life raft if the United States threw it to him. Perez noted the situation is also dangerous in Brazil. (S)

Secretary Brady noted the issue is one of mathematics and that is why Venezuela should pursue a quick, case-by-case solution. (S)

Secretary Rodriquez, Venezuela's Planning Secretary, noted that Japan and other current account surplus countries can also help. He said that strong U.S. leadership was needed for a global solution to the debt problem. He noted that Venezuelan talks with Treasury were coming close to a 50% debt reduction arrangement and Venezuela thinks it can do even better given the possible use of an oil facility. He noted two important concerns: a) that any solution be comprehensive, not permitting any banks a free ride; and b) the importance of a solution to performing countries. (S)

The President noted that we didn't want bank free-riding. (S)

Secretary Brady noted that we have to work with Congress which is strongly against a bank bailout. He added the best solution is not a grand one but a doable one. (S)

Secretary Baker agreed, adding the point that the non-U.S. creditors would not want a global meeting which did not include Indonesia, Poland, Nigeria and other non-Latin large debtors. (S)

The President moved the conversation to Central America, noting his Bipartisan Accord with the Congress and asking Perez for his thoughts about Sandinista sincerity. (S)

President Perez in a long response said the following: Venezuela has important interests that the Central American issue be resolved; Venezuela understands the difficulty with the issue; the Accord will provide more pressure than the Contras did; the Sandinistas understand the United States must have a role; and the Sandinistas have great economic problems. (S)

President Perez stated that he had told Nicaraguan President Ortega that this period (the beginning of the Bush Administration) was his opportunity, that he should not waste it. Ortega acknowledged that and has asked Perez' help. Perez said he would

help but would not be fooled by the Sandinistas. President Perez said he had also discussed the situation with Presidents Arias, Cerezo and Azcona and those talks had led to the El Salvador Agreement. (S)

President Perez said he believed Ortega would comply with the agreement. He said Ortega had asked him to speak to President Bush, the internal opposition, and the Contras to get them to participate in the elections. Perez noted he had sent a commission of Venezuelan electoral experts to Nicaragua and they reported that they were favorably impressed by the electoral plans. President Perez said he would ask the Commission to come to Washington to talk to Mr. Aronson. He finished by saying he believes the Sandinistas are sincere and also that they are suffering divisions among their leadership. He stated that the divisions are similar to those during the fight to oust Somoza. (S)

President Perez also noted his belief that the Soviets are not willing to continue their assistance and that the Cubans are interested in a relaxation of tensions. President Perez noted a meeting he had had with Castro and Ortega in which, according to Perez, Castro convinced Ortega to accelerate the electoral process. He stated he told Ortega that neither he nor the United States would be fooled by partial measures such as the release of 1500 prisoners. (S)

The President noted that really free elections meant access to television, free political rallies, and outright criticism of the Sandinistas without repercussions. He asked Perez whether that would be possible. (S)

President Perez said he had mentioned the same concrete details to Ortega. Perez said he called Ortega (to chastise him) when Ortega denounced the Bipartisan Accord. He said he told Ortega that the Accord represented a new U.S. policy and Ortega should not ruin the opportunity. (S)

President Perez stated that continued pressure was needed on the Sandinistas but the Latin Americans should bring the pressure. The verification process would be useful. He noted Venezuela would send verifiers and that Colombia might also. (S)

President Perez noted his belief that we must take a calculated risk in going forward. He noted there are people on both sides who want to torpedo a solution. He said he is willing to spend the necessary time to work for a solution, even to arrange a secret meeting with Ortega if that was necessary, thereby avoiding protocol. (S)

The President said he would think about Perez's idea and turned to El Salvador. (S)

The President stated he had talked to Duarte, who was sick and whose party had just lost the election. Duarte was very pessimistic about the situation in El Salvador. The President noted the United States Government position that Cristiani of ARENA had won a free election and that the United States accepted his statements about human rights and the rule of law and would support him. He noted his disagreement with those who called Cristiani a disguised D'Aubuisson. The President said that if human rights abuses or death squads return, the United States will act. He noted that Vice President Quayle had explained all of this clearly to all parties in El Salvador. (S)

President Perez noted he had talked to Duarte and had also found him depressed. He said his position is the same as that of President Bush and he was planning to make a statement upon his return to Caracas. He noted his favorable impression of Cristiani. He described a conversation he had with the FMLN leadership where they still believe they can win the war. He added that Humberto Ortega had told the FMLN that they could not win. (S)

Secretary Baker noted that the verification commission should also verify the Nicaragua-Salvador border to look for Sandinista supplies to the FMLN. (S)

President Perez said that, pragmatically, a change in the Sandinista regime would stop that supply. (S)

The President finished the meeting by noting that Perez should call him with ideas and that he hoped to be able to call Perez; that we must work together. (S)

President Perez finished by saying Venezuela has the same interests in the region as the United States. He reminded the President of an arrangement whereby he would help on Central America and the United States would help on the debt. He added that he believes that Castro is also ready to change and the Gorbachev visit will be an interesting one. (S)

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
15. Memcon	Re: Plenary Session with President Mubarak of Egypt (3 pp.)	4/3/89	(b)(1)	S

Collection:

Document Partially Declassified
(Copy of Document Follows)
By GL (NLGB) on 10/6/10

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meetings - Memorandum of Conversations 2/26/89 - 4/19/89

Date Closed:	1/23/2009	**OA/ID Number:**	91107-002
FOIA/SYS Case #:	2009-0275-S	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:	2000-0429-F(36)	**MR Case #:**	
AR Disposition:	Released in Part	**MR Disposition:**	
AR Disposition Date:	8/21/2009	**MR Disposition Date:**	

RESTRICTION CODES

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

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.

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

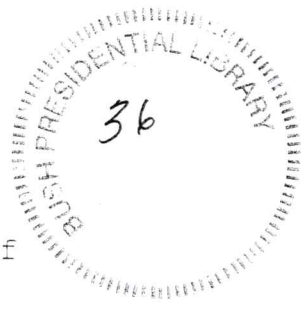
(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

~~SECRET~~

2209
ADD ON 2

THE WHITE HOUSE

WASHINGTON



MEMORANDUM OF CONVERSATION

SUBJECT: Plenary Session with President Mubarak of Egypt

PARTICIPANTS: United States
The President
The Vice President
The Secretary of State, James A. Baker, III
The Secretary of Treasury, Nicholas F. Brady
John Sununu, The Chief of Staff to the President
Brent Scowcroft, The Assistant to the President for National Security Affairs
Robert M. Gates, Deputy Assistant to the President for National Security Affairs
Ambassador Frank G. Wisner, US Ambassador to Egypt
Paul Hare, Acting Assistant Secretary of State for Near Eastern Affairs
Dennis Ross, Director, Policy Planning Staff, The Department of State
Richard N. Haass, Senior Director for Near East & South Asian Affairs, NSC

Egypt
President Mohammed Hosni Mubarak
Dr. Ahmed Esmet Abdel Meguid, Deputy Prime Minister and Minister of Foreign Affairs
Dr. Kamal Ganzouri, Deputy Prime Minister and Minister of Planning
Dr. Boutrous Ghali, Minister of State for Foreign Affairs
Dr. Atef Ebeid, Minister of State for Foreign Affairs
Dr. Zakaria Azmy, Chief of President's Cabinet
Dr. Osama El-Baz, Chief of Cabinet to the President for Political Affairs, 1st Secretary, Minister of Foreign Affairs
Ambassador El Sayed Abdel Raouf El Reedy

DATE, TIME AND PLACE: April 3, 1989 - 11:30 p.m. - 12:00 Noon, The Cabinet Room

The President welcomed President Mubarak to the White House, saying that his invitation for the baseball game was intended as a symbol of the importance of our friendship. It continued to be our objective to achieve a comprehensive peace based on UN Resolution 242, territory for peace and Israel's security. There

~~SECRET~~
Declassify on: OADR

DECLASSIFIED IN PART
PER E.O. 12958, AS AMENDED
2000-0429-F
CGL 8/21/05

would be no retreat from support for the rights of Palestinians, and there could be a role for an international conference if the timing were right and the prospects for achieving something looked good.

President Mubarak said that US-Egyptian relations were good and were based upon facts. He was thus shocked to hear accusations concerning Egypt's CW capabilities. Egypt had no CW capability and had no need for one. (b)(1) [redacted]

The President said that the last thing we wanted to do was to place Egypt in the same box as Qadhafi's Libya.

President Mubarak said that a week before he had sent a message (through Algeria) to Qadhafi saying that he had no intention of attacking the Rabta facility, at the same time advising Qadhafi that he would regret it if he went ahead with the facility and that he should be careful. As for Egypt's own CW capability, Mubarak said his own Minister of Defense said Egypt had none. Turning next to Egypt's economy, President Mubarak noted that Egypt was taking unprecedented reforms. But what the IMF was asking Egypt to do would force Mubarak from office. Instability would result as the 1977 experience demonstrated. Reform must be gradual if it was to be successful. He had thus raised energy prices last week by 30%, but it was always necessary to choose a suitable time for such changes. (Student examinations provided a good occasion in this instance). The recent experience in Venezuela showed how things could go badly. Too much reform would risk losing the trust of the people. In this context, US aid policy was creating problems for Egypt and Mubarak. What made matters worse was Egypt's large debt servicing problem, something brought about by reduced revenues from oil and the Suez Canal, and a decrease in the repatriation of funds.

The President asked about the current price for Egyptian crude.

President Mubarak answered that it was about $15 or $16 per barrel. He wanted to take this opportunity to pass on his regards to the President from King Fahd who had just had a good visit to Egypt. He added that one thing Egypt needed from the US was wheat and the means to pay for it.

Secretary Baker said that the US was already providing $190M in this area and that they could discuss this matter more in their meeting the next day.

President Mubarak acknowledged this, adding only that Egypt was already undertaking the "maximum permissible reform."

The President asked for President Mubarak's views on the Middle East situation.

President Mubarak said that he had met recently with Israeli FM Arens and Ezer Weizman. He told them that an international conference was necessary as a psychological umbrella. There would be only one day for speeches followed by direct

negotiations. Arens expressed his fear of an imposed solution. Mubarak said there was no danger, for only the US had such influence and it was prepared to help. It was his (Mubarak's) view that the international conference remained the most practical next step, without which Hussein would not act. Mubarak added that Arens had asked for direct talks with Hussein, and that Hussein was willing to meet with Arens secretly.

The President asked about Palestinian representation at a conference.

President Mubarak said that the Palestinian delegation would consist of people from inside and outside the territories. It would be necessary to find people Israel could live with. A joint delegation [PLO and non-PLO] would create major problems with Shamir. Mubarak understood that an international conference promised to be a long, complicated effort. Elections to choose Palestinians representatives would be unacceptable under Israeli supervision.

The President asked about the possibility of non-Israeli supervision.

President Mubarak said that Arafat accepted UN supervision and that he would do what he could to promote flexibility with Arafat.

The President expressed his concern over the violence on the West Bank. He was also concerned over the incursions from outside Israel, and asked whether it would be possible to get the terrorists to back off.

President Mubarak said that Arafat was not in a position to stop such violence.

The President asked whether Arafat would be prepared to denounce it.

President Mubarak said that he might on some occasions, but that Arafat needed to appease his own people.

The President stated that if Arafat came out against violent incursions it would help.

President Mubarak said he would try to get Arafat to make some useful statements in this area.

The President stated his concern over the "bullets in the chest" comment by Arafat. He also wanted Mubarak to know that he supported what Secretary Baker had said about the PLO, that the US would not pull back from opposing new Israeli settlements or from its dialogue with the PLO. It would be a big help if Egypt could use its influence to get Arafat to moderate his comments on terror.

President Mubarak agreed, adding that he would tell Arafat to disassociate himself from such violence, but that we could not expect Arafat to stop the intifada.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting Between the President and Costa Rican President Arias

PARTICIPANTS:
The President
James Baker, Secretary of State
John Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Bernard Aronson, Assistant Secretary of State for Inter-American Affairs Designate
Deane Hinton, Ambassador to Costa Rica
David Pacelli, NSC (Notetaker)

President Oscar Arias
Rodrigo Madrigal, Minister of Foreign Affairs
Danilo Jimenez, Ambassador to the United States
John Biehl, Advisor to the President

DATE, TIME AND PLACE: April 4, 1989, 9:40 a.m. - 10:30 a.m.
Oval Office

The President and President Arias exchanged greetings and were seated while the press entered for the photo opportunity. The President remarked to President Arias about not taking questions during the photo opportunity. When the press entered and started asking questions, the President said that we have a new procedure in this administration and that President Arias would be available for questions at an appropriate time. (S)

The President said that he was delighted to have President Arias here. The Secretary of State had told him that he had had a good visit with Arias and that they had also discussed bilateral matters. The President invited Arias to bring up any subject he wanted. "The floor is yours," he declared, saying once again that he extended a hearty welcome. (S)

President Arias, speaking in English, began by saying, "Allow me to talk a few minutes about my own country." He noted that this was his fifth visit to the White House. On past occasions, the conversation had always focused on Nicaragua. He said he wanted to talk about Costa Rica for a change. (S)

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0439-F
8/24/09

President Arias said that very few people know who the Costa Ricans are or what they are doing economically because of the focus on the Central American peace process and Costa Rica's relations with Nicaragua. Costa Rica is now well known as a supporter of peace but also wanted to become well known as a supporter of economic development.

President Arias noted that the Costa Rican economy had grown for the last three years at an annual rate of growth of 4.5 percent. It is one of the few countries where per capita income has increased over the last three to four years. Costa Rica's situation is completely unlike that of Argentina or Venezuela.

The President asked President Arias to repeat the figure on growth, which he did.

President Arias continued, saying that Costa Rica was not a case like the other Latin American countries and that Costa Rica was an exceptional case. There were many reasons for this. Costa Rica had the confidence of international investors and international financial organizations. Costa Rican unemployment was the lowest in Latin America at 5.5 percent. The fiscal deficit had been a problem, but was not now. In 1982 it was 19 percent, contrasted with a target figure of 2.8 percent for 1989.

President Arias said that Costa Rica was about to sign an IMF agreement. All this has been done "the Costa Rican way," as not one drop of blood has been shed. He had been able to persuade the IMF that an agreement is necessary to keep the peace.

President Arias said that the promotion of exports had been very successful, and the target figure for 1992 was $2 billion. Today, it is three times the exports of El Salvador, with only half the population of that country. Costa Rica also has a disciplined monetary policy, and exchange rate policy management has been successful. The exchange rate has been the main incentive to exports.

President Arias went on to say that presently Costa Rica would reach agreement with the World Bank for a $100 million structural adjustment loan. The Legislative Assembly is meeting to approve this loan. It was not an easy process of negotiation and he had to fight many interests in Costa Rica, mentioning farmers and industrialists. Yet, 97 percent of the electorate supports the new loan.

President Arias stated that Costa Rica is becoming a member of GATT and "we need your help in that." Two weeks ago, he signed a letter of intent with the IMF, a standby agreement for one year. This would open up the door for dealing with our debt, he said. Costa Rica can become a show case if we are able to deal with the foreign private commercial debt, which he added, is low by Latin American standards at $1.6 billion. With $250 million, Arias declared, we can buy it all back. The IMF is a most interested agent in these discussions.

The President asked for clarification on President Arias's statement that Costa Rica could buy back all its debt for $250 million. He also asked if it were mainly held by U.S. banks.

President Arias repeated his statement about buying back all the debt and said that the banks were not limited to U.S. institutions.

Secretary Baker interjected that Costa Rica's total debt was $4.2 billion.

President Arias stated that the IMF agreement opens the door for the buy back negotiations. He parenthetically observed that because of what happened in Venezuela, it was not an easy thing to do. He went on to say that he believed that Costa Rica's approach to the debt question could be the model for all of Latin America. But Costa Rica needs Washington to do some arm twisting with Taiwan and others to have success. He said, "We have been dealing with Taiwan for a year; we have not been successful up to now."

President Arias repeated his statement that with just $250 million, Costa Rica could rid itself of its private commercial debt. All of this can be done within the framework of the Brady plan. He said that he wanted the President to know this because, "We are interested in reaching an agreement with you, but you might be interested in reaching an agreement with us." We have been successful in our economic program, he said, and we have had success in privatizing state-owned enterprises. All of this has happened in a climate of tranquility and confidence.

The President asked if President Arias was going to have an opportunity to talk to Secretary Brady. The President added that he knew that the G-7 was in town and the Secretary might be busy with them.

Secretary Baker said that the Secretary would be tied up through Wednesday.

The President said that it seemed to him that President Arias had outlined a plan of action that was in keeping with the Brady approach and that we might want to help.

Secretary Baker said that a standby loan could be the first application of the Brady plan. It allocates funds that are segregated and dedicated to buy backs. The Costa Rican approach is "the perfect example of what is called for."

Secretary Baker continued that he was not sure if the IMF was ready to do that yet. A standby for debt buy back may be too far down the road for the IMF.

President Arias agreed.

Secretary Baker continued by saying it was exactly what we are talking about. (Ø)

President Arias stated that he did not want to leave before discussing this problem. Costa Rica could be a model solution for all of Latin America. (Ø)

The President said he was "damned sure" that he did not want to see impossible demands on countries that would lead to a situation like what happened recently in Venezuela. He added, "It seems like we are on the same wave length on this." He wished Secretary Brady were present, but said we will talk to him to see what we can do. (Ø)

The President said we have been talking to countries south of Costa Rica on a case by case basis. Some countries have the feeling that this can be accomplished all at once in one large meeting. We should not do that. The countries are different, with different situations. "You people [the Costa Ricans] have the right idea." The President added, "Let us take it up with Treasury to see how we can be as helpful as we possibly can." (Ø)

Secretary Baker asked a question on the Bank Advisory Committee and asked if the deal with the commercial banks was contingent upon the IMF standby agreement. (Ø)

President Arias said that they were getting funds from Japan, Taiwan, Venezuela, and Spain. "We can get the $250 million with your help." (Ø)

Foreign Minister Madrigal clarified to President Arias that Secretary Baker's question had been whether the buy back deal has been concluded. The answer was no. (Ø)

President Arias agreed, that there was no deal at the moment. (Ø)

The President averred that we may be in for some tough sledding. He observed that the buy back deal would reduce the debt by far over 50 percent. (Ø)

Secretary Baker said that only one country had gotten something close to that. He referred to Bolivia. But that was a different case, a "total basket case." (Ø)

Ambassador Hinton stated that the banks have agreed on the principle of a buy back, but some banks wanted Costa Rica to obtain soft loans to finance the buy back. That was the sticking point. (Ø)

Secretary Baker wondered out loud why the banks were concerned where the money comes from. (Ø)

The President said he missed the point. (Ø)

Ambassador Hinton said the banks agreed to buy back the loans but asked that the money be lent for that purpose by other donors on highly concessional terms. As an alternative, the banks said they would examine [and approve] any deal the Costa Ricans concluded.

President Arias gave an example of the terms.

Secretary Baker asked, "Twenty-five years at 6-7 percent before any buy back?"

President Arias said yes.

President Arias stated that he could not see Secretary Brady now. "But if I could send my Minister of Finance in the next few days, would that be appropriate?"

The President said yes. The President said that he did not hear the rate of inflation given.

President Arias said it was 25 percent last year. The target is 12 percent this year. We have succeeded up to now, he said, as in the past three months it has been no more than 2.5 percent.

President Arias changed subjects, saying that Costa Rica is fighting drugs as well.

The President said that he had written a letter to President Arias on that subject.

President Arias replied, "Yes, I wanted to thank you for that. I want to be your best ally on drug cooperation."

The President asked whether the problem "had gotten to your kids yet."

President Arias said that it had. But Costa Rica had a good record. It had "draconian legislation" and presently the Legislative Assembly is investigating drug trafficking. Some people have been sent to jail. He concluded by saying, "You have all my support on this."

The President said that we were ready to send specialists down to help with drug detection at Juan Santamaria Airport. He said that he felt fine talking about the subject of drugs. We are not "holier than thou" in our attitude on that subject because we have our own problems. The reason he asked if the problem in Costa Rica had "reached the kids" was because some people had argued that if the market for drugs were stopped, there would be no problem. Now people are finding out about the universality of the problem, that no one is immune. Even the Soviet Union has drug problems among its youth.

~~SECRET~~

The President added that he approved the dedication of President Arias to the anti-drug struggle. We have to protect our children, the President said, particularly the young. We have a rather wide campaign ourselves, involving rehabilitation, drug treatment, and law enforcement. We have to adjust our own sights. The President said he hoped all these programs will have a helpful effect internationally. We do want to cooperate. We do not want any feeling that we are dictating to small countries. "We are delighted with your cooperation."

President Arias said, "We will do all we need to do."

President Arias turned back to economic topics, saying, "I don't know if I forgot to mention along with the World Bank agreement that the Japanese have offered a complementary loan of $100 million."

The President said he thought Arias had mentioned this.

Secretary Baker said, "Yes, the Japanese are offering co-financing."

President Arias said that he had been extremely successful; only inflation was too high (by Costa Rican standards). He remarked how he had told Ambassador Hinton that he had remembered something from his first sociology studies, "When you define a situation as real, it can have real consequences." He repeated that Costa Rica had to reduce its inflation rate.

President Arias then said, "Now, do you want to talk about Central America?"

The President said, "I do. You know, we have gotten our act together in signing the Bipartisan Accord." The President said it had taken hard work by Secretary Baker and some of the others in the room. "That has been done," he said. "Some problems remain. We keep hearing that maybe [Nicaraguan President] Ortega has changed a little bit. That is fine. But our common goal is democracy and I have understandable skepticism about the Sandinistas."

The President said that he hoped we all could be together, all talking about Sandinista compliance with democracy. He told President Arias that it would be very helpful if Arias, with his standing in the international community, could emphasize this matter in his public statements. The President stated that he did not want to put Arias in a difficult position, but he did have the moral authority to speak out. The degree to which Arias could do so, in this, the 100th year of Costa Rican democracy, would be a very big help.

The President said that [Salvadoran President-elect] Cristiani would be visiting at the end of the week. He won the election freely, and our electoral observers--of both political parties--had attested to that. The President said that a double standard

is often used, condemning the Contras in the name of democracy, on one hand, while supporting the Salvadoran guerrillas.

The President said we are on the threshold of something big [with the peace plan], and that President Arias knew how much to believe about how much Nicaragua had done to democratize. What we seek is a free and fair electoral process. The President said he remembered walking into Arias's study when they talked about this subject the last time. We need to keep the pressure on, the President said. Despite whatever the Sandinistas say, "We are looking for performance now."

The President stated that if the election is free and the people choose a Marxist regime, fine, that is their business. But the Revolution was fought for democracy. The President said we can't shift our view and don't believe Costa Rica wants to shift its view on that fundamental point. "I hope we are together with you on this." The President added that President Arias was in a unique position to say what is happening to the Nicaraguan people.

The President concluded by saying, "end of speech." He added, "I carry it right from here [pointing to his heart], though." People have commented on a shift in our policy, but there has been no change in our support for democracy; no change in our opposition to violence, either from the left or the right. He ended by saying, "Now you have the floor."

President Arias said that he had been sharing with Secretary Baker his main concerns. First, he thanked the President for his support of the Esquipulas accord. "We can work together and be successful." At the El Salvador summit, Ortega was only interested in talking about demobilizing the Contras. Arias said he emphasized his interest in democracy in Nicaragua.

President Arias said two aspects must go forward simultaneously. "As long as he proves to the rest of the world that he will democratize, changing the electoral laws and other meaningful changes, then pari passu [hand in hand] we can talk about demobilization of the Contras." He said that he mentioned to Mr. Baker that our main task is the identification of an opposition leader with enough support to unite the opposition. We can work with [Spanish Prime Minister] Felipe Gonzalez and [Venezuelan President] Carlos Andres Perez on that at a later stage.

President Arias continued that the first stage is a mechanism for the electoral process. There is no history of this in Nicaragua. There are no identification cards and no registration of voters. He was told that in 1984, the year of last Sandinista election, voters were allowed only five days to register. Arias said that

~~SECRET~~

~~SECRET~~

he was very critical of Ortega for failing to accept proposals for constitutional changes, but Ortega resisted. At the end, Ortega only agreed to make changes through legislation.

President Arias said that the United States talks about incentives and disincentives. He said he thought one of the main incentives was economic. Since there were so many plans floating about--the Sanford Commission, the UN plan, the EEC plan--we need "something coming from you." We need a main carrot for the Nicaraguan opposition to fight in the campaign. "It has been said that democracy is a prerequisite for peace. But peace is a prerequisite for development." He added, "We need some sort of Bush Plan for recovery of the Central American countries." Arias said the President should come up with a new idea, with all these other plans floating in the air. The President could forge them together.

The President asked whether Arias's suggestion was a carrot for the Sandinistas or an economic relief program for the entire area.

President Arias replied that it would be for the entire area, but conditioned on compliance with Esquipulas commitments.

The President asked whether President Arias believed that Ortega is really prepared to accept demonstrably free certified elections within ten months, adding that he hoped the answer is that Ortega would do so. Did Arias think Ortega would grant access to the media and allow a free press? The President's own answer was that he did not know, but he was interested in Arias's response.

President Arias said, "Very reluctantly." The Sandinistas had accepted all these commitments because they have to admit that they have failed. Marxism has failed. Arias recalled how from time to time he hears Sandinista statements about adopting the Swedish model.

The President interjected, "Is that true? I don't believe it."

President Arias continued by saying that he told Ortega that you can't talk about a Swedish socialism and still say that you are a Marxist-Leninist. Your cannot say you will rely more on private enterprise when you keep telling everyone you want to build Socialism. "I keep telling him, the problem with Nicaragua is the Sandinista Front."

President Arias added that he said "reluctantly" because there will be pressures from outsiders for democratization. We need observers, he said, right now, not just at the time of the balloting.

Secretary Baker raised a new subject saying that he and President Arias "had touched on this earlier." "The press wants to keep

~~SECRET~~

you in a debate on demobilization of the Contras." They want Arias to say that our aid to them is violating the regional peace agreement. "As we discussed, this is not the case at all." The Secretary said that the Resistance had the right to reintegrate into Nicaragua under safe and democratic conditions. He said, "We think that this is the guts of the Esquipulas agreement." The Secretary asked Arias, if he could, to be helpful on this to show that together we can give peace a chance. But, let us see democratization. (C)

Governor Sununu said to Arias, "Mr. President, the Secretary's point is important. What you say to the press is very important. They are trying to reverse what the agreement says." (C)

Mr. Aronson said that democratization of Nicaragua is the only way that reintegration of the Resistance can work. (C)

Ambassador Jiminez agreed that reintegration must be voluntary. There must be guarantees that those returning will not be persecuted. Repatriation should be tied to democratization. He recalled a statement by President Arias that the two should go together "pari passu;" as one was developing, the other one would also. (C)

Governor Sununu observed that this must be known publicly. (C)

The President said the press will ask for public comments. The degree to which President Arias could emphasize what is said here in his public comments, the better our chance for progress which we all want. (S)

The President noted that time was getting late. He asked if President Arias was on his way to Canada. (C)

President Arias said he was, for a state visit. (C)

The President asked if he had good relations with [Prime Minister] Mulroney. (C)

President Arias said yes. He then said he was glad for the visit. He said that his peace plan owed something to the vague ideas he discussed with the President at his home, recalling that Mrs. Bush was not there at the time of the visit. (C)

The President asked if President Arias and the Secretary got to talk about the Soviets. (C)

Secretary Baker said that he did say that we raised the issue of Central America with the Soviets. (C)

The President mentioned his letter to Gorbachev, saying, "That will be our area of concern." He added that he was not that pessimistic. He said that the closer we [the United States and Costa Rica] are together on need for democracy, the better our

chances for relieving the problem of Soviet aid to Nicaragua. "You know that we are not going to cut off all relations with Gorbachev." The Secretary had recently met with [Soviet Foreign Minister] Shevardnadze, as well as our NATO allies. The President concluded by saying that the more President Arias says publicly about democracy in Nicaragua, the better off we will be.

The President and President Arias then exchanged closing salutations and good wishes.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: One-on-One Meeting with Prime Minister Shamir of Israel

PARTICIPANTS: United States
The President
Brent Scowcroft, Assistant to the President for National Security Affairs, Notetaker

Israel
Prime Minister Yitzhak Shamir
Elyakim Rubinstein, Cabinet Secretary

DATE, TIME AND PLACE: Thursday, April 6, 11:00-11:45 a.m.
Oval Office

The President began by saying he liked one-on-one sessions because we could get more done than was possible in a plenary, and could remove misunderstandings. He expressed his delight that the Prime Minister was here, and made it clear that he was prepared to talk about a full range of subjects, whatever the Prime Minister wished. He explained that this small meeting would be followed by a plenary session, then public statements, an outing to the Air and Space Museum, and dinner, before which they could meet for an additional moment to discuss anything.

The Prime Minister thanked the President for inviting him and for the opportunity to meet. His talks with Secretary Baker were encouraging. He hoped to make progress and believed we were going in the right way. Taking out his notes, Prime Minister Shamir observed that the President was a promoter of the program of strategic cooperation. He said that the program was going well and that he hoped the two countries could go even further to encompass more elements.

The President replied that we were unshakable in our commitment to Israel. There had been no shift in our fundamental support and the Prime Minister should have no concern on that score.

Prime Minister Shamir said that the Middle East had many serious problems. At the same time, the influence of the United States was very strong -- stronger than ever. The Arabs saw the Soviet Union getting weaker; it was no competition for the United States. The United States kept its prestige by keeping its commitments. US policy in the Persian Gulf had been a great

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
8/21/09

success. Anyone wishing to see peace initiatives knew there was only one power on which to rely. The United States was the only power that enjoyed the confidence of both sides to the Middle East dispute.

The President said that what worried him was terrorism. We wanted a secure and very strong Israel. He agreed with the Prime Minister's analysis of America's position in the Middle East. Of course, we had no influence with certain Arab states, such as Libya. But the Prime Minister's assessment was correct; he saw the US position as strong. There was also a potential erosion he was concerned about.

Prime Minister Shamir said that the United States was respected by Arabs because of its consistent friendship for Israel. The Arabs knew that if they wanted something from Israel they had to come to the United States, not the Soviet Union. Only the United States could deliver. Therefore, they depended on the United States and respected the United States.

Turning to Lebanon, the Prime Minister said it was an agony and a tragedy. Israel, however, could not help. No one could do anything. We watched without the possibility to help. Even the media were silent. He unfortunately had no proposal to offer.

The President agreed, saying his heart went out to them; he was totally frustrated. He expressed the hope that the two countries could think of something together to do to help.

Prime Minister Shamir said he now wanted to say a word about what was happening in Israel. He knew the President had been impressed, as had the American people, by the violence they had seen on television. The Prime Minister said it was difficult for him too. Israel wanted to stop what was going on; they thought of it day and night. They had to get out of it. They couldn't live with it. They must change it and would do so, with American help.

The Prime Minister said he wanted to say just a word in passing about the PLO. To see the US-PLO dialogue made Israel suffer. Israel would not say anything in public (friends should not do that) but the PLO was the most extreme enemy Israel had. The main reason for worry was that everyone was thinking about their minimum desire -- a Palestinian state. The Prime Minister said his conscience demanded that he say that Israel could not live with a Palestinian state.

The President responded that he had not changed his views on a Palestinian state. He was still opposed. But the United States thought our dialogue with the PLO could be useful for peace. He knew what Shamir thought of Arafat but he thought Arafat had said some good things. Our dialogue with the PLO was not aimed against Israel. Nor should Israel link it with any specific negotiating outcome. We would not be pressing for a Palestinian state in our dialogue. We understood that Israel disagreed with our dialogue, but it should know that we had no intention of ceasing the dialogue. We would continue to discuss the issues and exchange views with the PLO.

Prime Minister Shamir said he wanted to stress his categorical opposition to a Palestinian state. Any support for that would be support for the disappearance of the State of Israel. The Prime Minister then summarized Israel's proposed solutions saying he was prepared to launch an initiative. We needed to move in two directions. There were two Arab countries with whom Israel was in a state of war; this must change. The Camp David agreements were a good basis, and it was necessary to see what had happened since then and where we might go. Second, it was necessary to solve the problem of the refugees and the camps and to improve the quality of life for the people in them. This wouldn't replace a political solution but it would help. It would cost $1 billion over a decade.

The President asked whether this last step could happen without addressing the political dimension of the problem.

The Prime Minister said it could. The refugees were ready to start tomorrow. The Prime Minister then turned to what he referred to as the steps that he knew would interest the President: Israel would hold discussions with the Palestinians living in Palestine or "Eretz Israel." There was a way to solve this problem.

As for the content of the negotiations, the Prime Minister believed it must be a gradual process. First, there would be interim arrangements for a transitional period. The people would have autonomy except for defense and foreign affairs. This period would provide a test of how Israelis and Palestinians could work and talk together. Then the two sides would talk about permanent status.

The Prime Minister emphasized that he was not for the status quo. The status quo could not last because of the lack of peace. Israel was prepared to negotiate about permanent status without preconditions and without defining the outcome in advance. Israel sought a solution that was acceptable to both sides. It was possible. He wouldn't say it (publicly) because that would kill it. There was a solution consistent with Palestinians' aspirations. But he said, let us accept a negotiation in two steps.

Who would participate, the Prime Minister asked rhetorically? If Egypt and Jordan would participate, that would be fine. But Jordan had problems with this. As a result, Israel's idea was to let the population elect the people with whom Israel could negotiate. The details of elections could be worked out. The local people would accept it with enthusiasm.

Prime Minister Shamir acknowledged that Israel had a conflict with the Palestinians; it was true. It was part of the general problem. Israel thought Palestine belonged to it, Palestinians believed it was theirs. Let's not confront each other but negotiate an outcome. There were problems but the United States could help to achieve this. This was more or less Israel's idea on how to engage. He had discussed this with Secretary Baker.

The President said that Secretary Baker had raised the six points with him. We were anxious to get on with it. Foreign Minister Arens said that Israel would accept the results of elections. But what if the PLO won? The President said he did not want to raise issues in the plenary that the PM preferred not to raise there.

Prime Minister Shamir agreed that he would rather not talk about this subject at this point. He said that Israel first needed to work out the details at home and would then get back in touch. There were many problems, and not just the six questions raised by Secretary Baker. The Prime Minister said that he had a coalition and wanted to work it out first with Israel's two main political parties. He expressed confidence that it "would go OK" but that he had to work it out.

The President expressed his concern that we had lost the high ground on the issue, Israel and the United States, and needed to regain it.

Cabinet Secretary Rubenstein said there was no experience with elections in this region (except for Israel) and that it was like reinventing the wheel.

The President said that he knew that. But he pointed to the recent experience with legislative elections in the Soviet Union -- such as Yeltsin's election -- and he was hopeful.

The President then said he wished to speak to the PM alone about certain issues.

Alone with the Prime Minister, the President said it was important that Israel and the United States avoided surprising one another. In particular, he said that he did not want to learn of an attack by Israel on Syria or Iraq. Second, the President said he wanted to discuss the matter of Israeli settlements. He was greatly upset by the fact that soon after the visit of FM Arens here, Israel went ahead and started up new settlements. If they went ahead with settlements now, the United States could well have no alternative but to support a critical resolution in the UN. This was an issue of great concern to us.

Prime Minister Shamir said that settlements ought not to be such a problem.

~~SECRET~~ 2618

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting of the President and President-elect Alfredo Cristiani of El Salvador

PARTICIPANTS: The President
James Baker, Secretary of State
John Sununu, Chief of Staff
Marlin Fitzwater, Assistant to the President and Press Secretary
Robert Gates, Deputy Assistant to the President for National Security Affairs
Bernard Aronson, Assistant Secretary of State for Inter-American Affairs Designate
William Walker, Ambassador to El Salvador
David Pacelli, NSC (Notetaker)

President-elect Alfredo Cristiani
Francisco Merino, Vice President-elect
Ernesto Rivas-Gallont, Ambassador to the United States

DATE, TIME AND PLACE: April 7, 1989, 2:30 p.m. - 3:08 p.m.
Oval Office

In the informal greetings and comments before the press entered for the photo opportunity, the President told Mr. Cristiani that there was lots of interest in his visit. Nowhere was there more acute interest in the visit than in the Oval Office, with the possible exception of Secretary of State Baker. The President explained that he would not answer questions from the press because if he did it would end up taking up their whole allotted time.

The President welcomed Mr. Cristiani and said we had closely followed the election in El Salvador. The President said that we wanted to have full cooperation with Mr. Cristiani's government and that he wanted to learn about what positions Cristiani would take. He added that we would be telling the Congress that we intended to cooperate, but that it was good that Cristiani himself would be visiting Congressional leaders to put his case to them directly.

The President said he would speak frankly. He said he hoped this would be the first of many visits and he invited Cristiani to return for a working visit.

~~SECRET~~
Declassify on: OADR

SECRET

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
CBJ 8/21/09

The President said he wanted the Congress to know Mr. Cristiani as we know him. He added that Cristiani comes with some baggage because of the reputation of his political party, ARENA. Opponents of Cristiani will focus on the role of [ARENA party leader Roberto] D'Aubuisson. Cristiani is not understood because of the reputation of ARENA for human rights abuses, but he has the ability to change those impressions through his visit.

The President said that his administration is disposed to work with Mr. Cristiani. Cristiani had outlined some reforms, which is what we want. The President praised Cristiani's intervention in the case of a judge who released prisoners accused in a kidnapping ring. The President recognized that Cristiani's actions were not easy to take, and that had caused a good impression here. He predicted that Cristiani would find recognition of that on Capitol Hill.

The President viewed Cristiani's election as a new era, a turning point. He said that he had told President Duarte of his intention to invite Cristiani up for a visit, and Duarte had given his full support and cooperation. The President said he wanted Cristiani "to hear that from me."

The President continued that we will try to exchange information; we do not want to be surprised [in our relationship]. The President said we will work with the aid levels that we have discussed with Cristiani, citing the difficulty of providing more because of tight budgetary times.

The President went on to say that we want Mr. Cristiani's administration to succeed, and we do not view the Salvadoran guerrillas favorably. The President cited the tremendous contradiction between those [Americans] who at the same time attack us for supporting rightwing dictators, yet themselves support Communist guerrillas. Nevertheless, we will work with Mr. Cristiani's government. The President concluded by saying, "The floor is yours."

Mr. Cristiani thanked the President and said it was very good to be here. He said El Salvador is a country with lots of problems. The Salvadoran people have great expectations of the new government because of the way things are, including poor economic conditions. He stated that nothing could be more damaging for El Salvador than a cut in U.S. aid, especially if it were the result of a prejudgment of his administration. This will be his main message to the Congress, "Give us a chance."

The President asked if he were scheduled to go to the Hill; he was not aware.

Mr. Cristiani said yes. He continued by saying that after the vote he did not want to see a letdown for the Salvadoran people. President Duarte's party had lost a lot of support, and he warned that in a democracy, if things turned out wrong the next phase that El Salvador passed through might be a turn to the left.

Mr. Cristiani said that he was trying to maintain political space in El Salvador for the center--the center-left and the center-right--to keep his own party in power and to not allow extremists to make gains because of his government's lack of performance. In this connection, he cited El Salvador's economic problems.

Mr. Cristiani said he was willing to dialogue with the FMLN to incorporate them into the process. He referred to the visit of Mr. Merino to Mexico for talks with the guerrillas in March as an example of his commitment. He mentioned the new plans of the guerrillas for talks.

The President asked about the key points of the proposals.

Mr. Cristiani said the guerrillas wanted to treat his government as only a government of transition for peace talks. He stated, "Obviously, that is not acceptable." The FMLN position is a setback from earlier plans.

The President asked if Mr. Cristiani knew FMLN leaders personally.

Mr. Cristiani said that he did not know the guerrilla commanders, but that he was acquainted with the FDR [Democratic Revolutionary Front] leaders, [Guillermo] Ungo and [Ruben] Zamora.

The President asked if they are in El Salvador.

Mr. Cristiani replied that they were.

The President asked how they interact with the guerrillas.

Ambassador Walker answered that the FDR leaders go to Managua from time to time to consult with the guerrilla leadership there.

Mr. Aronson said that, in terms of leadership, the guerrillas run the war by themselves; the FDR serves as a political front.

Mr. Cristiani said that now the FMLN is not talking about the Democratic Convergence but talking of creating its own political party. This would be an important shift in their position.

The President asked if there had been any reaction to Gorbachev's statements about not exporting revolution. Had this caused a stir among the left? He added that he assumed it was not perceived as a credible proposal.

Mr. Cristiani said he had not heard much. He added that [Costa Rican President] Arias had put it as well as anyone could. Arias said that everyone had expected more from Gorbachev's meeting with Castro. Cristiani said that he viewed the U.S. statements on the Soviet Union and Central America as positive, but the Gorbachev-Castro meeting was somewhat of a letdown. It had created high hopes.

The President said he was surprised that Gorbachev said anything at all [about exporting revolution]. No one is suggesting that he will carry through on his statement. At least it was good that he did say it. The President stated that he could see why Cristiani wouldn't be troubled by it until you could see whether it actually was going to happen.

Mr. Cristiani said the main regional problem is Nicaragua. Soviet aid helps to keep the Sandinistas in power; its aid is eight or nine times what El Salvador gets.

Secretary Baker asked about the possibility of appointing an opposition member--such as defeated presidential candidate Chavez Mena--to a high judicial position. Under the Salvadoran constitution, the judiciary is a powerful position. The Secretary said he has testified five or six times on the Hill. Each time El Salvador has come up, there is a tendency for a knee-jerk reaction. He has said each time that the new government has to be given a chance. There has been some talk about cutting our aid to El Salvador, which we have blocked so far. To continue to do so, we will depend upon the actions taken by Cristiani's government. The appointment is something that could help, although the Secretary emphasized that he was not saying it was something that Cristiani ought to do. The Secretary concluded by saying that the other contribution Cristiani could make was "anything you can do on human rights."

The President said that is true. He stated that Cristiani helped the other day with his actions in the case of the judge who freed several people accused of involvement in kidnappings.

Mr. Sununu said that Congressman Coelho came back from his trip to El Salvador very favorably impressed with Cristiani. He also came back very high on Bill [Walker]. He is starting, we are told, with an open mind toward the new administration.

Mr. Aronson said that he was a member of the U.S. observer delegation.

Ambassador Walker said that he was with the Congressman during the trip. Congressman Coelho went on television in La Palma with a very strong statement about how the election had been free and clean.

The President noted that we were doing all the talking.

Mr. Cristiani said that he was glad for the Bipartisan Accord. It was "very opportune" to have such an agreement, especially with the problem of the Nicaraguan Resistance. Mr. Arias has never really complied with his purpose in putting together a plan in which the Contras are dismantled in 90 days. Cristiani believed the Contras should remain united in case the Sandinistas do not meet their commitments to democratize. He felt that Nicaragua would not comply, but there was a greater sense of stability in El Salvador because of the Bipartisan Accord.

The President said he appreciated Cristiani's support. The Secretary of State had worked very hard to secure agreement on the Accord. By being able to speak with one voice, it will help to shape things in Central America. It will also help with El Salvador. Some foreign leaders, such as Felipe Gonzalez, the Germans, and maybe the French ought to be more realistic about Central America. This agreement will help us to get their support. The President then asked Mr. Cristiani if he knew Nicaraguan President Ortega.

Mr. Cristiani replied that he had met Ortega at a meeting in February. He had just met with Mr. Arias.

The President asked about Cristiani's relations with the Christian Democrats. Are they bitter or do they regard the elections as over and now can get on to other things?

Mr. Cristiani said he wanted to bring that up. He brought it up with President Duarte in his first conversation with him. There will be no witch hunt of the Christian Democrats by ARENA. President Duarte is more calm now; he asked Cristiani to relay that to the President. As for Secretary Baker's suggestion, the question of judicial appointments was out of Cristiani's hands. The Executive Branch has nothing to say on nominations, since all had to go through the Congress. Cristiani did concede that he did have some influence, but his role was limited.

Mr. Cristiani said that on the administration of justice, there is bilateral U.S. aid only for the legal system. What is needed is aid for structural change, and his government would promote structural change. The Christian Democrats had declined publicly any participation in the government. Cristiani said we would like them to participate, especially to help solve national problems like the administration of justice and peace. He said he hoped that they would reverse their stand. But the Secretary General of the Christian Democrats had made the announcement. Hopefully, they will change their minds.

The President said President Duarte was held in high regard here; he was in the hall of heroes with Americans. The President asked how he was feeling and coping with his treatments.

Secretary Baker interjected that he sought permission to be excused since he had to go meet Israeli Prime Minister Shamir.

Mr. Cristiani said that Duarte was feeling weak, but well. He had attended Cristiani's credentials ceremony. It was a great political and physical effort, but he ended up feeling at home. Mr. Cristiani described how everyone applauded when President Duarte entered. Cristiani had been informed that Duarte had been surprised, as he was frightened to enter in a theatre full of ARENA people. Cristiani appreciated Duarte's role in supporting democracy in El Salvador.

The President said he thought that was good. We Americans are fortunate enough to take democracy for granted.

Ambassador Walker said that one good thing that was two fine people had contested the election. Fidel Chavez Mena was ready to form a loyal opposition. Fidel respected Fredy and vice versa.

The President said that he knew Fidel, that he had been Foreign Minister for a while. He concluded by saying that the "door is open" for Mr. Cristiani. The President also said he had confidence in Bill Walker and that Cristiani could speak freely to him. The President said that if Cristiani felt the need to run up his long distance telephone bill, he could make a phone call every once in a while, saying, "That man will answer" [pointing to Robert Gates].

The President continued by saying we want to do what we can to pressure Nicaragua--the cancer in Central America--to comply with its promises to democratize. We may have changed our policy, but we are not naive. We will support the humanitarian aid package to the Resistance. We are not losing our conviction that nothing less than full compliance is necessary from Nicaragua. That means democracy; free press, free elections. The President said he wanted Cristiani to know that. Sometimes there are rumors about our policy. Maybe Nicaragua is an exception to the general rule that Marxists do not accept free elections. We hear Ortega say that he is adopting a Swedish model. "I'm a skeptic," said the President. "If the leopard changes his spots, we'll give it a chance; but let's see first."

The President observed that the Soviet Union was continuing to provide Nicaragua with over a half billion dollars of military aid every year. He stated that we have to start to make it clear to the Soviet Union that its withdrawal from Afghanistan was not enough, although we are glad they did it. The Cuban agreement in Angola was good, but our first goal is preservation of our democratic heritage. We want to be sure the Soviets hear us on that. The President added, "You should know that. There has been no philosophical shift on our part."

The President continued by saying that another part he wanted to make clear was that Cristiani might read about a "breakthrough to Cuba." He said, "I'd love to see it," but that it would not come about until there is demonstrable evidence that Castro will live as the rest of the people do in the Western Hemisphere. He has to cut back his dependency on Gorbachev. He is way back in the Dark Ages on human rights. The President cited UN reports of torture chambers, yet he tells priests in our country that he is improving his human rights record. We also want him to move to democracy.

The President said, "His side has lost" [referring to Castro's campaign to mislead the world]. The President added that many [on the left] tell him that he should have better relations with Castro, which he characterized as "bullshit." He stated that some people call for unilateral U.S. actions to improve relations, but we cannot do that. We want to see a change; if we can help that effort, good, we will do so.

The President closed by saying that Mr. Cristiani could rely on our Ambassador, "our man on the scene in El Salvador," to pass any messages. He stated that it was nice to see Mr. Cristiani again. The President said he hoped that the Hill visits went well and to let us know what we can do to support Mr. Cristiani.

Mr. Cristiani said he would.

The President ended the conversation by saying that we wanted to be part of the solution, not part of the problem in El Salvador.

The President and Mr. Cristiani then exchanged goodbyes and good wishes.

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

2733

June 14, 1989

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Foreign Minister Roland Dumas of France

PARTICIPANTS:
The President
James A. Baker, III, Secretary of State
John Sununu, Chief of Staff to the President
Rozanne Ridgway, Assistant Secretary of State for European and Canadian Affairs
Notetaker: Robert D. Blackwill, Special Assistant to the President for National Security Affairs

Roland Dumas, Minister of Foreign Affairs
Jacques Andreani, Director of Cabinet to the Foreign Minister
Ambassador Emmanuel de Margerie

DATE, TIME AND PLACE: April 11, 1989, 4:30 - 5:05 pm
The Oval Office

The President began by asking how Minister Dumas' visit was going so far. (S)

Foreign Minister Dumas said he had a good discussion with Secretary Baker earlier in the day and a productive talk with General Scowcroft at dinner. (S)

The President observed that we live in promising times. He was looking forward to the May visit of the President of the Republic and hoped that he could provide some good weather at Kennebunkport. (S)

The President was especially eager to hear President Mitterrand's views on what lies ahead at the NATO Summit and beyond. Turning to Lebanon, the President said that he used to go there in the old days and what was now happening was a horrible tragedy. (S)

Foreign Minister Dumas said that he had a good exchange with Secretary Baker on Lebanon and believed that the West should support, reinforce the efforts of the Arab League. (S)

~~SECRET~~
Declassify on: OADR

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
S1 8/21/09
2000-0429-F

The President asked what the Syrians really want out of Lebanon. For a while, he said, Syrian policy had seemed to be somewhat constructive. But that was a couple of years ago, and today Damascus appeared to be entirely unhelpful. (S)

Foreign Minister Dumas opined that Syria does not want any real change in the situation in Lebanon. Instead, it simply wants to continue and even increase its influence there. The Syrian army was securely positioned in the north of Lebanon, and for 14 years Assad had simply tried to get an ever tighter grip on the country. (S)

The President said that, given the extraordinarily hostile environment in Lebanon, it was difficult for him to understand the source of Syrian satisfaction. Syria seems to like what it has in Lebanon. But what has it got? The President then asked if France had any hostages remaining in Lebanon. (S)

Foreign Minister Dumas answered that all the French hostages had been released. (S)

The President responded that he wished he could say the same. The American hostages in Lebanon were a real weight on all our consciences. But there was no clear policy answer. Certainly, the US could never acquiesce in the demand that the prisoners in Kuwait be released. If we did that it would only guarantee the taking of more and more US hostages and the problem would never end. (S)

Foreign Minister Dumas wondered if the Iranians could help on the question of the American hostages in Lebanon. (S)

The President said our relations with Iran had not improved. (S)

Foreign Minister Dumas said French relations with Iran were not very good either. Moving to Central America, Dumas noted that he had a good discussion with Secretary Baker on events there. (S)

The President replied that he hoped the US and our European allies could get on the same wave length with regard to Central America. He wanted especially to see eye-to-eye with France. It was crucial that the West stand together in compelling the Sandinistas to do what they said they fought their revolution about: freedom. The sandinistas were simply not implementing policies toward this objective. After a period of bitter partisan dispute, the Executive and Congressional branches in

this country had now come together, thanks to the heroic efforts of the Secretary of State. It was now agreed that the US should provide humanitarian aid for the Nicaraguan resistance and push the Sandinistas hard for democracy. (S)

Continuing, the President recalled that Oscar Arias had recently stood outside the White HOuse and called for Cuba to stop exporting revolution into El Salvador and for the Sandinistas to live up to their pledge to bring democracy to Nicaragua. Guatemala and Honduras were on board with regard to these goals. But we need outside pressure from democracies on the Sandinistas and France can make a big difference in this regard. We had also made it clear to the Soviets that future improvement in their relationship with the U.S. would be accelerated if they stopped their flow of arms in Nicaragua. There were no results yet, but we hoped that there would be a change in Soviet policy towards Central America. (S)

Foreign Minister Dumas thought there was a chance for a fair election in Nicaragua and said that France would insist on it. (S)

Secretary Baker observed that there had been a change in attitudes and approach on the part of Latin American leadership with regard to Nicaragua and that we would work closely with the Latin democracies to try to pressure Managua toward fulfilling its democratic commitments. (S)

Foreign Minister Dumas asked if there were any conditions placed on the US statement to Moscow concerning Soviet arms transfers to Nicaragua. (S)

Secretary Baker said he had not conditioned his statements to the Soviets, but had said this issue was very important in US-Soviet relations. (S)

Foreign Minister Dumas noted that these would be good items for the President and President Mitterrand when they meet in May. (S)

The President stressed that he very much looked forward to hearing President Mitterrand's views on the subject and asked Dumas' thoughts on the NATO Summit. (S)

Foreign Minister Dumas thought that the Summit, and especially the SNF issue, embodied a complicated set of problems. This was particularly true in Germany where the situation is not so good. Dumas said that when he was in Germany in early April he found the coalition badly shaken. (S)

The President asked if this was only because of the SNF issue. (S)

Foreign Minister Dumas said the problems were much broader than that but Chancellor Kohl certainly wanted to postpone the SNF modernization decision until after the 1990 election. (S)

Secretary Baker asked Dumas if he was sure about that. Kohl sometimes says that he wants to get the modernization issue out of the way before the 1990 election. (S)

Foreign Minister Dumas said that was no longer the case. (S)

The President noted that he understood how tough the coalition was in Bonn. (S)

Foreign Minister Dumas observed that recent election results had been very bad for the coalition. (S)

The President recalled that Herr Vogel had been here the other day and there was not much agreement on these SNF matters. (S)

Foreign Minister Dumas emphasized that the NATO Summit would be an extremely important event, not only because of the anniversary. It would be the President's first NATO Summit and his first trip as President to Europe. Europeans wold be waiting eagerly to hear from the President on that occasion. (S)

The President replied that things were basically going in the right direction for the West. We want perestrioka to succeed. The Soviet Union has enormous financial problems and we certainly do not want to stir up problems for them around the world. But Gorbachev has unleashed freedom and the consequences of that are unclear. The Polish roundtable agreement was welcomed and was just another example that history is on our side. With regard to our policy reviews, we are not stalling. We will have sensible proposals. And we will not surprise our friends. (S)

Foreign Minister Dumas said the West had done well in Vienna at the CSCE meeting and we have to keep on the offensive with regard to Gorbachev.

The President noted that in Gorbachev's visit to England, he seemed to be personally popular but there was not much substance in his public remarks. (S)

Secretary Baker said that, with respect to Gorbachev's visits to Cuba and the UK, the press for the first time was giving him negative treatment. He was being criticized by the fickle media for not meeting his own aspirations. (S)

The President indicated that he was looking forward to seeing President Mitterrand in May at Kennebunkport. (S)

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Meeting with Prime Minister A.N.R. Robinson of Trinidad and Tobago

PARTICIPANTS:
The President
James Baker, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Bernard Aronson, Assistant Secretary of State for Inter-American Affairs Designate
Charles Gargano, Ambassador to Trinidad and Tobago
David Pacelli, NSC (Notetaker)

Prime Minister A.N.R. Robinson
Angus Albert Khan, Ambassador to the United States
Wilfred Naimool, Senior Advisor to the Prime Minister

DATE, TIME AND PLACE: April 12, 1989, 3:25 p.m. - 3:45 p.m.
Oval Office

In the preliminary remarks, the President remarked that Ambassador Gargano was "an old friend," and the Prime Minister complimented him for being "an excellent ambassador."

The President began by saying that we want to cooperate in every way with what the Prime Minister was trying to do. The President said he wanted to ask the Prime Minister some questions, but the main thing to underscore was our friendship and cooperation. He asked how long the Prime Minister would be here.

The Prime Minister said he would be here a couple of days, leaving tomorrow evening. He had meetings planned in New York at the UN, including the Secretary General and with Caribbean diplomats.

The President said he was delighted to see the Prime Minister. He wanted to say at the outset what respect he had for what the Prime Minister was trying to do in Trinidad with the economy. The fluctuation in oil prices had an effect on the situation, he said, and he asked if they placed great pressure on the Prime Minister. The President cited the fact that both he and Secretary Baker were old Texas oilmen who understood these

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
8121109

things. The President also said he wanted to ask about exploration and the effect on the budget.

The Prime Minister conceded that this was a period of uncertainty. He had a new economic program and his country had not yet seen the benefits of it. At the moment, he had a plan of austerity measures. But Trinidad has a unique situation. His administration was the first change in administration in 30 years. It was a peaceful democratic change, which is extraordinary in the world we know. Combined with the economic situation, things are difficult. Nevertheless, by and large, the population has responded responsibly. The Prime Minister cited some "attempts at incitement" but so far, the government had managed reasonably well. We cut expenditures drastically, the Prime Minister stated.

The Prime Minister continued, saying the there had been average cuts of 6 percent over the last 5 years in GDP. There was a loss of revenues, which he had to stem. There had been cuts in expenditures and an effort to stabilize revenues. There were cuts in transfers, some privatization of government-owned firms, and disinvestment. There is now an entire new state sector, only with other revenues to stabilize finances. It was quite an experiment.

The President said he wanted to commend the Prime Minister for his efforts. He said he had been told about the privatization efforts. The President asked, "How are people in your country responding?" He also asked if there were elements that were trying to destabilize the situation.

The Prime Minister said there had been a call for a general strike by the labor unions. There had been unity between the middle of the road unions and those of the extreme left. They were trying to have a general strike, but they sensed popular resistance to that. They had attempted to disrupt public services, but we managed to keep them running, the Prime Minister said. Many people did stay at home; it was quite visible.

The President commented that the merchants reacted, he was sure.

The Prime Minister agreed.

The President asked if the Prime Minister had reasonable relations with the unions.

The Prime Minister said yes, with the leader of Trinidad and Tobago Labor Congress, Selwin John, and with the leader of the public service union. There had been cuts in wages and services of 10 percent under the current budget. Consequently, there was a sense of irritation.

The President inquired about inflation.

The Prime Minister said that it was 9 percent in 1988. Previously, it was 20 percent.

The President said that was exemplary, compared with many countries.

The Prime Minister said yes, prices have not risen so dramatically.

The President said that he had a visit from [Jamaican Prime Minister] Mr. Manley, and asked if he had seen the Prime Minister. The President stated that he hoped that Manley is as moderate a leader as he is now portrayed. Manley had given him assurances of better relations. He is aware of our history of relations, said the President. The President added that he cited this not to have the Prime Minister criticize a fellow Caribbean leader, but because the President did not want Manley to go back to the relations he had before with Castro.

The President continued, saying, "I just wanted you to know that it is a new day; he wants good relations. To be honest with you, I say, let's give it a shot. I had to confess that I did not want to go back to like it was." The President said he brought it up to see if the Prime Minister had any thoughts on how to encourage Manley. Perhaps the Prime Minister could share this with our Ambassador.

The Prime Minister said Manley in the past was carried away by leftist influence in his party and leftist advisors. "I think he has learned now. I am confident of it."

The President said that Manley had taken some tough economic steps, including plans for privatization, which contrasted with "the old Manley." The President said he "was not trying to fine tune the Government of Jamaica" and that we would have good relations "with whoever is in there." He cited our excellent relations with former Jamaican Prime Minister Seaga, who had worked very hard at improving the economy.

The Prime Minister said Manley "doesn't have an option, really." He would not go back to his old ways. "He is a realistic politician."

Secretary Baker said that Manley had made a point to him and to the President that "we have learned from our mistakes." Seaga's changes had been broad enough to include both economic and political reforms.

The Prime Minister said Manley's intelligence and integrity will make it easier for him.

The President said he wanted to note here that we were pleased at the 80 percent overall growth of non-traditional exports from CBI countries since 1983. He added that he knew there was some frustration with CBI (himself included), that it had not gone

faster. We were working with the Congress to improve it, to extend it longer to help reduce uncertainty. The President also said that he hoped that Trinidad would implement the tax information exchange agreement.

The Prime Minister replied that draft legislation for tax information exchange was before the legislature.

The President said he knew there was a certain frustration in the Caribbean. "We don't want to neglect our democratic friends in one area as we move to [make changes in] another." He said he was referring to Central America. With our new policy, we speak with one voice. We don't want to signal to Trinidad that our interest in Central America means we have any less interest in the Caribbean, the President said, adding, "I want you to know that." Our focus on Central America is not at the expense of the leaders and the countries in the Caribbean.

The Prime Minister said that he tried to help his neighbors in The Caribbean. "We are in a situation where we are creditors as well as debtors."

The President asked where.

The Prime Minister said in Guyana. [Prime Minister] Hoyte is on the right path, but he has unyielding opposition, including from within his own party. Like Manley, "He also has no options."

Secretary Baker said that we had just adopted a new approach to debt under the Brady plan and Trinidad is eligible for this new approach. He added that he didn't know if the Prime Minister had discussed this already.

Ambassador Gargano said that the Prime Minister had indicated that he would like to discuss it.

The President said before the Prime Minister goes, he should come to the Rose Garden. He said that he could send a pretty picture, but it was better to see it in person.

The President and the Prime Minister chatted as they exited the Oval Office for the Rose Garden. The two went off together and the President pointed out the flowers. They then posed for some photographs together. The President then suggested that the rest of the participants come together for a group photograph. The President and Prime Minister returned to the Oval Office where they exchanged good wishes and farewells.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Manfred Woerner of NATO (U)

PARTICIPANTS:

U.S.
The President
Secretary of State James A. Baker, III
John Sununu, Chief of Staff to the President
Brent Scowcroft, Assistant to the President for National Security Affairs
Alton Keel, Permanent Representative of the U.S. to the North Atlantic Council
Robert Gates, Deputy Assistant to the President for National Security Affairs
Assistant Secretary of State Rozanne Ridgway
Robert Blackwill, Special Assistant to the President for National Security Affairs (notetaker)

NATO
Secretary General Manfred Woerner
Deputy Assistant Secretary General W. Robert Pearson
James Cunningham, Acting Director, Secretary General's Private Office

DATE, TIME AND PLACE: April 12, 1989, 3:45 p.m. - 4:05 p.m.
Oval Office

The President opened the discussion by noting that these were important times for the Alliance and thanked the Secretary General for the hospitality he had shown, while FRG Defense Minister, to himself and Barbara. (U)

Secretary General Woerner thanked the President for his remarks. (U)

The President asked the Secretary General what he would want concerning the NATO summit if he was the US President. For his part, the President said he wanted the NATO summit to be a big success. The US intended to have a leading role in NATO and hoped to strengthen NATO solidarity. Gorbachev had dominated headlines in Europe, causing strains over NATO defense issues in the FRG and elsewhere. The policy review, though it had been somewhat hampered by the Tower confirmation debate, was proceeding expeditiously. Dick Cheney was providing strong leadership at the Pentagon. (C)

DECLASSIFIED
PER E.O. 12958,
AS AMENDED
2000-0429-F
CSL 8/21/2009

The President had talked with Chancellor Kohl and had some feeling for what he is facing. We did not want to push Kohl to the political brink; but we did not want to see NATO unravel. The key objective was to keep the Alliance together. What did the Secretary General think should be the next step? (Ø)

Secretary General Woerner said that, from the President's perspective, he would think: (1) As the first summit for a new US President, the President would dominate it - it would be his summit. It would be the President's first appearance in Europe, and Europe expected clearcut leadership from a man who knows where he is going. If it was a success, it would be the President's success. If it was a failure, it would be the President's failure. (2) The comprehensive concept should be finished before the summit to keep SNF from dominating the agenda. The summit was a unique opportunity to address broader issues. We are in a historic situation and, although we are successful, public perception is that Gorbachev is driving history. The President could turn this public perception around. (Ø)

Continuing, the Secretary General urged concentration on a political message pointing the way ahead, briefly citing our success, and then looking toward the future. The message would begin with the future role of NATO, as a source of stability and security enabling safe political change, especially since transition periods have been risky historically. NATO was an instrument for further improvement in East-West relations. The message would mention the need to do more on security and defense. It would also look at the future of Europe, including a sense of objectives and limits in prospective cooperation with Eastern Europe. There would be a section on arms control. The basic idea was not to challenge Moscow only on arms control, but instead stress the political battleground. We are setting the agenda on East-West relations by emphasizing security, a Europe of self-determination and freedom, free of the Berlin Wall and the Brezhnev Doctrine. If we accepted the offer of cooperation on global issues in Gorbachev's UN speech, we could cite concrete projects for further work. (Ø)

The Secretary General concluded by saying that NATO needed US ideas, concepts, and cooperation. The US should not expect others to deliver much; they are waiting for the Americans. Turning briefly to the SNF issue, the Secretary General agreed we cannot push Kohl too far. (Ø)

The President agreed that we could not let the success or failure of the NATO summit turn on the final word on SNF modernization. (Ø)

Secretary General Woerner said he was grateful for that answer. We do need a formulation on modernization and arms control. Kohl had to deal with Genscher; then he had to deal with the US. NATO was waiting for the Americans and the Germans to make a deal. The Secretary General would see Kohl next week; he would tell him this. (ℓ)

The President had the feeling that Kohl was in the midst of reshuffling his government, but this reshuffle had to be settled soon. (ℓ)

Secretary General Woerner said it would happen early next week; that was why Kohl could not provide an answer on SNF at this moment. The SNF decision was a coalition problem since the Liberals wanted no decision on modernization. There were only six weeks left until the Summit. We must get this done so we can finish work in the Alliance. We need to have early contact between the American Administration and the German government. The pieces of a possible compromise were already apparent: no immediate production/deployment decision; a commitment to keep the SNF forces up to date; no third zero; and an arms control perspective. (ℓ)

The President stated our continuing interest in high level discussions with the FRG but said the FRG had not been able to send a group to Washington to discuss the problem. He knew that Chancellor Kohl was aware of the seriousness with which the President viewed the problem. Kohl, however, felt the sand shifting under his feet. (ℓ)

Although he was aware of pressure from Capitol Hill, Secretary General Woerner did not think there was a need to endorse a new CFE approach at this time. This would weaken our current position just when the negotiations are beginning. The report from the Trilateral Commission was not bad. Some of their ideas could be useful in preparing for the summit. (ℓ)

The President commented that burdensharing had been an important subject in the campaign. There were several factors that drove someone like Bill Roth to advocate some US unilateral withdrawal. We can contain that pressure, but a successful Summit was vital. At some point, we needed to articulate a visionary goal for CFE, including the prospect for further reductions. (ℓ)

The Secretary General said this was true, as long as it did not undermine our current negotiating stance. (ℓ)

Secretary Baker asked if the Secretary General meant that a statement on the future of CFE was good as a long-term goal but not as an immediate negotiating prospect? (ℓ)

Exactly, Secretary General Woerner replied. We can have a bold vision, but the next step in CFE was another and more complicated

matter. We also do not wish to weaken or destroy our present negotiating position. (C)

The President said it would be good to have a vision of a more peaceful world to offer. Gorbachev has, like a kind of surfer, caught a wave of public support. It would be nice to get agreement on a broad vision of our own. (C)

Secretary General Woerner said that would allow us to take the offensive. (C)

Secretary Baker agreed. He added, with respect to events in Poland and Hungary, that we would continue to welcome the Secretary General's ideas as we went along. (C)

The President thanked the Secretary General and said he looked forward to seeing him in Brussels. (U)

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Plenary Session with King Hussein of Jordan

PARTICIPANTS: U.S.
The President
The Vice President
James A. Baker, III, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Ambassador Roscoe Suddarth
Paul Hare, Acting Assistant Secretary of State
Dennis Ross, Director, Policy Planning, Department of State
C. David Welch, NSC Staff, Notetaker

Jordan
King Hussein
Prince Abdullah bin Hussein
Zayd al-Rifai, Prime Minister, Minister of Defense
Zayd bin Shakir, Chief of the Royal Court
Adnan Abu Odeh, Advisor for Political Affairs
Amir Khammash, Special Advisor to the King
Marwan Sidqi al-Kasim, Minister of Foreign Affairs, Deputy Prime Minister
Abdullah Amin Salah, Permanent Representative to the UN
Hussein Hamami, Ambassador to the United States

DATE, TIME AND PLACE: April 19, 1989, 9:30 a.m. - 10:25 a.m.
Cabinet Room

The President opened the meeting by welcoming King Hussein to the United States again and noted that he was the seventh President to meet with Hussein. The President said that he hoped that the visit would go well and that he looked forward to the opportunity to discuss anything and everything with King Hussein. We would like to use the visit to fertilize the field of ideas. The United States had a continued keen interest to try to help on the peace process. He mentioned that the King had remarked to the press that the time was right to make progress. The President agreed, noting that this did not mean that he had a "five point program" in mind as a U.S. initiative. (S)

~~SECRET~~
Declassify on: OADR

DECLASSIFIED PER E.O. 12958, AS AMENDED 2006-0429-F OBL 8/21/09

King Hussein thanked the President for the opportunity to visit and expressed his respect and admiration. The visit, he continued, was important in a very special way. There were very significant trends and developments in the world and in the Middle East. In particular, there was a world trend in the direction of removing problems and solving regional tensions that threaten regional stability and peace. Now was the time to move in the Middle East and now was the time for a constructive U.S. role. (S)

With this introduction, King Hussein presented Jordan's position, reading verbatim from a set of talking points which he later gave to the U.S. side (See Tab A). (S)

The President thanked Hussein for his presentation. He said that he would like to get the U.S. official position on the table and then ask Secretary Baker to make some remarks, including on his meetings with President Mubarak and Prime Minister Shamir. (S)

As a first point, the President continued, neither he nor Secretary Baker agreed that Shamir had bought two more years of the status quo with his proposal for elections. We pushed hard on the final status issues, not accepting interim arrangements alone as the basis for moving ahead. The U.S. position, the President said, was based on UN Security Council Resolutions 242 and 338 -- these meant territory for peace and Israeli withdrawal. The issue of Palestinian representation also remained to be resolved, and some sense of the shape of a final settlement should be given. We had no intention of backing down on our position regarding a dialogue with the PLO or from Secretary Baker's statements, which caused some difficulty in Israel, not ruling out the possibility of Israel talking to the PLO. (S)

The President reaffirmed that he did not rule out a properly structured international conference at the right time; one may be necessary. At the same time, it was unwise now to focus, repeat focus, on an international conference; he reiterated that he would not reject the idea, which Hussein believed had merit, of an international conference. The U.S. wanted constructive negotiations for final status, and would look at a conference in light of how it could contribute to those negotiations. (S)

The U.S. also wanted to ensure movement from transitional arrangements to final status talks, the President said. Ensuring Arab support depended on movement to final status talks. The United States would not stop short of that goal. He said that the issue of elections also needed to be discussed; we needed to know where elections fit. The United States did not rule out other ideas for Palestinian representation, however. In the next several weeks, we wanted to flesh out the elections idea. (S)

The President noted that the coverage of the intifada had affected the American people. There was support and backing for the Administration in its effort to get a process going. (S)

The President said that he would be interested in Hussein's views on Jordan's role and the disengagement Hussein had announced last year. He added that the United States knew Jordan would not disengage totally, and stated that Jordan was key to final status negotiations. (S)

The President asked that Hussein not prejudge in public our position at this stage. He asked for Hussein to help to condition the environment by talking to the PLO and Palestinians and reaching out to Israel. (S)

The President mentioned that Hussein's reading of Arafat's views and of Iraq and Syria would also be welcome. He noted that he and Hussein had shared a moment in their private meeting of concern and worry over the carnage in Lebanon which has so shaken Americans. In concluding, the President repeated that the status quo could not come to be regarded as the best of worlds; we could not permit this attitude to develop. He said that the Israelis left the U.S. with their views more shook up. There would be no backing away from our dialogue with the PLO, we would continue to tip our hat at the international conference, and we would continue to express our serious opposition to any new Israeli settlements. The President asked Secretary Baker to add his comments. (S)

Secretary Baker opened by saying that the new Administration confronted a changed situation upon entering office. For the first time, the United States had a dialogue with the PLO. It had also issued a human rights report that was more critical of Israel than the one issued on the Soviet Union. Secretary Baker recalled that he had also stated that the United States could not categorically, irrevocably or completely rule out an Israeli-PLO dialogue. The President had also made a public statement in support of an end to the occupation. Private remarks were also made to Arens and Shamir on settlements, expressing our very strong views. (S)

Continuing, Secretary Baker said that in the U.S. view, the atmosphere now would not support direct negotiations, and direct negotiations were necessary for peace. There was a need for an improved atmosphere to prepare the way for negotiations. In advance of the Shamir visit, the United States had sent word that new ideas were needed from Shamir, with some forward thinking to move the process ahead. (S)

Shamir came with new ideas, Secretary Baker stated. Specifically, he said four things:

-- Shamir spoke of a "political negotiating process," a new position for him. (S)

-- He said that he was prepared to follow up transitional arrangements with negotiations on a permanent agreement. The Secretary recalled Hussein's earlier remark on the meaning of "permanent agreement" for Shamir, and said that the United States would have preferred the words "final status" in Shamir's presentation. (S)

-- Shamir said that all options would be open at these negotiations. (S)

-- Arens and Shamir had both stated privately that they would deal with whoever was elected, even if these people had ties to the PLO. (S)

Secretary Baker said these new points from Shamir fit nicely into what the United States was prepared to try. The United States would also support a properly structured international conference at an appropriate time. He stated that there would be no solution to the problem, however, unless the United States had the political strength to pull it off at home. We could lose this strength if it appeared that we were pushing too hard, he noted. A high visibility U.S. initiative could preempt more promising possibilities if it failed. Secretary Baker agreed that if the United States was going to pursue this approach, it must not allow the approach to become the means for delay. He noted that the United States had held another meeting with the PLO in Tunis, and was now pushing the idea in that channel. As an aside, he mentioned that Peres had said publicly that Israel was now dealing with the PLO through the U.S. In closing, the Secretary said that it may be correct that eventually the effort would fail, but the United States believed it must give this approach a serious try and maintain the political support at home that was necessary for success. (S)

King Hussein said that he was gratified to hear the President's and Secretary Baker's views and that he was reassured by their remarks on elections and how these would fit into a broader process. King Hussein said that when he returned to the region he would continue to speak out in his efforts to give people hope and encourage them to be positive. Jordan was committed to the cause of peace; it pursued this commitment in the Arab world, in the Arab Cooperation Council (ACC) and with the PLO. Hussein said that he would do all he could to help, since U.S. success was Jordan's success. (S)

King Hussein said that Jordan would always be involved in the peace process. It had the longest borders and ceasefire lines with Israel of any Arab state. He reviewed briefly the history of Jordan's efforts in the peace process, remarking that these efforts did not get anywhere. Jordan saw that the Palestinians wanted their own say, and felt that giving the Palestinians responsibility would open the doors for progress; thus, in the same way that Jordan accepted union with the West Bank, it assented to Palestinian requests and decided to disengage. The result was the memorable PLO decisions of late last year. (S)

At the same time, Hussein continued, the character of the Israeli occupation was changing. Its pressure on the people in the Occupied Territories grew. (S)

For the future, Jordan did not rule out a confederation, but it must be between two sovereign states, Hussein said. This would lay a much stronger and more secure basis for lasting peaceful relations. (S)

Iraq, King Hussein stated, would like to see relations with the United States improve. The Iran-Contra affair still rankled, but Iraq wanted to move ahead with better relations. After eight years of war, Iraq was committed to the cause of peace. Hussein added that Jordan believed that the Arabs should support the PLO's decisions on 242, right of Israel to exist, and renouncing terrorism; obstacles should not be put in the PLO's way. (S)

King Hussein said that Israel was worried most about the possibility of Palestinians, especially those in Jordan, returning to "Palestine." Hussein did not believe this was a problem, since most Palestinians, including those in Jordan where they were one family with Jordanians, would elect to stay put. The issue was one of right of return or compensation. He pointed out that Jordan had gone a long way, further than other Arab nations, to assure that the Palestinians in Jordan would develop a stake in Jordan and stay put. Hussein said that Jordan would continue to develop opportunities in Jordan for Palestinians so that this obstacle in Israeli minds may be removed. (S)

King Hussein stated that the problem in the past with direct negotiations and Jordan was that while the PLO could have such negotiations, Jordan could not. It was their cause and their future, he said. Arafat had authority within the PLO; he is the symbol of Palestine inside and outside the Occupied Territories. Of course, Hussein added, there were extremists, but we could not be hostage to them. (S)

Hussein said that the ACC was a new development, grouping 80 million people. Jordan hoped it would serve as a positive force in the area. There were enough ties beyond economic ones to be sure that there were controls on all the members, he stated. The ACC would be a force for stability, complementary to the GCC and Maghreb Union; he expressed his hope for coordination between the three groups. (S)

On the Arab-Israeli question and the peace process, we were committed to reaching peace, Hussein said. The Palestinians could do much more than anyone else, however. As for Syria, an international conference, properly structured at the appropriate time, could bring Syria in. (S)

On elections, King Hussein repeated that we needed to know what elections were for. On transitional arrangements, Jordan wanted to know what it is in transition toward -- in moving from point A to point B, what was point B? (S)