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FOIA MARKER

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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:	91107-007

Folder Title:
Presidential Meetings - Memorandum of Conversations 1/11/90 - 2/21/90

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 (4 pp.)	1/11/90	(b)(1)	C
02. Memcon	Re: Meeting with Prime Minister Anibal Cavaco Silva of Portugal (4 pp.)	1/11/90	(b)(1)	S
03. Memcon	Re: Luncheon with Prime Minister Cavaco Silva of Portugal (4 pp.)	1/11/90	(b)(1)	S
04. Memcon	Re: Meeting with Gerard Collins of Ireland (2 pp.)	1/12/90	(b)(1)	S
05. Memcon	Re: Meeting with Defense Minister Yitzhak Rabin of Israel (4 pp.)	1/17/90	(b)(1)	S
06. Memcon	Re: Meeting with President Turgut Ozal of Turkey (4 pp.)	1/18/90	(b)(1)	S
07. Memcon	Re: Meeting with President Turgut Ozal of Turkey (7 pp.)	1/18/90	(b)(1)	S
08. Memcon	Re: Meeting with Foreign Minister Esmat Abd el-Meguid of Egypt (5 pp.)	1/19/90	(b)(1)	S
09. Memcon	Re: Private Meeting with President Saleh of Yemen (3 pp.)	1/24/90	(b)(1)	S
10. Memcon	Re: Plenary Meeting with President Saleh of Yemen (5 pp.)	1/24/90	(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 1/11/90 - 2/21/90

Pinksheet Number: cap916
OA/ID Number: 91107-007
Date Closed: 1/26/2009
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
11. Memcon	Re: Meeting with Douglas Hurd, Foreign Secretary of the United Kingdom (4 pp.)	1/29/90	(b)(1)	C
12. Memcon	Re: Memorandum of Conversation (5 pp.)	2/5/90	(b)(1)	C
13. Memcon	Re: Meeting with President Denis Sassou-Nguesso of People's Republic of the Congo (4 pp.)	2/12/90	(b)(1)	S
14. Memcon	Re: Plenary Meeting with President Denis Sassou-Nguesso of People's Republic of the Congo (7 pp.)	2/12/90	(b)(1)	S
15. Memcon	Re: Cartagena Drug Summit (7 pp.)	2/15/90	(b)(1)	C
16. Memcon	Re: Meeting with Vaclav Havel, President of Czechoslovakia (2 pp.)	2/20/90	(b)(1)	S
17. Memcon	Re: Meeting with Vaclav Havel, President of Czechoslovakia (4 pp.)	2/20/90	(b)(1)	S
18. Memcon	Re: Meeting with Vaclav Havel, President of Czechoslovakia (6 pp.)	2/20/90	(b)(1)	S
19. Memcon	Re: The President's Meeting with Chancellor Franz Vranitzky of Austria (5 pp.)	2/20/90	(b)(1)	C
20. Memcon	Re: Meeting with Foreign Minister Abdellatif Filali of Morocco (4 pp.)	2/20/90	(b)(1)	C

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Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
21. Memcon	Re: Meeting with Vaclav Havel, President of Czechoslovakia (5 pp.)	2/21/90	(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 1/11/90 - 2/21/90

Pinksheet Number: cap916
OA/ID Number: 91107-007
Date Closed: 1/26/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

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Not H.S.

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Hikaru Matsunaga, Minister of Trade and Industry (MITI), Japan (Ø)

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Karl D. Jackson, Senior Director for Asian Affairs

Hikaru Matsunaga, Minister of Trade and Industry (MITI)
Ryohei Murata, Ambassador to U.S.
Naomichi Suzuki, Vice Minister for International Affairs, MITI
Masahisa Naito, Director-General, International Trade Administration Bureau
Koji Tsuruoka, Interpreter

DATE, TIME AND PLACE: January 11, 1990, 10:15 - 11:00am EST
Brent Scowcroft's Office

General Scowcroft welcomed Minister Matsunaga. Ambassador Murata indicated that he was carrying a letter to President Bush from Prime Minister Kaifu describing the purpose of Minister Matsunaga's visit. (Ø)

Minister Matsunaga: "The first purpose is to express appreciation for your efforts, which have led martial law to be lifted in China, and to the major developments that have taken place in Eastern Europe. The second purpose concerns what Prime Minister Kaifu told the President during his visit to the United States, namely that Japan would become a major importing country. I am here to present you with several of the most important provisions of this program." (Ø)

"On lifting of martial law in China, we view this as one step forward. We pay tribute to you. We hope that the World Bank can reopen its loans to China and we will move forward in close consultation with the United States." (Ø)

General Scowcroft: "Thank you for the letter. I hope the President will drop by here in a few minutes to speak with you. You can hand the original copy to the President directly." (Ø)

"We agree with you on moves taking place in China and Eastern Europe. As a consequence of these moves, even closer cooperation

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2009-0429-F

with Japan is called for. In this very dynamic world there are rapid changes, not only in China and Easter Europe, but also in the Philippines and Cambodia. Therefore, the United States and Japan must stay in close contact on all of these matters." (C)

"With respect to China, we have a delicate situation. During my stop in Tokyo, I explained to the Prime Minister what I found in China. I explained what China had to do to break out of the isolation it had placed itself in as a result of the events of last June. China has taken a number of steps, some bilateral and some multilateral, which indicate China knows what needs to be done and is prepared to take steps to repair the damage done by its actions last June. China has made useful statements on controlling the proliferation of missiles, especially in the Middle East, and on lifting martial law. On bilateral issues, they have resumed discussion of the Fulbright program, a VOA correspondent is back in Beijing, and talks have been resumed on the Peace Corps returning to China in the fall." (C)

"All are useful steps but we still face two issues requiring careful management. One issue is to continue to encourage China to take additional steps to restore its position as a useful and reforming power on the world stage. The second issue is to bring Congress along, to avoid additional sanctions and to begin lifting sanctions." (C)

"We have told the Chinese there are two additional steps for them to take: 1) releasing Fang from our Embassy in Beijing, and 2) issuing some kind of public statement of amnesty for students who participated in the demonstrations but did not take part in criminal activities. I am moderately hopeful that China will do something in this regard. It is very important for our ability to manage Congress." (C)

"Our notion is that we should reward steps along the way back toward reform. As a result of lifting martial law, we agreed to permit some basic human needs loans to go ahead, but on a case-by case-basis, and very slowly. The reason we are doing it this way is to encourage China to stay on the path to reform. This is all we anticipate doing on U.S. policy at this point. We hope you will also act with the same restraint and not open up completely, lest we remove all incentives for China to continue changing." (C)

"We believe it is very important to move together and to encourage the forces of reform rather than the forces of reaction in China." (C)

Minister Matsunaga: "I share the same thoughts, and look to China with the open expectation that China will present itself to the world more openly and democratically, and this will be the guide to our actions." (Ø)

The President entered the meeting at this point and asked about Prime Minister Kaifu. (U)

Minister Matsunaga: "I am greatly honored to deliver this message to you personally. I was in Texas before Washington. In Texas, your son gave me a very fine, autographed baseball." (U)

The President: "You should send him to Japan to watch some of your games." (U)

Minister Matsunaga: "In his letter to you, Prime Minister Kaifu says that against the background of a rapidly changing world we need to strengthen even further cooperation between the U.S. and Japan." (Ø)

The President: "That's what I wanted to talk about. I have been talking to General Scowcroft about the importance of building on what I think of as a close, personal relationship with your Prime Minister. When I see a Diet Pin, I have great respect. We are watching Prime Minister Kaifu with respect as he manages a very difficult political situation. There are changes in Eastern Europe and more democracy is coming to the Western Hemisphere. Our bilateral relations are good, but we also have big problems that he and I must keep on the same wave length about, just as you must stay in tune with your colleagues here in Washington. We will watch for some opportunity for Prime Minister Kaifu and I to sit down outside of the context of the summit. We must deal with the tensions in the relationship so that we can strengthen it rather than see it begin to crumble at the edges." (Ø)

Minister Matsunaga: "As Trade Minister, I will make my best effort to deal with the trade problems between Japan and the United States. We will establish concrete measures to stimulate imports. I have already briefed the Vice President on these." (Ø)

The President: "The Vice President already told us about these this morning. This is very important. I am worried about the mood in Congress, but I believe this situation can be managed." (Ø)

"Please tell Prime Minister Kaifu I will work with him. I like this man. The chemistry was very good. I want to keep a very good relationship." ((Ø)

"With regard to China, the closer we stay together on our policies, the better." (Ø)

"I will look forward to following up (on the subjects raised in Kaifu's letter) with the Cabinet and with Prime Minister Kaifu himself." (Ø)

Minister Matsunaga: "I will convey your very warm greetings to the Prime Minister." (U)

(At this point, the President left to attend another meeting and Minister Matsunaga returned to his description of the import expansion program.)

"The import promotion expansion program has been developed by the LDP and MITI. We should not rest on this, but I am proposing a joint program with the U.S. Department of Commerce. I will be discussing this with Secretary Mosbacher." (Ø)

"In brief, the import promotion program has four pillars: 1) an import promotion tax credit of 5 percent, 2) abolition of 1004 tariff items, including ones of special interest for Americans, 3) dispatching experts to the United States to look for imports to Japan in coordination with the U.S. Commerce Department, and 4) loans to finance import related activities in Japan. We hope that the net effect will be approximately $4 billion." (Ø)

General Scowcroft ended the meeting by saying that we would study the program carefully. (Ø)

-- End of Conversation --

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Memcon	Re: Meeting with Prime Minister Anibal Cavaco Silva of Protugal (4 pp.)	1/11/90	(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 1/11/90 - 2/21/90

Date Closed:	1/26/2009	**OA/ID Number:**	91107-007
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(132)	**MR Case #:**	
AR Disposition:	Denied in Full	**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

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03. Memcon	Re: Luncheon with Prime Minister Cavaco Silva of Portugal (4 pp.)	1/11/90	(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 1/11/90 - 2/21/90

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

Date Closed:	1/26/2009	**OA/ID Number:**	91107-007
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(133)	**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)]

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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]
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THE WHITE HOUSE
WASHINGTON

MEMCON

0422

MEMORANDUM OF CONVERSATION

SUBJECT: Luncheon with Prime Minister Cavaco Silva of Portugal (U)

PARTICIPANTS:
The President
The Vice President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Raymond Seitz, Assistant Secretary of State for European Affairs
Edward Rowell, U.S. Ambassador to Portugal
Adrian Basora, Director for European Economic Affairs, NSC Staff (notetaker)

Anibal Antonio Cavaco Silva, Prime Minister
Joao de Deus Pinheiro, Foreign Minister
Joaquim Martins Feirrera do Amaral, Minister of Commerce
Joao Pereira Bastos, Ambassador
Jose Luis Almeida Fernandes, Chief of Staff, Office of Prime Minister
Antonio Martins da Cruz, Diplomatic Adviser to the Prime Minister
Jose Eduardo Carvalho de Paiva Morao, Military Adviser to the Prime Minister
Jose Maria de Almeida Shearman de Macedo, Director General for Political and Economic Affairs, Ministry of Foreign Affairs

DATE, TIME AND PLACE: January 11, 1990, 12:15-1:20pm
White House, Old Family Dining Room

The President initiated the conversation by turning the subject to Brazil.

The President: President Sarney seems to have [redacted] (b)(1) switched policies since he has been in office. I was there for his swearing-in. ~~(S)~~

Prime Minister Cavaco Silva: That is true, but Brazil does need help in view of its $100 billion foreign debt. ~~(S)~~

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The President: Is it true that Argentine President Menem will be visiting you? I found him very impressive. (S)

Prime Minister Cavaco Silva: Yes, he will be visiting and I agree that he is impressive. (S)

The President: I would like to mention briefly the reason for the U.S. intervention in Panama. I made the decision to go in because of the need to protect U.S. lives and because of our treaty rights in Panama. I am pleased to see that President Endara is moving fast to restore order and civilian government. U.S. troops will be leaving as rapidly as possible. I am encouraged that 92 percent of the Panamanian people are supportive. Nevertheless, we have a lot of diplomacy to carry out in Latin America and Vice President Quayle will be going there soon as part of this effort. (S)

Prime Minister Cavaco Silva: The EC countries, with the exception of Spain, have shown their understanding for your action in Panama. (S)

Foreign Minister Deus Pinheiro: The Spanish reaction can be explained partly by the fact that a Spanish photographer was killed in Panama during the intervention. (S)

The President: It seemed clear that Noriega had flipped. When our troops went into his homes, they found voodoo dolls. No wonder I felt that ache in my neck at Christmas! (S)

Prime Minister Cavaco Silva: I would like to hear your impressions of Gorbachev. (S)

The President: I believe that Gorbachev is definitely committed to peaceful reform. The press asks me "what if Gorbachev uses force in Lithuania?" However, my response is that I do not answer such hypothetical questions. It would do no good to comment on such contingencies. I believe that Gorbachev is not asking for and does not want an economic bailout. However, we should support his reform program and I very much hope that he succeeds. (S)

Prime Minister Cavaco Silva: It is ironic that we in NATO are now supporting a Soviet leader for the first time and that we are now also being supportive of the Warsaw Pact. In Portugal, we have moved to liberalize the economy and to denationalize, as well as changing what had earlier been a Marxist constitution. (S)

Secretary Baker: It is clear that the Soviets do not yet even understand the concept of a market economy. Regarding the European Bank for Reconstruction and Development (EBRD), the trick is going to be figuring out how to promote the private sector and private enterprise. (S)

Prime Minister Cavaco Silva: It took Portugal 10 years to create the necessary new financial institutions to make its private sector viable. ~~(S)~~

The President: At Malta, Gorbachev gave me a lecture about the reasons not to have private ownership and shareholding by private stockholders in corporations. He seems to understand capitalism only in the 19th century terms of the large corporations being owned by a Rockefeller or a Vanderbilt. ~~(S)~~

Secretary Baker: Regarding the EBRD, what is your view of Soviet membership? We would prefer to see observer status for the USSR, or at least non-borrowing status. If we were to agree to have them as members of the EBRD, it would be only a year or so before they pushed for membership in the World Bank. ~~(S)~~

Prime Minister Cavaco Silva: We share your concerns. ~~(S)~~

The President: Regarding South Africa, how do you see events moving forward? ~~(S)~~

Prime Minister Cavaco Silva: As you know, we have connections to South Africa. Although Portugal received 700,000 returning colonists from Angola and Mozambique, 600,000 additional Portuguese went to South Africa. They are generally moderates. I believe De Klerk and Mandela are seeking a path of greater moderation. They are seeking something similar to the EC model for the Southern African cone, since other countries of the region cannot have economic development without South Africa. Within the EC, Portugal opposes sanctions against South Africa. We oppose the isolation of South Africa. ~~(S)~~

Secretary Baker: I believe you have said that Zimbabwe is also changing. ~~(S)~~

Prime Minister Cavaco Silva: Yes. Mugabe has 30,000 soldiers in Mozambique, and he is facing elections. It is not popular to maintain so many troops in a foreign country. Chissano has pressed Mugabe to take a softer tone in his relations with South Africa; and Mugabe has agreed to do this. In general, we are against sanctions. It is the same as with China; we don't believe in isolating them. ~~(S)~~

The President: On China, I believe that the lifting of martial law does mean something. I believe that contact with the U.S. has helped to improve things in China. Things are certainly better than during the Cultural Revolution. I would also like to hear your view about the Strasbourg Summit. ~~(S)~~

Prime Minister Cavaco Silva: Despite all the media excitement in advance of Strasbourg, the Strasbourg Summit was the quietest since 1985, even though it was one of the most important. We agreed to a revision of the EC treaty, to a common monetary

policy, to the concept of the social charter, and to greater sovereignty for EC institutions. The Portuguese presidency will be in the first half of 1992. We will use it to favor a more open Europe with close ties to the U.S. We are against a fortress Europe. (S)

Secretary Baker: Did you sense any German reluctance on the question of a European monetary union? (S)

Prime Minister Cavaco Silva: No, there was no real German reluctance. I believe such talk in advance of the meeting was a tactic which the Germans used to get their paragraph on reunification into the final communique. (S)

Secretary Baker: Do you believe there will soon be a single, central bank and a single currency in Europe? (S)

Prime Minister Cavaco Silva: I don't believe that either will exist before the end of the century, but the pace of integration has been faster than anyone had predicted. The trend is clearly toward more integration. (S)

Foreign Minister Deus Pinheiro: And events in Eastern Europe have pushed this process further along. (S)

Prime Minister Cavaco Silva: Yes, I agree. We in the EC must show that we are sure of ourselves. This is because we are the hard inner core of the "European economic space." (S)

The President: I saw Zbigniew Brzezinski at the launching of the Emergency Committee for Action on Poland this morning, and he told me that in Poland the working people are still inclined to give the new government time to carry out its reforms. This is based on the workers' great pride on what their country is now doing by way of reform. (S)

Prime Minister Cavaco Silva: But if their hopes are disappointed, will this support last more than a year or two? It is important to build up private enterprise quickly. This will take training and the development of necessary skills among the Polish population. (S)

Foreign Minister Deus Pinheiro: A lot of what we are seeing in Eastern Europe has a very familiar ring to it because of the similarities with what happened a few years ago in Portugal. (S)

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THE WHITE HOUSE

WASHINGTON

Not U.S.

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Gerard Collins of Ireland (U)

PARTICIPANTS:

U.S.
The President
James A. Baker, III, Secretary of State
Richard A. Moore, Ambassador to Ireland
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Raymond Seitz, Assistant Secretary of State
Robert D. Blackwill, Senior Director, European and Soviet Affairs, NSC Staff (Notetaker)

Ireland
Gerard Collins, Foreign Minister
Padraic McKernan, Ambassador to the U.S.
Noel Dorr, Foreign Ministry Secretary General
Padraig Murphy, Foreign Ministry Political Director

DATE, TIME AND PLACE: January 12, 1990, 9:45 a.m. - 10:10 a.m.
Oval Office

The President: I'm glad you are here, both because of our bilateral relationship and because of your role in the EC Presidency. I hope you have good talks here. We are fascinated by the changes underway in the EC and want to be a cooperative partner. We have trade concerns; Europe does too, but we must solve them in a civil way. Agriculture will be difficult. We will oppose isolationism. We do not think our mission is done, either in the military or in the economic sense. (C)

Foreign Minister Collins: I am pleased that you could see us. I will be having a good talk with Secretary Baker. Eastern Europe is changing by the day. Thinking of your Boston speech and Secretary Baker's address in Berlin, it is time we looked at the communication links between the U.S. and the EC and whether the tools of the EC are sufficient for events in Eastern Europe or in U.S.-EC relations. Then, of course, there is the situation in the Soviet Union itself. (C)

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We want to follow up on Secretary Baker's Berlin speech. I appreciate your sensitivity regarding the impression that you are seeking a 13th seat at the table. The Twelve will meet in Dublin next week to discuss Eastern Europe. (C)

The President: But who knows what will happen in Eastern Europe by next week, and its strategic impact. I am delighted that you are taking on this renewed responsibility. Secretary Baker's speech is the best guide on how we see this. Europeans want to see us involved in the future of Europe. We have some domestic pressures to leave Europe, but there is no way that is going to happen. We are going to stay in Europe and we can manage it domestically. (C)

Foreign Minister Collins: There is a desire in Europe for the U.S. to stay involved, as in the G-24 and the EBRD effort. (C)

The President: We have enormous debt problems in Argentina and Brazil, and a new situation in Panama. We have real resource problems. It is a fascinating time, but I am optimistic. (C)

Foreign Minister Collins: I was impressed by your meeting in Malta. (C)

The President: I was impressed by Gorbachev's manner at Malta -- calm and determined. We are trying to avoid complicating his problems, including in the Baltic states. We have an emotional, wonderful Baltic population here, but we have to facilitate change rather than set it back. Some call it timid; I call it a calm and reasoned approach. (S)

We don't see it as our role to set timetables on German reunification. We have NATO and Helsinki guidelines. There is a question of whether you go out and advocate it. We must not be inflammatory. Sometimes it is what you don't do that makes the difference. (C)

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Defense Minister Yitzhak Rabin of Israel

PARTICIPANTS: Brent Scowcroft, Assistant to the President for National Security Affairs
Richard N. Haass, Senior Director for Near East and South Asian Affairs, NSC staff
C. David Welch, Director for Near East and South Asian Affairs, NSC staff (Notetaker)

Yitzhak Rabin, Israeli Defense Minister
Moshe Arad, Israeli Ambassador to the U.S.
Oded Eran, Minister, Israeli Embassy
Avraham Ben Shoshan, Defense Attache
BG Yekutiel Mor, Military Secretary

DATE, TIME AND PLACE: January 17, 1990, 3:05 p.m. - 3:30 p.m.
General Scowcroft's Office

Defense Minister Rabin: There are four points to be dealt with on the peace process: (S)

-- First, there is the question of the composition of the Palestinian delegation. I am not aware of agreement even between the Palestinians and the Egyptians. No wisdom has been proposed so far. (S)

-- Second, there is the issue of the agenda (for the dialogue). Should it be real, leading to practical results? If it deals with the major issues, it will lead nowhere. (S)

-- Third, who is to announce the Palestinian delegation and what they are coming for? (S)

-- Fourth, who are the other participants in the talks? (S)

Assurances are not really the focus now. After all, assurances were a U.S. idea. (S)

Dr. Haass: You didn't have to take us up on this idea. (S)

Defense Minister Rabin: We gave a positive response to the Baker five points and we are ready for a tripartite meeting. We hope to work out the details so this can proceed. (S)

General Scowcroft: I hope so too -- I am getting pessimistic. (S)

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Defense Minister Rabin: There is a realization in the Territories that the attention of the world has shifted to Eastern Europe and the Soviet Union, and that they need to recapture the headlines. They are deadlocked in their effort. Romania beat out Desmond Tutu in Beit Sahour when TV crews covering this event were ordered to go immediately to Romania. All this has increased internal tension. 132 Palestinians were killed by fellow Palestinians in 1989. This is not controlled by any authority; it is controlled by locals. Arafat can't control it, although he agrees with it in principle, but under the right authority -- and everyone can interpret that. A second problem I am here to discuss is the set of issues related to the continuation of various programs that I will discuss with Secretary Cheney. This general situation, plus specific problems like the Arrow ATBM, are under discussion between DOD and Israel. (S)

General Scowcroft: Let me say a couple of words about that in general. We face serious budget problems, for the defense budget in general but also special problems like Panama, whose economy we have been destroying for two years. Plus there are the pressing needs in Eastern Europe. It is fair to say -- and I don't know the specifics of bilateral programs -- but they are going to be squeezed. These changes are related to our budget problems; do not misinterpret them. Strategic cooperation in general terms may be a less critical area in view of the changes in the Soviet Union. Regarding Dole's statement, we are sympathetic with the part that the President ought to have flexibility to administer this part of the foreign aid account. The President doesn't like earmarking. I hope you understand how serious our situation is -- I just came from a meeting where we discussed how to find several hundred million dollars for Panama. (S)

Defense Minister Rabin: We supported your action in Panama. We derived satisfaction from your exercise of the justified use of force. When you do it 500 miles from the United States, we hope you will see how we are justified in doing it three miles from Jerusalem. (S)

General Scowcroft: I don't know that you need our action to justify yours. (S)

Defense Minister Rabin: And you see that there are civilian casualties -- it's not always just the bad guys who get killed. (S)

Dr. Haass: Mr. Minister, I would like you to know that we took Israeli interests into account before we acted in Panama. (S)

Defense Minister Rabin: The flow of Soviet arms continues to the Middle East. Whereas the Europeans are not doing enough to help you in Eastern Europe, when we come for aid we come with a clear conscience -- 10% of our GNP and three years of national service for every Israeli is our price for defense. If there has been a reduction in tension in Eastern Europe, it hasn't happened in the

Middle East, where the Soviets are not directly involved but work through proxies. A second point is that today there is a unique opportunity because of the Jews coming from the Soviet Union. (S)

Much depends on how they are absorbed. The Territories are not the issue; how they are absorbed is the issue. We will have a new system of freedom of choice so that they can go wherever they want, and this will be mainly to the populated areas. (S)

General Scowcroft: How is the prospect of more emigration being received? (S)

Defense Minister Rabin: There are some problems. The amount of aid to a newcomer is greater than to a youngster after his military service and greater than for those who came ten years ago and still have no housing. It is also related to those who come from Europe and those who come from Islamic countries. We are therefore increasing our budget to $500-600 million for housing and absorption, not only for newcomers but also for others too. I know what you have offered Egypt in the way of surplus military equipment. The Soviets will offer even more and at lower prices. Nothing will be more welcome in the Arab world. We have to cope with a two-fold problem: the balance of power; and the refugees. (S)

General Scowcroft: Last time you were here we discussed Lebanon. You were apprehensive. What is your feeling about the situation now? (S)

Defense Minister Rabin: There is a continuation of the process of disintegration. Even the divisions of Iran's parliament are reflected in Lebanon, where the Shia community is divided. Witness the fighting in the Iqlim, with Hizballah trying to move south. The readiness of Syrian forces there has gone up. There is a stalemate that no one knows how it will end. I think the Syrian rapprochement with Egypt is designed to give Syria more freedom of action and as a signal to Iraq. Mubarak wants to be a peacemaker between Asad and Arafat. In the longer term, there is the question of Jordanian stability. (S)

General Scowcroft: King Hussein seems very worried about the course of events in the area. He is not in a good mood. He is troubled by the rise in fundamentalism everywhere. (S)

Defense Minister Rabin: The parliamentary election results were a surprise. Their GID (General Intelligence Directorate) chief, General Tariq (ala ad-Din) was fired, along with 16 other brigadier generals, because of the failure to predict what happened. I see changes in the Soviet Union and Eastern Europe, but no changes in the Middle East. On the one hand, we respond by pursuing the peace process; on the other, without Israeli strength there will be no peace process. (S)

General Scowcroft: King Hussein told us that the elections were worthwhile in any case, despite the results. (S)

Defense Minister Rabin: King Hussein will have to bear with his problems. All that has gone on with Israel and the United States in the framework of strategic cooperation will continue. It is the assurance for us to take risks for peace. (S)

THE WHITE HOUSE

WASHINGTON

MEMCON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting With President Turgut Ozal of Turkey (U)

PARTICIPANTS:

The President
James A. Baker, Secretary of State
Richard Cheney, Secretary of Defense
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
James F. Dobbins, Jr., Principal Deputy Assistant Secretary of State for European and Canadian Affairs
Morton Abramowitz, Ambassador to Turkey
Robert L. Hutchings, Director for European Political Affairs, NSC Staff (Notetaker)

Turgut Ozal, President
Gunes Taner, State Minister for the Economy
Nuzhet Kandemir, Ambassador to the U.S.
Nabi Sensoy, Diplomatic Adviser to the President

DATE, TIME AND PLACE: January 18, 1990, 12:00 - 12:32pm EST
Oval Office (U)

The President: We are so glad to see you. You are among friends here. We have some contentious issues between us, but enormous common ground. Your adherence to the West is unshakable. Everywhere we look, there are changes underway. I would like to hear your views. (U)

President Ozal: I was here just over a year ago. We had lunch. I heartily supported your candidacy and prayed for your election. I thought you would be a very good President. The last year has proved that. Change is coming very fast; a rapid brain is required. I am sure you can do it. I especially admired your stand on Panama. (C)

The President: You were one of the few to support us. Thank you very much. (U)

President Ozal: I follow these events on CNN, but it comes seven hours later than here. (U)

The President: Does CNN carry subtitles in Turkish? (U)

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President Ozal: No. In this area -- and I have talked with our newspapers about it -- your media are the best. Ours must work harder. (U)

The Soviet Union is really in trouble, in light of this fast evolution in Eastern Europe. Gorbachev probably saw what was coming but didn't want to stop it. So he has just let it go. On the other side, our economic relations are good. Many Turkish people go to Moscow, and we have extended $650 million in credit. But they have big shortages. (C)

The President: What are your major exports? (U)

President Ozal: Foodstuffs, computers, and also consumer goods. (U)

Secretary Baker: Are these for hard currency? (C)

President Ozal: No, we get gas. (C)

Secretary Baker: On a barter basis? (C)

President Ozal: Not exactly. We get dollars, but we have a trade agreement whereby we must buy raw materials. It is hard to find finished goods. They also press us to have relations with the republics -- the Ukraine, Georgia, Azerbaijan, and also Armenia. With Armenia we also have a big border. But on Armenian problems with Azerbaijan, we don't want to get involved in Soviet internal affairs. We have only a small border with Azerbaijan. (C)

When I look around, the situation in Lebanon is still very bad. Syria and Iraq have problems. They closed the Euphrates Dam for one month, but the Syrians have a dam built by the Russians and don't let water into Iraq. I have talked with the Iraqis, who tell me this is only a temporary situation. The Iranian situation is not good, either. Iraq is still getting arms, including air-to-ground missiles with ranges of up to 1000 km. (S)

The President: Do you feel there has been a shift? Are the hardliners pushing Rafsanjani, diminishing his power? (S)

President Ozal: In the recent election, the hard-line faction won, but I analyzed the results and concluded there was a kind of agreement between the Rafsanjani faction and the hard-line faction. The problems will be less and less. I invited Rafsanjani to visit. The new Ambassador came to Turkey and for the first time visited Ataturk's mausoleum. There has been a change of attitude. In my opinion, we must have good relations with Iran. (S)

The President: I wish we could improve ours. I would welcome any suggestions, in confidence, but the price cannot be our leaning on Kuwait. If we do, we would put other Americans at risk all over the world. We are trying: we have moved on

financial problems and have worked some problems out, but we haven't sensed any reciprocity. (S)

President Ozal: We will be sending more of our ministers. Mr. Taner is going soon, and our foreign minister may go as well. Maybe some of theirs could come here. It could help. The Iranians want better relations, and they want educational opportunities in the U.S. On the other side, their economic minister, who was head of the Arab Bank, favors a market-type economy. The hard-liners may be increasing, but the balance has not shifted. Rafsanjani is a clever man. In the Balkans -- in Bulgaria and Romania -- there are also problems. (S)

The President: Because of continued resistance by the old guard? (S)

President Ozal: Who will fill the vacuum? There is much distance to cover in Romania and Bulgaria -- and also in Yugoslavia, Hungary, and Poland. In all of them, there is no private enterprise. We have had a similar experience, which may be relevant for them. But we had a democratic system and some private enterprise. It will take much more time. We should help them on the technical side. (S)

The President: That is the same approach we are trying to take -- the idea of helping develop the infrastructure of capitalism. We are thinking on the same wavelength. (S)

Secretary Baker: Mr. President, could you look at the political side? What are the prospects for free elections in Poland, Hungary, and Czechoslovakia? We hear talk in the GDR, Bulgaria, and Romania. Will they go forward? (S)

President Ozal: Yes, but not fast. When they say May, that is too early for the opposition. But if it is done, none of the Communist parties will have any majority. Maybe the GDR has it easier because of West Germany. Maybe Czechoslovakia is second. (S)

The President: How do you handle questions about German reunification? (S)

President Ozal: It is no problem for Turkey. No one could stop it. Economically, they will do it. (S)

The President: It is very emotional. We have tried to be restrained. NATO has a position, but we don't want to appear to be pushing it. (S)

President Ozal: Let them do it. I have a story that shows the difference between a socialist and a market system. Forty years ago there was a big laboratory test. In Germany, there was one socialist system and one market system, and they put a wall between them. Then they took down the wall after forty years. What happened? It was not the people, but the system. (S)

The President: Do you worry about the border question -- the Polish border? (S)

President Ozal: No. With the economic system, a liberal constitution, and a democratic system, they will handle it better than in the past. The Germans in Poland may leave for Germany, and probably Germany will take them. (S)

The President: Another question: if one of the Baltic states pushed for immediate release, would Gorbachev let it go? I'm thinking of Lithuania. (S)

President Ozal: Gorbachev is in trouble. He is famous outside, but he has a low rating inside. He is begging Lithuania not to do it. Some day it will happen, but not now. The objective that would be advisable for him is to consider the Russian-speaking group as a unit -- Russia, the Ukraine, and Byelorussia. The others should have more independence, but they are not viable states. (S)

Secretary Baker: What happens to you if, for example, they cut loose Azerbaijan and Armenia? Would that mean a big war? (S)

President Ozal: It is Soviet business to make sure there is no war between them. But those states are not viable. We have quite a few people -- contractors and others -- in the Soviet Union. They are amazed. They said they would let the factory managers decide, but they are used to getting Gosplan orders and don't know what to do. It is not easy. We must help. So for Turkey, the Soviet Union has problems, our southern brothers have problems. To the west, Greece is going now to its third election. Only Turkey is an island of stability. (S)

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Turgut Ozal of Turkey (U)

PARTICIPANTS:

The President
The Vice President
James A. Baker, Secretary of State
Richard Cheney, Secretary of Defense
Robert Mosbacher, Secretary of Commerce
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Carla Hills, U.S. Trade Representative
James F. Dobbins, Jr., Principal Deputy Assistant Secretary of State for European and Canadian Affairs
Morton Abramowitz, Ambassador to Turkey
Robert L. Hutchings, Director for European Political Affairs, NSC Staff (Notetaker)

Turgut Ozal, President
Gunes Taner, State Minister for the Economy
Nuzhet Kandemir, Ambassador
Nabi Sensoy, Diplomatic Adviser to the President
Kaya Toperi, Presidential Press Spokesman
Can Pulak, Adviser to the President

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PER E.O. 13526
2012-1427-MR
MM 10/3/2016

DATE, TIME AND PLACE: January 18, 1990, 12:45 - 1:45pm EST
Old Family Dining Room

After their Oval Office meeting, the President and President Ozal continued their discussion over lunch in the Old Family Dining Room. (U)

The President: We were talking about the Middle East. We can't seem to move the talks forward, though Jim Baker is working hard. The Israelis are somewhat suspicious; so are the Palestinians. But we have a formula that we hope will work. (C)

President Ozal: How did the talks with [Egyptian Foreign Minister] Meguid go? (S)

Secretary Baker: We had some talks on the peace process. I am encouraged by what the Egyptians had to say on that. I met Rabin this morning. He was encouraged, but not yet ready for the next step of a foreign ministers' conference. I believe we can get them together if the parties concentrate on substance rather than symbols. I believe maybe the Egyptians can agree. I was pessimistic two weeks ago. Now I don't know, but I hope we can move forward. (S)

The President: We are continuing to work. If we get Palestinians and Israelis sitting down together, that's half the battle. (C)

President Ozal: Are there problems with the composition of the Palestinian delegation? (C)

Secretary Baker: It's a matter of symbols. The PLO says it must choose the delegation; Israel says no. Issues concerning the agenda can be solved. (C)

The President: You mentioned Gadhafi. You have insights into Libyan thinking. Has he moderated? Or is he just laying low? (S)

President Ozal: It is difficult to establish. We look at his deeds, not his words. His main problem is to create a nation from a tribal community. It is not easy. After the bombing, he is very much afraid. He also has troubles because of the embargo. He wants to solve the situation. (S)

The President: We had a long talk with Mubarak, who has had a rather visible renewal of his dialogue with Gadhafi. We're still wary. (S)

President Ozal: Mubarak said Gadhafi is crazy. After Gadhafi, there will be prospects for better relations with Egypt, but Mubarak doesn't have much confidence in him. (S)

The President: I agree. We're trying. Remember the chemical plant? (S)

President Ozal: You should worry more about Iraq -- not only its chemical but also its nuclear weapons. (S)

The President: How are your relations with Iraq? Saddam Hussein is an arrogant man, but he gets more humble when he needs GCC help. (S)

Ambassador Kandemir: I lived with him for four years. He cooperates when he is in difficulty, but once he is strong he reverts to his old ways. (S)

The President: Didn't his son get into some trouble? (S)

General Scowcroft: He killed a security man. (S)

The President: We haven't talked about the common defense, about NATO. (C)

President Ozal: We continue with you on CFE. One thing: we have older equipment than Europe. Instead of destroying this equipment, send it to us, and we'll destroy ours. Then we could have M-60 tanks instead of M-48s. This is needed, because our area is really in trouble. (S)

Secretary Cheney: This is the cascading arrangement, whereby we can pass on this equipment. We will have a meeting with General Galvin, SACEUR, on February 9 to begin specifying equipment. Then a DoD delegation will go Turkey in early March to talk about what can be provided under the Southern Region Amendment. (S)

The President: CFE I envisions going down to 275,000. But everyone evaluates political change in Eastern Europe leading to a cascade of movement to reduce their own forces and disinvite the Soviets. We have said that the U.S. presence is important. What do you think? What is the spirit and mood in Turkey regarding U.S. forces, and the level of U.S. forces? How will the Germans and others respond? (S)

President Ozal: As I said in Tokyo, the Soviet Union wants money for its economy. NATO's strength brought the Soviet Union to this point. NATO should remain. Let's wait and not take chances. Your presence in Europe should continue. Eastern Europe in one year will have a different shape. The Bulgarians may go together with the Soviet Union or separately. I'm not sure. (C)

Secretary Baker: What do you mean? Wasn't the Bulgarian Government trying to deal with the problem of the Turkish minority? (C)

President Ozal: Mladenov and company are all Communists. It's not like Poland or Hungary. They are hard-liners. (C)

Secretary Baker: But they were forced to abolish the Communist Party's monopoly of power. (C)

President Ozal: They will probably have free elections. The Turkish Moslem minority will be an important factor. (C)

Secretary Baker: What is the most effective opposition group in Bulgaria? (C)

President Ozal: I don't know. It is not like Poland, Czechoslovakia, or Hungary. They have had a big [Roundtable] meeting, but it requires time. (C)

Ambassador Kandemir: The Turkish minority is 2 million strong. (C)

The President: Will the East Europeans insist that Soviet troops rapidly withdraw? Will it be unilaterally or with the U.S.? (S)

President Ozal: The Soviets will want reciprocity. (S)

The President: Yes. The East Europeans are indicating they want the troops out. (S)

President Ozal: It could happen. I don't know. (C)

The President: We would not be surprised at a Soviet offer below 275,000. (S)

President Ozal: Maybe so. But they want to see your presence continue. There is no more talk about NATO and the Warsaw Pact disbanding. (C)

The President: They didn't raise that at Malta. (S)

General Scowcroft: No. They said both should evolve toward political-military organizations. (S)

The President: Could the Armenian-Azerbaijan situation get out of control? Would the Soviets interfere to try to stabilize the situation? (S)

President Ozal: They will be able to do so. (C)

The Vice President: Will they use the maximum that is needed? (S)

President Ozal: I think so. Otherwise, they will have problems in other republics. (S)

The President: How would you react? (S)

President Ozal: It is an internal matter. (S)

Secretary Cheney: Mr. President, there has been an influx of refugees from Armenia and Azerbaijan. (C)

President Ozal: It is a little problem. There is no bridge on the river between us and Azerbaijan. (C)

The President: The press asked us another question. On Cyprus, we have backed the UN Secretary General's efforts. What about getting Denktash to go to the talks [in February] and staying? (C)

President Ozal: Let me give you my candid opinion. After Berlin, people asked me why there is still a wall in Cyprus. This is an illusion. It is not the same situation. They are not the same people. There is no common language, no common religion. And there is also distrust. Let me mention some history. During the British occupation, Greeks were second-class citizens, but Turks were third-class. Then in 1974 Turkey intervened. There was lots of killing on the island. There were two communities, 30 percent Turkish and 70 percent Greek. The President was Greek and the Vice President, Turkish. It did not work. It simply meant Greek supremacy. We proposed a solution, which the Greeks did not accept. Then the Turks moved to the north of the island, leaving the Greeks on the south. (C)

I think there is a solution -- a federation -- but it will be a difficult one. If it is not done right, there is a danger of war not only on Cyprus, but between Greece and Turkey. So there

should be a federation -- bizonal, bicommunal, with equal rights. Greeks would be on one side, and Turks on the other. There would be one federal government but two states. But if people recognize the only power in government as belonging to the Greeks, no one will care about the Turks. With the embargo imposed by the Greeks, all the benefits go to the Greek side. We help the Turkish population. But the Turkish Cypriots have become a nation, and our influence is diminishing. (C)

As to these talks, Cuellar announced the dates without consulting Denktash. We can consult with Denktash and urge him to meet in February, probably the last week in February, in New York. (C)

Secretary Baker: Will you tell the UN Secretary General that? (C)

President Ozal: Yes. One other thing: the Greeks are well armed. If we pull out, the Greeks take over. We don't want the annexation of the island to Greece. We would like a federal state. That is our wish. If we don't do this carefully, there is a real danger. We support Denktash. He's the only man to convince his people. (C)

Secretary Baker: That's why I think it so important that he go to New York and stay for the length of time needed to get an agreement. Otherwise,.... (C)

President Ozal: I agree with you. But he has the feeling that things are done without consulting. Vassiliou considers himself the President of "all Cyprus," but he is not really. He must give some input to Denktash. (C)

The President: Don't you find Vassiliou more reasonable than his predecessors? (C)

President Ozal: I met Vassiliou. He's a businessman. I didn't know him, but in Japan, at the Emperor's funeral, he came to me. But he doesn't give an inch. He's a good salesman. (C)

I talked today with Senator Dole and explained to him how Turkey feels about his Armenian resolution. (C)

The President: Did you make progress? (C)

President Ozal: I don't know. (C)

General Scowcroft: He called me and said that President Ozal made his position very clear. (C)

The President: What about Dole's position? (C)

General Scowcroft: He said he explained it the President Ozal. (C)

President Ozal: He said he was a good friend of Turkey. (C)

The President: We're trying hard to get the situation ameliorated, but it is very difficult. (C)

President Ozal: I told Senator Dole this is an issue on which Turks are single-minded and entirely united. Therefore it will have a very bad effect if the resolution passes. Second, I told him, "You are not from California." Third, I said that we have our own problem in Armenia. It's not the right time. Why put Turkey in the middle? During the Republican election, he asked that the Ottoman Archives be opened. I ordered them opened. (C)

The President: You mentioned this to Dole? (C)

General Scowcroft: Yes. He hadn't realized this. (C)

The President: Someone told me Dole's life was saved by an Armenian and that they are very close. (C)

The Vice President: Yes. An Armenian doctor saved his life. Let me just mention that "sense of the Congress" resolutions are passed all the time. I don't want to trivialize the issue, but these are very common. (C)

President Ozal: The publicity has grown too big now. (C)

The President: Let me understand why the Dole resolution would make the situation more difficult in Armenia itself and Azerbaijan. It is just a resolution of Congress. (C)

President Ozal: We have no relations with Azerbaijan, except that we are from the same race. (C)

Ambassador Abramowitz: Let me give a different answer, from the Soviet perspective. Given the hostility between the two republics, the resolution will be seen as a boon to independence for their own nationalities. It would have a major impact. It is not a simple resolution. It would have an extraordinary impact. (S)

The President: The Soviet hierarchy would see it as interference? (S)

Ambassador Abramowitz: Yes. We were informed by the Soviets that they would raise the issue at Malta. (S)

The President: I don't think it came up. (U)

General Scowcroft: No. (U)

Ambassador Abramowitz: From the Soviet angle, there is this concern. (C)

The President: This is a new ingredient, not part of the debate so far. (C)

President Ozal: Television news shows fighting between Armenians

and Azeris. Now Armenians are likening Azeri actions to what the Turks did. (C)

Ambassador Kandemir: They would take this resolution as justification for terrorism and territorial claims. They would use the Armenian resolution to claim the 1921 border is not valid. They will go to the European Parliament and introduce a resolution, which seems innocent but is not. (C)

Minister Taner: It is a time bomb. (C)

President Ozal: President Bush, I am your friend. If there is any way to solve this, I will tell you. There is no solution except defeat of the resolution. Ours is a proud nation and a good friend of the United States. But after the Johnson letter of 1964, it took twenty years to repair the damage. And it was a much simpler matter than the Dole resolution. (C)

Secretary Baker: What is the source of financing for Armenian Turkish terrorism? (C)

President Ozal: It comes from everywhere, like the IRA. A last item: helicopters, which could be provided under the Southern Region Amendment. These would be useful for our ground forces. (C)

The President: Dick Cheney will look into that. (Ozal hands notes to Secretary Cheney.) We didn't give our trade people a chance to talk. (C)

President Ozal: We have our trade people coming. We would be very appreciative for your consideration. Turkey wants open trade, but we want help, especially with our textile exports. (C)

-- End of Conversation --

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
08. Memcon	Re: Meeting with Foreign Minister Esmat Abd el-Meguid of Egypt (5 pp.)	1/19/90	(b)(1)	S

Collection:

Document Partially Declassified
(Copy of Document Follows)
By CSL (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 1/11/90 - 2/21/90

Date Closed:	1/26/2009	**OA/ID Number:**	91107-007
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(138)	**MR Case #:**	
AR Disposition:	Released in Part	**MR Disposition:**	
AR Disposition Date:	8/21/2009	**MR Disposition Date:**	

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THE WHITE HOUSE

WASHINGTON

Not U.S.

138

MEMCON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Foreign Minister Esmat Abd el-Meguid of Egypt (U)

PARTICIPANTS:
Brent Scowcroft, Assistant to the President for National Security Affairs
Richard N. Haass, Senior Director for Near East and South Asian Affairs, NSC staff
C. David Welch, Director for Near East and South Asian Affairs, NSC staff (Notetaker)

Esmat abd el-Meguid, Egyptian Foreign Minister
Abd el-Raouf El-Reedy, Egyptian Ambassador to the U.S.
Osama el-Baz, Presidential Advisor
Ahmed Abu el-Ghait, Chef de Cabinet to the Foreign Minister

DATE, TIME AND PLACE: January 19, 1990, 9:30 a.m. - 10:05 a.m.
General Scowcroft's Office

Foreign Minister Meguid: We had a good meeting yesterday afternoon with the IMF. The call from (Secretary) Brady was very effective. We detected a good feeling there, and I think their response was positive. We had a one-and-a-half hour talk. There is a Bank (IBRD) mission to Cairo which should finish its work at the end of the month; I will see Barber Conable today to discuss the mission. The Bank has presented a very positive report on the economy and our reform package. The IMF will consider the report from the Bank, and then send a mission to start drafting the standby agreement. I think Camdessus is receptive to our proposals on the exchange rate, the interest rate, and liberalization of the economy. Liberalization is now firmly part of our government policy. In fact, our team here includes a member of our private sector. If the private sector moves, it will solve a lot of problems. We are very pleased with (Secretary) Baker's intervention. I reported in full on this to President Mubarak this morning and he is very pleased. ~~(S)~~

General Scowcroft: It is important to explain to Brady today what you are doing in detail. He has the banker's perspective to this, one that we lack. He needs to know how far you have come. We can explain the political part. ~~(S)~~

Dr. el-Baz: I agree -- he needs to know the technical points. ~~(S)~~

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2000-0429-F

Foreign Minister Meguid: Our economist, Dr. Obeid, will be with us to explain, while Dr. Kamel, the private sector representative, can give the perspective of the private sector. ~~(S)~~

General Scowcroft: Brady is our normal contact with Camdessus. Our view is that any agreement should be the most you can do economically that is sustainable politically. ~~(S)~~

Foreign Minister Meguid: Yes, the social and political impact must be considered. ~~(S)~~

General Scowcroft: I have talked to Jim Baker and I must say that I am encouraged by what I've heard on the peace process. I was discouraged before -- there was a real danger of going on and on talking with no results. ~~(S)~~

Dr. el-Baz: Which would have meant a loss of momentum. (S)

General Scowcroft: Perhaps you can give me a sense of the PLO politics in all of this right now. ~~(S)~~

Foreign Minister Meguid: Arafat was in Cairo for talks with the President, Osama (el-Baz), and myself. The PLO is ready to produce a list of Palestinians but is afraid of the divisions inside the organization. So we came up with the idea of a list of criteria. I think we have an agreement on this list based on a meeting between Dennis Ross and Osama el-Baz: ~~(S)~~

-- the delegation would be composed of insiders and outsiders and East Jerusalemites; ~~(S)~~

-- it would include only persons involved in political action; and, ~~(S)~~

-- there would be no eminent PLO personalities. ~~(S)~~

If we apply these criteria we could get names and I think Arafat is ready. In our next talks with them we will ask for a few names. ~~(S)~~

Dr. el-Baz: These would be "samples." ~~(S)~~

Foreign Minister Meguid: On the agenda, you have had the idea of handling it through an opening statement. Second, in interpreting the negotiating process, you could say that the Egyptian 10 points are part of it. Regarding the process itself, the two phases should be interlocked. The Palestinians want assurance on that point. If there is a common ground, then progress can be made. The assurances the Palestinians are asking for are ones that the United States has made publicly before, for example the four points that were in the Mubarak departure statement and your views on settlements. This would help Arafat

move ahead. He has in front of him very strong forces who are not involved in the peace process; there are great differences inside the organization. Some actions by the United States have embarrassed Arafat. The cut in your contribution to UNRWA -- about $18 million -- affects people inside the Occupied Territories and you have traditionally supported UNRWA. (I realize that your cutbacks are across the board, but that did not lessen their impact on Palestinians). Second, there is the decline in the contribution to the FAO, even after we were successful in changing any reference to a Palestinian state along the lines the PLO wanted. Food aid will be cut, so your reduction was very basic. Third, you criticized the USSR when it raised the status of the PLO office to an embassy, to balance raising the level of the Israeli office. Arafat said that he was embarrassed by these steps. We are your friends so we tell you this honestly. ~~(S)~~

Dr. Haass: What we have done publicly should not come as any surprise to the PLO; it is entirely consistent with what we have told them privately in Tunis, before we acted. ~~(S)~~

Foreign Minister Meguid: We tell you this as friends. You have a point; but then so do they. We will now go back to the Palestinians and try to get the tripartite ministerial organized; that would lead to the dialogue in Cairo. We want to keep momentum. Baker is trying very hard. ~~(S)~~

General Scowcroft: How is your relationship with Syria developing? ~~(S)~~

Foreign Minister Meguid: It is coming along. Syria has many problems. Asad is intelligent and shrewd and he is trying to come out of his isolation. If this is a step for moderation, then we should welcome it. The situation in Lebanon is worrying us. We have nothing against General Aoun; on the contrary, we initially supported him. But now, with the President in power and the legitimacy of the republic restored, Aoun should come out in a quiet, face-saving manner. Syrian withdrawal is a legitimate issue, and Aoun is not alone in demanding this. Progress should be made for Syrian withdrawal. ~~(S)~~

General Scowcroft: Do you think Syria is ready to leave? ~~(S)~~

Foreign Minister Meguid: I don't know; the foreign ministers of the Arab League Tripartite Committee are working on this. ~~(S)~~

General Scowcroft: That would be helpful. The situation has been very tense. A few weeks ago, I thought Syria was on the verge of moving militarily. ~~(S)~~

Foreign Minister Meguid: I would also like to mention Libya. We are watching the situation there very closely, without much illusions. There are no diplomatic relations between us -- no office even -- and we are not running after them. Qadhafi is careful now, because he is concerned to keep his relations with

Mubarak and Egypt. But we can never be sure. Our influence on him is for good behavior, but we cannot be responsible for his good behavior. (S)

General Scowcroft: We do not have a high level of trust in him. I have seen some disturbing reports recently of progress at Rabta. (S)

Foreign Minister Meguid: We should stay in touch on this [redacted] (b)(1) We may be able to help. (S)

General Scowcroft: We want to communicate to Libya our extreme concern about this plant; it is intolerable. (S)

Foreign Minister Meguid: The situations in Sudan and Ethiopia are worrying us. Both places are vital to Egypt; we want stability and peace there. In Sudan, we are trying to convince the parties to come to Cairo for talks. In Ethiopia, there are rumors regarding Israeli involvement, including in some Nile projects. We communicated with Israel and they denied the reports. They should not do these sorts of things. There is also an interest in the issue by Egypt's Parliament. There are huge problems in Ethiopia, with serious internal divisions. Mengistu may not survive. (S)

Dr. el-Baz: They are doing very badly; indeed, it is lousy. (S)

Foreign Minister Meguid: Early on, Mengistu had such confidence; but suddenly there was a coup attempt while he was in Berlin. We want stability in Ethiopia but the news is very disturbing so far. (S)

General Scowcroft: We have no other information to add to yours. I agree Mengistu's situation is precarious. The assessment is pessimistic that he will have the military ability to hold off an assault. (S)

Foreign Minister Meguid: Have you raised with Israel what they are doing? (S)

General Scowcroft: Yes. Their verbal reaction was positive. (S)

Foreign Minister Meguid: Verbal -- I like that word. I will speak to Arens and Peres. We hope they are not tempted. (S)

General Scowcroft: Israel's association with certain kinds of regimes hurts them. (S)

Dr. el-Baz: What about Gorbachev's position? Also, what is your readout of the Rabin talks? (S)

General Scowcroft: On Gorbachev, his problems are very serious and not improving. We don't think he is in personal danger right now, but if secession really happens it is hard to predict what

action the Central Committee will take. We think they are prepared to at least let Lithuania go. I think Gorbachev does not understand the force of nationalism very well; as a central Russian, he has had little exposure to it during his life. The situation is the south -- Armenia and Azerbaijan -- is less dangerous to him because it is internal, and not directed against Moscow. Overall, the economic situation is not improving. His latest steps seem backward, not forward. ~~(S)~~

Foreign Minister Meguid: I have met him. He is an impressive man. He was quite worried in our talk about fundamentalism. He underestimated the problem of nationalities. ~~(S)~~

General Scowcroft: For many years, the Soviets denied anything other than cultural nationalism. Remember Gorbachev was raised in central Russia. ~~(S)~~

Dr. el-Baz: He is perhaps overly self-confident. He runs too fast. ~~(S)~~

General Scowcroft: We are doing what we can, but there is not much we can do. ~~(S)~~

Dr. el-Baz: The economic problem is mammoth; not even you can help. ~~(S)~~

Foreign Minister Meguid: I saw George Kennan on TV, testifying. He was very cautious, appropriately so. ~~(S)~~

General Scowcroft: I think he's right. On Rabin, I would say that it was satisfactory and unspectacular. ~~(S)~~

Dr. Haass: Rabin is creative, perhaps the most creative man in the Israeli Government. He gave ideas for how to move things. The question is whether those ideas are enough for the Palestinians to move but not too much for Israelis at home. The combination of Rabin's visit and your meetings was very good. We have moved a few millimeters ahead, and that's not bad for the Middle East. ~~(S)~~

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09. Memcon	Re: Private Meeting with President Saleh of Yemen (3 pp.)	1/24/90	(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 1/11/90 - 2/21/90

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

Date Closed:	1/26/2009	**OA/ID Number:**	91107-007
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(139)	**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]
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(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

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MEMCON

MEMORANDUM OF CONVERSATION

SUBJECT: Private Meeting with President Saleh of Yemen (U)

PARTICIPANTS: The President
Sandra Charles, NSC, (Notetaker)
Shuckran Kamal (Interpreter)

President Saleh
Director al-Anisi (Notetaker)
Mr. Mohammad Sodam (Interpreter)

DATE, TIME AND PLACE: January 24, 1990, 10:45 a.m. - 11:00 a.m.
The Oval Office

The President: If you would like we can take a few minutes for a private discussion unless you would like to proceed into the larger meeting. And we can also talk privately later this evening in the residence before dinner. (U)

President Saleh: I would like to have a few minutes in private. (U)

The President: I did have one thing I wanted to mention to you. I know it is sensitive. I wanted to thank you personally for the role you played in enabling an American delegation to visit the Jewish community in Yemen. I am deeply impressed with the cooperation your government has given to Jewish Americans who have opened new ties with Jewish Yemenis. (b) (1)

(b) (1)

(b) (1) As I said, I know this is a sensitive subject, and that is why I'd rather talk here about it and thank you. (S)

President Saleh: We have no objection whatsoever to an American person who is Jewish who comes to Yemen so long as they are not Israeli citizens. We cannot admit Jews with Israeli passports since we are in a state of war with Israel. (S)

The President: As you said out there, if we can get a peace agreement, then perhaps that would change things. (S)

President Saleh: Do you have any another points? (U)

The President: No. I can make the others in front of everyone. (U)

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OEI 8/12/2009
2000-0429-F

President Saleh: I have two points. First, a point on Yemen unity. This is unity between one people, one people that have been divided by imperialism. This is behind our effort at reunification. I would like to ask you because you have good relations with your own neighbors. We see reunification as a factor for stability and security, but some of our neighbors... (S)

The President: (b)(1) (S)

President Saleh: Yes. (U)

The President: (b)(1) (b)(1) I understand why you want unity. We need to work together to be sure no country sees this as a threat. It probably is because of South Yemen's past radicalism. If you can help moderate them, and if unity results in Saleh's views, your views as you expressed them out there, then we would view that favorably. (S)

President Saleh: (b)(1) (b)(1) Communism is falling, the Warsaw Pact is falling; we are persuading the communists in South Yemen to become moderate. (S)

The President: Would you be uncomfortable if we were to discuss this in the bigger meeting? I would like some of my top advisors to hear this. (U)

President Saleh: No problem. I had one other point on U.S. aid. I would like to request that wheat and grain be increased and provided on favorable terms, similar to those Algeria and Egypt receive. Also, we would like your help with the World Bank on loans with 10-15 year terms, like Egypt. (S)

The President: Will you be seeing my Treasury Secretary? If not, you should mention this to Secretary Baker and my Chief of Staff. (S)

President Saleh: There are good prospects for more oil discoveries. Which is why reunification is a must and solidarity in both Yemens is a must. It is not in the interests of the United States to put all your eggs in one basket. I remember your speech in Mareb where you noted that this area is full of disturbances, and you are getting oil out of the Red Sea. (S)

The President: (b)(1) I believe I am correct on this. (S)

President Saleh: (b)(1) (b)(1) that reunification will be a source of stability and peace. With it, border problems can be solved. (b)(1) (b)(1) (S)

Ms. Charles: | (b) (1)

(b) (1)

President Saleh: I am keeping them informed one step at a time. I call every two or three days to talk with them. (U)

The President: Shall we continue this discussion in the larger meeting? It's in the Cabinet Room. (U)

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10. Memcon	Re: Plenary Meeting with President Saleh of Yemen (5 pp.)	1/24/90	(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 1/11/90 - 2/21/90

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

Date Closed:	1/26/2009	**OA/ID Number:**	91107-007
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(140)	**MR Case #:**	
AR Disposition:	Released in Part	**MR Disposition:**	
AR Disposition Date:	8/21/2009	**MR Disposition Date:**	

RESTRICTION CODES

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(b)(9) Release would disclose geological or geophysical information

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MEMORANDUM OF CONVERSATION

SUBJECT: Plenary Meeting with President Saleh of Yemen

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Richard B. Cheney, Secretary of Defense
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Charles Dunbar, U.S. Ambassador to Yemen
Mark Edelman, Acting AID Administrator
John Kelly, Assistant Secretary of State, Near East Affairs
Sandra Charles, NSC (Notetaker)
Shuckran Kamal (Interpreter)

President Ali Abdallah Saleh
Abd al-Karim al-Iryani, Deputy Prime Minister and Foreign Minister
Muhammad Said al-Attar, Deputy Prime Minister, Minister of Development, and Chairman of Central Planning Organization
Yahya Muhammad al-Mutawakkil, Member of consultative Council
Ahmad Ali al-Muhanni, Minister of Petroleum and Mineral Resources
Yahya Hussein al-Arashi, Minister of State for the Affairs of Yemen Unity
Ali al-Anisi, Director of President's Office
Mohsin Alaini, Ambassador to the United States
Mohammad Sodam, Interpreter

DATE, TIME AND PLACE: January 24, 1990, 11:00 a.m. - 11:30 a.m.
The Cabinet Room

The President: As I look across the table, I feel I am truly among friends. With your permission, I would like to make a few comments and then turn to you for any subjects you would like to discuss. You will have meetings with my top officials; lunch with Secretary Baker, a meeting with Secretary Cheney. Tonight before dinner we will have a chance to discuss the unfinished agenda privately in the residence. (U)

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CJL 8/21/09
2000-0429-F

In the Oval Office, we had a chance to discuss your unity proposal with South Yemen and the sensitivities in the area on this subject. Our side would be interested in hearing your views. We've had problems with South Yemen. There are restrictions on U.S. support to PDRY. I'm anxious to know your views on how South Yemen will behave in the world, both as part of the unity arrangement and separately. (U)

We agree there is a declining Soviet role in the region. I think this is good. And it takes the pressure off your bigger neighbors. I am interested in your development of your petroleum resources. You have a wonderful reputation for your credibility and reliability. That is still very much intact. (U)

On the Soviet Union, we have important relations with Gorbachev and approve of what he is doing. Countries both large and small have a stake in seeing perestroika succeed and glasnost continue. We are at an historic period; and if we continue moving ourselves in the right direction, we might have a safe world for our children. We are working with Gorbachev on regional and global questions. I wanted you to hear this from me. We still have some differences on the Middle East and Afghanistan. We welcome your thoughts on this. The input of those who understand the complexities of Afghanistan is always helpful. I am proud of our relationship. And now I'll turn the floor over to you. (U)

President Saleh: Thank you, Mr. President. From our meeting in Sanaa, you know I speak frankly. I spoke here even more frankly because I know America is a country based on freedom and democracy. And because I know Americans like frankness. (U)

The President: That's right. (U)

President Saleh: When we talked before it was of the first, second and third world. Now there is only one world. I hope the third world will be remembered and not forgotten. Mainly we are from underdeveloped countries. (U)

I would like to respond by thanking you and expressing our gratitude for the reception from you and members of your Administration. I would like to reconfirm what I said that Yemeni unity will be a factor for stability and security in the whole region. As we spoke before, I want to reconfirm that our friends should help in the interest of unity. We will be responsible for resolving any issues with neighboring countries. All Yemenis are grateful to and respect the Saudis, especially King Fahd. I want to reconfirm this. ~~(S)~~

Our bilateral relations between our two countries are strong, but we would like the United States to help us in meeting our security and economic needs since our imports are little, money from our workers abroad is small, and we have a growing population. ~~(S)~~

We want to be treated in the field of wheat and agricultural commodities in the same way you treat Algeria and Egypt. Also on poultry feed. We hope the U.S. Administration will mediate with the World Bank to give us loans and facilities, mainly for important strategic projects. ~~(S)~~

I would like to confirm that there is no problem between us and our brothers in the South. We will be responsible to solve any problems that occur. We bear the responsibility for practicing freedom, democracy and democratic means. We have done everything to get South Yemen to stop acting contrary to its interest in relations with us, including terrorism. They are not in the same mode as five years ago. Then there were distinct issues between us and our brothers in the South. I think they understood and such practices have stopped. ~~(S)~~

The President: As I told the President in the Oval Office, it is not just us but other countries in the region that also need to be reassured. No country sees unity as a threat or would dispute the need to reunite a divided people. But there are some concerns as we discussed in the Oval Office. ~~(S)~~

President Saleh: The concern of our neighbors about unity and the behavior of the South is more political than a real concern about terrorism because such behavior is not going on. Ideologically our neighbors are worried about the effect on their security unity will have, and the difficulties it will create for their security. But we will never pose any threat to our neighbors. ~~(S)~~

The President: On that subject, I'd like to ask a question. [redacted] (b)(1) Is there any reason to believe that Oman is concerned? ~~(S)~~

President Saleh: No. They are not overly concerned nor have they expressed any concerns to us. Oman is concerned about its borders with PDRY. And whether it is the PDRY border with Saudi Arabia or Oman, that is the issue. As long as we are separate, it will be difficult to discuss border issues. With unity we can. Oman is only concerned with its border. ~~(S)~~

We hope our bilateral and technical cooperation will expand. Our neighbors expect a lot from this visit. We hope the results are as good as their expectations. It is up to you. American companies will come to Yemen and we guarantee benefits and profits for all. Our relations are excellent. We have no problems. No issue we have is a serious problem. We prefer to discuss serious problems between four walls and not outside. ~~(S)~~

If we want real peace in the Middle East, the United States is the most capable of convincing Israel to accept international resolutions and resolution of this problem in a fair and equitable way. The issue is one of human rights for people in the occupied territories. Your country advanced this principle.

We hoped and hope your discussions with the PLO in Tunis would develop into a wider discussion. That more understanding would develop with the Palestinians, PLO and the United States to understand the problems. That is why it is important to broaden the dialogue. You must listen to all sides, not just one. You are a superpower and therefore you must listen to both big and small. That is the best way to hear everyone. It is important to accept the role of the Palestinians, and once people agree, all should talk. They are human beings after all. All should talk together. No one has the right to live and the other not. I hope your Administration will work hard to realize the roots of the problem. We also are concerned about U.S. attacks on international organizations for accepting the PLO. ~~(S)~~

The President: I think we have some differences on the PLO. But we have no differences in terms of our desire to facilitate talks toward peace on the West Bank. Jim Baker will brief you in more detail on what we are trying to do with President Mubarak and sometimes with cooperation on the Israeli side on the peace plan. I listened to your remarks on the lawn. They were very frank. We hope to make improvements. The PLO has taken steps -- important steps in my view -- that permitted direct talks with us. Those talks will continue, even though there is pressure not to continue them. Jim will review at lunch the status of our effort as mediators to get talks started. We must get talks going in order to get a breakthrough. We do not intend to pull back. We want to help. We are trying to be sensitive to both sides, not just Israel. ~~(S)~~

President Saleh: We will discuss this in detail with Secretary Baker. If there is anything left, we can talk tonight. On Afghanistan, we feel that if the people were left alone without interference and no support to one side or the other, that will be the only way for Afghans to sit together. So long as there are outside forces, it will be difficult to resolve. There are anti-American elements involved in the problem working behind your back. ~~(S)~~

The President: We were pleased when the Soviet troops got out and thought that Najib would not last long after that, but he survived. If he leaves, there would be an instant solution. One that is not imposed. Elements can then get together, but it is hard to do that with him still in power. ~~(S)~~

President Saleh: I discussed this with President Zia right before his death. At that time Zia said maybe people calculated wrong. Predictions of a Soviet pullout were right; and once the Soviets leave, the Afghans should be left alone to solve their problems. Others calculated the problems wouldn't be solved. The problem then became the issue of the head of state. While people don't necessarily see the good in him, when they see someone attempt to remove him, instinctively they gather around him. Zia's instincts were good. ~~(S)~~

The President: The Soviets find it hard to say he must go. We welcome any suggestions. They say we should stop cooperating with the Mujahedin but as long as they are supplying Najib, then the freedom fighters should not be let down and deserted. ~~(S)~~

President Saleh: You and Gorbachev can develop a deal on Afghanistan. You need to persuade him so the Afghan people can be left alone to decide. ~~(S)~~

The President: Jim has tried with Shevardnadze and we tried in Malta. We'll keep working on it. You meet again on the seventh? ~~(S)~~

Secretary Baker: Right. ~~(S)~~

President Saleh: Well, I don't want to take too long. I know you are busy. (U)

The President: Actually, we're right on schedule. We'll follow up on the poultry feed as we discussed here and privately. John? (U)

John Kelly: Sir, $5M in additional poultry feed was released by Agriculture. (U)

The President: Good. We'll talk more tonight. (U)

Confirmed Pres Mtg
w/ Collor of Brazil
on Jan. 26th

No MemCon

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Douglas Hurd, Foreign Secretary of the United Kingdom (U)

PARTICIPANTS:
The President
James A. Baker, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert D. Blackwill, Special Assistant to the President for National Security Affairs (Notetaker)
Raymond Seitz, Assistant Secretary of State for European and Canadian Affairs

Douglas Hurd, Foreign Secretary
Sir Antony Acland, Ambassador to the U.S.
Sir Patrick Wright, FCO Permanent Undersecretary
Stephen Wall, Private Secretary to the Foreign Secretary

DATE, TIME AND PLACE: January 29, 1990, 3:05 - 3:40 pm EST
The Oval Office

The President: Jim Baker has filled me in on some of your discussions. The floor is yours. (C)

Secretary Hurd: During lunch at Chequers, I talked to the Prime Minister. Your CFE manpower idea was an important part of the conversation. (C)

The President: Here is our view. There is so much change in Eastern Europe. We should seize the opportunity to make things better for the world. How do you facilitate change in Europe? Without asking anyone in NATO to manage my domestic political problems, I do have to manage this country. That is what I am trying to do with this new CFE manpower idea. It is complicated. But I am glad we are wrestling with the problem. (C)

Secretary Hurd: I question how firm a floor this 195,000 figure is likely to be. I discussed this with Jim Baker. We need to work these things through together. (C)

The President: We should have discussions. Perhaps we should talk about hypothetical challenges. What do we do if the Soviets announce total withdrawal from Eastern Europe? The world has changed in a dramatic way since the NATO May summit. ~~DECLASSIFIED~~

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there could be a reversal in the Soviet Union. We need intimate discussions between our two governments. (Ø)

Secretary Hurd: We also need to talk about issues like: how does the military strength envisioned in CFE relate to NATO military doctrine? (Ø)

The President: And about whether NATO military doctrine needs to be changed. (Ø)

Secretary Hurd: Do you think your new figure of 195,000 will hold? (Ø)

The President: I don't know, but it is our intention to stick with it. The Congress may want to have a different figure because they think peace is at hand. But having a level that we can defend is our best approach. (Ø)

Secretary Baker: We have had substantial discussions on the Hill about our domestic bases, and Congress will try to keep those bases open at the expense of the troops in Europe. (Ø)

The President: But, at the same time, we all wish to take advantage of opportunities, but not do anything foolish. (Ø)

Secretary Hurd: People in the United Kingdom will begin to focus on the BAOR. Our forces are in the FRG through treaty agreements. There could be an unraveling. (Ø)

The President: How are domestic politics in the United Kingdom? (Ø)

Secretary Hurd: So far, so good. Labour is trying to shed its previous positions, but pressure will mount from them on the defense budget. And, in the meantime, it gets harder to train our forces in the FRG. (Ø)

The President: I think our defense budget situation is manageable, but the pressures to cut it are tremendous. And the other allies? (Ø)

Secretary Hurd: The Belgians are on the move in the wrong direction. The French are reluctant to change their approach. (Ø)

The President: Is everyone worried about Germany? How do you and the Prime Minister see it? (Ø)

Secretary Hurd: She is reluctant to endorse unification, a reluctant unifier. Not against, but reluctant. She sees things that need to be sorted out. Will Germany be part of NATO or not? Will East Germany be in the EC? What about Russian sensitivities? We need a framework in which these issues can be discussed. (Ø)

The President: Do the Prime Minister and Mitterrand see eye to eye on the German question? (Ø)

Secretary Hurd: When they meet, yes. But granted, he is more reluctant to express his concerns. (C)

The President: This is good politics. (C)

Secretary Hurd: You should worry about the Lafontaine victory in Saarland. He won't want to answer the awkward questions. (C)

The President: What are the differences between the positions of Genscher and Kohl? (C)

Secretary Baker: The Oder-Neisse line. The SPD is now zeroing in on the question of immigrants and taking on the CDU policy on benefits for refugees. (C)

Secretary Hurd: I was in the GDR last week. The SPD in East Germany is highly organized for the March elections, but may not get a majority. Kohl will think about this. (C)

Secretary Baker: How do you keep the FRG in NATO? We need a framework to accomplish this. (C)

The President: What does Kohl say? (C)

Ambassador Acland: If we could work out a specific strategy to keep a united Germany in NATO, would it be beneficial? (C)

Secretary Baker: Yes. (C)

The President: Yes. (C)

Secretary Hurd: We feel Germany in NATO is absolutely crucial for our security. (C)

Undersecretary Wright: That may be true for the Soviet interests as well. (C)

The President: I don't detect any desire for U.S. isolationism in the Soviet Union. (C)

Chief of Staff Sununu: There is no common voice from Moscow. They are groping for an argument. (C)

The President: We are under difficult pressure, but not neoisolationism. As you look at our budget debate, you will hear the kind of concerns we must address on the Hill. (C)

Secretary Hurd: You had a success over there on the Hill on China. (C)

The President: A success of a sort. Congress will wait to see what happens, to see if we "fail." But a win like this does help in managing relations with Congress. The Chinese students have been a very effective lobby. But at least we have weighed in with Congress effectively. (C)

Secretary Hurd: How are you finding the Congress? (C)

The President: Difficult, prickly, there is not much goodwill there. But we have to try to keep lines of communication open. (C)

Secretary Hurd: We have prickly problems over Hong Kong. The Chinese are determined to keep political command when they take over. (C)

The President: Has the Hong Kong situation retrogressed with China since your agreement? (C)

Secretary Hurd: Yes, although their reactions to developments come and go. On the boat people, we are in a different situation. (C)

The President: I hate to have any differences with the Prime Minister; I hope the boat people issue can be resolved. (C)

Secretary Hurd: We hope for, if not a sense of agreement, at least understanding on your part. (C)

The President: Could anything happen in the U.N. to persuade the Vietnamese to stay home? (C)

Secretary Hurd: No, that is not likely, although in the long run we are somewhat optimistic. (C)

The President: I feel the same way, but it will be a long, painful process. Right now, the Vietnamese seem to be going in the wrong direction. (C)

Secretary Hurd: Do the Chinese understand the division of power in the United States? (C)

General Scowcroft: They are learning fast. (C)

The President: The existence of a geopolitical Chinese card is less clear to some, but I believe it still should have some weight. (C)

Secretary Hurd: On Hong Kong, we have something in place, but the prospects are high that China will completely throw it away. We in the U.K. are going to have a hell of a time. We may need to ask for your help from time to time. (C)

The President: We don't have clout with China now, but we will keep plugging away. I appreciate your visit. Please tell Margaret we will hold the line on this 195,000 figure. And we do want your views on Germany. You know we are trying to improve our relations with the EC. (C)

Secretary Hurd: We will do what we can to help. (C)

Confirmed Pres Mtg.
w/ Ershad of
Bangladesh on
Feb 01

NO MEMCON

Confirmed Pres Mtg
w/ Buyoya of Burundi
on Feb 01

NO MEMCON

Confirmed Pres Mtg
w/ Cristiani of
El Salvador on
Feb 01

No Memcon

Confirmed Pres Mtg
w/ MOI of Kenya
on Feb 01
NO MEMCON

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT:	Meeting with President-elect Luis Alberto Lacalle of Uruguay (ℓ)
PARTICIPANTS:	The President The Vice President Nicholas Brady, Secretary of Treasury John H. Sununu, Chief of Staff Brent Scowcroft, Assistant to the President for National Security Affairs Lawrence S. Eagleburger, Deputy Secretary of State Robert M. Gates, Assistant to the President and Deputy for National Security Affairs Bernard Aronson, Assistant Secretary of State for Inter-American Affairs Malcolm R. Wilkey, U.S. Ambassador to Uruguay William T. Pryce, Notetaker Luis Alberto Lacalle, President-Elect Enrique Posadas, Senator-Elect/Political Advisor
DATE, TIME AND PLACE:	February 5, 1990, 11:15 - 11:45 a.m. EST The Oval Office

The President: Welcome to the White House. (Conversation during photo op not heard.) The President mentioned that the usual practice is not to answer questions shouted during photo ops and that the press will be waiting for President-elect Lacalle outside after the meeting. (U)

President-elect Lacalle: I visited with the Argentinean president before coming over here and had a very good talk with Foreign Secretary Cavallo who is a very able man. As you know there is going to be a new round of talks with the British in Madrid on the 15th. At the first talks there was discussion of a war zone. The Argentines would like a smaller zone. If something could be said to the British on the protection zone about a system of open and early notification. (ℓ)

The President: I know we have talked about this. Perhaps someone can give us an update. (U)

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Assistant Secretary Aronson: It's a situation where clarification is needed, to build confidence. The British want notification when an Argentine ship comes into the area, its partly a semantic problem. The British want formal notification, the Argentines don't. This is an area where Menem has taken positive action which we should encourage. (Ø)

President-elect Lacalle: Menem is facing a number of serious economic and political problems. (U)

The President: Anything we can do where we could be a catalyst to be helpful, I would like to do. Menem is trying to do the right thing. I could call Maggie Thatcher. (Ø)

President-elect Lacalle: She likes you. (Ø)

The President: She's tough. Sometimes after calling her I feel like I have done a lot of listening. Menem has tremendous financial problems and I want to help. I'll be glad to get involved. (Ø)

President-elect Lacalle: Sometimes we can do and say things that others cannot do and say. Our role can be bigger than our economy. (Ø)

The President: You have good relations with all countries. (U)

President-elect Lacalle: There is a new special relationship I would hope to develop with Collor of Brazil, Alwyn of Chile, and Menem. We have begun together; we look at things much in the same way, on the economy and other things. Perhaps Alwyn is a little different. But we need to have a new orientation toward economic and political problems. (Ø)

The President: Did you put in Peru? (Ø)

President-elect Lacalle: No. Peru is not part of the Southern Tier -- there is a difference. (Ø)

I was thinking about when we had a situation of a reordering of Europe in the early 1800's. We all know of Metternich's role in the ordering of Europe, but we sometimes forget the contribution of Lord Canning who came to the conference with a different view, and who said we need to bring the New World into the picture to provide a balance and equilibrium to the old. And I raise the question of the New World now. We have a Metterich - Mr. Gorbachev. We need a Canning. (Ø)

The President: We hope Mr. Gorbachev will be there. We are all trying to analyze the interesting and unprecedented developments in the Soviet Union. I have moved from supporting *perestroika* and *glasnost* last summer to where I am trying to give a little support to Gorbachev. Gorbachev is a person we can deal with, a person who has made a difference. Without him you would never see the things we have seen in Eastern Europe. (Ø)

President-elect Lacalle: In this part of the world you see countries where they are continuing to move toward democracy. We may be only one-half an ounce on the scale, but that can change the scale. We are looking to see change. The New World may help balance. German unification is so important. We can become a part of positive change. The Southern Cone can play an important strategic role. I need to explore how. (C)

We are prepared to end negotiations on debt before the end of the year. (C)

The President: I want to make a general comment. I hope I don't need to. CAP made a remark in San Jose which reminds me. There was a beautiful protocol chief in San Jose and CAP asked me if I would ask the protocol chief to arrange it so that he could sit next to me at the dinner. I did so, and wondered why he had asked. When we had dinner we had conversations on many subjects. He said that it was all very good about Eastern Europe, but that we were sending a signal of neglect to South America. I said, "Hey, that may be a signal, but it is not correct. We have been talking about Eastern Europe and what is happening there has great consequences, but I don't want you to have even a perception of neglect." There may be things I can do from this office -- to promote democracy for instance. I have talked about democracy in the Hemisphere. I want you to know that large or small I am interested in the economic progress made in countries. (C)

Regarding Panama, I had to take into account what the reactions would be, knowing the sensitivities of Latin America, and I have noted the statements of leaders. As President I felt the obligation to defend legitimate rights. We now take the joy that 92 per cent of the people in Panama support our decision despite the Panamanian loss of life. I have tried to explain our position. I have used the telephone. We tried to use the OAS -- and here I admit to frustration, but we exhausted every area of bilateral and multi-lateral action with negative results. When Mr. Noriega declared a state of war, and the Marine was killed and the Naval officer beaten and his wife was subjected to humiliation, I believed that we had to act. (C)

We want to do whatever we can to see the Panamanian Government restore the economy and improve its relations and to lay the matter to rest. We want to put this behind us. (C)

President-elect Lacalle: When you talk about Latin America, there are four regions: 1) the Caribbean, 2) the Pacific on the other side of the Andes, 3) Brazil is a continent by itself and, 4) the River Plate. Mr. Wilkey suggests that any help you give is Uruguay is larger and goes further than just Uruguay because it reflects on the whole zone of Plate. We don't have the influence of Argentina and Brazil, but we have a sense of giving a good example. Any help the new administration can get, will be most useful if we can solve the debt problem settled by the middle of the year. We are well directed to the banks. (C)

The President: We are interested in that. I have talked with Secretary Brady -- it's very important to realize the effect on development and flight capital. Mexico has just done a program. We are pleased with the financial approach they took and hope that with two or three more successful programs we will call it the Bush Plan. (C)

President-elect Lacalle: We have planned high impact projects with Argentina and Brazil. We are developing a three-country gas program. There is the Parana River project. We are selling one-half of the telephone company, and selling other enterprises. We are urging change. We want to leave the past. We want to shape the future. (C)

I am 48 and have been involved in politics for 30 years. My family has been in politics for 150 years. My first ancestor went to work for Mr. Posadas' ancestors many years ago. We are cousins. (C)

President-elect Lacalle: We have a money laundering problem which developed in the last Administration, because of our open economy. We hope to move to an open economy. We have problems because we created a situation where money laundering developed. We are working on the development of a Mutual Legal Assistance Treaty. I am preparing a bill to lift bank secrecy. We are doing all we can -- we may need to combine attributes of Common Law and Roman Law. We have difficulties with this approach, and are doing as much as we can. (C)

The President: I am so pleased to hear this. (U)

Ignacio Posadas: There was a success on the Vivas extradition case. (C)

The President: I have asked the Attorney General to come to your inauguration. He is a close friend. Its possible that he could talk to some of your people while he is there. We don't profess to be "holier than thou" on this. We have our own banks in the Southeast . We have problems, we want to work with you. (C)

President-elect Lacalle: This a changed world now, we have an unholy alliance of terrorists and narco-traffickers. We are so vulnerable to terrorism, especially on planes. We must have a holy alliance. (C)

The President: If I can explain by putting this on a personal basis. Every time I go to meetings, people say "don't go to Cartagena." I don't want to sound "macho," but we don't want to send a signal that the Colombian president can face and fight the narco-traffickers, but in his own house the President of the United States can't be safe. The Colombian Congress will pressure for making peace with the narco-traffickers. I don't want to be adding to that. (C)

Our people have looked at the situation in Cartagena and we are confident. (U)

President-elect Lacalle: The problem is multi-faceted. You can fight it by burning crops, by stopping money laundering, we all have a part to play. We are all in this together. (C)

The President: Do you have a user problem? (U)

President-elect Lacalle: No. It is very small. It goes up in summer with the tourists. Nobody is free. The problem is with youth. (U)

The President: We hope to work with you. Did your wife come with you? (U)

President-elect Lacalle: No, I am only here for a few days. (U)

The President: I see I have to go up to Capitol Hill and genuflect. Actually, I'm having lunch with some old friends. We need to keep relations with the Hill positive. (C)

President-elect Lacalle: Thank you very much. I have appreciated the visit. (U)

The President: Look forward to working with you! (U)

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Denis Sassou-Nguesso of People's Republic of the Congo (U)

PARTICIPANTS: The President
John Ordway, NSC Director for Africa (notetaker)
Alec Toumayan, Interpreter

President Sassou
Basile Ikouebe, Minister, Director of the Presidential Cabinet (notetaker)

DATE, TIME AND PLACE: February 12, 1990, 10:40 a.m. - 11:00 a.m.
The Oval Office

The President: We'll sit here for a minute, and see if you have any subject you'd like to bring up in private. I have only one thing to mention -- my deep appreciation for your very constructive role in the Angola question. I know you have the respect of the people in UNITA and the other leaders, but of President dos Santos as well. We can talk more about this with our top people, but I want you to know that the U.S. wants a peaceful reconciliation in Angola. We think your helpfulness is a step toward that. If you see dos Santos tell him that there is no personal hostility toward him, that I have a certain respect for him, and find him more reasonable than some of the people around him. (S)

We need talks and reconciliation in Angola. I worry about the military offensive, which will make it more difficult for talks. We want to do anything we can do to get a peaceful resolution of the war. I wrote to dos Santos to urge him to pull his troops back. But I think you have more standing with him. We assist UNITA -- not to impose them as the government, but rather to get reconciliation and negotiations. Under the current circumstances, it would be very hard to improve relations with Angola, but in the longer run we want improved relations with Angola very much. That is a subject we can talk about in more detail in the larger meeting. I felt a little more optimistic about Angola a little while ago, but now feel a little more pessimistic. (S)

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President Sassou: This is a very important moment for me. I am happy to see you after meeting you last on Capitol Hill, when I was Chairman of the OAU Chairman. After that visit to the Capitol I got Chester Crocker to visit Brazzaville to renew contacts between the U.S. and Angola. Many people did not believe success would be possible, but today we see there is a date for Namibian independence and, despite difficulties, we see prospects for a negotiated solution in Angola.

I sent my foreign minister to talk to President dos Santos last week, and I saw President Mobutu. Dos Santos told me he continues to look for a negotiated solution. I am not sure he wants to go on making war. He's a reasonable man, and I don't see how Angola can go on making war when on March 21 there is going to be peace and independence in Namibia. And in South Africa Mandela is free and they are going toward a negotiating process in South Africa. War in Angola is senseless. President Dos Santos is open minded, and in his recent political statement he was forthright, and gave a clear signal of political reform. He wants to start political reform.

Mr. President, I can tell you that I am gratified by what we have been able to achieve in South Africa. I think we have a real chance for peace in Angola, and I think President dos Santos is open-minded and reasonable. The Congo will continue to play whatever role it can. (C)

The President: Are Savimbi and Mobutu still mad at each other? (C)

President Sassou: I think there was an improvement after they were both here with you. However, relations between the Angolan Government and Mobutu are not very good. Savimbi did visit Kinshasa, but there is one thing I don't know. Did Savimbi propose that the Portuguese mediate? To replace Mobutu as mediator? I don't know. However, overall the relationship between Savimbi and Mobutu appears good. Luanda now appears to have reservations about Mobutu, not Savimbi. (C)

The President: I don't think Cavaco-Silva wants to replace Mobutu. [Turning to Ordway] Can you help me out here?

Mr. Ordway: Savimbi asked the Portuguese to be more active, and use their influence with Luanda. However, Savimbi has publicly expressed his continuing support for Mobutu as mediator. (C)

The President: You know the key players, and have their respect. (U)

President Sassou: Would it not be progress if Savimbi were to recognize the authority of dos Santos. We have had this in the case of Chad, in a similar situation, when all the factions were opposed to Habre, recognized Habre. With the help of Bongo, Houphouet-Boigny, Mobutu we were able to go toward reconciliation in Chad. I ask because in Luanda there is a sense of frustration President Sassou said there was a sense of frustration in Luanda that their authority as the government is challenged. (S)

The President: I don't know if recognition would be possible before talks started, but could certainly be part of the outcome. Savimbi is a very proud man, and I doubt he would make such a bow to dos Santos at the outset. However, I would expect that the result would be recognition of the authority of the central government, although there would have to be a negotiated place for him in it. Chad was different. Habre had demonstrated control and had already won--won in the past tense. I don't think that Savimbi thinks that is the case in Angola. (S)

President Sassou: I have some bilateral issues I want to discuss with you, because our country is in a very difficult situation. While we are making efforts to secure peace in the region, we are suffering severe economic and financial difficulties. The Congo is an "intermediate" country, but we are not Argentina or Brazil. We are suffering from this unfair situation. I would like to know if, as we have very major talks with the World Bank and the IMF, and I will be meeting with their directors, can we have the benefit of your support? Is it possible for us to have your support to handle the debt problem? We owe you $18,000,000. Can the U.S. Government act toward a resolution of that indebtedness? Can we receive financial support from the U.S. when we face such a difficult situation? There are other questions we can discuss but the main one is the question of support we could receive from you in the financial area, is support from you in our discussions with the Bank and the fund. (S)

The President: You have our support in the Bank and the IMF. But the problem is that these institutions did not always listen to outsiders on these things. Are you seeing Secretary Brady? (S)

President Sassou: No.

The President: Well, you do have the support of the U.S. on this.

President Sassou: We tell them, but when you tell them it has more weight. (S)

The President: We understood your request, and will take care of that. I will tell the Secretary of the Treasury we had this discussion and ask him to follow up. The Congo is "trapped" because of its success. (Ø)

Let's go on and join the others in the Cabinet Room.

The meeting then moved on to the expanded session in the Cabinet Room. (U)

MEMORANDUM OF CONVERSATION

SUBJECT: Plenary Meeting with President Denis Sassou-Nguesso of People's Republic of the Congo (U)

PARTICIPANTS: The President
The Vice President
Lawrence S. Eagleburger, Acting Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Herman J. Cohen, Assistant Secretary of State for African Affairs
Leonard Shurtleff, U.S. Ambassador to Congo
John M. Ordway, Director, African Affairs, NSC Staff (Notetaker)
Alec Toumayan, Interpreter
Mary Carol Wolter, Interpreter

President Denis Sassou-Nguesso
Pierre Moussa, Minister of State, Planning and Economy
Antoine Ndinga-Oba, Minister of Foreign Affairs
Aime-Emmanuel Yoka, Minister of Mining and Energy
Edouard Gakosso, Minister of Finance and Budget
Basile Ikouebe, Minister, Director of the Presidential Cabinet
Pascal Gayama, Minister and Secretary for Cooperation
Benjamin Bounkoulou, Ambassador to the U.S.

DATE, TIME: February 12, 1990, 11:05 a.m. - 11:40 a.m.
PLACE: Cabinet Room

The President: Mr. President, once again welcome to the White House. This is the Cabinet Room, where I meet with the Cabinet to discuss matters of importance to the U.S. It is fitting that this meeting is held here, since I meant what I said to you earlier: we have great respect for you. You have taken difficult decisions in respect of the economy. You had a key role in achieving independence for Namibia and getting Cuban troops our of Angola. This gives you special standing as a leader who can take pride in the end of colonialism on the African continent. With your colleagues here, I encourage you to

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stay the course, and provide leadership on national reconciliation in Angola. I salute Congolese diplomacy and the positive role you are playing there. I hope we can get a ceasefire and have direct negotiations. That's the key to it. We have seen you play an extraordinarily constructive role.

The President and I had a chance to discuss Angola in the Oval Office. I would like to hear from you about your meeting with Presidents Mobutu, Bongo, and Biya. (U)

A quick word on the economy. You have our support in the World Bank and IMF. You will be meeting later with the Vice President, who can go into more detail. I feel badly when foreign guests come here and tell about their economic problems, because the we have problems, too. Although we have a big economy, there are constraints on the Administration created by the law. However, we want to be helpful in supporting the Congo on the road to economic reform. (C)

We want to encourage you to open up your political system, opening it up to other members of society. I know this is not easy, but we salute you for the steps you have taken. (C)

I'd like to turn the floor over to you. Please raise any subject on your mind. At the end of the day, we will have a state dinner, but before that we will have another opportunity to discuss things in private. (U)

President Sassou: Thank you, Mr. President. I would like first of all on behalf of the people of the Congo, and my delegation, to thank you for this welcome you are extending at the White House, and for the kind words you have addressed to us. I would like to extend recognition to all of your personal efforts on behalf of peace in the world, your efforts to save the environment, and to fight drug trafficking and terrorism. All these efforts go in the direction of obtaining a world of peace and development for all people. In the area of peace, your efforts are beginning to yield results. I would like to thank you for all the support you have extended to us in this difficult task. (U)

I see Ambassador Cohen here. Together with Chester Crocker they have spent many sleepless nights in Brazzaville to achieve what many people in 1987 thought would be impossible. They worked to secure Cuban troop withdrawal, South African troop withdrawal from Angola, implementation of UN Security Council Resolution 435 and a start to negotiations on Angola. Many people in 1987 did not believe this was possible or easy. The Cubans, Angolans and

Soviets did not believe this would come to pass. Now we can congratulate ourselves, thanks to your efforts. (C)

We have a date for Namibian independence set. We have a negotiating process begun in Angola, despite difficulties. Today, Nelson Mandela is a free man, and we can be more optimistic as we look at South Africa. The U.S. Government has made a priceless contribution. In Brazzaville, we sometimes met late at night with Crocker and Cohen, who were constantly on the go, even to the point of suffering physically. They were flying to Brazzaville, to Abidjan, to Lisbon, to Geneva, to New York, to Washington. They were like globetrotters. I want to praise U.S. diplomacy and your role. (C)

Today we can remain optimistic. My contacts with Angolan President dos Santos show he is working for peace through negotiations, despite the events at Mavinga. I sent my foreign minister to Luanda on Friday to meet with dos Santos. He came back late Friday. We talked, and he said dos Santos still wants a negotiated solution. Soon we will have peace in Namibia and South Africa and it would be senseless to have war in Angola. (C)

What I propose is that in our own modest way, we maintain support with the U.S. to see whether there is another way, a more flexible and discreet diplomacy in the Angola peace process. As I told Ambassador Cohen in Brazzaville, perhaps it would be possible to have a more flexible, a more discreet diplomacy. We are prepared to offer our own modest contribution so we can pursue the task of peace. I think we can continue to find a negotiated solution, and that is what President dos Santos wants. (S)

The President: Can you repeat what you asked in the Oval Office meeting about Savimbi recognizing the authority of dos Santos. I think our experts would be very interested. (S)

President Sassou: When we initiated the Namibia peace process, Ambassador Cohen and Chester Crocker told me we could not go toward a conclusion unless we knew what would happen in Angola. President dos Santos made a solemn statement, accepting negotiations based on African realities, initiated at the meetings in Luanda and Gbadolite. Even before Gbadolite I talked to Mobutu, and met with King Hassan twice on this. I received the foreign minister of Cote d'Ivoire, Mr. Ake. The issue then was that Savimbi would recognize the authority of President dos Santos. The question that arises today: will the government in Luanda have to stop being the government, since there is a government in Luanda that is the government of Angola.

Must dos Santos stop being President of Angola in order to have negotiations? There is a government, and a president. It is hare to set up this process. Is it reasonable to say that Angola must stop having a government before negotiations. Would it not be legitimate to recognize the authority of the president in office, and then have talks to get a peaceful solution. This is not to say that Savimbi should be exiled -- your government did not agree with that. There is a certain sense of frustration in Luanda that the government must not be the government. At one time Savimbi said he was not challenging the authority of dos Santos. Perhaps he could return to this. (S)

The President: I said in the Oval Office that I felt if discussions got going, this would certainly be on the table. (S)

President Sassou: We believe that there is a real prospect for progress in South Africa. Trends in South Africa show the beginning of a process of negotiations. The South African government wants to get this underway. De Klerk's efforts deserve to be supported. We are told there are right-wing factions trying hamper such a solution.

If negotiations are on the way in South Africa, how can Angola ignore such a development and continue to pursue war? The present international context is beginning to yield results. In my meetings in Portugal, the Prime Minister and President Soares had indicated they could help, as could the U.S. and Congo. These forces can act in cutting back as much as possible on military tensions, and pushing forward the negotiating effort. Dos Santos has conveyed through my foreign minister that he does not want to pursue the war. (S)

Regarding the meeting with Mobutu. We talked about Angola. I went to tell him he was the mediator. In Africa, when there is a situation like this, even a quarrel in a village, there was someone who steps in to separate the fighters. I said I wanted to encourage him to continue his mediation, and not stand idly by. He said he would send an envoy to Luanda to resume contact with dos Santos, and I understand this has been done.

My information was that Savimbi had contacted President Biya of Cameroon to get him involved, and this was why he had been invited to the summit.

We could well say that now in Angola we could act to insure that the current offensive toward Mavinga and Jamba is called off. I believe we could possibly make a joint demarche. On the other side, we could get from Savimbi certain flexibility. He has to

give some reciprocity. If Savimbi could recognize the authority of dos Santos, this could act to get an end to the fighting. This is an assumption I could put on the table -- some ideas. In our region, these are ideas that are possible. (S)

Regarding Africa in general, the situation is catastrophic. Most African leaders are very anxious. They believe the world is looking toward Eastern Europe. We were surprised with the speed with which the U.S. and the Europeans had set up a bank for reconstruction and development in Eastern Europe. In Africa, it had been five years since the UN adopted an economic recovery program for Africa. At the end of the year, it will be the end of the plan and implementation has not even begun. African countries are sinking even deeper into poverty. There appears to be no way out of the debt problem. I had my Finance Minister do some research. Since 1987 Congo has paid $63,000,000 to the Bank and Fund, and we have received zero in return. In brief, that is Africa's plight today. We expect a gesture from the G-7. (C)

With respect to the Congo, it is among the intermediate income countries, so we do not enjoy advantages from AID, have no debt forgiveness, no support from the World Bank for economic reform--only endless talks with the Bank with no conclusion. I believe that during this trip, with our U.S. friends we could get more support -- support in the negotiations with the Bank and Fund so those organizations could support us. Could we get support for economic progress in agriculture, so agricultural development could help us save the forests and the environment. We could cut down our forests, but could the U.S. Government help? On debt, could the U.S. make a gesture? We are not asking for the same gesture as Mexico, but something more modest. We owe $18,000,000 to the U.S. Can the U.S. Government forgive us that debt as a friendly gesture? A friendly government should be in a position to wipe out an $18,000,000 debt. Can you help us in the economic and financial area, so we can continue to play an important role. (C)

Regarding private sector investment, we proposed signing an investment treaty. U.S. oil companies are established in the Congo. They have permits for oil prospecting -- six of them. CONOCO has discovered deposits and will produce oil this year. This is encouraging for trade between our two countries. In such a promising environment, can we get support from the U.S. Government for private sector initiatives in the Congo? We have initiated a major reform of the economy with more emphasis on private investment. (U)

There are other areas, terrorism and drug trafficking. We in the Congo were hit full blast by terrorism by the attack on the UTA flight in which 50 Congolese died. We are asking friendly governments to help bolster our airport security system. We also want help controlling drug trafficking. Southern African airports are being used increasingly for drug trafficking. We know the U.S. can help with equipment and training. This could be of substantial help for us. Another area you could help us with is re-forestation programs. . (ℓ)

These are the bilateral issues. We believe the level of diplomatic relations and cooperation could be followed by consistent action on economic and commercial relations. This would give substance to high-level contacts. This would be the crowning touch to this visit. (ℓ)

Thank you very much again for your warm welcome, Mr. President.

The President: You have appropriately placed on the table issues which I want Secretary Eagleburger and the Vice President to discuss with you in detail. I know the meeting was scheduled to end at 11:30, and that you have to get over to the State Department where they are waiting for you for lunch. But let me add just a few things, and respond briefly to some of your points. (U)

I listened very carefully to what you said. On the IMF and World Bank, the U.S. does support you there. On the issues of agriculture and debt forgiveness, Secretary Eagleburger can discuss that. We think an investment treaty could be helpful in attracting private investment.

There are other programs which could help relations, as well. The Peace Corps is one. The Peace Corps helps build good relations, and other countries where we have programs are very enthusiastic. There is IMET, our military training program, where we get your officers exposed to the U.S. (ℓ)

On international terrorism, I am please to hear from you on that. We want to help. I know Congo took a pounding on that airplane, and I believe Americans had lost their lives as well. But most of our problems are with other countries. Some of them don't have much of a program at all. I just wanted to mentioned Khaddafi. Some might think we go overboard on this, but we think he is a menace. He has been training rebels against Liberia, and is still trying to subvert Chad. We are very suspicious about his meddling in Africa. This leopard won't change its spots. We

feel very strongly on the issue. To the extent Libya stays isolated, this would help peace in Africa. (S)

Regarding the private sector, many of our investors frequently look at a country's role in the UN. I urge you to take a look at your UN voting. You don't have to agree with us all the time. We certainly don't expect that. But he we are always on the opposite side, this sends the wrong signal. (S)

We're pleased with your policy on oil. Investment in the oil sector is not exploitation, but will be successful for your country as well as the U.S. investors. We salute the way you are moving with your economy, but the more investment the better.

Regarding the situation in Eastern Europe, we have not yet agreed to participate in the proposed Bank -- although we probably will. However, there will be no money going into Eastern Europe until they change to emphasize the private sector, like had occurred in the Congo. It is not true that the U.S. is just interested in Eastern Europe. However, with all the excitement about countries with new commitments to freedom and democracy, which is now moving like a tidal wave, there is movement toward freedom, democracy and free markets in that region. This could help Africa if it became an engine of market incentives and investment.

I get some criticism in this hemisphere, including from President Carlos Andres Perez of Venezuela. He has really made a good impression on me.

Mr. President, discussion can continue elsewhere on these agenda items. You and I will have another opportunity to discuss them before the state dinner tonight.

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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Cartagena Drug Summit

PARTICIPANTS: President George Bush
Secretary James Baker
Director Bill Bennett

President Virgilio Barco of Colombia
President Alan Garcia of Peru
President Paz Zamora of Bolivia
Foreign Minister Julio Londona of Colombia
Minister of Foreign Affairs Carlos Iturralde of Bolivia

DATE, TIME AND PLACE: February 15, 1990, 11:25 A.M. - 1:35 P.M.
Cartagena, Colombia

Notes from the Plenary Session, Cartagena Drug Summit, which included the four presidents. Due to the make-up of the group and the numbers involved, the following notes are more observation than verbatim and therefore not in the first person as is usually the case for MEMCON's. The meeting lasted from 11:25 A.M. to approximately 1:35 P.M. (U)

President Barco opened the meeting with a very short statement (5 minutes) in which he basically welcomed everybody to the summit but did not offer any particular substantive observations. (U)

President Paz Zamora of Bolivia followed President Barco with a very upbeat statement noting at the outset that it was remarkable that the Declaration of Cartagena had been negotiated in such a short time. He felt this was probably some kind of record given the complexity of the agreement. He stated formally, "that the Declaration is acceptable," but then moved on to his first critical observation. He stated rhetorically that he wondered if this was a "paper document or reality? What do we do now?" This Declaration could be a bridge to do so much. The question is how do we implement it. (U)

President Barco, at this point, chose to read the message transmitted from Prime Minister Thatcher which is attached at Tab A. Simply put, it was a message of general encouragement. (U)

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At approximately 11:35 A.M., President Bush asked permission to make some comments. He began by noting that he too liked the Declaration and that, most importantly, as far as he was concerned this was a document with no loser... all four of the countries came out of the Declaration as winners. (U)

President Bush then explained Director Bennett's position. He discussed the Public Service Announcement (PSA) initiatives undertaken by Jim Burke, noting that we would be spending approximately $1 million a day on television PSA aimed at reducing the demand for drugs in the States. He said, "We know we have a hell of a problem." On the other hand, we do have some reasons to be optimistic. At this point he distributed the statistical document to his colleagues for their review (Tab B). The President said he was taking some extra time here in his presentation because "we have heard your message about reducing our demand." The President then proceeded to read from the prepared talking points (Tab C) until he reached 12:00 (which was approximately card 18) and relinquished the floor at that point. (~~C~~)

President Garcia of Peru noted that when President Bush addressed the nation concerning his counternarcotics efforts that he (Garcia) had listened very carefully. It was clearly a serious speech and that is why the three Andean presidents came together with President Bush today. He said I can see that we are right and that President Bush is serious in his intentions to reverse this 10-year growth of the narcotics trade. In reality the narcotics economy is detrimental to the economics of the region and hurts their links to the global economy. President Garcia noted that the document was of "transcendental" importance. If we can implement the Declaration we have reached a real break-through. He did support President Bush's assertion that demand reduction was the key to success of the Andean program. (U)

President Garcia then moved on to the issue of crop substitution. He argued that the campesino would be our best allies in this if they were simply given opportunities to produce something other than coca. To accomplish this, we need somehow to open the U.S. market to increased trade from the Andean region. He did point out that the use of coca was historical and the growing of coca was not going away but that we had to keep coca from being processed into cocaine. (U)

President Garcia went on to point out that not all the drug income was really good news. "The apparent dollar benefit is somewhat transparent." Among other things good agricultural land was being destroyed. He said we are convinced that by offering different crops the campesinos will move away from coca. (U)

President Garcia then turned to the Declaration and asked "where's the beef? When in black and white can we implement the document?" He believes that the coca growers associations will be effective tools to introduce substitute crops when they are available. The key is opening the U.S. market. He stated, "we don't need aid, but pre-financing to develop the new products for the U.S. market. The pre-financing could clearly be a loan which the Peruvians intend to repay from the earnings provided by these new products." (U)

President Garcia then chose to make clear that while he had differences with the U.S. on Panama that he did consider the Declaration of Cartagena to be transcendental but he agreed with President Paz Zamora's point that we now need to worry about implementation. He noted that the six bilateral agreements that were to be signed today were a good first step. (C)

At 12:15 P.M. President Paz Zamora responded that he was appreciative of the comments of Presidents Bush and Garcia and that he would like to point out some issues in Bolivia that were important. This is the first time that Bolivia has attended a meeting on this subject. And, more importantly, for the first time Bolivia has developed a national strategy in this area. He had only one copy of the national strategy but promised to produce copies for all of the Presidents. In Bolivia the Declaration is called "a strategy for alternative national development." (U)

He said let me describe the magnitude of the Bolivian problem. They estimate that almost 25% of their GNP is related to illegal narcotics trade. Put another way they have export earnings of about $1.5 billion per annum and they estimate that approximately one half of these export earnings are related to illegal narcotics. We have come to understand that "you simply cannot replace one hectare of coca with one hectare of citrus. We must substitute an entire new economy." President Paz Zamora indicated that he felt that this would be a six or seven year program. He pointed out that Bolivia had learned from its fight against hyper inflation that only solid, market-supported economic strategies would work. While there might have to be emergency measures and bridge programs, ultimately, the move away from a narcotics-supported economy must rest on solid market incentives and not phoney aid programs. (C)

President Paz Zamora said he would like to point out to President Bush that, in one or two crop areas -- notably sugar and coffee where the farmers had done well, they were facing international quotas that did not allow them growth. He again emphasized that he did not want to create a subsidized economy but that clearly they needed an alternate economy. To do this he recognized that there would be infrastructure development required and he would look to multilateral institutions for this financing. (C)

President Paz Zamora said, thus in summary, our objective is to develop an alternate economy which in the short run must have emergency social development programs but in the long-term must be based on investment and trade. He recognized U.S. deficit problems and encouraged President Bush to use his influence in the international financial institutions and with other countries to get them to help carry the burden. He wished to note in closing that the growth of coca and the production of drugs also has an adverse environmental impact. He pledged that Bolivia would do everything they could to interdict the illegal flow of drugs and cooperate on international matters. And finally two thoughts: rather than direct assistance perhaps we can both do better to encourage private investment; and, having analyzed the document handed out by President Bush, he was very appreciative of the efforts to reduce the demand in the U.S. but wondered if more couldn't be done for the Andean region. (C)

At 12:35 P.M. President Bush asked President Paz Zamora what the coca growers did before they started growing coca. President Paz Zamora replied that in the case of his country, most of the coca growers came from the tin mines as employment in that sector had virtually collapsed. (U)

At 12:40 P.M. the Minister of Foreign Affairs of Colombia, Julio Londono, asked permission to make a few comments. Addressing his remarks to President Bush, he noted that his presence among us today to debate this topic with us was a important change in attitude. "You have changed the North American position which is of utmost importance." (U)

Minister Londono continued by pointing out that the case of Colombia was different from Peru and Bolivia. While Colombia also had some coca plantations and must look at some alternative development programs, the big difference was the drug cartels and their link to terrorist activities. Just yesterday the army and intelligence officials seized a very large treasure taken from the drug cartel which contained large amounts of U.S. currency and precious minerals. So that in Colombia's case it is not so much replacing jobs but ensuring a bright economic future for Colombian citizens as they fight the narcotics cartels and terrorists. Unfortunately, we have the case of cut flowers, a collapse of the coffee agreement, and also, frankly, an unhelpful attitude on the part of the multilateral financial institutions. As we try to solve these problems, we always seem to run into some technical problems here or there; but, quite clearly, if we are to maintain this struggle in Colombia, we must move quickly on the economic front. We look upon this as moving the Colombian economy into the future in a healthy manner. It seems to me that with a very small effort we could solve this problem. A few extra cents for a pound of sugar, better prices for coffee or whatever would go a long way toward solving the problem. (U)

Minister Londono closed by pointing that many journalists have asked what this meeting will really produce. Is this just a document, or do we have specific programs in mind to implement?

At 12:55 P.M. President Bush asked if he might respond to a few of the observations. Indeed we had concentrated $7.6 billion in the U.S. on an effort to reduce demand. He felt that this was what they wanted. With regard to the coffee agreement the resolution required the support of many of Colombia's neighbors, notably Brazil. With regard to cut flowers there are simply certain laws that have to be followed, but he was confident that it can be resolved. The current impasse was not a "capricious move." The President then asked Secretary Baker if he might like to expand on his remarks. (Ø)

Secretary Baker pointed out that while we would be spending "only" $500 million in the Andean region in 1991 that this was a seven fold increase over a two-year period. In addition, we anticipate spending more in FY 92. (Ø)

Nonetheless, Baker wished to emphasize, as President Bush pointed out, that we were trying to respond to a message we had heard consistently for many years and that was the need to reduce demand in the United States. (U)

At 1:00 P.M. President Paz Zamora responded that a popular observation was that the U.S. showed in its efforts to reduce demand great flexibility and generosity but little discipline and that in its efforts to reduce supply less generosity but more discipline. He also noted as the upcoming chairman of the G-7, the U.S. would be in a position to get its allies to participate in this effort. He did not expect the U.S. to pay for everything. (U)

President Garcia followed up President Paz Zamora's comments that the seven fold increase was based on 1989 being a very small program. He thought President Bush should look at aid to the Andean region not so much as a handout but an investment in American youth. Crop substitution should be looked at in light of how much will it cost us not to solve this problem. He then emphasized again that Peru did not want grants as much as it wanted lines of credit to finance new credit. He emphasized that the key now is not who is to blame but who can do what to solve the problem? (Ø)

President Bush responded by stating that he understood President Garcia's appeal and clearly understood the desirability of strong Andean economies not based on drugs. He then reemphasized his message that he was convinced that reducing the demand in the U.S. was critical to the success of this effort that the four would undertake. (U)

President Paz Zamora responded by pointing out this was not a final meeting but a first meeting, and that it would be surprising if everybody agreed on everything at the outset. He felt that the key was that we continue to meet to discuss how best to proceed. (U)

President Bush asked whether crop substitution would really work. (U)

President Garcia responded that public opinion in his country was increasingly sensitized to the struggle against drugs but that they wanted to know what they would get out of it. The farmers did not wish to go back to a non-cash economy but they would pursue other cash crops if given the opportunity. President Garcia said, "You'll just have to take our word just as we accept your word that demand reduction is occurring in the United States." (C)

Secretary Baker interjected that it was our view that crop substitution would be difficult to implement without depressing the price that growers currently receive for coca. (U)

President Garcia responded that this is a difficult and complex problem. It could only be solved by improving the prices that farmers currently receive for legal crops. For example, the collapse of the coffee agreement had cost Peruvian farmers $230 million. (C)

At 1:20 P.M. President Bush said that he found this to be a very interesting discussion but wanted to reiterate that we must depress the price of leaf as part of our effort to find a substitute crop. (U)

President Bush continued with a new subject which was the immorality of the international drug trade. He pointed out that while much of the day had been consumed on economies -- we must not forget that the drug trade was killing children in America, killing leaders in Colombia, and destroying the economies in all three countries. (U)

At 1:25 P.M. President Paz Zamora asked to say a few words. "We are not criticizing your efforts. On the contrary, we congratulate you on the work done in the United States particularly for the work you have done as President." He finished by noting that this was a historic opportunity which we must not miss. (U)

The Minister of Foreign Affairs of Bolivia, Carlos Iturralde, noted that in his country leaf prices had indeed gone down recently. However, this had caused an unintended and unwelcomed activity. Narcotics traffickers in Bolivia were now doing more

of the "processing" so that they could capture the income gained from refining the leaf. (U)

At 1:30 P.M., Foreign Minister Londono stated that it was clear that our countries had decided to fight the drug problem together. But due to zealous officers [presumably referring to the military officers] it may look as if we are moving toward repression. This is very dangerous in terms of public opinion. Whatever our public perceives, and perhaps it is a misunderstanding when they perceive that an officer is too aggressive, it has a "boomerang" effect. (U)

The second point that Foreign Minister Londono wished to make was that the protectionist position in the U.S foreign markets is something we would all have to wrestle. (U)

President Paz Zamora stated as his closing remarks he would like to encourage further meetings and perhaps look toward a permanent structure to implement the Declaration of Cartagena. The drafting group at Santa Cruz worked well together and our people are getting to know each other better all the time. We should examine some permanent body. (U)

At 1:35 P.M. President Barco noted that as there were no further interventions, it seemed time to adjourn the meeting. He noted in closing that this meeting signified the dawning of a new era. (U)

-- End of Meeting --

Attachments
Tab A Thatcher Letter
Tab B Drug Charts
Tab C Talking Points

THE WHITE HOUSE

WASHINGTON

MEMCON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Vaclav Havel, President of Czechoslovakia (U)

PARTICIPANTS:

U.S.
The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Lisa Valyiova, Interpreter

Czechoslovakia
Vaclav Havel, President
Michael Zantovsky, Presidential Press Spokesman
Alexandra Brabcova, Interpreter

DATE, TIME AND PLACE: February 20, 1990, 11:00 - 11:15 am
The Oval Office

The President and President Havel met briefly in the Oval office at 11:00. (U)

President Havel: I have some private business matters to discuss. Let me tell you why I have come. I want to explain what has happened in Czechoslovakia and reestablish a friendly relationship. (U)

The President: We are delighted you are here. (U)

President Havel: I'm in a special position. I am inexperienced in the job, but have many things to do which normally I wouldn't. I have two categories of things to discuss. (Presents his book in English.) I will mention general issues tomorrow at the Congress, so I won't take much time on them. I will mention the historic developments in our area and their consequences, political and philosophical. Philosophically, I will stress the very idea of a future Europe not divided by a Wall, and the irreversibility of the movement toward democracy. I will also speak in a philosophical tone about what's going on in the world today. Czechoslovakia would like a Jackson-Vanik waiver and completion of a trade agreement. We would also appreciate MFN on a permanent basis. But I have not come to ask for money. (S)

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The President: You have a special history of democracy which sets you apart. (U)

President Havel: The most important thing is know-how. We need advice on elections, the economy, the environment and education. We are interested in obtaining intellectual assistance. In material cooperation such as telecommunications, Secretary Baker promised help, which we appreciate. For political stability, we would like to buy two TV channels -- in addition to the two we have now. There are some stations there in sort of a vacuum. Maybe they could be sold to us. We like the idea of an investment bank. We have no multinational institutions in Prague, which is very central, and we would like some. Radio Free Europe will still have an important role to play. I hope you will continue your support. The last bilateral point: Secretary Baker expressed concern over our intelligence facilities. Our Minister of Interior will offer an agreement on cooperation. He can come here next month. We will seek the same kind of agreement as with the Soviet Union. (~~S~~)

The President: That sounds good. Certainly we will discuss it. (U)

President Havel: I worry I am taking too much time. (U)

The President: No. Don't worry about the people in the other room. (U)

President Havel: I have no secrets from my Government. I don't mind going into the other room. (U)

The President: Before you leave Washington, if something comes up which you wish to discuss, get in touch with Brent Scowcroft and we will have another talk. (U)

President Havel: I would appreciate that. (U)

The President: I will have Brent Scowcroft set up some time for us tomorrow. (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Vaclav Havel, President of Czechoslovakia (U)

PARTICIPANTS:

U.S.
The President
James A. Baker III, Secretary of State
Nicholas Brady, Secretary of the Treasury
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert Zoellick, Counsellor, Department of State
Raymond G.H. Seitz, Assistant Secretary of State for European and Canadian Affairs
Shirley Temple Black, Ambassador to Czechoslovakia
Robert L. Hutchings, Director for European Political Affairs, NSC Staff
Lisa Valyiova, Interpreter

Czechoslovakia
Vaclav Havel, President
Marian Calfa, Prime Minister
Vladimir Dlouhy, Deputy Prime Minister
Jiri Dienstbier, Foreign Minister
Vaclav Klaus, Minister of Finance
Andrej Barcak, Minister of Foreign Trade
Rita Klimova, Advisor to the President
Michael Zantovsky, Presidential Press Spokesman
Alexandra Brabcova, Interpreter

DATE, TIME AND PLACE: February 20, 1990, 11:33 - 12:10 am
The Cabinet Room

Following their Oval Office meeting, the President and President Havel met for an expanded meeting in the Cabinet Room at 11:33. (U)

The President: Mr. President, let me welcome you and introduce you to several of our Cabinet officials. I wouldn't dare to speak for any of them -- they're too independent. But this I can say: welcome. We've been looking forward to your visit. For the benefit of our colleagues, let me just say that the President

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and I had a very good discussion. I told him I would sign the Jackson-Vanik waiver, which would be good for both our countries. This should be followed with Most Favored Nation status for Czechoslovakia, although we need a trade agreement first. We will push from our side to get that done. The President told me he wanted to work in other areas as well -- the environment, the economy, and in the area of cultural exchanges. He proposed that our Peace Corps be more active in English-language teaching and other fields. We can get started with that, if it is agreeable. On our side, we need something from Congress on OPIC and other bilateral issues we talked about. (C)

President Havel: There was also our proposal for an agreement between our security services. This is a follow-up to Secretary Baker's meeting in Prague. (S)

The President: On one technical point, we will ask Congress to authorize OPIC to operate in Czechoslovakia. We are on the same wave length in bilateral issues. I am also interested in having your view of Europe. I can tell you from our side why we feel as we do. I hope that before you leave, you can get as close as possible to our views of what we call "Europe whole and free" and on the U.S. role. (C)

President Havel: I will be pleased to explain my viewpoint and will speak to that in my Congressional speech tomorrow. We believe developments in Europe are proceeding faster and creating new tasks. For example, we believe a Germany undergoing a process of reunification should accelerate the all-European process, not complicate it. We believe this year's CSCE Summit should take decisions that the Helsinki process should grow into something more. The next summit could be a kind of peace conference marking the final post-war settlement. It might be possible to hold the next summit earlier than 1992. The talks should also be devoted to the creation of a new European security system, also including links to the United States, Canada, and the USSR, but different from the present one. I have no intention to dissolve the Warsaw Pact tomorrow and NATO the day after. (C)

I would like to conclude these general remarks with one final point. It is perhaps not so strongly felt in the U.S. as in my country, but we have a strong feeling that the process of the destruction of totalitarian systems is irreversible for the USSR as well as for Eastern Europe. In the Soviet Union, the process is much more complicated and may take a number of dramatic turns, but it is historically irreversible. For history, there is no going back. In that context, I believe it is in the interest of ourselves, the United States, and the whole world to help the process in the Soviet Union to proceed as peacefully as possible

without dramatic earthquakes. In this regard, I think the U.S. has much wider possibilities than we to offer, for example, humanitarian assistance to the people of Armenia and Azerbaijan. It is in our interest that the process in the Soviet Union go on without civil war. There are certain conservative forces there who are thinking "the worse, the better" and are trying to foment problems. We are now negotiating with the Soviet Union about the withdrawal of their troops. I got a letter from Gorbachev explaining the domestic reasons why the withdrawal cannot happen too rapidly. There is a better life for soldiers in Czechoslovakia and no housing for them in the Soviet Union. We should conclude an agreement for withdrawal in some form in the near future and would like to accelerate it for the sake of stability in our own country and the whole of Europe, but we are not overlooking Soviet concerns. Any help that could be given to improving the domestic situation in the Soviet Union would be helpful for us and also our neighbors, who are in the same situation. That is a general outline of the question the President put to me. Now that I have spoken so long, let me turn the floor back to the President. (ℰ)

The President: May I just say before we walk over to the White House what our position is. "Historically irreversible change" is what you call what is going on in the Soviet Union. I hope you're right and have no reason to argue the point, but the problems facing Mr. Gorbachev are extraordinarily difficult -- not only economic but also ethnic, in the Baltic states and elsewhere. We think that our presence in Europe -- military and economic -- has been a stabilizing presence, not a threatening presence. We're convinced of that in our heart of hearts. Some in this country look at the changes in Eastern Europe and the Soviet Union and they say we ought to think more selfishly about what's best for the U.S. Some say that if all Soviet troops go out, all U.S. forces should go out too. That's in this country. In Western Europe, I don't hear anyone saying that, because they still see us as stabilizing, not threatening. Whatever happens with the German question, West European countries see the U.S. presence as stabilizing. From talks I and Secretary Baker have had with East European leaders, there is some of that feeling too. (ℰ)

You have been very tactful in not telling me about your economic problems, so I shall be very tactful in not telling you about the economic problems I have. But there is sentiment here to pull back, driven partly by economics, for a "peace dividend." Our view, my Administration's view, is that we shouldn't withdraw and declare peace. We shouldn't decouple or delink ourselves from Europe. I believe from my talks with Gorbachev in Malta, and Secretary Baker's several talks with Shevardnadze, that the Soviets don't see us a threat to their reform. Further, I'm convinced that after what may have been a shaky start, or what some perceived as a shaky start, that he knows we want

perestroika to succeed and want him to succeed. We have not tried to accelerate change by putting pressure on, for example, the Baltic states. We are not trying to complicate his agenda by calling for a free Latvia, Lithuania, or Estonia. We are not trying to stir up problems in Armenia or Azerbaijan. We have made it clear to him we want to work with him on a broad agenda of economic cooperation, but he is way behind Czechoslovakia, even in an understanding how market economies work. We want to see a continued evolution of freedom wherever it is denied and want to see, in a broad philosophical sense, self-determination, and we want to see stability. (C)

It is in the interest of the U.S. to see a stable Europe "whole and free." So when we talk about a continued role for NATO, we are not speaking of a Maginot Line across Europe, but a revised agenda, a political agenda, for NATO and a stabilizing U.S. presence. When we talk about Germany in NATO, we are not talking about extending military forces all the way through the GDR. That's not what we have in mind at all. The big question we get in the press is "Who's the enemy?" I hope there isn't an enemy. I hope you're right about historically irreversible change and hope this is enhanced by a democratic, freedom-loving United States whose forces in history have threatened no one. We can talk more at lunch, but I wanted you to know what we mean about a broader role for NATO and a continuing role for U.S. forces. One last point: if the Europeans don't want us, we'll haul our forces out of there fast. That would make a lot of happy mothers and fathers. We wouldn't stay a day longer than we're wanted. I just want to get that off my chest. (C)

President Havel: I believe I may have been misunderstood. I do think there is no doubt about the stabilizing role of the U.S. and NATO at the present time. There is no doubt in the Soviet Union either. But I would just point out that the world is changing. NATO may be transformed into part of a new security system comprising all of the CSCE countries, with a continuing U.S. role. But history is going so fast that some day your troops may return to their mothers, though not all at once. (C)

The President: Let me just mention that our immediate objective is fewer numbers of troops. We are making it clear to the Soviet Union that there will not be absolute synchronizing of one-to-one, one Soviet for one U.S. soldier. But, I agree. Who knows? I hate to think that forever and ever U.S. forces will remain in Europe. Shall we continue our philosophical discussions over chow? One thing you mentioned interests me. You said "without earthquakes." Let me assure you that everything our diplomacy is aimed at is not inflicting on them dramatic earthquakes. We won't retreat from our commitment to freedom and human rights about which you've written so eloquently, but we want to manage change "without earthquakes." (C)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Vaclav Havel, President of Czechoslovakia (U)

PARTICIPANTS:

U.S.
The President
James A. Baker III, Secretary of State
Nicholas Brady, Secretary of the Treasury
Robert Mosbacher, Secretary of Commerce
Carla Hills, U.S. Trade Representative
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert Zoellick, Counsellor, Department of State
Raymond G.H. Seitz, Assistant Secretary of State for European and Canadian Affairs
Shirley Temple Black, Ambassador to Czechoslovakia
Robert L. Hutchings, Director for European Political Affairs, NSC Staff
Lisa Valyiova, Interpreter

Czechoslovakia
Vaclav Havel, President
Marian Calfa, Prime Minister
Vladimir Dlouhy, Deputy Prime Minister
Jiri Dienstbier, Foreign Minister
Vaclav Klaus, Minister of Finance
Andrej Barcak, Minister of Foreign Trade
Rita Klimova, Advisor to the President
Michael Zantovsky, Presidential Press Spokesman
Alexandra Brabcova, Interpreter

DATE, TIME AND PLACE: February 20, 1990, 12:30 - 1:35 pm
The Old Family Dining Room

Following their expanded meeting in the Cabinet Room, the President and President Havel moved to the Old Family Dining Room at 12:30 for their working lunch. (U)

President Havel: I will be returning to Prague for the anniversary of the Communist Putsch on Monday and then going soon to Moscow. (Ø)

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The President: Do you know Gorbachev personally? (C)

President Havel: Not personally, but we have corresponded about the Warsaw Pact. (C)

The President: He's a very interesting man who faces enormous problems. (C)

President Havel: I personally have the feeling that he needed to confederate the Soviet Union before this wave of national problems. His opponents are not only around him, but inside him -- through Marxism/Leninism. (S)

The President: You might have to work on his wife. She's a more rigid ideologue than he is. (S)

Deputy Prime Minister Dlouhy: I hope Mrs. Bush was successful in that. (S)

The President: Barb has not seen her since I became President. I want to ask President Havel about his experience in jail. Is this unpleasant for you -- to talk about your conditions in jail? (C)

President Havel: It was a very hard time. There were spies all around us. The leader of our jail was a fascistic idiot. (C)

The President: Where is he now? (C)

President Havel: He drank himself to death. (C)

The President: The Chancellor of Austria is in town today. (U)

President Havel: I will meet him for some minutes at a reception at our Embassy. (U)

Minister Klaus: He wants the European Bank in Vienna. (C)

The President: I guess we have bad news for him. (C)

Minister Klaus: We appreciate your support very much. (U)

The President: President Havel mentioned that Czechoslovakia would like to attract foreign investment and that Vienna already has a large UN contingent. (C)

President Havel: We have a wonderful castle, which would make a wonderful home of a European institution. (C)

Secretary Baker: Mr. President, the European Development Bank is designed to benefit Eastern Europe. That's why we think it should be in Eastern Europe. (C)

President Havel: Telecommunications are very important for us. This is something we just talked about. Prague was once the crossroads of Europe. (Ø)

Deputy Prime Minister Dlouhy: Yes, communication is vital. You can't run a market reform without it. (Ø)

Minister Klaus: There are lots of American firms proposing that their firms go to Prague. (U)

The President: President Havel mentioned the possibility of acquiring two new televisions channels. (Ø)

Minister Barcak: There is the problem of allocating frequencies and also the matter of technical assistance for creating a third and fourth channel to carry CNN and so forth. (Ø)

Secretary Mosbacher: Do you have an allocation of frequencies? (Ø)

Minister Barcak: I think so. (U)

Secretary Baker: Secretary Mosbacher will be going to Prague on Monday, and he can look into this. (U)

The President: May I change the subject? Germany. Do you worry about unification? (Ø)

President Havel: Everyday someone asks me that, and I say there is no need to be afraid of a democratic country, even with a 100 million people. On the other hand, a small aggressive country can be a problem. Therefore, the problem is not the size, but the democratic inclination. (Ø)

Minister Barcak: We are dependent on Germany for capital. (Ø)

Secretary Baker: In response to your request, we have arranged a private sector advisory group consisting of Paul Volker, Bob Hormats, John Whitehead, and others designed to support your private sector reforms. This will be private, not government, and funded privately. (Ø)

Secretary Mosbacher: It will be important to give some sense of comfort to U.S. companies. (Ø)

Minister Dlouhy: Yes, that's one reason we're here -- to convince U.S. businessmen that we are serious. (U)

The President: Mr. President, will you be meeting with Czech and Slovak groups here? (U)

President Havel: I gave an address yesterday to all Czechs and Slovaks around the world. Some are collaborating with a special board I established in the President's office, including my old friend Milos Forman and Mr. Bata, the shoemaker. (U)

The President: Where do we stand on negotiating a trade agreement? (S)

Carla Hills: We have a meeting this afternoon with Minister Barcak. We will put on a fast track our trade and investment agreement. We've been doing our homework. (S)

Minister Barcak: We're doing our homework too. We would like MFN before the elections in June -- not for economic reasons, but as a political signal. (S)

Carla Hills: I think we can meet that deadline. We should have a quick turn-around meeting in Prague. (S)

The President: Nick, are there any Treasury problems? (S)

Secretary Brady: Not problems, but an IMF mission is going to Czechoslovakia in March. (S)

Minister Klaus: We hope to be members of the IMF and World Bank. (S)

Deputy Minister Dlouhy: We want to reactivate our membership, since we were among the founding fathers at Bretton Woods. We had a good meeting this morning with the IMF Managing Director, and some missions are coming to Prague. (S)

Minister Klaus: We will need to talk about problems in our budget. (S)

Secretary Brady: What is the state of the budget? (S)

Minister Klaus: I can tell you a good story. My appointment was on the 10th of December, and I was supposed to bring the budget forward on the 13th of December. This was prepared by our predecessors. I didn't even read it. I asked for a three-month provisional budget. (S)

President Havel: May I take the opportunity to ask for money for the President's office? (S)

Minister Barcak: I would like to ask for a loosening of COCOM restrictions. We have to change our technological level, and we will be in a position to offer guarantees about technology transfer. (S)

The President: We've been working on this. Let me ask Secretary Baker to elaborate. (U)

Secretary Baker: A review is underway within our own government, and we've just attended a meeting with our COCOM partners with particular reference to the East European democracies. Our position is that we should be able to differentiate, but that is not the view of all our COCOM partners. I told the Foreign Minister this morning we can send an extra delegation with special reference to the assurances you can give. We would like to expand our cooperation. (S)

Ambassador Black: Mr. President, I would like to add that it is not an Iron Curtain, but a pollution curtain these days. (U)

The President: The President and I discussed that. (U)

President Havel: I'm glad Ambassador Black spoke about that. Pollution in Czechoslovakia is unbelievable. In northern Bohemia, some villages are entirely destroyed. (U)

The President: When Carlos Salinas, the President of Mexico, was here, he said he would like to be President of Mexico when children paint pictures where one can see the stars and the sun. That made a real impact on me. We have to help. We are doing better here. We have good technology, and we can talk about that with you. (U)

Deputy Prime Minister Dlouhy: We also have the problem of high energy consumption. (U)

The President: Are you mining soft coal? (U)

Minister Klaus: Brown coal. Lignite. We do need assistance. (U)

The President: We are all having problems. We have spent billions of dollars on our smokestack industries. In the process, some new technologies were developed that might be useful to you. One of my big concerns is that we conduct ourselves to keep the economy going. The worst thing for Eastern Europe or Latin America would be for the U.S. economy to go in a tailspin. I don't think it will happen, but we can create problems all around the world because of the size of our economy. Some people here say to raise taxes, but to move funds from the private sector into the public sector is not efficient. Others say to cut the budget, cut the entitlements, but this is almost impossible politically. We want to keep our economy out of these dangers. We don't want to be like the spreader of a contagious disease. (S)

Minister Barcak: I worry about a similar situation from the other side. That's what the President meant about the Soviet Union. We are dependent on Soviet oil and gas. If something goes wrong there, there will be a strong impact on us. (C)

The President: You're dependent on the Soviets for all your energy? You don't have any brown coal of your own? (C)

Minister Barcak: Our oil and natural gas pipelines come only from the Soviet Union. We are now looking into alternatives. (C)

The President: This is a time when there is a surplus in world capacity. (C)

Mr. Zantovsky: Mr. President, another small point. We are aware of the great position of the U.S. press and would like some support for a free and independent press in Czechoslovakia. We have good young journalists who could use experience, know-how and equipment, and, if possible, exchanges of journalists. (U)

Secretary Baker: I mentioned that in my Prague speech and proposed an independent broadcasting and free speech fund. We will follow up on that. (U)

Ambassador Black: USIA is eager to help; and since your speech, Mr. Secretary, we have had more than 2,000 applications. (U)

The President: I have a list of journalists we'd like to export. (U)

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: The President's Meeting with Chancellor Franz Vranitzky of Austria (U)

PARTICIPANTS:

U.S.
The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Robert Kimmitt, Undersecretary of State
James Dobbins, Deputy Assistant Secretary of State for European and Canadian Affairs
Robert L. Hutchings, Director for European Political Affairs, NSC Staff (notetaker)

Austria
Franz Vranitzky, Chancellor
Eva Nowotny, Foreign Policy Advisor to the Chancellor
Friedrich Hoess, Ambassador

DATE, TIME AND PLACE: February 20, 1990, 3:10 - 3:40 p.m.
The Oval Office

The President: I was impressed with Havel and the wonder of it all. A year ago he was in prison.... How do you see all these developments? (U)

Chancellor Vranitzky: First, I see each East European country individually, not as a bloc. One of our neighbors, Hungary, is preparing for general elections. No one has a feeling for what the outcome might be. Economically, they have facilitated joint ventures by changing their legislation and allowing for the repatriation of profits. In the political field, we are pursuing party-to-party contacts, helping them learn how to organize and run a campaign. This is not done on an ideological basis; the Christian Democrats as well as the Social Democrats are involved. (U)

A second remark: Hungary, Poland, and Czechoslovakia might be doing better than Yugoslavia, where the situation is very bad; but the Hungarian Prime Minister told me in basic industries they would have to lay off thousands of people. They have an outmoded

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infrastructure in the steel industry and other sectors and will therefore be facing more unemployment. Yugoslavia has three-digit inflation. I spoke with the managing director of the IMF. Even optimistically, we must expect problems with debt rescheduling, requests for an IMF standby, reduction of trade barriers, and so on. (Ø)

It is an active time, and we must be careful to act as wisely as possible. This is also true for our own people, who are apprehensive about taking on so many economic problems. And our German friends have their hands full with refugees, from the GDR and elsewhere. (Ø)

The President: There is still not a full realization here that the refugees keep flowing. That gets us to the topic of unification. Is it a big topic in Vienna? (Ø)

Chancellor Vranitzky: Most in our country look at it not as something to scare us to death. Events are moving fast, but we have sufficient experience in democracy not to fear unification on those terms. (Ø)

The President: How do you respond publicly when asked about unification? (Ø)

Chancellor Vranitzky: I draw a parallel with Austria, which was also divided after the war. And Vienna was divided, like Berlin. But with the help of the Allies, and the strong help of the United States, we united and developed well. For these reasons, I have a kind of understanding. When we united in 1955, we wouldn't have been enthusiastic about outsiders telling us how to go. (Ø)

The President: There is a kind of historical conditioning, especially in Europe, that when the Germans get together they will be aggressive. This is largely unspoken, but it is there. My view is that Germans coming together is what they want. The Soviets have moved rather dramatically recently to remove a roadblock to unification. The question now is how to stabilize the situation and build a stable Europe. (Ø)

Chancellor Vranitzky: This cannot happen without your Government continuing to pave the way for continued stability in Europe. For that reason, I bring the best wishes from my country. I also want to let you know that we rely on the continuation of the policy you have taken. (Ø)

The President: We are under some pressure, particularly economic pressure. There is some sentiment to bring the boys home. If someone convinced us that our troops weren't wanted, we would bring them home. That would be the easy thing for me to do, but that is not what we want. We are wanted and needed, and we have

a role in stabilizing the situation. What I see is NATO with a more political role and a stronger role for CSCE, too. Havel talked about "historic irreversibility" but "without earthquakes." So I see a role for the U.S. -- not to stand in the way of change but to try to help the fledgling democracies through economic contacts and with the stabilizing presence of U.S. forces, albeit at lower levels. (C)

Chancellor Vranitzky: This is quite definite: getting rid of American troops is not a desire that is shared by many. This is definitely not the case. You mentioned avoiding earthquakes. One candidate is Yugoslavia. Only today the federal government sent more troops into the area [i.e. Kosovo]. (C)

The President: Is this because of ethnic strife or a democracy movement? (C)

Chancellor Vranitzky: It is more than just ethnic strife. There could be reactions in, for example, Slovenia, that would be very damaging to the federal government. Separating from the federation would raise the question of where to go. There are two neighbors who really care: Italy and Austria. We would face the question of whether to side with those who want to separate or with the central government. (C)

The President: I must confess that we have spent less time worrying about Yugoslavia, because of all the changes elsewhere. We have people who know a good deal about the situation -- Larry Eagleburger and General Scowcroft -- and we know it could become unpleasant. When the Yugoslav President was here we talked about financial help. (C)

We've tried to manage all these changes without a lot of flamboyant statements. Some were urging me to climb up on top of the Berlin Wall and declare victory, but we are trying not to send the wrong signals to the Soviets. We are committed to freedom, democracy, and self-determination, and that won't change. We are concerned with the Baltic states. We haven't changed our position, but we try not to paint Gorbachev into a corner. We don't want any of the earthquakes Havel talked about. (C)

Chancellor Vranitzky: We are relying on intensifying and improving CSCE. We are also preparing for a meeting at the highest level later this year. (C)

The President: We would like this hooked into the conclusion of the CFE talks and make this a kind of beacon to get CFE done. We have made that clear to the Soviets, and there is no reason it can't be done. (C)

Chancellor Vranitzky: We should also consider some institutionalization of CSCE for the future, so the process won't be just talk. We have extended an invitation to governments. In case there is a CSCE summit, we would be delighted to host it in Vienna. I can give you assurances that the program and protocol will be according to your wishes. (C)

The President: I understand that remark and appreciate it very much. Our relationship with Austria is about as good as it can be. I am delighted we have discussions like this. Who would have thought a year ago that we would be discussing these things? (C)

Chancellor Vranitzky: Would your Government be in favor of a European Bank? Let me make a personal confession, not a position of my Government. I worry about the proliferation of organizations. It is hard to commit to every noble idea. As to this Bank, we have expressed a strong interest. The advantage is not just a channeling of money West to East but a coordination of activities. It is a free-for-all today, with Western countries and the EC competing. This could add to a more systematic approach. (C)

The President: There is one worry we have. I hope it is clear that we want Gorbachev to succeed and want perestroika to succeed, but at Malta I was alarmed at how far apart we are. The Soviet economy is in rubble. They have no idea about pricing, privatization, or the "ruble overhang." It was alarming to me. With all his qualities, and I'm an admirer, economics is not one of them. If this Bank thinks it can do anything more than brief relief, it is not wise. The Soviets want to change, but they have tremendous problems. If the Bank grants loans over there -- unlike Czechoslovakia or Hungary -- it is making a mistake. (C)

Chancellor Vranitzky: I agree. The Soviet Union also lacks the manpower to transform ideas about a market economy into real life. Unlike the smaller East European countries, I am not sure the Soviet leaders have transformed their thinking about ownership. (C)

The President: I agree. He doesn't recognize that shares equal ownership. He thinks of Henry Ford owning the Ford Motor Company or Carnegie owning steel. He doesn't understand part ownership. He doesn't understand share-holding. There isn't enough capital in the world to help unless they make major changes. Their distribution is screwed up, and their incentive system is weak. They have a long way to go, yet we are trying to find ways to cooperate. They are showing great interest in the legal and financial areas. Our Attorney General and Alan Greenspan were just there. But our people all come back and tell me the Soviets have along way to go. (C)

Chancellor Vranitzky: Ryzhkov was in my country. It was a nice day like this, and he visited some private Austrian farmers. He asked about the land, and a farmer said that he owned it. Ryzhkov asked what he meant by "owned." "How can a private person own land?" he asked. "This is the land of the Republic of Austria." (ℓ)

The President: This was manifested in a speech he gave on the economy recently. It is not a reason to leave them struggling, but help should be geared to making them more productive. (ℓ)

Chancellor Vranitzky: We also expressed our candidacy for the Bank. I had talks with Secretary Brady. He was hesitant, for domestic reasons, about how U.S. money might be funneled to the other superpower. We do need to work on the Charter. (ℓ)

The President: Brady is saying the same thing as I am, adding the political dimension. I keep coming back to my pitch. The best we can do for economic vitality is to keep our economy from burdening others, so that we do not draw capital away from them. Given all that's happening in Europe, I would love to be President without this huge budget deficit. So this worries us: how to help in a fiscally sound way. (ℓ)

Chancellor Vranitzky: We have had very good economic performance in 1989 and will have again in 1990. It has been one of our best years. Many East Europeans come to learn from us, partly because Austria has not huge industries but small and medium-sized ones. But our people do not want to get the impression that their Government focuses only on Hungary and Czechoslovakia, not Austria. We must be careful and wise. (ℓ)

The President: There was a big article about me in U.S. News and World Report that said Bush was running around the world, but what about us in Youngstown, Ohio? I'm told I must rush off. (ℓ)

Chancellor Vranitzky: I am looking forward to a new Ambassador to us. (ℓ)

-- End of Conversation --

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Foreign Minister Abdellatif Filali of Morocco (U)

PARTICIPANTS: Brent Scowcroft, Assistant to the President for National Security Affairs
C. David Welch, NSC Staff, Notetaker

Abdellatif Filali, Moroccan Foreign Minister
Ali Bengelloun, Moroccan Ambassador to the United States

DATE, TIME AND PLACE: February 20, 1990; 5:10 - 5:35 p.m. EST
General Scowcroft's Office

General Scowcroft met with Moroccan Foreign Minister Filali in the General's office at 5:10 p.m. (U)

General Scowcroft: I am very delighted to have this opportunity to meet you. Allow me to express, on behalf of the President, his warm feelings for His Majesty King Hassan. The President asked that his respects be expressed to you, with thanks to His Majesty for all his help over the years. As a testament of the President's warm regard, he has asked his daughter to join the delegation to the Throne Day. (U)

Foreign Minister Filali: I am grateful for your words. His Majesty also conveys his best wishes to the President. This is an important opportunity to meet you today. I hope that His Majesty and the President will also have the opportunity to meet together again -- it is normal and necessary to have such a dialogue as soon as possible. (U)

General Scowcroft: The President feels that way, too. He looks for opportunities in his travels that would make that possible. The President would also be pleased to welcome the King here. There have been several phone calls, but phone calls are not enough. There is much to talk about, with the world changing so rapidly. There is also the peace process and Lebanon, issues in which Morocco has been an intimate participant. There is also what is going on in the south of Morocco. ~~(C)~~

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Foreign Minister Filali: In the Middle East, you are more informed than we are because you are involved in the initiative between the Israelis and the Palestinians. We know our information from our Embassies and the press. However, as the chair of the Arab Summit, His Majesty has the duty, in conformity with Arab League Summit resolutions, to do something regarding the Palestinian issue. We did not move because we were looking at what you were doing. But last month the Palestinians asked for the Arab League committee to activate its efforts; we in turn asked our Arab League partners for a reaction. What is your feeling about the situation now that the Sharon crisis (in Israel) has happened. ~~(C)~~

General Scowcroft: We thought that before the latest Israeli government crisis, that we were on the verge of a tripartite meeting of foreign ministers as the final step before a dialogue between the Palestinians and the Israelis. Sharon's resignation may strengthen Shamir's hand, rather than weaken it. We hope that before alternative courses are examined, we should let this process work itself out. If we can get to the tripartite meeting, we can begin to see useful steps. But, a diversion now would be harmful. In any case, we should know shortly, and I hope that you can hold off long enough to see the prospects from the current course. ~~(C)~~

Foreign Minister Filali: In the Middle East dispute, Morocco has always tried to play a positive role. Frankly, we are disturbed about what is going on and we feel that we need more coordination. As the chair of the Arab League Summit, His Majesty is submitted to pressure. We do not know the real objective to this initiative, and we need concrete information from time to time to help us with our other partners, especially the Palestinians. ~~(C)~~

General Scowcroft: I agree. We will try to do that. We do need your help with the Palestinians. Every step in this process has been very, very fragile. ~~(C)~~

Foreign Minister Filali: Are you optimistic? ~~(U)~~

General Scowcroft: I am fairly confident regarding the tripartite meeting. Then, that will be a good indication for the dialogue between Israel and the Palestinians. ~~(C)~~

Foreign Minister Filali: What will the tripartite meeting do? (U)

General Scowcroft: It will address some of the necessary details for the dialogue. Each side has preconditions that must be built around in some way. It would occur within the next two weeks or so? ~~(C)~~

David Welch: The tripartite meeting could address questions for the dialogue such as who comes, what do they talk about, where will it happen, and when. ~~(C)~~

Filali: On another subject, Lebanon still frustrates us. ~~(C)~~

Scowcroft: It is endlessly frustrating. We supported the Taif process and (President) Hrawi. We have called upon (General) Aoun to step down. I don't know what more we can do with the leverage we have. The recent fighting between Christian factions is deplorable. Yet, Hrawi seems ambivalent about engaging himself. What is your view? ~~(C)~~

Filali: Taif was the best agreement for the circumstances. There is now a point of view among the Arabs. Foreign interventions -- Syrian, Israeli, Iranian, and Iraqi -- have complicated the situation. We can't do anything more. We are ready to help implement the Taif accord, but the issue is also between the Lebanese, and that is the main problem. They are fighting for leadership and it is impossible to help in that situation. We had an important dispute in July with the Syrians -- but we decided it was not realistic to ask Syria to leave in 48 hours. But if Syria fights now, it will be genocide. The six-month term of the tripartite committee is over now, and we have reported to the Arab League. If the Arab states have something else in mind, we will see. ~~(C)~~

General Scowcroft: What do you think are Syria's intentions? ~~(C)~~

Foreign Minister Filali: There are many contradictions in Syrian policy toward Lebanon. [redacted] (b)(1) But one must have the possibility to achieve it, and Syria does not have that. The dreams of a greater Syria are 50 years old. The contradiction is that Syria's response to the events in Lebanon has been to involve Iran and strengthen Hizballah. That is very dangerous for the Eastern Mediterranean and the equilibrium of the area -- and Syria is responsible. That is the contradiction: they would like to absorb Lebanon yet they emplace foreign elements there. ~~(C)~~

General Scowcroft: That is not an encouraging analysis. ~~(C)~~

Foreign Minister Filali: Syria is working within the Taif accord. I don't know until when they will do so, but they have agreed to work within the accord and to help Hrawi. They are doing so. There may also be some problems now with Iran in Lebanon. ~~(C)~~

General Scowcroft: We would like to be helpful but we don't know what more we can do. ~~(C)~~

Foreign Minister Filali: Regarding the Western Sahara issue, the United Nations Secretary General's personal representative will be in Morocco tomorrow. The Secretary General is coming on March 22. In November 1989, I told him it was the best time to move the Western Sahara plan ahead. He said then that Namibia had priority; plus, he had financial problems in the UN. Now, the priority is on this problem. I hope that during his visit he will offer practical proposals. I hope for a referendum before the end of the year.

There are two reasons: One, to end this bloody war; and, two, we have started positive relations with Algeria. There are embassies, confidence between the heads of state, economic and political cooperation, and the Arab Maghreb Union. To stabilize the area, we need to finish this dispute. We are worried that if Europe dominates attention, then our area will lose priority. That is one reason why we seek to stabilize our area. We hope for U.S. support with the Secretary General. ~~(C)~~

Foreign MInister Filali: Morocco and the United States have always had contact. We are on a strategic point along the straits of Gibraltar. Our relations are good and improving with Spain and Portugal. It has always been our spirit to discuss between our four nations what is going on in this area. Even though Eastern Europe is changing, geography remains constant. I hope that the meeting between the President and the King takes place as soon as possible, so we can discuss all of these things. ~~(C)~~

General Scowcroft: That would be useful. It is true that while the overall threat may be reduced, geography is still there. ~~(C)~~

Ambassador Benjelloun: History is still there too -- Morocco was the first to recognize the United States. ~~(C)~~

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Vaclav Havel, President of Czechoslovakia (U)

PARTICIPANTS:

U.S.
The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert L. Hutchings, Director for European Political Affairs, NSC Staff
Lisa Valyiova, Interpreter

Czechoslovakia
Vaclav Havel, President
Milan Knazko, Presidential Advisor
Alexandr Vondra, Presidential Advisor
Michael Zantovsky, Presidential Press Spokesman

DATE, TIME AND PLACE: February 21, 1990, 2:45 - 3:30 pm
The Oval Office

The President and President Havel held a follow-up meeting in the Oval Office on February 21. (U)

The President: How did your speech at the Congress go? (U)

President Havel: It was very well received. (U)

The President: I had good reports back on it. (U)

President Havel: May I ask whether you were informed of the contents of the speech? (U)

The President: No, I got a summary and would appreciate your impression of the highlights. (U)

President Havel: I was surprised at the applause at points where I expected boos. In my speech, I elaborated on some of the points we discussed yesterday. I was surprised that some things which were addressed more to our domestic audience were also received well. (U)

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The President: You leave Washington with good feelings for you and your country. I want to follow up on our meetings. We need to stay in close touch on how you view developments and how we do. I meet this weekend with Helmut Kohl. It will be a quiet meeting, where I hope he tells me what's on his mind concerning German unification and his domestic pressures. As you know, there are some real concerns in different countries in Europe about what a unified Germany means for Europe's future. (C)

President Havel: With your permission, I will make two remarks and pose one question. As far as Germany is concerned, the problem is that there will be unification at a time when elections are coming in both Germanies. My second remark: I talked today in Congress more specifically than I have with you about this topic and even more specifically with the House Foreign Affairs Committee. I was asked specific questions and had to elaborate more. I do not want to take up much of your time, but I will inform you, if you are interested. (C)

Now, my question. In a few days, I will go to Moscow. What interests me extremely and our country is whether you have a message I could pass on to Moscow. This is important, not only for our country but also for the whole of Central Europe. As I said in Congress, the best way the U.S. can help Gorbachev is to help the Soviet Union on its way to democracy. I also said that the withdrawal of troops from our country and others depends on assistance that is easy to provide, but which the Soviet Union could never ask us for. It is a proud superpower and now more proud because it is crumbling. Above all, I am thinking about humanitarian assistance -- food stuffs and grain that you have in reserve and which could be used for Armenia to support Gorbachev. The Soviets do want to vacate Europe but are still reluctant to do so. They are afraid of their own returning armies, which they cannot house and feed. They have had a very good life in Europe, and the Soviet leaders are afraid of a rebellion in the army. It shouldn't be too difficult to help them in this, and in so doing to help us. It will not be easy for me to explain why Soviet troops cannot leave overnight. Still, withdrawal should not be too difficult. There are only 73,000 in Czechoslovakia, which was the last country they came to. And they came to suppress a liberation struggle, so there is also a political aspect. Nobody perceived them as part of the balance of power, but only as occupiers. It would help us a lot to have something to offer, to help speed up the withdrawal by a few months. We shall be there in Moscow on February 26 and, on the same day, sign an agreement on withdrawal. The agreement will specify that the first soldier is to be withdrawn the same day. So far, the agreement says that the last will leave on the 26th of May next year. I would like to shift it so it can be just one year from start to finish, but I cannot only demand things from them without offering something in return. All we can offer is a kind of special mediating role, because of my special role as the only non-communist head of state for now. (C)

The President: I agree with your assessment of the problems he faces. We need to allow him to make withdrawals with a certain sense of pride. We don't want to paint adversaries into a corner. Our desire is to see problems resolved without rubbing the Soviets' nose in failure. We will not conduct ourselves in the wrong way by saying "we win, you lose." (S)

President Havel: It only occurred to me that the problem of pride could be overcome by having the aid private. (S)

The President: That's an important point. To the level of several million dollars, we're already doing that. Considerable aid to Armenian earthquake victims, in the form of emergency medical supplies, has already been provided through the American private sector. The question of food aid is very sensitive right now. The Soviets are very proud. They have not made a specific request for this kind of support. They've made such requests of others -- the Germans, for example -- but not of the U.S. If they came to us and said "our people are starving," we would of course find a way to help. The Soviets also have a distribution problem. There was a good crop last year, but they can't get the goods to market. The system is broken down, which makes it harder to help. The problem is not food, but distribution. For that reason, we are interested in providing help -- both private and governmental -- for the restructuring of the Soviet economy. Our Attorney General was recently there discussing their new legal system, as well as their legislative problems. Alan Greenspan was there on monetary issues and Carla Hills, on trade negotiations. I think I mentioned yesterday that they have a long way to go before they understand markets or how a private sector works. (S)

Now, back to the question you raised about a message for Gorbachev. I would suggest the following: tell Gorbachev that you leveled with me about your aspirations for Czechoslovakia and that I asked you to tell Gorbachev that we will not conduct ourselves regarding Czechoslovakia or any other country in a way that would complicate the problems he has so frankly discussed with me. Tell him that I told you that we are not only supporting perestroika, but the President of the United States also wants President Havel to tell Gorbachev that the President supports him by name. That's an important point. We don't want to get caught up in internal problems in the Soviet Union, but we do see in Gorbachev a man who supports peaceful change in Eastern Europe. I'm impressed that he is willing to sit and work out a specific agreement with you on troop withdrawals. Perhaps you can use your dramatic background to convince him that nothing in the U.S. presence in Europe threatens him; rather, this is a stabilizing force. This is a very important point. I expect that some citizens in the USSR ask why the U.S. has to be there any more. I need to convince Gorbachev this summer that a continuing U.S. presence is stabilizing. He worries about

Germany and about the Polish border, and I'm convinced our presence is stabilizing in those regards. That's straight from my heart. Also, if you could, tell him I'm really looking forward to seeing him. We had a long phone talk the other day in the best spirit. On food aid, I would be careful. We are blessed in this country, but why didn't Gorbachev mention this to the Secretary of State? The answer is pride. Yet, in a human compassionate sense, we'd like to help. One example: when the Berlin Wall first was chipped away, there was great joy around the world, not just in Germany. My political opponents here said the President of the United States was laid back, not excited about these events. In my mind, we're the other superpower. I don't want to cause problems for him. My actions cost me domestically. Gorbachev knows that, but you should know as a friend. Who would have thought these changes could have come and at a time of great anxiety in the Soviet Union? (S)

President Havel: I would like to say that this explanation has been very important for me. I now understand things much better. On one thing that you mentioned, it is clear that the presence of American troops in Europe is a stabilizing factor, and the Soviets themselves know it. Again, it is a question of prestige. This is the reason why I talked about the new European security system without mentioning NATO. Because, if it grew out of NATO, it would have to be named something else, if only because of the element of prestige. If NATO takes over Germany, it will look like defeat, one superpower conquering another. But if NATO can transform itself -- perhaps in conjunction with the Helsinki process -- it would look like a peaceful process of change, not defeat. (S)

The President: We should give serious thought to that -- how to manifest it. You raised a good point. Our view is that NATO would continue with a new political role and that we would build on the CSCE process. We will give thought on how we might proceed. (S)

President Havel: It seems on this kind of understanding, it is the best way to end our discussion. I don't want to take up more of your time, so I will end on that note. You're invited already to Prague. I would be glad to welcome you in Czechoslovakia. Our offer to host a U.S.-Soviet summit remains valid. I understand that your next meeting is already scheduled, but perhaps the one after that could be in Prague. (S)

The President: It is an interesting idea and might send a good signal. (S)

President Havel: In the fall? Prague is open. (S)

The President: I had been saying before there was no point in such summits without an agreed agenda, but I've changed my mind.

We need to meet. The problem is we still have, and the media have, a summit mentality, so that there are always high expectations attached to these meetings. (ℓ)

President Havel: I, on the other hand, sometimes regret that some politicians have no sense of symbols. For example, I proposed to meet Gorbachev in Yalta, but he didn't understand the symbolism. (ℓ)

-- End of Conversation --

~~SECRET~~