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Record Group/Collection: George H.W. Bush Presidential Records
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Series: Presidential Correspondence Files
Subseries: Presidential Memcons Files

OA/ID Number: 91108
Folder ID Number: 91108-003

Folder Title:
Presidential Meetings - Memorandum of Conversations 11/13/90 - 12/21/90

Stack:	Row:	Section:	Shelf:	Position:
G	34	3	1	2

Withdrawal/Redaction Sheet
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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memcon	Re: Meeting with Prime Minister Andreotti of Italy (4 pp.)	11/13/90	(b)(1)	S
02. Memcon	Re: Meeting with Prime Minister Andreotti of Italy (7 pp.)	11/13/90	(b)(1)	S
03. Memcon	Re: Meeting with Prime Minister Toshiki Kaifu of Japan (4 pp.)	11/14/90	(b)(1)	S
04. Memcon	Re: Meeting with South Korean Minister of National Defense Lee Jong Koo (3 pp.)	11/16/90	(b)(1)	S
05a. Memcon	Re: Meeting with President Havel of Czechoslovakia (2 pp.)	11/17/90	(b)(1)	C
05b. Memcon	Re: Expanded Meeting with President Havel of Czechoslovakia (4 pp.)	11/18/90	(b)(1)	S
05c. Memcon	Re: Meeting with Federal Leaders (2 pp.)	11/17/90	(b)(1)	C
05d. Memcon	Re: Meeting with Czech Leaders (3 pp.)	11/17/90	(b)(1)	C
05e. Memcon	Re: Meeting with Slovak Leaders (2 pp.)	11/17/90	(b)(1)	C
05f. Memcon	Re: Working Lunch (4 pp.)	11/17/90	(b)(1)	S
06. Memcon	Re: Meeting with President Mitterrand of France (6 pp.)	11/18/90	(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 11/13/90 - 12/21/90

Pinksheet Number: cap922
OA/ID Number: 91108-003
Date Closed: 1/27/2009
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
07. Memcon	Re: Meeting with President Ozal of Turkey (5 pp.)	11/20/90	(b)(1)	S
08. Memcon	Re: Meeting with Prime Minister Mitsotakis of Greece (3 pp.)	11/21/90	(b)(1)	S
09. Memcon	Re: Bilateral Meeting with Amir of Kuwait (5 pp.)	11/21/90	(b)(1)	S
10. Memcon	Re: Bilateral Meeting with King Fahd (6 pp.)	11/21/90	(b)(1)	S
11. Memcon	Re: President's Meeting with President Hafez Asad of Syria (12 pp.)	11/23/90	(b)(1)	S
12. Memcon	Re: Memorandum of Conversation with President Carlos Salinas of Mexico (7 pp.)	11/27/90	(b)(1)	C
13. Memcon	Re: Meeting with Ricardo Arias-Calderon of the Republic of Panama (4 pp.)	11/28/90	(b)(1)	C
14. Memcon	Re: Meeting regarding Soviet Grain Purchases and the Uruguay Round (9 pp.)	11/28/90	(b)(1)	C
15. Memcon	Re: Meeting with People's Republic of China Foreign Minister Qian Qichan (5 pp.)	11/30/90	(b)(1)	S
16. Memcon	Re: Meeting with President Fernando Collor de Mello of Brazil (6 pp.)	12/3/90	(b)(1)	C
17. Memcon	Re: Meeting with Luis Alberto Lacalle of Uruguay (3 pp.)	12/4/90	(b)(1)	C

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
18. Memcon	Re: Luncheon with President Carlos Saul Menem of Argentina (5 pp.)	12/5/90	(b)(1)	C
19. Memcon	Re: Memorandum of Conversation of Expanded Bilateral Meeting with President Carlos Andres Perez of Venezuela (8 pp.)	12/8/90	(b)(1)	C
20. Memcon	Re: Meeting with Jonas Savimbi, Leader of UNITA of Angola (2 pp.)	12/13/90	(b)(1)	C
21. Memcon	Re: Meeting with Prime Minister John Major of the United Kingdom (6 pp.)	12/21/90	(b)(1)	S

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DRAFT

9186

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Andreotti of Italy (U)

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President for National Security Affairs (Notetaker)
Sim Smiley, Interpreter

Giulio Andreotti, Prime Minister of Italy
Umberto Vattani, Diplomatic Adviser to the Prime Minister (Notetaker)
Carla Lonegro, Interpreter

DATE, TIME AND PLACE: November 13, 1990, 4:15-4:45 pm
The Oval Office

The President: One question on my mind is the Uruguay Round. We can discuss it here or with the main group. (S)

You raised Crotone. We are committed to building it, but the Congressional action was a clear set-back. We don't control the Congress, so it is a difficult situation. But if you and NATO stay together, we will try to get the funding. (S)

Prime Minister Andreotti: We are solid on the matter, but we would like to know the prospects for U.S. funding. It would be silly to spend the money on our side if the U.S. portion will not be approved. (S)

The President: Brent, what are the prospects? (U)

General Scowcroft: (gives an assessment of the prospects) (U)

Prime Minister Andreotti: We can wait until next spring. (S)

The President: Maybe we can take soundings early in the new year. (S)

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2000-0429-F
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Prime Minister Andreotti: All right. On the Gulf, the EC has put forward a good resolution, and it has opposed the idea of people going to Baghdad to try to win the release of hostages. Unfortunately, many Europeans are not abiding by this resolution. My press is after me on this issue. An attempt is being made to separate the U.S. hostages from the other hostages. I don't want to let that happen. (~~S~~)

The President: We are trying to keep our Congressmen from going to Baghdad. It is a cruel, inhuman policy that Saddam is pursuing. There is not the outrage here in the U.S. that I thought there would be. I am terribly worried about our Embassy in Kuwait. (~~S~~)

Prime Minister Andreotti: Confidentially, do you think there is a chance to convince Saddam Hussein short of military action? (~~S~~)

The President: We are moving 150,000 additional troops to the region. I hope this will convince him that we are serious. A UN resolution would help, but I doubt we will get out short of the use of force. I believe he thinks he can out-wait us and divide the alliance. This country will back me if I say we have to use force. (~~S~~)

Prime Minister Andreotti: We should try to get from Saddam Hussein: withdrawal from Kuwait and restoration of the legitimate government, release of the hostages, and a security system for the region. He can't be left with the ----------. (~~S~~)

The President: An important point. We are talking about ----------. (~~S~~)

Prime Minister Andreotti: We should think about who can make an approach to him. He is very isolated. Maybe the President of Algeria could do it, but he should make it clear that the UN is steadfast. I don't believe in the possibility of an Arab solution. (~~S~~)

The President: I have high regard for Bendjedid. But it would only work if he goes just to explain our position and to require Saddam's compliance with the UN directives. (~~S~~)

Prime Minister Andreotti: However, this might give him a way out. (~~S~~)

The President: Another scheme would be to send the Presidents of some small Muslim countries to tell him that he is destroying the

Islamic countries. This is a Mulroney scheme. (S)

Prime Minister Andreotti: It is not just a problem of economic dislocation; it is also Arab prestige that he is destroying. (S)

The President: Yes, that's right. Do you know Saddam Hussein personally? (S)

Prime Minister Andreotti: Yes, I do. I was there in 1978 to see if he might support chemical disarmament (?). His conception is wrong. (S)

The President: He is very brutal and unpredictable. I hope he understands that we are deadly serious. I want a peaceful solution. (S)

Prime Minister Andreotti: If ---------- tell him that he should withdraw, free the hostages and agree to a security system, that may provide an opening. (S)

The President: But he wants one big pow-wow to resolve all Middle East problems. Shamir is a different ----------. (S)

Prime Minister Andreotti: He has no intention of giving back the occupied territories. (S)

The President: That's right, but the Israelis are worried about Saddam Hussein. They are worried that he may bomb them as a way out of his dilemma in Kuwait. (S)

Prime Minister Andreotti: They are also worried about Asad and Syria. (S)

One more thing. It is important that we all say something to the Palestinians in order to stop the idea that we are abandoning them. (S)

The President: I agree, but the PLO is making it very difficult for us. (S)

Prime Minister Andreotti: Perhaps we can discuss the Uruguay Round with the others. (S)

The President: All right, let's go. (U)

Prime Minister Andreotti: One more thing. That lady I talked to you about last time (Sylvia Baraldini). (S)

The President: The Attorney General will have an answer when he

visits Rome next month. I will tell him you raised the issue again. (S)

Prime Minister Andreotti: Before we were told that if a convention were signed between the U.S. and Italy, she could serve her sentence in Italy. It has been one year since the signing of the convention. (S)

The President: I told a group of Italian Americans that relations between our two countries have never been better and that I wanted to ensure that they stayed that way. Shall we go? (U)

-- End of Meeting --

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Andreotti of Italy

PARTICIPANTS: The President
James A. Baker, Secretary of State
Nicholas F. Brady, Secretary of the Treasury
John H. Sunnunu, 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
David C. Gompert, Special Assistant to the President for European and Soviet Affairs
Peter F. Secchia, Ambassador to Italy
Richard T. McCormack, Under Secretary for Economic and Agricultural Affairs
Robert Zoellick, Counselor
Adrian A. Basora, Director for European Economic Affairs, NSC Staff (Notetaker)
Sim Smiley, Interpreter
Alec Toumayan, Interpreter

Giulio Andreotti, Prime Minister of Italy
Jacques Delors, EC Commission President
Gianni De Michelis, Foreign Minister of Italy
Claudio Vitalone, Under Secretary, Ministry of Foreign Affairs
Rinaldo Petrignani, Ambassador to the U.S.
Bruno Bottai, Secretary General, Ministry of Foreign Affairs
Umberto Vattani, Diplomatic Adviser to the Prime Minister (Notetaker)
Andreas Van Agt, EC Ambassador
Pascal Lamy, EC Commission Adviser
Pio Mastrobuoni, Press Spokesman
Carla Lonegro, Interpreter

DATE, TIME AND PLACE: November 13, 1990, 4:45-6:00 p.m. EST
Cabinet Room

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2000-0429-F
TR 8/21/09

The President: Welcome Mr. Prime Minister, Mr. Delors and members of the delegation. In our private meeting, we covered bilateral issues. The Italian-U.S. relationship is strong. This meeting is on the EC, and I will turn it over to you. But we do have serious concerns on the Uruguay Round. There is a risk of serious failure. So I would like to leave a few minutes at the end to explain our views. (S)

Prime Minister Andreotti: Thank you. I am happy for this opportunity. All members of the EC are inspired by a desire for cooperation and mutual understanding with the U.S. When the problems are related to trade, our positions sometimes diverge. On the Uruguay Round, Mr. Delors can explain our position better than I. Politically, the EC has begun a very thorough revision of the Common Agricultural Policy. This is hard on the member countries, but we have told our publics that this is the direction in which we must go. (S)

Regarding the trade balance between the U.S. and the EC, the U.S. is in surplus and the EC is in deficit. U.S. agriculture is different from European agriculture. The EC has tried to open up its market to African, Latin American and Caribbean countries under the Lome Convention. If you look at the overall picture therefore, the EC has made an effort in the agricultural area. (S)

President Delors: I would like to explain the position of the EC for two reasons. First, our proposal was rejected even before it had been studied. Second, the Uruguay Round involves more than just agriculture. Mr. Dunkel, the GATT Secretary General, said yesterday that many other issues remain unresolved. If you single out only the EC, then we are moving towards a political rupture. The U.S. is turning the rest of the world against us.

If you look closely at the EC and U.S. proposals, they are of the same order of magnitude, comparing both of them in the same time perspective. If the two biggest producers stop their war of words, then I think we can bring our positions together. I apologize for my frankness, but I am very concerned about the declarations that have been made by some U.S. ministers. Both the U.S. and the EC proposals have strengths and weaknesses, but it is important that the two biggest producers get together. (S)

The President: Yes, it is important that the U.S. and the EC not pass in the night. I am not exaggerating the negative consequences of a blow-up of the Uruguay Round, however. I would like to go back to our Houston understandings. The position that the EC has now tabled is not what we agreed to in Houston. The issues of export subsidies and of market subsidies are just not

addressed. There are other ways to solve the problems of the agriculture sector than through agricultural subsidies. The third world is getting hurt, even though we want to help them. And the other areas of the Uruguay Round negotiations have ground to a halt. The Uruguay Round can help to assure stability for the emerging democracies in Eastern Europe and elsewhere by removing trade barriers for their exports. (~~S~~)

I hate to contemplate the possibility of failure, but if the Uruguay Round fails because of the EC, there would be numerous repercussions. Bilateral trade frictions would increase because of protectionist pressures in Congress. The world trading system would evolve towards regional trading blocks. We are not stirring up the agricultural exporting countries in the Uruguay Round negotiations. They are coming to us and saying, "Can't you help us?" What we need is what we agreed to at Houston (reads from the Houston language): "substantial, progressive reductions" in all three categories. The U.S. proposal is for 75% reduction in barriers to market access and in price supports and 90% reduction in export subsidies. The EC proposal is for 30% reductions only on price supports. I am fired up about this because I thought we had an agreement at Houston. Do you have any rebuttal? (~~S~~)

Prime Minister Andreotti: The position of farmers in Europe is different from that of the United States. We have 10 million farmers as against 3 1/2 million in the U.S. and therefore we need a longer time period to change the system. We started this process two years ago and have already achieved a decrease in agricultural expenditures. Remember that the EC imports $39 billion per year in food as against U.S. imports of only $21 billion. The EC exports $28 billion worth as against U.S. exports of $40 billion. I am not being polemical but this helps to explain why we must move gradually. Would you like to add anything Mr. Delors? (~~S~~)

President Delors: If our negotiators can sit down alone together at the negotiating table, without any allies, then I think we can make progress. To the Cairns group attack upon us we could reply that they are the ones who are being the most protectionist. But let us compare our proposals. The U.S. is asking for reductions between 37.5 and 45% over the next five years, and the EC offer is for a 30% reduction. Our positions are not as far apart as may seem, therefore. Just as you have your Congress, we have 12 member countries, and for us a 30% reduction in subsidies means a 40% reduction in the agricultural work force. What we must do is get the U.S. and EC around one table and end the war of words. Regarding your desire to have the Uruguay Round mentioned in the Transatlantic Declaration, this is an unfair way of pressuring the EC. (~~S~~)

The President (holding in his hand a document describing the Houston understandings on the Uruguay Round): Is this not what we agreed to at Houston? (Copies of the document are passed around the table) (S)

Foreign Minister De Michelis: This was a difficult compromise inside the EC. Therefore, the EC negotiating position was worded in an ambiguous way. However, the EC is ready to move to a 30% reduction in all 3 categories. (S)

The President: Let's be clear about this. Can I write in 30% in each of the 3 categories? (S)

President Delors and Foreign Minister De Michelis: Yes. (U)

President Delors: We need a success in the Uruguay Round in order to gain support for agricultural reform inside the EC. We are working for a success, not failure. (S)

Secretary Baker: So there is to be a reduction in all 3 categories! (S)

Governor Sununu: This certainly has not been clear to our people in the negotiations. (S)

Foreign Minister De Michelis: Some countries within the EC are interested in some areas of the Uruguay Round, and some are interested in others. This is the reason for the ambiguous wording of our offer. (S)

President Delors: We want to use this negotiation to facilitate reform. (S)

Secretary Baker: You are using the elements of measurement that were suggested by the United Kingdom at Houston. Our people don't calculate it this way. (S)

The President: Let's regroup overnight. You, Jacques, are staying here overnight and can get together in the morning with Secretary Brady to discuss the issue further. In the meantime, our specialists will be looking at your offer. (S)

President Delors: We need to change the global mood. (S)

The President: On atmospherics, I take your point. But we face a real time deadline and we need significant progress soon on agriculture. Let us try to reach an understanding of your proposal, and also to change the atmosphere as Jacques Delors and Gianni De Michelis suggest. (S)

President Delors: Our problem is to get the farmers to change their positions. Therefore we need a good "mood" in the negotiations. This way we will be able to differentiate between small and large farmers within the EC. (S)

The President: Do you feel we are stirring up the Cairns group? (S)

President Delors: Yes, I do. However, Australia is also very protectionist. (S)

The President: I understand that the Cairns group is upset, without any need for instigation by the U.S. (S)

President Delors: The EC is very open to exports from the developing countries under the Lome Convention. (U)

Foreign Minister De Michelis: I agree that we need to avoid a failure in the Uruguay Round. It would be a disaster. However, it is easier for us to convince our governments if you put real offers on the table, for example in the field of textiles. Therefore you should not try to single out agriculture from the rest of the negotiation. This tactic leads towards disaster. We need a strong political input and therefore you should involve the highest possible level. I recommend that you raise this issue with President Mitterrand and others in addition to Prime Minister Andreotti. Otherwise we will get to the end of December, still in a polemical phase. (S)

The President: At Houston we came up with a set of objectives. I agree that we should lower our rhetoric now, but we cannot abandon our goals. Maybe we are closer than we think. (S)

Prime Minister Andreotti: Regarding U.S. public opinion, I think you should keep in mind the fact that the EC sent only 3 million tons of produce to the U.S., versus 25 million tons of U.S. produce exported to the EC. You can see that there is no protectionism on the part of Europe. (S)

Governor Sununu: With all due respect to the fact that you have 12 countries within the EC, we have 50 states. On textiles, we had to use all our political assets. Otherwise the Senate would not have sustained a veto. Furthermore, you should not underestimate the importance of the clock that is ticking on the fast track. In January, the situation will change, and it will change for the worse. (S)

Foreign Minister De Michelis: A positive conclusion to the Uruguay Round is preferable under any circumstances. A failure

would create much bigger problems. (S)

President Delors: I propose that for our ministerial in Brussels on Friday we prepare a list of all contentious issues in the negotiation. The purpose of this will be to clarify the state of the negotiations, and we should not speak about our problems outside of the meeting. (S)

The President: If you talk to Secretary Brady tomorrow, you can prepare the ground for the ministerial. (S)

We are pleased with the way international support is holding on the Gulf. I appreciate the way the Commission has spoken out on the hostage issue. We have difficulties with our own Congress when individuals go over to Baghdad and plead with Saddam Hussein to release some of the hostages as an act of kindness. I am grateful for EC leadership on the Gulf issue. (S)

Secretary Baker: We appreciate your political cooperation on all other aspects of the crisis as well. (S)

President Delors: It is important that we provide assistance to countries that are affected economically other than the front line states. (S)

Secretary Baker: If you can do something for Jordan as well, however, it would be important. (S)

The President: The tragedy is that Saddam Hussein is talking about the haves and have-nots, but his Islamic brothers are suffering badly because of the price of oil. For example, Senegal has been driven to its knees. We have got to prevail. I have never been more determined, and I am grateful to the EC for its support. (S)

Secretary Brady: We are grateful for the EC's pledge of $690 million. It is important that the assistance to Jordan be provided very early in 1991. (S)

President Delors: We will try to put the assistance into the pipeline before the end of 1990. (S)

The President: I would like to ask the Prime Minister or Mr. Delors if they are worried about King Hussein's being destabilized. (S)

Prime Minister Andreotti: Jordan has a mixed population. There are many Palestinians, particularly in the occupied territories. It is a very poor country as compared to its neighbors which are oil producers. Hussein is personally a very brave man. He is

worthy of admiration and fundamentally a friend of the West. It would be a mistake to abandon him. However, his future depends in part on a settlement of the West Bank issue. (S)

The President: We agree with your assessment. I have a high regard for Hussein, although I am sorry about his initial statements during the crisis. We have a stake in Hussein's survival. We don't want a radical Jordan. It is not true that we have shunned King Hussein. He and I have a good personal relationship. (S)

Prime Minister Andreotti: I am happy that the text of our U.S.-EC Declaration is almost completed. Perhaps during your stay in Paris we could issue the declaration. (S)

Secretary Baker: The declaration is politically important. (S)

Prime Minister Andreotti: It is important for world public opinion, just as we needed the CSCE on human rights. When East-West history is written, human rights will turn out to have been half of the U.S. Soviet dialogue. We will be seeing President Gorbachev in Rome before we all convene in Paris. (S)

The President: We are worried about the USSR, even though there has been some progress in human rights. (S)

Prime Minister Andreotti: In December, the EC Council will do something on aid to the Soviet Union. (S)

The President: The question is, to whom do you give the aid -- to the Republics, to Moscow? (S)

-- End of Meeting --

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THE WHITE HOUSE

WASHINGTON

9197

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Toshiki Kaifu of Japan

PARTICIPANTS: The Vice President
Michael Armacost, U.S. Ambassador to Japan
William Kristol, Chief of Staff to the Vice President
Carnes Lord, Assistant to the Vice President for National Security Affairs
Jon Glassman, Assistant to the Vice President and Deputy Assistant for National Security Affairs
Richard Solomon, Assistant Secretary of State for East Asian and Pacific Affairs
Karl D. Jackson, Special Assistant to the President for National Security Affairs and Senior Director for Asian Affairs, National Security Council
Frances Seeds, Interpreter

Toshiki Kaifu, Prime Minister
Taro Nakayama, Foreign Minister
Hisashi Owada, Deputy Minister of Foreign Affairs
Koichiro Matsuura, Director General, North American Affairs
Nobuaki Tanaka, Director of 1st North American Affairs

DATE, TIME AND PLACE: November 14, 1990 -- 8:55 - 9:30am
Akasaka Palace, Tokyo, Japan

After an exchange of pleasantries, Vice President Quayle extended President Bush's best wishes to Prime Minister Kaifu and gave him the letter from the President.

Vice President Quayle: President Bush wanted me to give you a detailed briefing on the Gulf. The President asked me to convey to you what Secretary Baker accomplished on his trip. The second matter I wish to raise will be the current GATT Round. Third, I wish to thank you for the help Japan has been extending on Host Nation Support. My people tell me everything is moving in a very positive direction. Fourth, there is a need for close consultation with the Republic of Korea before any further developments with North Korea.

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First, let me discuss the trade issue. We need your help. Japan can be very helpful in the Uruguay Round. The U.S. and Japan cannot let this fail, especially in the context of the post cold war era and the Gulf crisis. The EEC really needs to be pushed to reach an agreement. I want to ask for your strong participation with us in pushing the EEC to get this thing finalized.

On the Gulf, Secretary Baker went to the Gulf, Egypt, Geneva, Paris, and Moscow. We have kept the coalition together. The President wanted you to know why we decided to deploy another 140,000 troops. The more Saddam Hussein realizes that we are willing to deploy forces, the more likely he will be to get out of Kuwait. We will continue to work through the UN. We will be working on another resolution to make clear that it is legitimate to use force. We are very appreciative of Japan's contributions, especially the $4 billion. We understand the difficulties you have been facing with the Diet but want you to know we would welcome a presence of Japan in the Persian Gulf. This is a presence that you would define through your political process but we would welcome a Japanese presence. The President wants you to know that the current thinking is still to keep the peace but that he may be required to use the last option. There is an on-going debate in Congress. What kind of a congressional resolution will be required remains unclear. I have been in Congress where it is possible to play both sides of an issue. You and President Bush do not have the luxury of being on both sides of the issue, like people in Congress and in the Diet.

The situation is getting darker but maybe it is darkest before the dawn. Maybe Saddam Hussein will see the light and realize we are serious about getting him out of Kuwait.

Prime Minister Kaifu: If I may be frank, after my visit to New York I visited five countries in the Middle East. All the leaders expressed great concern with the current stalemate. Saddam Hussein holds the key to any breakthrough. We need to keep putting the pressure on Saddam Hussein through international measures. We should maintain economic sanctions to force Saddam Hussein to withdraw from Kuwait.

In Jordan I met with Iraqi Deputy Prime Minister Ramadan for two hours. I used the speech made by President Bush at the UN and emphasized it was up to Iraq to break the stalemate.

Regarding the Gulf, from the very beginning the U.S. dispatched forces immediately. The United States led the creation of the Multinational Force. These efforts deterred any further

destruction of peace. I have the highest regard for U.S. leadership. If military action is initiated, I fear the solidarity will break down between the West and the Arab states, and I fear that such a situation will make it difficult to maintain a stable system in the Middle East. What is needed is a peaceful resolution.

As far as the financial contribution, we will implement it responsibly.

The Vice President: Could I interject here that I have been told that disbursements to Turkey, Jordan, and Egypt have begun but are not quite there yet. Perhaps someone could check with the bureaucracy to insure that they are on time and on target.

Deputy Foreign Minister Owada: We are currently in the process of completing the legal instruments enabling us to disburse funds.

The Vice President: I was told that of the $600 million only $21 million has been disbursed according to the Treasury.

Deputy Foreign Minister Owada: You should check the figures from the Rome meeting. We can only disburse when the legal instruments have been completed at the end of the month.

The Vice President: Let me thank you for your quick response in the Gulf. I will tell the President. I know we will have the continuing cooperation of Japan in resolving this crisis. Is there any way that you can handle a presence in the Persian Gulf within the Japanese political context? Do you have a feeling for how this will work out?

Prime Minister Kaifu: First, we have just passed through a three-week long parliamentary debate. We discussed how we might contribute, how we might sweat with you (so to speak). Perhaps I was not persuasive enough. We are determined to continue to search for a way to contribute internationally in personnel terms. We will, somehow or other, continue to seek this goal. I believe the three-week debate was not wasted. Some of the media took extreme positions; other parts of the media stressed that we should not be isolated internationally. We should seek ways to contribute. We were debating what an internationalized country should be like. The election in my home town proved that we had backing. We won in the midst of the debate and in doing so we raised the consciousness of the nation.

The Vice President: We hope so. We leave it up to your skills and judgement. We appreciate the financial contribution but the lack of presence in the Gulf by one of our strongest Pacific allies is noticed. There is a need for global partnership, a need to internationalize Japan by finding some type of presence.

The Vice President: I know that your time is short. I have a press conference later this morning. I will tell the press we have consulted about the Gulf and that I gave you a detailed briefing on behalf of President Bush. President Bush wanted you to be fully informed on all aspects of the Gulf situation. I will say we talked about moving the GATT Round forward. Regarding Nakasone's visit to Baghdad I will be a little negative; these visits, in our view, are not helpful. We have problems in our own country e.g. former Attorney General Ramsey Clark, who used to go to Hanoi.

You know my respect for you, and that of President Bush, and my remarks will be in that spirit.

Prime Minister Kaifu: I will sum up that we were briefed on the Gulf and I expressed appreciation for your leadership and our hope for a peaceful resolution. We share the same basic conviction that the Uruguay Round must be successful. We will maintain close contact with the United States.

The Vice President: Please try to use your influence with the EEC.

Prime Minister Kaifu: Because the Gulf question is very important, we want to maintain close contact at all junctures.

The Vice President: That is why we want to keep close contact with you.

At the end of the meeting, the Prime Minister shook hands with each American participant. In doing so, he took Karl Jackson aside to tell him that the United States should not expect participation by the Self Defense Forces in the Gulf.

-- End of Meeting --

THE WHITE HOUSE
WASHINGTON

Not U.S.

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with South Korean Minister of National Defense Lee Jong Koo (U)

PARTICIPANTS:
The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Paul Wolfowitz, Under Secretary of Defense for Policy
Carl Ford, Deputy Assistant to the President and Deputy for Asia and Pacific Affairs
Douglas H. Paal, Director of Asian Affairs, NSC, Notetaker
Kim Huchun, Interpreter

Lee Jong Koo, Minister of National Defense, Republic of Korea
Park Tong Jin, Korean Ambassador to the U.S.
Han Mun Sik, Interpreter

DATE, TIME AND PLACE: November 16, 1990, 10:00 - 10:15 a.m. EST
The Oval Office

The President: May I thank you from the bottom of my heart for the silver turtle boat you sent me. It is right there in my office, Mr. Minister. I am very proud of it. I am going on a trip this evening, and we are trying to get a lot done in a hurry. But I am so pleased to see you again. ~~(C)~~

Minister Lee: Mr. President, I am honored to have the opportunity to meet with you. I have been asked to convey with sincere greetings this letter from my president. ~~(C)~~

The President: Please convey my respects to him. We have a good friendship. We are very supportive of what he wants to do. I will study this with great interest. I want to glance at this and see if he touches on the Persian Gulf, and he does. I want to say we are pleased with the cooperation there. I want you to tell him that the fact that we are occupied as we are in reversing Saddam Hussein's aggression, we are not losing interest

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in the security of other parts of the world, particularly Korea. It is a very nice letter. Indeed, you can make a connection. By that I mean our success in turning back Saddam Hussein's aggression will teach a lesson against any other aggression. So the connection is I hope that message is not lost on North Korea. But how do you see this relationship? I am anxious to hear your views. (C)

Minister Lee: Before going into a direct answer, I have the honor to convey President Roh's personal message. The Korean people and President Roh deeply appreciate your support for the security of Korea. He wanted me to convey this in person. For my part, Mr. President, yesterday Secretary Cheney and I had a very productive meeting. We reaffirmed US-ROK relations. (C)

The President: I had a report from General Brent Scowcroft and Secretary Cheney and I am very pleased about that. I think we are together on the security question. We are determined to maintain our obligations. I hope I do not have to convey that to him. What is your schedule in the US, what itinerary? (C)

Minister Lee: From here, I will go to DIA. (C)

Mr. Han: From here, we will go to DIA, then to New York City, then home. (C)

The President: I am sorry it has to be so hectic. As you heard from the press, they have already left. I am frantically trying to clean up before leaving. We are signing a treaty, a CSCE arms control agreement. We are off to Czechoslovakia, then to Paris, then to see our people in the Gulf. I am sorry I am short changing you on your visit. I have a ceremony now, and you can see the people out there waiting. I hope the biographical material that preceded this meeting was correct. It says you are a golf player. These are three Presidential golf balls that do not slice, hook or three-putt. I hope you will use them. If not, give them to someone who will. (C)

Minister Lee: I will treasure them. (U)

The President: Listen, I did not intend this to be anything comparable to what you gave me. (U)

Minister Lee: Amidst such busy commitments, you have been very kind. (U)

The President: Do you have any Korean civilians held hostage in Iraq? You offered a medical support team. Very generous. Maybe I should raise that on my trip. (C)

Ambassador Park: All our best wishes go with you. (C)

The President: I hope our paths cross soon. (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT:	Meeting with President Havel of Czechoslovakia (U)
PARTICIPANTS:	The President Brent Scowcroft, Assistant to the President for National Security Affairs Lisa Valyiova, Interpreter Vaclav Havel, President Alexander Vondra, Foreign Affairs Advisor to the President Alexandra Brabcova, Interpreter
DATE, TIME AND PLACE:	November 17, 1990, 9:40 - 9:55 a.m. Hradcany Castle, Prague

The President: This is a spectacular palace. (U)

President Havel: It was one of the biggest seats of power in the world. I would like to welcome you most cordially. Your visit is a great encouragement to our people. You saw how they welcomed you. That was not organized. (U)

The President: I liked that. In Pakistan, when I visited as Vice President, they turned them out. They didn't know who this Vice President was. (U)

President Havel: This is a significant visit in itself, but we can also have serious discussions. (U)

The President: I am increasingly worried about the Middle East, our embassy in Kuwait, etc. The oil price is pushing us into a recession, is devastating the Third World, and I am sure is hurting you. We hope to resolve it peacefully. We are moving large forces there to convince him to get out. I hope it works. (C)

President Havel: We are sending a small unit to demonstrate our support. You have kindly agreed to provide transport. The previous regime had deep relations with Iraq. We have about $1 billion in frozen assets there. We are in bad shape for oil. Soviet deliveries are down significantly. We are in a difficult situation, like Hungary and Poland, because of the transition to a demand from a command economy. (C)

The President: Is it getting worse? (U)

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President Havel: It is deteriorating and will get worse. We will free prices early next year, and that will be very unsettling. Some sort of aid will be essential, though we did not want that. Destabilization is possible, because our democracy is fragile. We mostly want aid from the international financial institutions. (~~C~~)

The President: There is a big IMF and World Bank program for Eastern Europe -- more than $7 billion. I am not sure how it breaks out. (U)

President Havel: We are members of the IMF and would expect help also from the EC. Our situation is complicated by problems hidden by the old regime which are now in the open, like our federal problem. (~~C~~)

The President: Can you discuss these problems now openly and calmly? (~~C~~)

President Havel: I can't say that most problems are solved, but they are being solved. There was a good agreement reached last week between the national and federal structures. I am encouraged, but the situation is not easy because all these problems come at once. We need hundreds of laws, and parliament is overloaded. (~~C~~)

The President: Is there anything we can do? It looks like an internal matter, but I will be talking with the national leaders. (~~C~~)

President Havel: It would help a lot if you would talk about the U.S. experience and say that some functions must be reserved for the central government, even though most responsibilities are shifted down to the national ones. Most of our people want to live in a common state. The existence of the state is not at stake, just the allocation of powers. It would be easier to start from scratch than to unravel this jumble. (~~C~~)

The President: Gorbachev is having similar and terrible problems. It is important for the national leaders to know that there must be central government just to preserve stability. In the Soviet Union, our businessmen don't know with whom to invest. (~~C~~)

President Havel: Yes. Our system is in no way as difficult as in the Soviet Union. In your discussions, all the leaders you will meet are my friends, in whom I have confidence. You can speak frankly with them. (~~C~~)

The President: Good. (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Expanded Meeting with President Havel of Czechoslovakia (U)

PARTICIPANTS:
The President
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President and Press Secretary
Shirley Temple Black, Ambassador to Czechoslovakia
Robert L. Hutchings, Director for European Political Affairs, NSC Staff
Lisa Valyiova, Interpreter

Vaclav Havel, President
Jiri Dienstbier, Foreign Minister
Alexander Vondra, Foreign Affairs Advisor to the President
Karel Schwarzenberg, Director of the President's Office
Michael Zantovsky, Press Spokesman
Richard Wagner, Deputy Foreign Minister
Alexandra Brabcova, Interpreter

DATE, TIME AND PLACE: November 18, 1990, 10:00 - 10:40 a.m.
Hradcany Castle, Prague

President Havel: The President and I already started our conversation. I might just say that I have taken the opportunity to discuss the situation in this country in perhaps too much detail. (U)

The President: It was very interesting. I said if there is anything the U.S. can do in the construction of the new system, we want to try to do it. We have a bilateral program of assistance, and we are great believers in the importance of investment. We will try to encourage the IMF and World Bank to be generous. (U)

President Havel: To remain in the economic sphere, our experts have calculated that to launch the transition to market reform we would need $3.5 billion. As we move toward a convertible currency, we would be grateful if you could work for us in the international community. We need just a first injection so we could move without major jolts. We are also negotiating with U.S. firms for joint ventures or other investments. (U)

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The present situation is more complicated, not only because of delays in oil supplies from the Soviet Union but also because of the collapse of markets in the Soviet Union and the former GDR, with which we have a large share of our trade. Let me give you just one example of the distortions. In CMEA, which incidentally has also collapsed, we have more trade with Romania than with the U.S., which shows how distorted our trade has been. The Czechoslovak people are familiar with the markets in those countries; this is related to the plan our Foreign Minister presented at Harvard. Perhaps he might explain it. (C)

Foreign Minister Dienstbier: Before doing so, let me add that our experts are familiar with trade not only in Moscow but also in Irkutsk and other places. Regarding the program, it has not only economic objectives but is related to security. At Harvard I gave just an example, a kind of model. Our point of departure is that the West is ready to help the Soviet Union. The Soviet Union lacks money and capacity; we have capacity but no money. If our country, along with Poland and Hungary, could work with the Soviet Union on joint projects, we might be able to alleviate one aspect of the transition. Supporting our exports to the Soviet Union might help. It would be required that programs be truly effective. We should avoid the situation of Poland in the 1970s -- of throwing money into a black hole. Nor do we want just to maintain outdated industries in the countries concerned. The program should be aimed at modernizing our industries. One final remark: what is at stake is not only economic, but also has a security aspect. The worst thing would be if the newly emerging democracies are strangled. If the West contributed by providing some financial assistance, this would be a cheaper way of safeguarding security. (C)

The President: I mentioned to President Havel our concern about the international oil situation. There is not a shortage of oil. There is disruption in some areas, but overall the big producing countries have made up the oil that was taken off the market because of Iraq and Kuwait. But what Saddam Hussein has done is driving a lot of developing countries to their knees. Speculation about war or shortages has driven the prices crazy. I am convinced that the forces in place are enough to guarantee the Saudi oil fields, but world markets are not sure. This leads me to ask you how you are being hurt by the situation in the Soviet Union and the Gulf. (C)

President Havel: I have briefly touched on that. We are hurt to a substantial extent. All our industry is dependent on the Soviet Union. Now the oil flow is not dependable. Supplies have been cut back. We have had extensive discussions with the Soviets. Our Foreign Minister went there and our Finance Minister too. It was not a political decision but the result of the devastation of the Soviet economy. (C)

The President: What is the pricing arrangement? Did it use to be subsidized? (C)

President Havel: For a long time prices were unnatural. They didn't correspond to the world market. We paid partly in goods. Starting January 1 the price will be three times as high as it was. (C)

Foreign Minister Dienstbier: This by itself poses a great problem, but the situation would be much worse if there were a total collapse in the Soviet Union. Besides, the Adria pipeline could supply only about one third of our needs. Hungary is in the same situation. Eventually we want to be linked to the Western oil system. (C)

The President: I agree with you that the Soviets did not make a political decision to cut back oil supplies. We are undertaking with them private ventures that will greatly increase their oil producing capacity. (C)

President Havel: We have just talked about part of a broader problem. With the collapse of communism in Czechoslovakia, Poland, Hungary and other countries, we may be facing a temporary vacuum as all the old links cease to exist. It could be breeding ground for chaos and instability. Our democracies are just emerging. To fill this vacuum is not just our problem; it is also an obligation of the West. For years you helped assure the victory of freedom. Therefore it is not in the West's interest for a new threat to emerge. (S)

The President: We agree with that. We don't want Poland, Hungary and Czechoslovakia in some never-never land without strong ties. We think the CSCE offers a good structure, and you already have a toe-hold in NATO through your mission there. Coming out of the CSCE Summit, we should have a good discussion about how to proceed. I would like to know your thinking. (S)

President Havel: Since the outset Czechoslovakia has placed high hopes in the CSCE process, as we see in CSCE a possible line for shaping the future European order and eliminating the vacuum. We have launched a number of initiatives and believe the Summit will allow the process to take a second breath. We should proceed toward treaty-based relations, which might help involve the central and eastern European countries and promote their integration. We want to institutionalize the CSCE. We hope the permanent secretariat might be in Prague. A final remark on NATO: we realize it is a pillar that might be used in building a new European security structure. There are the liaison missions, and we had a visit by Woerner. We might consider an association agreement similar to the one we are negotiating with the EC. (S)

The President: I know that you know that we support the location of the secretariat in Prague and hope that will be determined in Paris. I was glad to hear about the Woerner visit. I understand

it went well. I think we are thinking along the same lines. I am anxious to know more about how you see the CSCE functioning in the future. It will have an arms control function, which may cause some difficulties for the U.S. -- in the area of naval arms control, for example. But I think we are thinking along the same lines. I assure you we don't want Poland, Hungary, or Czechoslovakia in a European no man's land. ~~(S)~~

President Havel: I am very happy to know there is agreement on the fundamental security questions. ~~(S)~~

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Federal Leaders (U)

PARTICIPANTS:
The President
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Shirley Temple Black, Ambassador to Czechoslovakia
Robert Hutchings, Director for European Political Affairs, NSC Staff
Lisa Valyiova, Interpreter

Marian Calfa, Prime Minister
Jiri Dienstbier, Foreign Minister
Emilian Vosicky, Member of the Federal Assembly
Ivan Prusa, Member of the Federal Assembly
Alexandra Brabcova, Interpreter

DATE, TIME AND PLACE: November 17, 1990, 10:45 - 11:00 a.m.
Hradcany Castle, Prague

The President: I am very pleased to have the chance to talk with you. I covered a lot of economic issues with your President, but I want to hear from you. I view this as an historic visit, the first by an American President. I can't think of a more interesting or exciting time to be here. We want to find ways in which to widen our cooperation with Czechoslovakia. If you have any subjects you would like to raise, please raise them. (U)

Prime Minister Calfa: Mr. President, we are very pleased to have you here. We are committed to market economic reform; there is no "third way." We are proceeding in a direct line to a market economy and a direct line to private property relations. That is our basic philosophy, to which we will adhere. The second thing: we have been very strongly dependent historically on the Soviet Union. The Soviet Union behaves in a way that could be defined as economic aggression. Deliveries of crude oil, on which our trade relationship is dependent, are being cut, and there are no other transportation routes. We are working very fast on substitute transport routes from Austria and Germany, but it is a question of one year at a minimum. Our task is to survive this year. We are not being helped by the situation in the Arab world. Because we joined the embargo, we are losing $3.5 billion. We would appreciate the influence of the U.S. in Saudi Arabia. We are strengthening relations with the Saudis, but this is one area where you could help a lot. Another matter:

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Czechoslovakia is very strongly inclined toward the IMF and World Bank. We have renewed our membership and would very much like to have the positive voice of the U.S. as far as Czechoslovakia is concerned. (C)

The President: They have heard our voice and will continue to hear it. We have had talks -- I have had personal talks with the head of the World Bank -- intervening and encouraging them to do as much as they can. The IMF has allocated some $5 billion; I am not sure how much will come to you. On the oil question, I don't think the Soviet Union is trying to subject you to political retribution. I think they have enormous economic problems. We are trying to help them. The Gulf situation is the major culprit. Although there is not a shortage of oil, there is enormous speculation that there is, and higher prices are driving a lot of countries to their knees. The price ought to be about $23 a barrel, but it ranges from $32 to $40. The reason the price is so high is speculation that there will be a war, which would cut off supplies. This is simplistic. In our judgment, we have enough force to assure the security of Saudi Arabia. Even if there were a preemptive strike, we think it would fail, and it could not shut down Saudi fields for any length of time. (C)

Prime Minister Calfa: That is very interesting. We would like to have gone into this with a surplus. Czechoslovakia has been supplying goods to Soviet markets, which paid for our oil. The problem now is to pay for oil from others. We have to excite the entrepreneurial activists to meet the demands of markets at high levels. We have to make the economy take off toward becoming once again a modern industrial country. The second point is that we would very much like to get it in the minds of the U.S. side how to emphasize the momentum of the entrepreneurial side. We are in favor of an American fund to help us make this transition. (C)

The President: How is your legislation coming to facilitate private investment? We are for this approach, but to maximize entrepreneurial fervor, you need legal changes to facilitate the private sector. (C)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Czech Leaders (U)

PARTICIPANTS:
The President
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Shirley Temple Black, Ambassador to Czechoslovakia
Robert Hutchings, Director for European Political Affairs, NSC Staff
Lisa Valyiova, Interpreter

Petr Pithart, Prime Minister of the Czech Republic
Jiri Dienstbier, Foreign Minister
Dagmar Buresova, President, Czech Parliament
Victoria Hradska, Member of the Czech Parliament
Alexandra Brabcova, Interpreter

DATE, TIME AND PLACE: November 17, 1990, 11:02 - 11:25 a.m.
Hradcany Castle, Prague

Prime Minister Pithart: I am pleased to welcome you to Prague. Although the U.S. made such a great contribution to the creation of Czechoslovakia and helped so much during World War II, you are the first American President to visit. (U)

The President: I am very pleased to be here. I told your President that I was honored to be the first American President to visit. I would like to hear from you. (U)

Prime Minister Pithart: Before proceeding, let me say on behalf of the Czech Republic that we appreciate your resolute stand in the last few months. We, too, are striving to make a contribution, although we have substantial difficulties. In the past year, we have seen the process of the final disintegration of the Soviet bloc. This was a strategic objective of the Western democracies for years. It was for us as well, but it has contributed also to serious problems such as the disintegration of our eastern markets. It became obvious how total our dependence on the Soviet market has been. I wouldn't like just to complain. We follow the line that God helps those who help themselves. We have had some achievements: we have managed to avoid major inflation and have held wage increases to only 3.5%.

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But some problems are obviously beyond our power. We don't seek sizeable loans. Rather, we seek other ways to help ourselves. In this context, I would appeal to your influence within the IMF, World Bank, and G-24. We have a saying that in looking for a helping hand, you are most likely to find it at the end of your arm. (Ø)

The President: I made it clear to the Prime Minister that we must not neglect central and eastern Europe. We have a big stake in this country and want to do what we can to support the private sector. I know you are sorting out the responsibilities between the federal government and the republics. I am in no position to tell you how to arrange these affairs, but investors want to see stability. One thing in our system that is good is that we have fifty states, all headed by powerful figures, but over time they have developed a stable relationship with the federal government. This was on my mind with regard to the Soviet Union. Investors go to the Soviet Union and ask who they can make a deal with, and how to be sure others will recognize it. This is the way investors will look at your country. (Ø)

Mrs. Buresova: Let me say that we have encountered difficulties, but these are inevitable consequences of the downfall of a totalitarian regime. The federal regime that was established constitutionally as a reality in 1968 was substantially weakened over the next 20 years. That is why we are now seeking to build an "authentic federation." (Ø)

Prime Minister Pithart: The problem has been mostly due to absence of procedural and constitutional mechanisms. Nevertheless, all has gone in a legal way, not extra-parliamentary. You have come at the right time: agreement was just reached last Tuesday between federal and republic leaders. (Ø)

The President: So many problems cross state borders -- the environment, for example. I was very moved when President Salinas of Mexico told me that when children paint the skies over Mexico City they never paint the moon or stars because of pollution. It made a powerful impact. On the environment I know you have a problem. We've got big problems too. (Ø)

Prime Minister Pithart: Mr. President, after the Soviet troops left, we learned of the environmental devastation they had left behind. Let me also mention that the governor of California invited us to pay a state visit, because California wants to have a "sister state" relation with the Czech Republic. (Ø)

Mrs. Buresova: Let me assure you, as you are informed of developments in this country, actual developments are sometimes distorted by the press. While naturally we are thrilled by freedom of the press, it can create problems. We talked with the Chairman of the Slovak National Council a few minutes ago about the idea of our being in a common state. (Ø)

The President: Were these pressures suppressed under totalitarianism? (U)

Prime Minister Pithart: Yes. I think it is now clear what kind of system it was, and why we must avoid looking for a "third way." We are trying to avoid ideological categorizations, but if I had to adopt one I would have to choose capitalism. (C)

The President: Even the Soviet Union is recognizing that it offers great potential. I worry about the disintegration of the Soviet center adversely affecting Czechoslovakia. (C)

Prime Minister Pithart: Mr. President, it is known to us from our experience. We have had a number of talks but the conversations are not put into practice. When we talk to Soviet counterparts, none has the authority actually to make a deal. (C)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Slovak Leaders (U)

PARTICIPANTS:
The President
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Shirley Temple Black, Ambassador to Czechoslovakia
Robert Hutchings, Director for European Political Affairs, NSC Staff
Lisa Valyiova, Interpreter

Vladimir Meciar, Prime Minister of the Slovak Republic
Jiri Dienstbier, Foreign Minister
Frantisek Miklosko, President, Slovak Parliament
Alexandra Brabcova, Interpreter

DATE, TIME AND PLACE: November 17, 1990, 11:28 - 11:50 a.m.
Hradcany Castle, Prague

Prime Minister Meciar: Mr. President, I am lucky to have visited the U.S. I noted so many nationalities able to harmonize their interests. This is what the future of Europe will depend on -- harmonizing national interests with those of states and those of Europe as a whole. I say that as a member of the Slovak National Council, with a special awareness of the situation of small states. (C)

The President: It was suggested very generously that we go to Bratislava, but we are on the craziest schedule you ever saw: one day here, then to Paris, and on to Saudi Arabia. Some day I want to go. I am very appreciative of what you said about my country. Once people take the oath of citizenship, they become American, though we have more Poles in Chicago than are in Warsaw. It is our great strength. I know there is a lively discussion here, like the debate we had in our country when the Constitution was adopted. We have worked out a good state of relations between the states and the central government. It is essential to the country. Our economic prowess would not be possible without it. On the other hand, in the Soviet Union our private investors don't know who they should make a deal with -- the center or the republics. I wish all of you well as you work out these new relationships here. I didn't mean to give a speech. (C)

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Mr. Miklosko: We are trying to build a stable state, and ask for international understanding. If I may ask a general question, there is a story about waiting for the Americans to come. Is your visit an expression of increased U.S. interests in East Central Europe? ~~(C)~~

The President: It is long overdue. I am the first American President to be here. The symbolism should be that we have an enormous problem in the Middle East that affects your lives because of the price of oil. And the principle involved is that one country cannot subjugate his neighbor. So I am spending a lot of time on the situation in the Gulf, but in doing that it is essential that the U.S. not send a signal of neglect to Eastern Europe. The excitement in the U.S. is still very high, partly because so many came from this part of the world to the U.S. So you put your finger on it with this visit. ~~(C)~~

Mr. Miklosko: We are grateful to the U.S. for assuming global responsibility. The question of central Europe is very sensitive. It is possible to develop cooperation among Hungary, Poland, and Czechoslovakia, and the U.S. could play a role in this. Individual assistance programs are being prepared, but it would be better if they were integrated. We offer Bratislava as a site. Between an economically strong Germany and a temporarily disrupted Soviet Union, there will be stability only if all countries have commercial interests in our country. That is why we gave preference to GM over Volkswagen. We think that so far the U.S. hasn't taken sufficient advantage of these opportunities. One final request: we have trained in our schools for a system that no longer exists. We would appreciate opportunities for our people to go for training in the U.S. Everyone who returns would be a help to our efforts. ~~(C)~~

The President: That is not a problem. What we have in mind is expressed in our vision of a Europe whole and free, with market economies and democratic systems. Perhaps the most promising matrix for this is the CSCE, but we also want very strong bilateral relations. I would encourage you to make whatever changes are needed legislatively to facilitate investment. U.S. investors want stability, market access, and the knowledge that the law of the land doesn't work against him. I was encouraged with the feeling coming in from the airport. I was very moved, very touched. If my visit has any result, it is to show that we are interested and are committed. ~~(C)~~

Prime Minister Meciar: I hope the American Consulate in Bratislava will open soon. (U)

The President: Yes. We will do all we can to move that along. (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Working Lunch

PARTICIPANTS:
The President
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President and Press Secretary
Shirley Temple Black, Ambassador to Czechoslovakia
David C. Gompert, Special Assistant to the President for European and Soviet Affairs
Raymond G. H. Seitz, Assistant Secretary of State for European and Canadian Affairs
Robert L. Hutchings, Director for European Political Affairs, NSC Staff
Lisa Valyiova, Interpreter

Vaclav Havel, President
Marian Calfa, Prime Minister
Jiri Dienstbier, Foreign Minister
Pavel Rychetsky, Deputy Prime Minister
Vaclav Klaus, Minister of Finance
Alexander Dubcek, President of the Federal Assembly
Karel Schwarzenberg, Director of the President's Office
Alexander Vondra, Foreign Affairs Advisor to the President
Richard Wagner, Deputy Foreign Minister
Michael Zantovsky, Press Spokesman
Alexandra Brabcova, Interpreter

DATE, TIME AND PLACE: November 17, 1990, 1:30 - 2:40 p.m.
Hradcany Castle, Prague

The President: I was just hearing from the Finance Minister about the situation in Moscow -- the disarray. (C)

Finance Minister Klaus: They were so disengaged. They were really scared, not sure they would be in their positions the next day. (C)

Mr. Zantovsky: Gorbachev gave a long speech, promising changes in the government, and Yeltsin called on Ryzhkov to resign. (C)

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The President: It is important for all that there be a steady, stable situation there. If it falls apart, what would the military do? I met the new military leaders, like Moiseyev, who are good and younger than what we have been used to. But, still, if it falls apart, the military might move to restore order. (S)

President Havel: There are some indications that Gorbachev is trying to win the military to his side. (S)

The President: What do you think about the Baltic situation? (S)

President Havel: Developments are proceeding. Gorbachev should anticipate rather than catch up with them, which results in a loss of prestige. He is somewhat reluctant to set a precedent for others. (S)

The President: I think he does recognize that they will one day have complete independence. We had a long talk at Camp David. He worries about the other republics. (S)

Finance Minister Klaus: I met members of Democratic Russia. I was surprised at how confident they are that Russia will be independent. (S)

Foreign Minister Dienstbier: It is the old Solzhenitsyn vision: give away the empire and help Russia. The problem is with the Ukraine. (S)

The President: How do they envision the disposition of military assets? (S)

Finance Minister Klaus: They are so overwhelmed with the domestic economic disorder. Financially, it is difficult for the Soviet Union. The assets are in the hands of the Soviet Union, not the republics. (S)

The President: May I ask whether any of your people know Saddam Hussein and have an opinion about what he might do. (S)

President Havel: On our side you can hardly find anyone who has met Saddam Hussein. You would have to search among the previous rulers. (S)

The President: He owes you money. (C)

Foreign Minister Dienstbier: $1 billion. (S)

President Havel: I should tell you about a letter from one hostage, who told us not to yield and not to yield to his relatives. He said he was proud to be from Czechoslovakia, which had been so consistent in opposing aggression. (S)

The President: Have you been invited to go? (S)

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President Havel: Some personages, not officials of state, are considering a visit. Saddam Hussein wants a state official or a member of parliament. (C)

The President: It was a mistake for Brandt, Waldheim, and Heath to have gone. (C)

President Havel: I read that Daniel Ortega wants to manifest solidarity with him. (C)

The President: Maybe he will stay there. They are starving our embassy out. If he gets away with this, what about other embassies in other countries? I gave an interview about Iraq, and at the same time another station broadcast an interview with Saddam Hussein. I was thinking what a bad break Hitler got. We could see Dan Rather asking on CBS, "Adolf, now tell us your side." (C)

(Side discussion of Romania)

The President: Did I tell you about going to dinner with Ceausescu and his wife? It was only the four of us. We had a meeting that went on and on. I don't know about his wife, but mine didn't like a three hour wait. We went into a room -- not quite as large as this one -- with a long table. There were four places -- Mrs. Ceausescu, Bar, me, and him -- all on the same side. (C)

We were discussing the UN earlier with regard to the next steps on Iraq. There has been solid support, and some discussion about authorizing the use of force. The Soviets have been rhetorically interested and forthcoming. Like me, they would like a peaceful solution. Our view is that if the UN did issue such a resolution, it would send a strong signal to Saddam Hussein. (C)

We will be talking to Gorbachev about the economic situation. We are precluded from doing much, but we will be discussing their emigration law and MFN. (C)

President Havel: We are worried about the exodus of Soviet citizens -- as many as several million. (C)

The President: There may be other subjects. I want to know from him how bad the situation is. We all have a stake in this. I like him. He has never misled me. (C)

Mr. Zantovsky: Recently at Cardiff, a Pravda correspondent hinted at a military coup led by Gorbachev and the army. (S)

Foreign Minister Dienstbier: It might be the only way for Gorbachev to survive. He fears militant, fascist, nationalistic regimes in the republics. (S)

(Side discussions)

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President Havel: I was recalling the luncheon in February at the White House. Then we were under the spell of euphoria, but I hope everything will turn out well for this country. I am fateful, because no politician could do his job if he felt all would turn out for the worst. (C)

Deputy Prime Minister Rychetsky: I am more pessimistic. The euphoria is over. We need U.S. help, especially because of the crisis in the Gulf. We cannot manage our problems entirely on our own in this part of Europe. Democracy is very fragile. It is already under threat, from the inside. If we cannot move fast to reform, we won't maintain our democracy. (C)

The President: The concern I have is that the economy of the U.S. is the driving force in the world economy, and we must be careful not to have a bad effect on others. As our economy slows down, it is difficult for us to do things we would be doing otherwise. I hope we can end the Iraq situation before too long. Then, if our recession is not deep, we would be in a better position -- say, in the third quarter of next year -- a better position to help. (C)

The fear in the U.S. is that we will get bogged down in another Vietnam. There is no parallel, in my view. The Soviet Union and China have been solid. The economic embargo is having some effect. Military supplies are all but totally cut off. And there is a very different topography than what we encountered in Southeast Asia: in the desert, we can see things from the air. Saddam Hussein never fought a battle without control of the air. Should there be conflict, it would be only a short time until he had no air power at all. That would argue for a quicker solution. The opinion in that part of the world is that he cannot stand up to such a conflict, but I don't want to go in on assumptions that might prove false. We have moved tremendous force there, more than for the Normandy invasion. If that doesn't get Saddam Hussein's attention, I don't know what would. Saddam Hussein, according to people who know him, is brutal, cruel, and unpredictable. We don't underestimate him. (C)

Deputy Prime Minister Rychetsky: It should be over in less time than it will take for Congressional deliberations. (C)

The President: Congress tells us what not to do rather than what to do. We can't allow encroachment into the authority of the Presidency. If there were a provocation, I would react and seek Congressional support afterwards. The War Powers Act dates from Vietnam, and every President since felt it encroached on executive power, but the best way is to have the Congress on board in case we have to use force. I still hope for a peaceful solution. (C)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Mitterrand of France

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President for National Security Affairs (Notetaker)

Francois Mitterrand, President
Loic Hennekine, Diplomatic Advisor to the President
Christopher Thierry, Interpreter

DATE, TIME: November 18, 1990, 8:00 - 10:18 p.m.
PLACE: The Elysee Palace

The President: Czechoslovakia was wonderful but discouraging. Everything is not happening at once. 750 thousand people turned out for the anniversary of their revolution. From there I went to see Kohl at his home in Germany. He is comfortable about his election prospects. (~~S~~)

President Mitterrand: Without a doubt! (U)

The President: He said the laws prevent his winning without having to form a coalition. Margaret Thatcher seems to be having a problem. (~~S~~)

President Mitterrand: I never even thought she would have a competitor. She plans to be here for the CSCE conference. She is very skillful, and I can't believe that she is threatened from within her own party. She has had 8% inflation for a long time and, if we have a long period of tension, it could go way up. France is having 3 or 4% inflation. (~~S~~)

The President: We beat you on this score, but we are heading into a recession. I believe the Fed will be lowering interest rates. One thing which hurts us is oil prices; they are based on pure speculation. (~~S~~)

President Mitterrand: That's right, there is no shortage of oil. (~~S~~)

The President: President Diouf of Senegal proposes to go to Saddam Hussein and tell him "you are killing us". President Havel said the crisis was costing him $1.5 billion in higher oil prices. (~~S~~)

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President Mitterrand: The Gulf crisis threatens to ruin a whole group of countries. (S)

Gorbachev came to Paris for a visit 10 days ago. For the first time, I found him anxious. (S)

The President: About his own position? (S)

President Mitterrand: He was worried about the economy and about his nationality problems. We ourselves are having problems with the Balts because they want to come to the CSCE conference. They can only come as part of the Soviet delegation, although we never recognized their seizure by Moscow. We still have their gold. (S)

The President: What did you do about this issue at the last CSCE conference? (U)

(The move to the dinner table occurred at this point.)

President Mitterrand: The press will say that Saddam Hussein will be releasing all the hostages. What would you like to discuss? (S)

The President: I have two principal topics: the GATT negotiations and the Gulf. On the Gulf, Jim Baker had a good visit with you to discuss the UN resolution. We don't want a war, but unless Saddam Hussein fears one he won't get out. (S)

President Mitterrand: I told Baker that, subject to how it was drafted, the idea of a resolution was useful. We have used the cover of the UN, and it would be useful to continue this course. The second argument in favor is that Saddam Hussein will then know that there is no way out. Such a resolution will be hard to draft, but we will take part in the process and vote for it if it is well drafted. (S)

The President: You know Saddam Hussein better, but I don't think he will leave unless he thinks we will fight. (S)

President Mitterrand: I don't know him. Israel attacked the Iraqi nuclear plant just after I entered office. We helped his war effort against Iran and he wanted me to rebuild the nuclear plant. I refused, although I received several letters from Fahd and the Emir during the Iran war urging that I give Iraq more weapons. (S)

The President: We were all guilty of this. (S)

President Mitterrand: During the Iran war, we had a fixation on stopping the spread of Iranian fundamentalism. (S)

The President: That is true, but Iran has been fairly supportive in the new Gulf crisis. (S)

President Mitterrand: I would like to draw up a record to see how the embargo is working. It is very effective at sea. (Further discussion of the naval blockade) (S)

The President: I will be talking to Gorbachev about the situation. Jim Baker will be talking to the Africans and maybe to Salih. We are not anxious to use force, but I think that the resolution we are talking about is the best way to get Saddam Hussein out of Kuwait. (S)

President Mitterrand: He could use it as a pretext to try to save face with his own people. He won't save face, however. That is the problem with dictators. They don't have the flexibility of democratic leaders. Let's look at a draft. (S)

The President: Shall we get that darned agricultural problem out of the way? I know you have a problem. I have talked to Helmut Kohl about the issue, and to Andreotti and Delors. My concern is that the GATT round could blow up. (S)

Delors said that we were provoking the Cairns Group and encouraging them to walk out. That is not true. We want the round to succeed. I am not a technician, but I would ask you please to try to get this mess off of dead center. Bob Hawke wanted to call a meeting for next spring and I think that would be awkward. (S)

President Mitterrand: We don't support our farmers in the same way that you do, but both of us do support them. So you can't do away with one form of support without doing away with the other. What we do for our farmers is the essence of the Treaty of Rome. We have made concessions already on the agricultural issue. Cattle fodder comes into the EC freely. It is a difficult problem, but I think that we have made a compromise offer which the U.S. has turned down. (S)

The President: (Describes the matrix comparing agreements in Houston to the actual EC offer) We are not virgins with regard to agricultural subsidies. (S)

President Mitterrand: My experts tell me that a 90% reduction of commodities supports over 10 years covers only certain items, not all of them. (S)

The President: I will be honest, I don't know. (S)

President Mitterrand: Your negotiators have tough jaws. (S)

The President: Carla is the toughest woman in the world. (S)

President Mitterrand: What does Delors say? (S)

General Scowcroft (Describes Delors' position and our view that if the 30% in internal supports would have an equal effect

on export subsidies and market access, why not commit to that outcome?) (S)

President Mitterrand: That sounds reasonable to me. Let's look into it. Tell us your proposal. (S)

The President: Shall we discuss Lebanon and the Arab/Israeli situation? I must say, I find Shamir difficult. (S)

President Mitterrand: Me, too. However, I'm a friend of Israel. Let's talk about Lebanon. Kuwait leaves me cold, but Lebanon is the closest of these countries to France. There is a Catholic element, and the Lebanese are Francophones. That is why I sent troops to Lebanon when President Reagan asked me to. We stayed on alone when Ronald Reagan pulled out. The French are very sympathetic to Lebanon. We did not recognize General Aoun. We instead recognized Hrawi and the Taif Agreements. I was criticized for not supporting Aoun. He did represent the Christian minorities, which is why we offered him asylum. Now Assad will not let him come to France. Can we cool Assad down a bit? (S)

I told Jim Baker that we had been asked to intervene in Kuwait where I have no interest, whereas no one helps us with Lebanon where I do have many interests. If we could get Assad and Hrawi to grant General Aoun safe conduct it would be very helpful. (S)

The President: I can try to pursue the case with King Fahd and with President Mubarak, and I will do whatever else I can -- but I didn't think that it was the Syrians keeping him in Lebanon. (S)

President Mitterrand: It is Assad. (U)

The President: If Aoun comes out, what can we do to encourage peace in Lebanon? (S)

President Mitterrand: I would prevent Aoun from fomenting trouble and from forming a government in exile. We have to push for implementation of the Taif Accords. These accords call for the withdrawal of all forces over time. We wouldn't have to rub the Syrians in the wrong way -- give them time. They should let Hrawi govern and let Aoun out of Lebanon. That would solve the problem, although the Lebanese nation will always be a difficult place. (S)

The President: The Taif Accords get both Syria and the Israelis out of Lebanon. (S)

President Mitterrand: Israel has nothing to fear from the new Lebanon. Assad will say yes, but he won't get out. He has said that both Lebanon and Israel are Syrian. He has said that Christ was a Syrian. I told him that if we all went back to our

historical boundaries, I would have to give back territory to both Germany and Italy. (S)

The President: I haven't met him. We proposed his going to Cairo, but he didn't want to do it. (Further discussion of Assad.) (S)

President Mitterrand: (Describes Jumblatt and other aspects of Lebanon.) (S)

The President: Why was Lebanon tranquil in the 1960's? (S)

President Mitterrand: There was an imbalance between the Muslim majority in population and the Christian political majority. The real change, however, was the massive influx of Palestinians. (S)

The President: We will try to help on Aoun. (S)

President Mitterrand: We must ask the Arabs to continue with the Taif process. (S)

The President: Are they walking away from it? (S)

President Mitterrand: Now that Aoun is out, the Muslim leaders are not in a hurry. (S)

The President: I am discouraged about the West Bank. (S)

President Mitterrand: I spoke to Shimon Peres. He has an interesting idea. He says that the West Bank has an historical connection to Israel, but the same is not true of Gaza. Therefore, Gaza is not a gut issue for the Israelis. Why not give Gaza to the Palestinians? This is obviously a private idea, but it would make for a Palestinian homeland. (S)

The President: What about the Golan Heights? (S)

President Mitterrand: They have never been Jewish. (S)

The President: For security reasons, they will never give back the hills. (S)

President Mitterrand: No, of course not, but give it time. (U)

The President: Does Peres have a chance of regaining power? (S)

President Mitterrand: He thinks so, but I am less sanguine. (S)

The President: I don't know what it would take to get Labor back into office -- maybe more killings. The Temple Mount incident turned many Israelis off. (There was a discussion of Madame Mitterrand and the Kurds.) (S)

President Mitterrand: President Ozal has said that he would work things out with the Kurds but he hasn't done much. We need Ozal. (S)

The President: I like him. He has been strong on the Gulf. (S)

President Mitterrand: He has not done much on Cyprus either. Ozal says "Yes, but talk to Denktash." Denktash says "Yes, but talk to Ozal." (S)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Ozal of Turkey

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
David C. Gompert, Special Assistant to the President for European and Soviet Affairs (Notetaker)
Raymond G.H. Seitz, Assistant Secretary of State for European and Canadian Affairs

Turgut Ozal, President
Yildirim Akbulut, Prime Minister
Ahmet Alptemocin, Minister of Foreign Affairs

DATE, TIME AND PLACE: November 20, 1990, 1:45-2:45 p.m.
Kleber Center, Paris, France

The President: Turkey and the United States stand side by side. No one else could be closer than you have been. No ally has been stronger in support of the United Nations. We are grateful for Turkish leadership and support for the steadfast principles that we believe in together. Jim Baker told me about the details of his conversation with you when he was in Ankara. The floor is yours. (S)

President Ozal: I talked to Vice President Quayle about Iran. They want better relations with the United States. They are also afraid of the radicals in Iran. They would like to talk about the frozen assets bilaterally instead of at The Hague. I am talking now about Rafsanjani. (S)

As far as the hostages in Lebanon are concerned, Iran is prepared to move only if there is movement on the three Shi'ites who are in the hands of the Israelis. (S)

Iran is firm on the embargo. There is some smuggling taking place along their very long border, but this is not a matter of Iranian policy. (At this point, the President left to take a call from Egyptian President Mubarak.) (S)

Secretary Baker: As far as the Security Council is concerned, notwithstanding the press play you've seen recently, we are actually pleased. We don't know where the Chinese are going to

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come out, but we think that that's the only major country in the Security Council that is still an unknown. The Soviets want further talks but we are reasonably comfortable that they will come out all right. All other countries that we have contacted have said that they will vote "yes". At a minimum, we have 9 votes, but we don't want any of the major Security Council members abstaining. (~~S~~)

President Ozal: Don't exclude Yemen. They may come along. (~~S~~)

Secretary Baker: The problem with Yemen is that the Saudis are trying to resolve all their disputes with Yemen instead of just focusing on the Gulf. Do you have any influence with Yemen? (~~S~~)

President Ozal: We have talked to a former Prime Minister of Yemen with whom we are close. Yemen is going along with the embargo. They say they were misunderstood at the beginning of this crisis and they are also unhappy with the Saudis in part because the Saudis have pushed 1 1/2 million Yemenis out of Saudi Arabia. (~~S~~)

Secretary Baker: Our position is that we all ought to focus on solving the Gulf problem now. We should bear in mind that the Yemenis are the only Arab country on the Security Council now, so their vote could be helpful. (~~S~~)

President Ozal: What about the Chinese? (~~S~~)

Secretary Baker: They will probably abstain. We think that they will not veto. (~~S~~)

President Ozal: Do you think the Chinese would come along if they knew that there was a timetable involved in the implementation of the Security Council resolution? (~~S~~)

Secretary Baker: They and the Soviets are interested in a timetable approach. We are still planning to try to have a resolution by the end of this month. (~~S~~)

President Ozal: I spoke with Mitterrand today. I said it is important for us to send a strong message. This idea of people going to Baghdad -- European parliamentarians and the like -- it sends a very bad message. The problem is that Saddam Hussein's own people won't tell him that he has made a mistake. (~~S~~)

(The President returned to the meeting.)

The President: Mubarak wants me to see Assad on my way back to the United States from the Middle East. Maybe I'll meet him in Geneva. I didn't like a recent statement by Assad in which he said that Syrian forces will only act to defend Saudi Arabia and nothing more. Of course, Mubarak told me to discount that; that the Syrians will attack. (~~S~~)

President Ozal: Rafsanjani said that Iraq will collapse when the war begins and that chaos will result. The Syrians may attack in

the northern part of Iraq. This is a possibility. Iraq will be destabilized with the Shi'ites Iran planted in the south and serious instabilities in the north. Rafsanjani has no objection to military intervention, though they might say otherwise in public. Rafsanjani says that Iran won't attack Iraq, but I have my doubts about this. Iran claims that Iraq owes it $300 billion in war reparations. I think Iran wants the oil islands in the Gulf instead of the $300 billion. I therefore think they will go after these islands if there is a war. ~~(S)~~

With regard to the three questions that Secretary Baker raised with me when he was in Ankara: ~~(S)~~

First, it is OK to use Turkish airfields consistent with the following conditions. Turkey can be used only as a staging area. I am talking about Incirlik in particular. If a war breaks out, you can use Incirlik for support. You should talk to us through military-to-military channels about this. We can use a Turkish NATO Ace Mobile Force Exercise as a cover for moving 50 or 60 planes into Incirlik. ~~(S)~~

Second, at the same time as that NATO exercise, Turkey might make further troop movements to the Iraqi border. We would want to know in advance if you expected hostilities to begin. We would then decide whether you could use Incirlik not only for support but for offensive operations within one or two days after hostilities begin. Saddam Hussein must go. ~~(S)~~

Third, as for sending Turkish troops to Saudi Arabia, I have doubts. I'm concerned that it will give Saddam Hussein reason to doubt whether Turkey will attack from the north. My other reason for having doubts is that Turkey is an ex-power in the Arab world because of its Ottoman history. It may not be wise for us to be in an Arab country preparing for conflict with another Arab nation. ~~(S)~~

This is my response to your three questions. ~~(S)~~

The President: This sounds very good. (U)

Secretary Baker: Yes, it's very supportive. The most important thing is for you to move substantial forces in the north. ~~(S)~~

The President: Does Saddam Hussein really think that we will act? Does he think we will use our air power? He needs to understand that we will use force. ~~(S)~~

President Ozal: Perhaps in February you should see how the sanctions are working. You have the option of staying on the defensive after that knowing that eventually the sanctions will work. ~~(S)~~

The President: We cannot leave our troops out there forever. ~~(S)~~

President Ozal: This war will be a very short war. Your air

power can do it. I think it is possible for you to minimize your losses. (S)

You should know that prices in Baghdad are so high that they can't take this forever. Everything is too expensive. There is a 30-fold price increase. The big problem is going to be military spares. Saddam Hussein has no money because he has no oil revenues. (S)

The President: Is Iran enforcing the sanctions? (S)

President Ozal: Yes, they are, but it is hard to stop smuggling along such a long border. But, the little bit of smuggling that is occurring won't make a big difference for Iraq. (S)

The President: We will need to persevere. I don't sense that there is any real erosion in Europe yet. (S)

President Ozal: It is important to keep firm. My impression is that Mitterrand is still firm. (S)

The President: I still think that there is strong support in the United States. There is opposition in the United States, but it is divided. Half thinks we are not doing enough and half thinks we are doing too much. But we're not going to let our policy be decided by a public opinion poll. (S)

The press says that the Soviets are not with us, but I think that we will be OK with the Soviets. (S)

President Ozal: The Soviets have many relations with Iraq. This is not an easy problem for them. They will want to give Saddam Hussein another push before there is a war. (S)

The President: We think we'll be all right with the Soviets. (S)

President Ozal: It would be very helpful for us if in Egypt you supported our sale of F-16s. (S)

We just started getting relief from the Saudis for our oil. We are getting relief on 175 thousand barrels per day. It is going to be free until we get to over a billion dollars. They just stopped billing us yesterday. (S)

The President: The Saudis are a bit slow. We have come to realize this. But we won't hesitate to lean on them. (S)

Secretary Baker: We don't have 1991 contributions to the front line states nailed down yet. The first tranche of commitments is set: $10 billion overall -- $2 1/2 from Saudi Arabia, $2 1/2 from Kuwait, $1 1/2 from the UAE, and $4 billion from Europe and Japan. (S)

President Ozal: We are thankful for this and we are also thankful for the progress on textiles. (S)

Secretary Baker: We will remember to raise with Mitsotakis when we see him tomorrow the question of the fourth EC protocol. (S)

The President: Should I meet Assad in Cyprus, perhaps at the UK base? (S)

President Ozal: It's better that you do not do that -- not in Cyprus. (S)

Incidentally, Assad is a good friend of mine. (S)

The President: Could we meet Assad at an airport in Turkey? We've got some real problems with Assad. He says he is not supporting terrorism but we are not sure. (S)

President Ozal: Assad is much more clever than Saddam Hussein. He has friends. He gets resources from the Gulf Arabs and others. He has been in power a very, very long time. He is very bright, and he is the arch enemy of Saddam Hussein. (S)

Secretary Baker: Do you know the Malaysian Prime Minister? (S)

President Ozal: I've met him. (U)

Secretary Baker: He is the only Moslem on the Security Council other than Yemen and therefore we need Malaysia. (S)

General Scowcroft: With whom should we follow up on what we've discussed today? (S)

Foreign Minister Alptemocin: I'm responsible for foreign relations so you can follow up with me. (S)

President Ozal: On military-to-military matters, you should follow up with the Turkish Chief of Staff. (S)

-- End of Meeting --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Mitsotakis of Greece

PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
John H. Sununu, Chief of Staff
David C. Gompert, Special Assistant to the President for European and Soviet Affairs (Notetaker)

Constantine Mitsotakis, Prime Minister
Antonios Samaras, Foreign Minister

DATE, TIME AND PLACE: November 21, 1990, 8-8:30 a.m.
Ambassador Curley's Residence, Paris, France

~~The President:~~ I am very worried about Gorbachev. He has tremendous problems. He told me that he is going to have to get tough when he gets home. The Soviet people want stability. They are very worried about the disintegration of the Soviet Union so he will have to stabilize the situation. But I still think he wants to move forward to a free market. I didn't get any requests for assistance from the United States, but if we are asked for emergency help, we will provide some. ~~(S)~~

Gorbachev has been good for us, though we can't stake everything on one person. We will give him what support we can. ~~(S)~~

Mr. Prime Minister, let me get a sensitive subject out of the way first. Because of Turkey's geography and its Islamic religion, we are paying a lot of attention to Turkey, especially in the midst of the current crisis in the Gulf. I hope I have not sent a signal of neglect to the Greek people. If I have, it has been totally unintentional. Ozal is in a front-line position and is important strategically. When we talk about "all options being open" Turkey is in a geographically important position. But this doesn't represent any shift in our strong attachment to Greece. ~~(S)~~

Prime Minister Mitsotakis: I assure you, Mr. President, that there is no such misunderstanding. We appreciate Turkey's importance today. We want Turkey to have the right policy. Turkey is doing well. They are doing the right thing, but we

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must be careful because eventually their religion could cause problems. We want to avoid friction with Turkey. Relations between Ozal and me are better than ever. (S)

We will do the best we can in our relationship with Turkey. After there is a solution to the Gulf crisis, then we should address the Cyprus issue. We trust that the United States will do what it can on Cyprus after the Gulf dispute is settled. (S)

The President: Do you have any ideas on Cyprus? We talk to the Turks about this every time we meet with them. We are open to suggestions. We should stay in very close touch about Cyprus. We don't necessarily want to wait until after the Gulf crisis is resolved. Maybe there is some way we can act now. (S)

Prime Minister Mitsotakis: It is Turkey's turn to take a step forward. The Greek Cypriots have already made a move: they decided not to go back to the United Nations. Now, it is Turkey's turn to move. The Turks should give back Famagusta. They are close to doing it. Ozal may be prepared to move on Famagusta. He asked for high-level talks, and I agreed. We are not intransigent and, I hope, neither are they. (S)

This problem is connected with Turkey's internal situation. Ozal does not have a strong domestic position. I have been in touch with his opposition. They could be in power within two years. When the timing is right, I think we can influence Ozal to move on Famagusta. (S)

Secretary Baker: Are you prepared to reconsider your position on the EC Fourth Protocol? (S)

Prime Minister Mitsotakis: Not unless Turkey takes the next step on Cyprus. Until then, we will not move on the EC Protocol. (S)

Secretary Baker: What is that next step that the Turks must take? (S)

Prime Minister Mitsotakis: Famagusta. Then we can alter our position on the Protocol. (S)

The President: Were we not close once on Famagusta? (S)

Prime Minister Mitsotakis: Yes. And I think we can achieve progress again. (U)

I want you to know, Mr. President, that our position is strong in Greece. The government is strong and steady even though we are taking a tough policy on inflation, the people understand. (S)

The President: Let me raise a trade matter. I would like to get Bob Mosbacher to lead a delegation on trade and investment to Greece in 1991. Would you be agreeable? (S)

Prime Minister Mitsotakis: We would be very happy to see him. We need investment. This is a very good idea. (S)

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The President: Fine. We will do it. (U)

Prime Minister Mitsotakis: We want you to be aware of our concern about the balance of forces in our region, especially as a result of the cascading of equipment under CFE. I am asking that you assess the impact of CFE on the balance of forces. (S)

The President: We will bear that in mind. We think that the Turks' greatest defense needs are in the east. This should result in a reduced Turkish requirement vis-a-vis Greece. (S)

Prime Minister Mitsotakis: I would hope to have a DOD delegation come to Greece. We need more armaments. (S)

The President: We are very interested in maintaining a stable southern flank. (S)

Do the recent municipal elections in Greece send a good national signal? (S)

Prime Minister Mitsotakis: Yes. They were Athens elections and therefore very important. The point is that even after tough domestic economic measures, we are still very strong. Papandreaou is weak; also he is not well. (S)

The President: It is a joy to work with you, Mr. Prime Minister. The Greek-American community is entirely supportive of you. What else is on your mind? (S)

Prime Minister Mitsotakis: We have good relations with Bulgaria, but there are big problems there. Also there is very serious trouble brewing in Yugoslavia. (S)

The President: Yes, it looks like a very difficult situation. (U)

Prime Minister Mitsotakis: I think we can expect democracy to prevail eventually in Albania, but they will need humanitarian help, including food. (S)

The President: Do you see any ray of hope in Yugoslavia? (S)

Prime Minister Mitsotakis: I think that Yugoslavia is in grave difficulty. (S)

The President: It looks like we may see it fragmented. (S)

Prime Minister Mitsotakis: This is why we in Greece want good relations with Turkey. It is why we also want to solve the Cyprus problem because we have instability to our north. (S)

-- END OF CONVERSATION --

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NATIONAL SECURITY COUNCIL #9385
WASHINGTON, D.C. 20506

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Bilateral Meeting with Amir of Kuwait

DATE: November 21, 1990
LOCATION: Al-Hamra Guest Palace,
TIME: 8:40 p.m. - 9:25 p.m.

SUBJECT: Minutes of Bilateral Meeting with The Amir of Kuwait (U)

PARTICIPANTS:

U.S. Participants	Saudi Participants
THE PRESIDENT	His Highness Sheikh Jaber
Secretary Baker	al-Ahmed al-Sabah, The
Ambassador Des. Gnehm	Emir of Kuwait
Governor Sununu	His Highness Shaikh Saad
General Scowcroft	al-Abdullah al-Salem
Marlin Fitzwater	al-Sabah, Crown Prince
John Kelly	and Prime Minister
Richard Haass	His Excellency Shaikh
Paul Wolfowitz	Sabah al-Ahmed
	al-Sabah, Deputy Prime
	Minister and Foreign Minister
	His Excellency Mr. Sulayaman
	al-Mutawa, Minister of Planning
	Mr. Abdulrehman al-Antiqi,
	Advisor to the Emir
	His Excellency Saud
	Sheikh Nasser al-Sabah,
	Ambassador to the United States
	Interpreter

President Bush: I'm delighted to see you again; I'm looking forward to this, to see my old friend,; I feel we're among friends. (U)

I'm anxious to hear from you and hear how you feel things are going; then I'll be glad to bring you up to date since we last met at the White House. (U)

Amir: First I'd like to thank you for the stand that is very dear to us, although I'd prefer to meet you in our own country. Of course, our people are under occupation and the occupation is encouraging Saddam Hussein to indulge his suppression, trying to force our people to leave Kuwait. The economic sanctions against Iraq--obviously, there are some opportunities for him to bypass

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them--no sign of appreciable impact on Iraq even though they have been in place for some time. The resistance is still active and getting stronger; they've systematized the resistance. This is in addition to hiding Westerners inside the country. Of course Saddam has decreed the death penalty for any Kuwaiti harboring Westerners. Some Kuwaitis have been executed for doing this. Iraq is trying very hard to prolong the agony, using every method to delay any action against him, for time serves Saddam's interest more than it serves those against him. (C)

I have some questions. First, if there was a military situation, what would be the effect of Western hostages? What if he decides to pull out before military action, will matters end at that point? Who would feel safe if he has all his weapons intact given his past behavior? (C)

President Bush: Let me respond. On the question of will the hostages have an effect on a decision we might have to make on sending troops into battle, the answer is "no." Locating hostages by possible military targets will not affect our decision to use military force. (C)

It's a terrible decision, because we know he is staking out innocent civilians near possible targets. He must not be led to believe that this policy will shelter him from attack. We've said this publicly and I'll be glad to repeat it, but obviously we'd like to see the hostages released. (C)

As I think about the second question, I'm convinced there has to be some kind of international safeguards should Saddam unilaterally pull out. Part of the UN mandate is the security and stability of the Gulf and I don't think that any of the countries putting sanctions on Iraq would think the security and stability of the Persian Gulf would be assured simply by returning to the status quo ante. There is a growing awareness that he's trying to get a nuclear bomb capability; in fact, this is one of the things that causes most of the concern in the U.S. (C)

His CW and BW capability and potential is another matter of international concern. So when we talk of objectives including "security and stability in the Gulf," we are talking about some kind of international safeguards. I'm sure that's your view. People I've talked to in Paris agreed with this. What is your latest thinking on whether he'll unilaterally and unconditionally withdraw? (C)

Amir: I do not think so. (C)

President Bush: We see no evidence of it. I do keep hearing he's more certain he may face attack and he's more worried; his frantic handling of the hostage question might be evidence of this point. I think the movement of significant combat ready U.S. troops has gotten his attention. He reads public opinion in the U.S. very carefully and I think he still hopes public opinion in the U.S. will swing against me and those who want to see this resolved without condition. But I remain convinced that if the decision comes to use force, the American people would support the President. They would not support a Vietnam-type conflict, but in my view this is not what we'd be in. So they always ask the question how strong and tough is Saddam Hussein, how capable is his military. He announced 200,000 more troops, but how capable are they? (S)

Amir: I'm sure you have ample ability to know what is going on in Iraq and the quality of his forces. But, we have information that there are a lot of people for the first time speaking of the regime of Saddam Hussein in a different way. (C)

President Bush: That's good. You mentioned what is happening to Kuwaitis; I want you to know I'm very moved by accounts of Kuwaitis hiding Americans. They are saving American lives despite the penalty of death. (C)

One thing we need to do a better job of is discussing the brutality and atrocities of Saddam for you know they'll be two days of UNSC testimony on this. To the degree you have the public relations capability in the U.S., it would be good to get this testimony circulated widely. I'll do what I can to help here. (C)

On sanctions, I'm disappointed they've not had more of an effect, but there is some indication they're having some effect. We're still moving a large number of our finest troops; time is required to get them there. While this is happening, I'm hoping sanctions will get tougher on Saddam. In the meantime, we're working hard to get a UN resolution that would authorize force to complete our objectives. I believe such a resolution will be attainable; the key is the USSR, and having just met with Gorbachev and Baker having just met with Shevardnadze, we both agree that they'll do the right thing. Press reports that meetings between myself and Gorbachev were "cold" or "chilly" are simply not accurate. You know the Secretary is travelling extensively to see we get the votes. China remains a question, but if the Soviets vote for, it is unlikely that China will veto. We're having to work on every member of the Security Council; Yemen is a question, but they've voted for some resolutions and we will work with them. We're also uncertain regarding Malaysia;

Cuba is difficult to get. But the rest are pretty much on board, including France, which says it is with us subject to the drafting of the resolution. It is clear to me that from every standpoint it would be good to have this final resolution. If Saddam shoots a missile in a Marine barracks tonight, we would not need a resolution. It would invoke an overwhelming response, but I don't think he's so stupid. Barring such a provocation, it is very important although not legally essential to have this resolution. We still have Article 51 authority. Margaret Thatcher, who never thought a resolution necessary, now is more inclined to think it useful. But Article 51 would require a request from you. And we would need the support of our coalition partners. With that in mind, I'll be meeting with Assad in Geneva on the way back. I asked Hosi Mubarak why Assad is saying his forces will stay in Saudi Arabia and not fight. Mubarak says this is for local consumption. I told him it doesn't help us. We're prepared to do the major share of what needs to be done militarily. This is the penalty, the price of world leadership. But it would be helpful if the coalition partners would be more helpful in what they say so support in the U.S. doesn't erode. Mubarak himself has said things that have been interpreted badly in U.S. regarding his preference for Americans to do the bulk of the fighting. (S)

I'm more determined than ever. The American press lives and dies by polling; they'd like to have people believe there's no support in the U.S. for military action. Clearly Americans prefer a peaceful solution. But some of those opposed to what I'm doing are opposed because they don't think I've done enough soon enough. And if you add these people to those who support us, we still have strong support. A decision of this magnitude must be shaped by what's right. I am determined to do whatever is right. When I get back I'll continue to speak out, highlighting why we're here. To answer complaints that American boys should not be the only ones at stake, we need to get foreign forces, Kuwaitis, Saudis, Syrians, etc., so the perception is that we're in this together. Any support for this principle you can give, the better. It is important to show international solidarity versus Saddam Hussein. (S)

The only other point is somewhat delicate. We're grateful for the financial support from Kuwait for operations and to the countries affected. I want to thank you for that. I'd like to ask you to consider providing as strong support as possible for next year. To the degree the Kuwaitis can do in 1991 what you've done in 1990 would send a good signal. We'd like to discuss this whole financial question with you in the future. The burdens of this are significant. (S)

Amir: I will wait for your officials to come and discuss this. (U)

President Bush: I'm looking forward to my visit tomorrow. I hope the signal is one of American firmness and determination. We cannot fail or fall short. We're not going to fail. I've lost no determination, regardless of the criticism. (C)

Amir: We will do our best to get our friends to do their best to participate with the American troops in action. I know you're tired. (U)

President Bush: I feel better for seeing you. I wish you well. Next time I see you, I hope its in Kuwait City -- free Kuwait.

(The Amir handed the President a photo album depicting atrocities).

President Bush: Terrible what they've done. How tough do you think Saddam Hussein would be in battle? (C)

Amir: You have more accurate information, but from our information, Iraqi soldiers are so demoralized after eight years of war that they will not fight well against you in a war they know they cannot win. And what I've mentioned to you already is that for the first time there is open talk in Iraq against the regime. (C)

President Bush: Thank you. (U)

Withdrawal/Redaction Sheet
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10. Memcon	Re: Bilateral Meeting with King Fahd (6 pp.)	11/21/90	(b)(1)	S

Collection:

Document Partially Declassified
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By CSJ (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 11/13/90 - 12/21/90

Date Closed:	1/27/2009	**OA/ID Number:**	91108-003
FOIA/SYS Case #:	2009-0275-S	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
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AR Disposition:	Released in Part	**MR Disposition:**	
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Bilateral Meeting with King Fahd

DATE: November 21, 1990
LOCATION: Meeting Room, Royal Palace
TIME: 11:05 p.m. - 12:57 a.m.

SUBJECT: Minutes of Bilateral Meeting with King Fahd (U)

PARTICIPANTS:

U.S. Participants	Saudi Participants
THE PRESIDENT	King Fahd
Secretary Baker	Crown Prince Abdullah bin
Ambassador Freeman	Abdulaziz Al-Saud,
Governor Sununu	Deputy Prime Minister
General Scowcroft	Prince Sultan bin Abdulaziz
Marlin Fitzwater	Al-Saud, Sec. Dep. PM and
Paul Wolfowitz	Min. of Def. and Avn.
John Kelly	Prince Naif bin Abdulaziz
Richard Haass	Al-Saud, Minister of Interior
	Prince Saud Al-Faisal,
	Minister of Foreign Affairs
	His Excellency Hisham Nizir,
	Minister of Petroleum
	Prince Bandar bin Sultan
	bin Abdulaziz Al-Saud,
	Ambassador to the United States

King Fahd: Mr. President, saying "welcome" is not enough to show our gratitude in welcoming a friend like you with our other friends. Our feelings are so strong, starting back to when FDR and Abdul Aziz established relations. The relationship has improved in strength and quality over the years. Of course, now we are facing an extraordinary situation and this extraordinary aggression is the most astonishing thing that has happened since World War II. Just in our wildest dream it never occurred to us that Iraq would betray Egypt, Syria and Saudi Arabia, acting in the night despite its pledges. The astonishing thing is that this began normally and then built up fast. I dispatched (Foreign Minister) Saud, who was told by the Iraqis this was just an exercise. It all seemed so believable, so reasonable. We have discussed the matter with President Mubarak, and he was told the same thing we were; he received the same assurances we had.

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Prior to the invasion, all Kuwait-Iraq dialogue ceased to exist. And when President Mubarak was there, he encouraged everyone to restrain dialogue. Saddam agreed to do so; ironically, he said he'd only accept Saudi Arabia as a venue. I was also very surprised over his choice of Saudi Arabia to have a dialogue with Kuwait. At the time, I was trying to figure out why; later on I learned. Since Mubarak was in the middle of it, we spoke, and I agreed to host the dialogue. They arrived here within an hour of one another. Crown Prince Abdullah received both of them. It was amazing; the ambiance - after five minutes, the atmosphere seemed to be improving. Then they went for negotiations, which they wanted to have without anyone else present. Then the delegation heads, the Crown Prince of Kuwait and Vice President of Iraq, decided to meet one on one. After two hours alone, they were joined by their delegations. It looked to us like things were going well; after, they dined with me. So I asked the Crown Prince of Kuwait, "have you come to an agreement?". He told me he was ready to discuss all the details. He informed me that the Iraqi Vice President told him that he lacked the authority to discuss everything, but that they could resume in Baghdad in three days (Saturday) and then again three days later in Kuwait. I, as their host, did not want to second guess; I said we'd support whatever they agreed to. ~~(C)~~

Both delegations left Saudi Arabia with fairly encouraging signs. By 1:00 a.m. we'd all been alerted to the invasion of Kuwait. It was very shocking to us. This makes us ask why several months ago Saddam Hussein requested a non-aggression treaty with the US I am very surprised that Saddam insisted I sign a non-aggression pact. I told him it was unnecessary but he insisted. He told me he wanted a Saudi Arabia-Iraq pact to set a precedent in the Arab world. This did make me a little suspicious. I could not at that time believe this was simply something to calm us and set the stage for the invasion of Kuwait. All this raises the question of why Saddam insisted to Mubarak that the Iraq-Kuwait dialogue take place in Saudi Arabia. We thought it was just because he trusted us. Since the invasion, I am convinced that everything that happened before August was a deliberate plan to tranquilize us. He achieved this, but by so doing, he broke any confidence between us. He obviously miscalculated grossly; that once he invaded Kuwait he would create a new reality the world would live with. The international response proves this. He had made a mockery of the law; he is paying for his grave miscalculation. No doubt in my mind the swiftness and massiveness of your response shocked him totally. He found himself in a situation that is not only embarrassing for him but also very delicate. One sign that he is off-balance is that in a few hours, he returned to the 1975 agreement with Iran and gave up everything he'd fought for for eight years. I don't want to

take too long; but I must say this last point. (b) (1)

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(b) (1)

Otherwise, how can you explain things? I have no doubt that the next target would have been Saudi Arabia. We watched Saddam Hussein on TV insisting on meeting with you or me. That is strange. To have a dialogue on what? Naked aggression requires no dialogue. He must leave without preconditions. He deserves no other dialogue. In conclusion, I want to welcome you one more time, and leave the floor to you. One more word, I want you to know that I've been watching your schedule of travel; please forgive us, we've gotten used to a late night schedule. This is why we'll understand your need for a early night. (C)

President Bush: Thank you for your understanding. May I first express our appreciation to every one on the Saudi side and especially you for this welcome and hospitality. I am confident we're solid in terms of being on the same wavelength and strategy to attain our mutual objectives. We totally agree that there can be no compromise or partial solutions. It wouldn't surprise me for Saddam to seek these. I'm convinced support for our policy in the U.S. is essentially strong despite stories to the contrary. Reservations expressed to date are to military action, not to UN resolutions. The objection we have is we don't want another Vietnam; there are no comparisons in my view. But I must make this more clear. Also, most Congressmen understand preserving a military option is needed. I understand you've graciously agreed to receive four Congressional leaders who will be visiting here. Of those, both Foley and Mitchell are of the opinion we should stick with sanctions for as long as it takes for them alone to get Saddam out of Kuwait. But it is important they know time does not run on forever. I am concerned over the difficulty of holding this coalition together over time. (C)

As you know, we'll be going to the UN before the end of the month hoping to get a resolution using all means necessary to get Saddam to comply. This will be an important move for us to get international support. I can assure you both Gorbachev and Mitterrand will be on board. We're having talks with people we don't have cordial relations with. We feel as enthusiastic about Cuba as you do about Yemen; both have votes. We must talk to them, but we'll send no wrong signals to either. Our Cuban-American community will be up in arms over any talks, but we need strong support for this UN resolution. If the UN effort fails, and we don't think it will, we're still prepared to proceed on Article 51 basis, which may require a new request from the Amir,

something I mentioned to him tonight. We're not getting hurt for time; we're showing a substantial amount of progress here, as time is not hurting us now. The more support there is visible from other countries, the better it is for the world and American support. I am told were having fine cooperation between Saudi officials and General Schwarzkopf. This is critical, especially if force is used. I raised this with the Amir of Kuwait, that the more Kuwaiti forces available, sends a good signal to others. As your Foreign Minister knows, there are voices in the United States that say we've done enough and others should do more now. To which I say, world leadership requires we do more than anyone else. This is a responsibility that goes with being a world leader, a world leader prepared to stand up and do what is right. Last, I want to thank you for the financial assistance you've provided to other countries and to the U.S., and to encourage you to discuss with us future requirements as we head into 1991. ~~(C)~~

I want to conclude by saying that we've never been more determined. We will prevail. There's an awful lot at stake here and around the world. We're going to stand with you and get this man out of Kuwait. One additional point. The status quo ante is not satisfactory, because as we've seen, Saddam's, chemical, biological and nuclear efforts make it clear that the status quo ante is not good enough. We need safeguards for the future. ~~(C)~~

King Fahd: This is exactly the logic that is the correct and ought to be done. We believe strongly that if Saddam is left unchecked, his threat will spread. We totally concur with your views and support you. I totally agree with you; if we accept status quo ante, there is no guarantee in two years he won't repeat his aggression at a time he will have much greater weapons. We must not enter this with the rationale of cleaning up Kuwait, but use the opportunity to clean up his unconventional weapons. ~~(S)~~

President Bush: We must also avoid giving Saddam the opportunity to save face. You don't give face saving to a kidnapper or rapist or murderer. I worry that others in their desire to have a peaceful outcome might compromise. ~~(C)~~

King Fahd: We agree one hundred percent; we call those who come with such suggestions as the agents or apologists of Saddam. It makes no sense for someone to suggest giving him a face saver. There is no justification. Anyone who favors it is either brainless or an agent. ~~(C)~~

President Bush: If Saddam gets the message he may be attacked and needs to act, we'll hear a lot more about face-savers and would-be face savers from Jimmy Carter to Primakov. (C)

King Fahd: I'm convinced that as long as the US and Saudi Arabia stay together, others will stay on track. If anyone tries such maneuvers, they will only succeed if we are wavering. We should send all such people to Baghdad. I get very upset over such people. The bottom line is that as long as we stick together, all will fall into place. (C)

Secretary Baker: Someone asked whether the lawsuit filed by Congressmen is a problem. We don't think it will be; it is a political issue and we hope the courts will not present us with a problem. But all of this is related to congressional concerns. The UN resolution we are seeking will help us manage domestic politics. Then we can argue that the world community is supporting, and the President and Congress should as well. But as Bandar knows, they will then argue we are bearing a disproportionate share of the burden. But we can win this argument if we can point to a number of Arab forces that will be committed to any conflict. Having a large number of Arab ground forces will make a big difference. They have to be willing to be involved in all phases of a military operation, including against Iraq. (C)

King Fahd: We have requests we are now accepting. We can get more people on the ground. We can increase Arab and non-Arab. (C)

President Bush: We can talk to the CINC about that. But forces that are willing and able to fight would be helpful. (C)

King Fahd: This is the point. We just don't want people to show their flag. (C)

President Bush: Assad's comments that his forces were unwilling to go on the offensive created problems for us. (S)

King Fahd: I agree. (U)

President Bush: Mubarak said such statements are just for local consumption. (C)

King Fahd: Possible, because I'm convinced Syria is looking for an opportunity to finish off the Iraqis. (S)

President Bush: All I'm saying is that the more non-US forces that are willing and able to fight, the better. (C)

King Fahd: I agree. It is too late to start re-thinking. Whatever we say must be tailored to help us with public opinion -- or keep quiet. ~~(C)~~

End of expanded meeting. One-on-one commenced.

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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9370

MEMORANDUM OF CONVERSATION

SUBJECT: President's Meeting with President Hafez Assad of Syria (U)

PARTICIPANTS: The President
Ambassador Djerejian
Government Sununu
General Scowcroft
Richard Haass
P. Wolfowitz
Shuckran Kamal, Interpreter

President Assad
Mr. Farouk Sharaa, Foreign Minister
Mr. Walid Mualen, Syrian Ambassador to the U.S.
Dr. Abdal-Raouf Al-Kasm, Member, Regional Commandment of Baath Party
Mr. Wahib Fadel, Minister of Presidential Affairs
Mr. Yousef Shakour, Vice Minister, Foreign Affairs
Adnan Barnieh, Interpreter

DATE, TIME AND PLACE: November 23, 1990; 7:20 - 9:25 p.m.
Holiday Inn Crowne Plaza, Geneva, Switzerland

President Bush: I don't know everything about you, but I do know something. I know you like a frank and direct full exchange. I'm the same way. What I propose is that I go through my notes, try to keep it short, and then turn the floor over to you for anything you want to say. I apologize for the brevity of the meeting, but I'm going on to Mexico after our return to Washington. I would like to suggest that the last 30 minutes of our meeting we have a private discussion. (C)

The very fact of this meeting is important. In my first letter to you, I mentioned that we could go down the path of better relations, but that only results would move us forward. It is, therefore, important to review where we are and what we can do in the period ahead. (C)

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First, you must know, and I want to convince you, that we do not seek to harm Syrian national interests, and we have to tell you that I regret the anti U.S. media campaign in Syria that came out at the end of October. If my interpretation is wrong, please tell me. The first agenda item I have, and I have four items, is on the Gulf. I know you agree with us that Saddam Hussein has to leave Kuwait unconditionally, unrewarded, and that partial solutions are no solutions at all. Sanctions are working. I would be very interested in knowing your views on their effectiveness. There is no evidence that sanctions will cause him to turn 180 degrees and change course and get out. I am concerned about his CW, BW and nuclear capabilities. We will have in place very soon a credible superb military option--massive air power against which he could not stand for ten minutes, and we will have the best tank force that exists. These are our best forces, not some second rate reserves. I do not want to use that force. I do not want to kill one Iraqi child. But I am more determined than ever that Saddam Hussein must go out, and I hope it is peaceful. If not, force will be used. We are taking steps to add new troops, and we are talking about 400,000. (S)

President Assad: Now in place? (U)

President Bush: We have 250,000 now and our air power already out-numbers him now. We are going to the UN Security Council for another resolution. The Soviets will be with us, the Chinese also, or will abstain, and the rest will also be with us. I think it is a good move; as the text unfolds, I would welcome and hope you could support it as it would be a strong signal for the man to leave peacefully. (S)

They asked me today what this meeting was about in Mubarak's palace. I tried to make clear that Syria is an important member of this coalition. This is something I value and respect. Again, I would like to have your views on sanctions and if Saddam Hussein withdraws because, in my view, a return to the status quo ante is unacceptable. I believe it is essential that there be a capable, visible, credible Arab force against Saddam Hussein, and there is. The defense of Saudi Arabia this minute is guaranteed, as is the sanctity of the Saudi borders. I understand that everyone does not want to put people into battle. I was in World War II. I know the feeling. But it is important to the coalition to be together if we have to use force. I know that causes you some problems. But I would like to ask you for clarification because of your statement about the your forces not moving out of Saudi Arabia. It's up to you; we can discuss it privately or here. (S)

Let me turn to the Arab-Israeli peace process. The main thing is that we have tried to move the peace process forward, and we will continue to try to move the peace process forward. We've not lost any interest. As you know, we have had differences with the Israelis and the Palestinians on this. We tried to avoid linkage of the two questions. But I am always optimistic, and I hope that our cooperation in the Gulf will help us to move to make progress toward a lasting settlement based on UNSC Resolutions 242 and 338. That's one of the reasons I'm being so hard on the Gulf. (C)

On terrorism, I am very grateful for your sincere efforts to get the hostages out. They are on my mind, my heart, my soul, and in our evening prayers. We still say our prayers in the Bush family. I know how sensitive the subject of terrorism is with you. You know our laws. I want you to know it is not just a bureaucratic concern. It starts with me and Jim Baker. Having said that, I appreciate the open discussions we have had with you. We do believe that groups involved in terrorist acts remain in Syria and in Lebanon, and some terrorists plan to attack U.S. interests. We owe you a concrete proposal, and Jim Baker will get back to you on this. The ball is in our court, and I recognize this. (S)

On Lebanon, I am a bit more optimistic now. The Taif Agreement continues to be the best bet. There is one matter on Lebanon I would like to talk to you privately on. (C)

President Assad: Good. (U)

President Bush: Let me turn to human rights. I want to express my continuing concern over the Syrian Jewish community. Our Ambassador has reported to me on the progress that has taken place, and I want to acknowledge that we do favor unconditional freedom to emigrate. But if you cannot do that, we would like to see families reunited. (C)

Let me end on a positive note. I hope this proves to be the first of many meetings. Out of this trouble in the Gulf, when I talk about the new world order, part of it can be a vastly improved U.S.-Syrian relationship and a resolution of the longstanding Palestinian problem. I pledge that once we get the Saddam Hussein problem behind us, we will work on the other problems. I pledge that. That is the end of my speech. I apologize for having taken so long. (C)

President Assad: Thanks very much. I appreciate the time is limited. Your trip has been a long one. You have passed through many different climates, both natural and political, and you still have Mexico ahead of you. I may not be as brief in form as you have been, but will try to do so in my own way. Let me begin by saying that the first time I met Henry Kissinger, after the October 1973 War, we agreed to have a tour d'horizon. He began speaking, and when he finished he said, "I have digressed." And when he looked at this watch, he said, "My problem is I am a professor, and I apologize." When I began, I said that he hadn't spoken as long as a professor, he had been very brief. I have been a military official, and normally a military man tends toward brevity, and each rule has an exception, "as you are an exception, I am too." (C)

President Bush: How many hours did you give him? (U)

President Assad: We spent many long hours, especially during his shuttle diplomacy. (U)

I would like to say that U.S.-Syrian relations have made forward strides. I have reviewed this evolution with U.S. officials. There is a good mutual understanding on Lebanon. Concerning the Arab-Israeli peace process, during the Reagan Administration Secretary Shultz began efforts and put down some ideas. We did not agree with the plan put forward, but I received him. I told Shultz that it contained some good ideas, but it would take time to make further progress, especially since no one can guarantee that future U.S. administrations would commit themselves to this plan, but we saw it as a step forward. Now we are tackling the invasion of Kuwait, and there are several points that are not minor ones, as we have communicated to Ambassador Djerejian. There are things that have regrettable implications. We had more serious differences with the previous administration than now. In spite of those differences we did achieve some progress, some of which has been lost now. Shultz himself, who had a hardline position on Lebanon and who sponsored the May 17, 1983 Agreement, concluded that Syria aborted this Agreement. He is correct, because it had to do with the national interest of Syria. Shultz felt that Syria inflicted a certain personal harm on him. Despite that, he came to Syria twice and discussed important issues with the Syrian government. These discussions on Lebanon began with him, and the former Administration took stands in favor of Lebanon at that time. They adopted a clear-cut position. Shultz got on to political reforms in Lebanon, and got together with Amin Gemayel on this reform package. Had he succeeded, we would have saved Lebanon from many sacrifices, especially given the recent hostilities. The Lebanese launched a new type of war against one another. (C)

We also discussed terrorism with the former administration. It initiated a campaign against us, and it took additional measures after 1986, following UK sanctions, which the Europeans adopted under pressure from the British. We could have continued dealing on these issues. We in Syria co-exist with these charges of terrorism. (S)

We have been surprised that in recent months there are those who are exploiting the Gulf crisis for more dangerous ends. Our position on the Gulf crisis is very clear. Syria has not shifted its position. From the first hours, I contacted King Fahd and President Mubarak, and we supported resolutions at the Islamic conference and the Arab League which are well known. Had Syria not wanted these resolutions to pass in Arab fora, they would not have passed. I doubt if any of my Arab brethren could contradict me on this point. If they do, may god forgive them. (C)

Concerning Israel, we know the U.S. backs Israel. We have no illusion that the U.S. will stop backing Israel. But regardless of the state of our relations, we would call on the U.S. as superpower and UNSC permanent representative to live up to its ideals. Israel knows it is the strongest country in the region owing to its arms and technology. Also we have determined that Israel is exploiting the present situation to obtain more military and financial assistance. Under the pretext it is doing so to protect itself from an imminent Iraqi aggression. Saudi Arabia has received aid, but it is not parallel to what Israel has received. All of this relates to Syria's destiny, not a small thing. (S)

President Bush: May I ask one question? Do you worry that this adds up to an attack on Syria? (C)

President Assad: This is axiomatic. Who will be Israel's target? Israel wants to expand. It occupies Palestinian territory, Lebanon, and, in the past, Sinai. Israel believes it is entitled territory. It is preparing itself for more expansion. Their conviction in this regard is consistent. There is no Arab who does not share this perception. In general, the Arab masses know Israel wants to expand from the Nile to the Euphrates. I have spoken often about this. Once I mentioned this to Richard Murphy when we were discussing the peace process. He told me that the idea of expansion is that of Begin and Shamir but not of Peres. He said that there is a real difference of opinion within Israel. I asked Murphy if he would be willing to state publicly that Peres and the Labor party do not work for the expansion on Israel. Murphy said, "Don't quote me." What is

important, and what I am trying to say, is that the Israeli ambition is to expand. Here is where the responsibility of the United States comes in. Israel cannot expand further unless it is assisted, principally from the U.S. It is, therefore, quite natural that we have concerns. Israel has land and wants more, especially when the Arabs, including Syria, are seeking peace. This is no secret. For years we have been seeking a settlement under 242 and 338. Israel hears this in the public media; we talk peace and it seeks to expand. I should say very frankly that we have information that the U.S. is providing this huge support for Israel in the midst of the Gulf crisis, and at the same time there are efforts being made to reduce assistance to Syria. I don't mean U.S. Assistance, but from others. (S)

It is true that the Gulf crisis is very important but no matter how significant it is, it is less dangerous to us than the Israelis coming and occupying our land. Concomitantly, the U.S. signals others to keep assistance from us, and the U.S. Ambassador or Charge deliver demarches on human rights or terrorism attributed to Syria. This is all done to a point that we have the feeling that we should do away with our intelligence services and rely only on U.S. intelligence. We get information from you before we even get it from our own sources. We are an open country. Any Arab can travel and come to Syria without a visa. He can stay in Syria and even enlist in the military. Syria is an independent state. Is it reasonable to receive messages from friendly or unfriendly countries that we must expel so-and-so because he is a terrorist? This is not really acceptable. This does not mean Syria supports terrorists or terrorism. (S)

We know you have a different impression. There was a long conversation on this with Secretary Baker. Without doubt, if we cannot obtain a convergence of views on this issue, we will never come to a solution. There are people in the U.S. who imagine that any action that harms Israel is a terrorist action. Give us the proof, and I have said so publicly in the U.S. press, and when we have convincing evidence, we will take action. But unless we ourselves are convinced, we will not take action. (S)

I want to assure you, those persons in Syria are remote from these activities. I am astonished at the information the U.S. Government has gathered and disseminated to us. Are these U.S. services really convinced of the information they have? From my own point of view, I told Secretary Baker that terrorism is a

crime and a terrorist is a criminal, but there is a fine line between a terrorist and a militant who is struggling for his homeland. If we judge by the way the U.S. accuses people, then no one through the ages would be exempt from the charge of sponsoring terrorism. Throughout history most nations have been colonized and they have struggled against their colonizers. Is this terrorism? No. Therefore, whenever we receive convincing evidence, we will bring the individuals to justice; not for the sake of the United States, but for our own principles because of our own values. We are opposed to terrorism, but struggles inside the occupied territories are not terrorism. Certain actions in Europe, outside the Occupied Territories, are not part of the liberation struggle. But how can we stop the Palestinians from being militant against their occupiers in their own land? (S)

Let's take Ahmad Jibril. He is a Palestinian from Syria. We can say he has lived his whole life in Syria. We have contacts with him through our people. He came to Syria when he was 10 years old. Now we have our own security apparatus. It is assumed that we have much information on them. We have interrogated them at the political level many times, and Jibril himself stated he is prepared to come to a neutral site, like Switzerland, to be investigated. Our security apparatus and our political contacts have not uncovered any information that he is involved in the Pan Am 103 incident. There is no proof. How can we investigate him? I told Secretary Baker that this group is the most militant anti-Israeli commando group in existence, which has conducted suicide raids against Israel. Whether or not one agrees with them, this has been his role. This group concentrates upon the struggle within the Occupied Territories. It has adopted a position against the Iraqi invasion of Kuwait because the invasion undermines the organization's political position against Israel. (S)

President Bush: We owe you the facts. That case is being worked. It may well prove to be that he did not do this. And when we talk about terrorism, let's try to define it. I can't see blowing up a school bus or shooting a man in a wheelchair and throwing him overboard or shooting american citizens on planes as anything else but terrorism. We need to define it. I'd like to work with you and be focused. (C)

President Assad: Exactly. This is what we want. This group we are referring to has nothing to do with the types of incidents you have mentioned. (C)

President Bush: I understand. I'm worried we may be passing in the dark over definitions. (C)

President Assad: What is most important is that we arrive at a common definition. But we need to uphold the principle of innocence before being proven guilty. (C)

President Bush: This is our system. (U)

President Assad: But Jibril has been judged before he has been tried. There are other problems we face, and I agree, when we can agree on a definition, we can resolve this issue. We are telling our Arab colleagues that events are proceeding in a dangerous manner. Harm will be inflicted on Syria. Israel's ambitions are worrisome. If our preoccupation keeps revolving around human rights and terrorism, where are we going when more dangerous issues face us? This is the reason for the press campaign against the U.S. Do you think we do not want good relations with the U.S.? (S)

President Bush: I don't think you know our heartbeats, a result of the absence of high level relations. (C)

President Assad: There could be a loophole. (U)

President Bush: To be honest, I think you think we would acquiesce in Israel taking over some parts of Syria. The Israelis were attacked and took territory. We want to see a resolution of the Golan based on 242. That is the U.S. position. We don't want to see Israel expand. (C)

President Assad: You have expressed that position in a message to me, and there was a previous confirmation during the Reagan Administration. I want to confirm to you that Syria wants peace. But we want a just peace. We are not running to wage war. But I want to emphasize that I am not worried about the future because we feel we are on the right side. We are an ancient and deep-rooted nation. No Israeli occupation can be everlasting. Peace is in Israel's interest. No people more than the Israelis themselves can benefit from peace in the region. We do not want peace as a favor to Israel. Israel will benefit the greatest. Through Israel is superior technologically, future generations will proclaim their rights. The road to war is not in Israel's interest, and the Arabs are not benefitting from the suffering. (C)

President Bush: We need to get a peace settlement. (U)

President Assad: The Israeli arsenal includes nuclear, CW and BW weapons. Despite all of that, the road Israel is taking will lead to disaster and more millions will suffer. The road to war

is wrong. Peace is the only way. It is naive for the Israelis to think that Syria or other Arab countries can give up an inch of their territory. Therefore, we underline the wording, a "just" peace. Anything else is capitulation. For that reason, and despite points of agreement, U.S.-Syrian relations are going backwards now. There is too much talk about terrorism without proof, and putting pressure on others concerning assistance to Syria. Then there is the assistance to Israel that can hinder the peace process. These trends diminished in the recent past and seem to have re-emerged. (S)

President Bush: I wouldn't be sitting here if I thought things were going backwards. I think they are better and the potential is better, especially given what we are doing in the Gulf. (C)

President Assad: I am very glad that you believe this. (U)

President Bush: Even though you don't believe it (jokingly)! (Assad laughed.) I am worried about the time. I see how you and Henry Kissinger could talk forever. (U)

President Assad: But these negative factors are related to the lack of communication. I know we can bridge the gap at this meeting, but there are conspicuous aspects of our bilateral relations which need to be raised. (C)

Concerning Lebanon, we both support Taif. We have made forward movement in Lebanon. We know that sometimes the U.S. wanted things done, but conditions prevented it. The U.S. was not fond of Michel Aoun. Despite that, it did not encourage actions against him. Aoun stepped down with minimal losses. (C)

Foreign Minister Shara': President Bush himself has said that Aoun had to step aside. (C)

President Assad: When the Gulf crisis started, Aoun pinned his hopes on it. He is now gone. We should not waste time on it. We have assisted the legitimate government by helping oust Aoun, and we have sacrificed much in this respect. We are now working on greater Beirut. Some groups are trying to blackmail the legitimate authorities, but we think we can find political solutions to these problems. The U.S. talks about the Taif accord and your support for it. At the same time, some U.S. statements contradict the Taif accord. When you say foreign forces have to get out, then you name Syria. When Syria gets out, Taif dies. Syria has obligations under the Taif accord. One page of the accord refers to Syria but not as a foreign force in Lebanon. The most important task is to implement Taif. (S)

President Bush: I thought the Taif accord called for the withdrawal of all foreign forces. (C)

President Assad: No, if you read it closely, you will see that it does not. But it may lead to that. But it is evident that the Arabs cannot equate the Syrian presence in Lebanon with that of Israel. The relations between the Lebanese and the Syrians are relations of kinship, there are joint families. The Syrians and Lebanese are like neighboring states in the U.S. We have confirmed from the very beginning that our entry into Lebanon was at the Lebanese government's request. We want an independent and Sovereign Lebanon. (S)

Concerning the Syrian Jewish community, a half million Syrians are displaced from the Golan and from their homes. When we can achieve the human rights of the Syrians in Israel and our displaced people are returned, we can discuss the emigration of Syrian Jews. You are about to say that it is not required that these Jews go to Israel, but to the U.S. No one can provide soldiers to the enemy. But give me legal guarantees they will not go to Israel, and I will give you a different answer. But you can't do this. (S)

President Bush: It is in the human rights basket under the Helsinki Final Act that we are talking about. If you can do this, you will make many friends around the world. Do not think that Syria is being singled out. We have made representations to the Soviets, the Ethiopians, and many others. We think we are backed by International Covenant and law. That's the reason. (C)

President Assad: Our case is different from that of the Soviets. There is not state of war between the Soviet Union and Israel. Israel does not occupy any part of the Soviet Union. Israel occupies our territory. Israel has displaced a half million Syrians from their homes. Why is it requested to reunite Syrian Jews when other Syrians are not being reunited? I am for the Helsinki process, but only if it is applied simultaneously to Israel and Syrians so that Syrians also can return home. (C)

President Bush: That's why we need to get a peace settlement. (C)

President Assad: Peace will give rights to all parties and end the human suffering. (C)

Concerning the Gulf, there are the Arab League resolutions. They are very clear. They are similar to the United Nations Security Council resolutions. Without even prior understandings with the Saudis and others, we sent troops to Saudi Arabia and told them there was no ceiling. We told them we can send more if you need

more. Later on, I discussed this further with President Mubarak and King Fahd and the role the Egyptian and Syrian forces must play. In fact, up to now, our decision is that these forces are meant to defend Saudi Arabia. The Egyptians may increase the number of forces. I have not discussed this specifically, but Mubarak has stated he has the capability to increase. We also can increase. I don't know if Mubarak has another position. There can be some tasks performed when the Kuwaitis return to Kuwait. For example, they (i.e., Egyptian and Syrian military forces in the Gulf) can be used as a peacekeeping force. We can do this, and I discussed this with Mubarak. (S)

President Bush: Let me ask you a hypothetical question. Suppose it is necessary to send forces across Kuwait to finish off their (Iraqi) armor. Should it be just American boys to kick this aggressor out? Can we not all do this together, with UK and Arab forces? (S)

President Assad: In actual fact, we have not yet discussed this in Syria or with Egypt. We have had consecutive meetings, but this topic has not been raised. We have talked about security in the region for the future. The issue does not end with the withdrawal of Iraqi troops from Kuwait. But concerning how the military offensive will be conducted, we have not discussed this. (S)

President Bush: The international press will try to drive a big wedge between the United States and Syria on this question. To the degree that you can be flexible and say that has not been finalized yet would be very helpful. For two reasons: it send a much stronger message to Saddam Hussein, and, secondly, it is extraordinarily helpful in the U.S. that people feel we are not in this alone. You can put it that you need to talk to Mubarak and others about it. That is helpful. (S)

President Assad: Yes. In any case, Iraq does not know precisely what our position is on this issue. Though we say our forces are in Saudi Arabia in a defensive posture, I think Iraq has a different view. I keep emphasizing that we Arabs cannot admit or tolerate the perpetuation of Iraqi occupation. Partial solutions are rejected. There can be no reward for invasion. Kuwait must be restored in terms of both its land and government. When we Arabs say that we will not let invasion achieve its objectives, our position is clear to the Iraqis and other and in the U.S. (S)

President Bush: No, in the U.S. it is interpreted differently -- that they want us to do their dirty work for them. But we'll just leave it there. (S)

President Assad: This is the problem we suffer from. We are not understood in the U.S. (Ø)

President Bush: The problem in the U.S. was the Syrian statement that "our forces are there to defend Saudi Arabia alone." I raised the same question with President Mubarak. He said no Egyptian will go into Iraq. I said I don't want American boys in Iraq, and if military action is to be successful, someone has to take care of the Republican Guards. We had a good discussion, and I feel good about it. You can talk to Mubarak about it. He discussed it privately, and I do not want to elaborate further. (Ø)

President Assad: You have frank discussions with Mubarak. (Ø)

President Bush: Yes, but I need to have private time with you now. (Ø)

-- End of Conversation --

(At this point, the larger meeting adjourned, and the two Presidents met alone.)

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with President Carlos Salinas of Mexico (U)

PARTICIPANTS:

The President
John D. Negroponte, U.S. Ambassador to Mexico
Nicholas F. Brady, Secretary of Treasury
Dick Thornburgh, Attorney General
Robert A. Mosbacher, Secretary of Commerce
Carla A. Hills, United States Trade Representative
William K. Reilly, Administrator, Environmental Protection Agency
John H. Sununu, Chief of Staff to the President
Brent Scowcroft, Assistant to the President for National Security Affairs
Lawrence Eagleburger, Deputy Secretary of State
Marlin Fitzwater, Presidential Press Secretary
Robert Zoellick, Counselor, Department of State
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
William T. Pryce, Senior Director for Latin American and Caribbean Affairs, NSC
Stephanie Van Reigersberg, Interpreter

Carlos Salinas Gortari, President of Mexico
Fernando Morales Solana, Secretary of Foreign Relations
Gustavo Petricioli, Ambassador to the United States
Jaime José Serra, Secretary of Commerce and Industrial Development
Patricio Calero Chirinos, Secretary of Urban Development and Ecology
Armella Aspe, Secretary of Finance and Public Credit
Jose Cordoba, Chief of Staff to President Salinas

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PER E.O. 12958,
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Enrique Del Castillo Alvarez, Attorney General
Manuel Bartlett, Minister of Education
Jorge Blanco, Deputy Ministry of Trade
Dina Kurianski, Interpreter

DATE, TIME AND PLACE: November 27, 1990, 9:45 a.m. PT
Museum de Nuevo Leon, Monterrey, Mexico

President Salinas: (Makes general welcoming remarks in Spanish, then switches to English.) I will move to English now in order to facilitate discussions. We have spoken about the progress on the Free Trade Agreement. Mr. Serra will speak in more detail on this. (C)

Secretary Serra: On the timing of the Free Trade Agreement, we have agreed that January 31 will be the date for deciding about Canadian participation. We have also agreed that our objective is to have the agreement signed by the end of 1991. (C)

We are presently considering separating the negotiations into two areas: one would cover tariffs and trade barriers and the other would cover non-tariff areas such as rules of origin and dumping. (C)

During the first week of December, we will send a new law for intellectual property protection to our Congress. This will be a significant forward step. (C)

Finally on the trade issue, President Salinas mentioned to President Bush our worry about the tendency for interest groups to bring non-trade issues into play regarding the Free Trade Agreement. These issues concerning non-trade matters create unhelpful background noise. Secretary Mosbacher was clear in saying that oil is not an issue. Investment in oil is not on the table because it causes problems. (C)

The President: On the oil question. We are sensitive to history and understand the sensitivity. Secretary Mosbacher is right in what he said. But this doesn't mean that nothing to do with oil can be discussed, because Mexico has proposed "Turn Key" drilling contracts. This is a vast market. We are totally in accordance on equity and owning minerals, having an interest in the oil itself. The press keeps raising this and we can handle that. We understand this. Don't worry. When we talk about oil, we are talking about servicing. (C)

You may hear some Senators who will talk about non-trade issues. They do get involved in issues like environment and human rights. This could be a problem. I have asked President Salinas to let me know if he sees cause for concern. (C)

Ambassador Hills: It is always a pleasure to work with Dr. Serra. We will meet next Sunday. It is premature to make a

decision on whether tariff and non-tariff barriers should be separated. (C)

A statement that oil is absolutely out causes problems for us. (C)

We need to have environmental ministers meet and to talk about problems. So, too, on drug issues. We would have applause if we were to have a trade agreement which covered all of North America. (C)

President Salinas: Ambassador Hills is right that there are issues which are wider than trade which affect it. You have a word, fragility, and Shakespeare, I think, had a phrase "thy name is woman." Whoever made the phrase hadn't met Carla Hills. (C)

Governor Sununu: I would like to ask one question. As Ambassador Hills is going into the final GATT stages, people are saying that Mexico is looking at a Free Trade Agreement as a substitute for GATT. GATT is an important international issue for us, and I hope that focus on a Free Trade Agreement doesn't hurt our efforts to bring about a successful GATT negotiation. (C)

President Salinas: We should say that we stand firmly for the Uruguay Round. Jaime (Serra) you have firm instructions to provide full support! (C)

The President: When I was in Europe I talked to Kohl and Delors. They implied that the United States was trying to stir up others to give them grief on agriculture. I said that we were not stirring people up. But Australia and the CAIRNS group felt strongly about this on their own. Any help you can do to get agriculture on the table in good faith will be appreciated. We have been making strong representations on this for years, by Carla, by Yeutter, by Brock. I would encourage a weighing in by Mexico. It would have great influence. (C)

Minister Serra: Ambassador Hills and I will get together on this in Brussels next week. For Mexico, the Uruguay Round is important. We have already stated that in the Communique. We will be issuing a clear sign of our support. (C)

Ambassador Hills: I am happy that you will offer an intellectual property protection law in December. In defining what is a successful round, we should think in broad terms. Europe, which is not inclined to reduce agricultural tariffs, will be more likely to do so if there is more in it for them. (C)

President Salinas: The Minister of Economy, Mr. Aspe. (U)

Minister Aspe: Yes, there are several points I would like to make. (C)

1. Moving forward in trade is a positive sign. (U)

2. Money Laundering. The U.S. asked for amendments or U.N. recommendations and they are approved. Money laundering is now a crime for the first time in Mexico. (U)

3. Customs. I want to thank President Bush for naming Carol Hallet (as Commissioner of Customs). For the first time, I think, our customs officials really trust each other. There will be a meeting next week in San Diego. (U)

4. Yesterday, Secretary Brady and Deputy Secretary Mulford told me we are confirmed in CCC. This is very good news. (U)

5. EXIM Bank. We are looking for help in financing in petroleum drilling and are discussing this with the President of EXIM. (C)

The President: One point six (1.6) initially then six point five (6.5)? (C)

Minister Aspe: One point five (1.5) initially, up to six point five (6.5). (C)

6. Regarding Central America, we have been discussing possibilities under the initiative for the Americas, we are hoping will help. We think the InterAmerican Development Bank should play a strong role. (C)

7. I want to thank the U.S. Treasury and the Attorney General for a letter to Judge [not heard]. One of the Bells -- a "Baby Bell," Southwest Bell -- needs authorization to buy the Mexican telephone company. We hope the Judge will issue authorization in December. (C)

Secretary Brady: I can't add too much to what Secretary Aspe has said. I share his view (indistinct). I think it could have a significant effect, not only in Latin America, but especially in Central America. (C)

Attorney General Alvarez: In the battle against narcotics traffickers, we have done much. We have shared information. We have made satisfying progress. For example, regarding cocaine, we have taken over 80 tons. This is more significant when you think of it as converting into 1,200,000 doses. We have been eradicating marijuana and poppies. We have dismantled 400 criminal organizations. We have 150 planes. We ought to confirm jointly the effect of the efforts to go after armed organizations. We have to reduce the flow of arms used by drug organizations. This

is a work that has to do with intelligence. We need to cooperate closely on money laundering. I would call attention to sacrifices made by the Attorney General's office, where 64 people have died in the fight against narcotics, and many more have been wounded and crippled. Our purpose is, expand our ability to destroy narcotics organizations and reduce narcotics trafficking as ordered by President Salinas. (C)

Attorney General Thornburgh: The Attorney General has stated very well the excellent performance of the police, what they have done. Like in other areas, there is a very high level of cooperation. We know that demand is the big problem. I shared with my counterparts what is being done in the United States to control demand. Nevertheless, there is too much transit. I learned last night about the upgrading of the police, of their increased salaries and additional training. We will have a second Attorney General's conference. We look for the coming into existence of the Mutual Legal Assistance Treaty. I am very pleased at the general level of cooperation and told the Attorney General of our willingness to expand intelligence sharing. I am happy there will be a money laundering law. And about our new cooperation in the OAS. Despite bumps in the road, we pride ourselves on a determination to serve you and President Bush, and both our peoples. (C)

The President: May I raise a contentious issue -- that is border violence. There is something about it -- something very troublesome that is based on historical experience. I want to get it out on the table and try to get a solution. (C)

President Salinas: Mr. President, we have established a mechanism to work on that. There are problems involving labor and immigration which must be solved. (C)

Attorney General Thornburgh: I would like to talk a little about the border. If left unresolved, the problems there could become very difficult. And let me tell you, President Salinas, that the Attorney General's office takes very seriously its responsibility to move against its officials who abuse their authority. We have sent a memorandum to the State Department, which we assume they have shared with you which shows where we have prosecuted, criminally, law enforcement people who broke the law. We have dismissed a number of enforcement officials along the border. We have had our own people and human rights people review what our laws and procedures and accomplishments are. And this shows that we share a commitment to observe human rights. (C)

President Salinas: There are some doubts about the Free Trade Agreement. We should discuss the problem. I want to thank Secretary Mosbacher and Ambassador Negroponte for all they have done to make progress. As our two countries progress, we must prepare support for the Agreement. (C)

Secretary Mosbacher: We also have the problem of Congressional approval. We may need Mexican help here. (C)

President Salinas: One area where we have made real progress is on the environment and Mexico's sea turtles. Mexico has ten of the eleven species of turtles. We have established a firm ban on their slaughter. It was a tremendous sight to see thousands of new turtles come to the beaches to reproduce. As President Bush knows, we protect not only the sea turtles, but land turtles. (C)

The President: It is good for both countries to improve the conditions for turtles to make love! (C)

Secretary Chirinos: We have reached agreement on several environmental projects on the border. We are completing the San Diego/Tiajuana plant and are making progress on the Laredo-Nuevo Laredo plant. We talked about the need on the border -- not only on how isolated agreements, but a program covering the fourteen border cities. We need to have a single program. I told Mr. Reilly that your visit has created interest in an institute in the Western Hemisphere to focus attention on climatic changes. (C)

I would like to say that after the UNICEF Summit on the Child, Mexico has evolved a series of measures to abide by its commitment to evolve a better system for looking after twelve million homeless children. We have rehabilitated 12,000 schools. A scholarship program has been set in motion which will help four million children. (C)

In November, the Mexican Government had a meeting at the United Nations to follow up on progress and see where we are behind. (C)

Administrator Reilly: As President Bush has said, the atmosphere for a Free Trade Agreement is positive. New progress on the environment is also exciting. The two can reinforce one another. We want to reinforce environmental objectives. (C)

We worked on human waste issues. We have taken back some illegal waste. We have worked on the pollution problems of the El Paso-Juarez area. We are examining the effect in Mexico of alternate fuels. (C)

We have agreed to set up a commission, or task force, which would deal with environment on the border. We hope to improve the situation overall, and to head off criticism of a Free Trade Agreement from an environmental point of view. (C)

President Salinas: Minister Bartlett. (U)

Minister Bartlett: We have signed an agreement on the establishment of a new scholarship commission between Mexico and the United States. Mexico and the United States will both participate in the selection of scholars. This instrument goes with a Memorandum of Understanding. There will be exchanges of delega-

delegations. It provides for teaching of English in Mexico, and Spanish in the United States. It will greatly expand the technology on education in both Mexico and the United States. (C)

President Salinas: This has been a very good meeting. Some in Spanish and some in English. But all of us have been speaking the language of communication -- and that is why this has been such a good meeting. (C)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT:	Meeting with Ricardo Arias-Calderon of the Republic of Panama (U)
PARTICIPANTS:	The President The Vice President Brent Scowcroft, Assistant to the President for National Security Affairs Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs William T. Pryce, Senior Director for Latin American Affairs, NSC (Notetaker) Ricardo Arias-Calderon, 1st Vice President of Panama Eduardo Vallarino, Panamanian Ambassador to the United States
DATE, TIME AND PLACE:	November 28, 1990, 2:20 - 2:40 p.m. EST The Oval Office

(The President met with Vice President Arias-Calderon after Arias-Calderon's meeting with Vice President Quayle.) (U)

The President: We had a very positive visit with Mexican President Salinas. How are things with you and Mexico? (C)

Vice President Arias-Calderon: Well, not so good, We still do not have normal relations. (C)

The President: Oh, what is the problem? (C)

Vice President Arias-Calderon: They have given asylum to the head of the Central Bank who had stolen a great deal of money and is under criminal charges. And it was therefore difficult for us to recognize asylum and allow him to leave the country. We have attempted to say, "Lets put this question aside and move ahead in our bilateral relations," but this has not been possible. (C)

The President: It is too bad that we did not raise the question when we were in Mexico. Maybe we still could. He has taken a very positive attitude on foreign policy and I believe he should be able to do something. He has brought his foreign office around quite a bit, not completely, but there is progress. (C)

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Vice President Arias-Calderon: We just had a lunch with Central American ambassadors to discuss the program for peace and democracy with Mr. Cooper, whom I gather has been put in charge. Panama is assuming a greater role as part of the Central American region. (Ø)

The President: We have a commitment to Latin America. We do not want to send a signal that just because of the Gulf, that we will ignore the region. We want to show that we continue our high interest in Latin America. I will be visiting the region next week. It is not the most convenient time, but I had to postpone before and I want to make sure that we show our interest. Dan has also done a lot at my request. He has visited a number of countries and I plan to do so too. Our real interest in Latin America -- that is what I hope will come out of the trip. (Ø)

Vice President Arias-Calderon: I hope you have great success in getting rid of Saddam Hussein. (Ø)

The President: Wish Congress would agree with what you just said. A person who is so articulate on this is Havel. You know, the press is always looking for divisions and they asked him about it at a press conference and hoping he would equivocate, but he came on with such strong support that he knocked the ball right out of the park. (Ø)

Our Cuban friends, or should I say your friends, they are not mine -- (Ø)

Vice President Arias-Calderon: My wife is of Cuban origin, but we met because of Castro -- she left the country. (Ø)

The President: I know of the wonderful Cuban qualities -- my son Jeff has a Cuban partner who is a wonderful person. If you could unleash Cuban know-how and enterprise to develop the country, it would be fantastic. (Ø)

Vice President Arias-Calderon: There are a couple of areas where we are making progress. On demilitarization we have dismantled the Noriega apparatus. We have squeezed out 60% of Noriega-related officers from the grade of captain through general and 40 percent of the officers from lieutenant to captain. We have dismantled all of the military organizations, all of the men are out of the barracks -- they all work an eight hour shift and go home to their wives and neighbors like everyone else. (Ø)

The President: What happens to the officers who were dismissed? (Ø)

Vice President Arias-Calderon: Well, various things. About fifty are in jail. A lot are retired -- we are paying them their full retirement. And of course, some have been dismissed. We had some problems with person who was head of the police -- we relieved him. There are changes for the better. Gradually we are getting a working police organization. In some ways we have

gone further than Costa Rica because they have soldiers in barracks and we do not. (C)

The President: Do you find any groups of people who hope Noriega will come back? (C)

Vice President Arias-Calderon: There are some of course, but not many. And we have been able to control the situation. (C)

We have made progress on drugs. Anyone who deals with more than $10,000 in cash must identify the transaction, and we keep it on record for five years. Banks are fined from $100,000 to $1 million for infractions. (C)

Any bank account is open to investigation if the owner is under investigation for a crime. We still have a problem of drugs from Colombia. We have captured 500 kilos of cocaine. (C)

The President: Where do they smuggle the drugs? (C)

Vice President Arias-Calderon: Mostly by sea. We are now working with the Coast Guard. We should come to agreement on this soon. (C)

The President: I remember an Ensign at the Coast Guard Academy who did not have the Panamanian National Anthem played for him at the ceremony I attended a while back. I always felt sorry for him and would like to do something about it. (C)

Ambassador Vallarino: Another Panamanian graduated -- they played the National Anthem this year. (C)

The President: Yes, but I am worried about the one they did not play the anthem for. (C)

General Scowcroft: I think Cheney made a special overture to that Ensign. (C)

Vice President Arias-Calderon: The biggest challenge in the area is poverty -- it is critical. Up to 40 percent of families live below the poverty line in Panama. The economy is picking up, but it is not really growing the way it should. There is as much as 27 percent unemployment in the big cities. That is our biggest challenge. (C)

The President: I hope we can help. How about private enterprise, are they picking up the slack? (C)

Vice President Arias-Calderon: There is certain interest and expectations, but investment is not coming through yet, as it should. The people are inpatient, but not so impatient that they would destroy the system. (C)

The President: We have great respect regarding what you are so ably doing for Panama. We are glad to have the opportunity to help. (C)

Vice President Arias-Calderon: From the first day back we had difficulties. There were no typewriters and no furniture. Offices were destroyed, but we have come a long way towards restoring things. (C)

We have been criticized for not moving faster. We have an exceptional freedom of the press -- it is vicious. (C)

The President: Really? (C)

Mr. Pryce: Yes, it is pretty rough. (C)

Vice President Arias-Calderon: You played a significant role in bringing democracy back to Panama. (C)

The President: Is there generally a good feeling regarding the U.S. and Panama? (C)

Vice President Arias-Calderon: If you ask the common people you would get a very, very positive response. If you ask among the politically active and others, they would give less support. The country, as a whole, has a solid working relationship with the U.S. and this is what the government wants. (C)

The President: I hope there is not animosity that we went in and did what we had to do. (C)

Vice President Arias-Calderon: It was a trauma, but I never had a second thought. It was absolutely successful, I am proud to have taken part. (C)

The President: We are worried about GATT and the way the Uruguay Round is not being implemented. (C)

Vice President Arias-Calderon: We hope that you will turn to agricultural products and seek better treatment for them. (C)

The President: That is precisely what we will be doing. (C)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting regarding Soviet Grain Purchases and the Uruguay Round

PARTICIPANTS: The President
Nicholas F. Brady, Secretary of the Treasury
Clayton K. Yeutter, Secretary of Agriculture
Richard G. Darman, Director, Office of Management and Budget
Carla Hills, United States Trade Representative
John Sununu, Chief of Staff
Michael Boskin, Chairman of the Council of Economic Advisers
Brent Scowcroft, Assistant to the President for National Security Affairs
Roger Porter, Assistant to the President for Economic and Domestic Policy
Ede Holiday, Assistant to the President and Secretary to the Cabinet
Lawrence Eagleburger, Deputy Secretary of State
Roderick DeArment, Deputy Secretary of Labor
Timothy Deal, Senior Director for International Economic Affairs, NSC Staff (notetaker)

DATE, TIME AND PLACE: November 28, 1990, 3:10-4:15 p.m. EST
Cabinet Room

The President: What's this about a Bush embargo on grain? Everybody in the agricultural sector wants to give things to the Soviet Union. Senators are urging me to waive Jackson-Vanik. (C)

Secretary Yeutter: I have been getting battered in the farm community. Prices are falling; everyone wants us to give credits to the Soviets. The Soviets have made the rounds in Washington and presented their case. They claim that in the absence of credits they will not fulfill their commitments under the Long-Term Grain Agreement. (C)

Mr. Eagleburger: The President's authority to give such credits is limited by law. (U)

Secretary Yeutter: The Soviets won't buy our grain without credits. (C)

The President: Don't we need legislation to provide credits?

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General Scowcroft: No. You have the authority to waive the Jackson-Vanik requirements. (U)

Secretary Yeutter: We are only talking about credit guarantees, not credits. (U)

Mr. Boskin: The Soviets are worried about emigration. (U)

The President: Well, we should talk about this issue. (C)

Secretary Yeutter: The Soviet Union is a big market, and we are losing it. (C)

Mr. Eagleburger: The Soviets fear a brain drain if they pass an emigration law. (C)

The President: How do we leave the issue then? (C)

General Scowcroft: We need to know Gorbachev's intentions regarding the emigration law. (C)

The President: There's another problem: Soviet creditworthiness. (C)

Secretary Yeutter: We are talking only about credit guarantees; there should not be a big gamble. (C)

General Scowcroft: We will look into the issue and give you our recommendations. (C)

* * * * * *

The President: I wanted to meet with you before you all go off to the wars in Brussels. I would like a status report. I talked to Andreotti, Delors, Mitterrand, and Kohl about the Uruguay Round. I will be talking to Kohl at the end of the week. I can raise the issue with him once again. He acted as if he would like to help. I am annoyed at the way Delors keeps trying to stir things up. (C)

What is our bottom line? How do we get a deal? If we do reach some sort of agreement with the EC, will that bring the dissidents along? What's the compromise? (C)

Ambassador Hills: (referring to chart distributed to Principals) The chart shows agriculture in the center. All the things that we want in agriculture are linked to everything else. The EC could say that it can't deliver on agriculture, but the LDCs will walk. (C)

We must get something in all three areas of export subsidies, market access, and internal prices to bring the LDCs along.

Perhaps we won't get the number we want. But the number is not so important. The trend, the direction, is. (C)

If we don't succeed, trade relations will deteriorate. The LDCs will be badly hurt. The Cairns Group is in these negotiations for one thing: agriculture. Without something in agriculture, those countries will not deal in services or market access issues. (C)

I don't have a number for the three areas. We can't say what it is. We don't know what will bring the LDCs to the table. In any event, agriculture is not a stand-alone agreement. (C)

The EC is behaving mischievously. They are trying to take the spotlight off agriculture and turning it, for example, on to intellectual property. But if we don't get something on agriculture, we can't get the other parts of the package. (C)

A failure need not hurt you, Mr. President. You have taken the high road. You have spoken of the need to create market opportunities for LDCs and others. We must get market opportunities for the emerging democracies. (C)

The alternative is that we come home and turn to the bilateral front. We could also concentrate our trade negotiating efforts on the Hemisphere. We can't get a minimal package through Congress. Rostenkowski reiterated that point to me. If services fall off, there won't be much heat. If we lost intellectual property, that would be more of a problem. But without a U-turn by the EC on agriculture, we won't have enough. (C)

A failure next week will not mean the end of the Uruguay Round. If the EC can't deliver now, perhaps it can deliver in January. The market access negotiations are not advanced; there are other problem areas. (C)

The President: Why then have we focussed so much attention on the December date? (C)

Ambassador Hills: March 1991 is our drop-dead date. But we have to work back from there to take into account the need for private sector advice, etc. (U)

We could have a terrible session at Brussels results in a lot of critical press commentary. But such criticism could be salutary and lead to a renewal of the talks. (C)

If we walk away, you will not be hurt. You could simply say that trade has been an engine of growth, that what was proposed would not help in this regard, and that you could not accept the deal. (C)

The President: What about textiles? I heard that our offer was not so good. (C)

Ambassador Hills: We have a good offer on the table. (C)

The President: What do you predict then will happen in Brussels? (C)

Ambassador Hills: The EC hasn't put anything into the three boxes (a graphic depiction of the U.S. and EC offers in agriculture). Their proposal is worse than the existing situation. They want the power to create protectionism, to raise tariffs. They want to conduct economic warfare against other countries. We care less about market access. Export subsidies are our concern. Market access is important for the LDCs. But if the EC does not open its markets, countries like Japan and Korea will follow their example and keep us out. (C)

The President: Where don't we have market access in the EC now? (C)

Secretary Yeutter: Almost everywhere. The EC uses a system of variable levies to isolate its farm sector from the world economy. As a result, our share of the EC grain market has dropped. There has been a net shift of 50 million tons in the EC grain market as the EC has moved from a large net importer to a large net exporter. They are putting our farmers out of business. (C)

General Scowcroft: What would happen if they could guarantee a "slop over" of, say, 15% in these boxes? (C)

Ambassador Hills: I would not make agriculture a stand-alone issue. If they believe that we will accept a certain number, they will then put up roadblocks in other areas. There isn't any number that we can whisper to them back channel. The number that we will accept will be lower than what we have sought, but I can't tell you what it is. The problem is that agriculture is linked to other issues and other participants. (C)

Secretary Brady: This fail/no fail proposition bothers me. Do we have to let it be characterized that way? We will become paralyzed. We have other things going on with the Europeans, e.g., the Gulf crisis. (C)

Ambassador Hills: The U.S. won't walk. Others will. That may create the crisis needed for a breakthrough. Meanwhile, the French Agriculture Minister has invited thousands of European farmers to come to Brussels to protest any change in the EC's offer. That's agitation. (C)

Secretary Brady: I don't find their stonewalling surprising. (C)

Ambassador Hills: It's going to be a terrible week. (C)

Secretary Brady: Can't we avoid the fail/no fail scenario? (C)

Ambassador Hills: I hope to make some progress. But I also need to be able to walk away. (C)

Secretary Yeutter: Let me make one specific point regarding Kohl. I have talked with the Germans and concluded that they are key. Their stance will make or break the negotiations. (C)

In terms of the three boxes, market access and export subsidies are the most important. Movement there will necessarily lead to changes in internal pricing. So what has the EC done? They have zilch on the table. There's no need to get into specifics. We are after other markets. But others will follow the EC's lead. We will lose access to key Asian markets such as Korea and Japan. The exact number is flexible, but we need something. (C)

Governor Sununu: Why are you willing to concede on principle? (C)

Secretary Yeutter: That's not so. We just won't get 75%. The President should focus on export subsidies. Market access hurts the LDCs. Export subsidies are the highest priority for the U.S., Australia, and Argentina. That's where the Germans come in because they don't care about export subsidies. The EC could go a long way to discipline subsidies. Now they are just generating surpluses that they dump on world markets. They could use any number of programs, e.g., set-asides. But instead of doing anything, they just say trust us. The Germans aren't the problem here. The French are. If Kohl steps in, there might be a significant improvement in the EC's offer, e.g., 50%. (C)

Mr. Eagleburger: I don't want to debate tactics. It's important to understand, however, that if our efforts fail, the President will be hurt. We can expect rising protectionism in the Congress directed against the EC and Japan. It would be horrendous. A turn to hemispheric trade would not be the answer. The consequences will be serious. What do we do after a walkout? How do we get back together again? You need to be told, Mr. President, where the line is. In short, the consequences of a failed round will be awful; there will be hell to pay; hemispheric trade arrangements are not the answer. (C)

Ambassador Hills: You misunderstood me. I don't see hemispheric trade as an alternative. A minimal package, however, will not get through the Congress. (C)

Mr. Eagleburger: A failure would be very serious. (C)

Ambassador Hills: By standing firm on principle, we might get something in the next 18-24 months even after a collapse. That's not so bad. Rules are needed in the new areas. But the EC is stonewalling. You are standing under the right banner, Mr. President, by standing firm. A minimal package will not get

through Congress. We need a philosophical line that is definite. (C)

Mr. Darman: Let me to try to formulate the problem. This is not a substantive comment. Carla faces a tough negotiation in which we all have an interest. She needs to have the ability to walk out if necessary, and she needs the ability to adjust the limits. The trouble here is that there is great unease about not knowing what you will do. We're worried. (C)

Here's the strategy that I would suggest:

(1) The GATT Round is important; we want it to succeed.

(2) We will need to compromise, but the compromise must get through the Congress.

(3) The financial transactions area is a good supplement.

(4) We will have to compromise on agriculture. (C)

Regarding agriculture, a change in direction would be enough. But agriculture is not alone; it is linked to other issues. What does it take to make Congress happy? You may have some sense for that. You don't need to tell this group what it is. This is one issue where you and the President could meet alone and settle the issue. We would not need to know the outcome. (C)

Ambassador Hills: The direction is most important. But because of linkages between issues, it is not so simple as one number. Not even agriculture is a stand-alone issue. You could have a situation where we are blocked in one area of the negotiations and agriculture is making progress. I might want to be able to ask Clayton to hold up the agricultural negotiations temporarily while we push on the other issue. I just can't give you a specific number then. (C)

Mr. Darman: We can end up with a successful deal, but we will have to go through the perils of Pauline. It will be messy along the way. The agriculture number that we get will not be as high as we want, but it will be a move in the right direction. (C)

Ambassador Hills: We can't resolve these issues in Brussels. Everything is hung up on agriculture. We need to address market access issues; that's important for the LDCs. We are tardy in our work, and it will be a bloody meeting. But we won't be the first out the door. The Cairns Group will leave first. But any other alternatives will expose you politically, Mr. President. (C)

Mr. Boskin: I agree with most of what has been said. Our negotiators need flexibility. The long-term effects of a failed Round could be significant not only in terms of trade tensions,

but also in terms of the effects on foreign and economic policy. (C)

You must have a deal in mind. A good agreement is tremendously important. Whether we conclude that deal in December or January is not important. (C)

Ambassador Hills: I agree with what's been said. A good agreement will be good for the economy. The frictions from failure are understood. There will be severe harm to the LDCs; the opportunity cost will be high. But we can't get the EC to go along. We will lose opportunities in intellectual property and services. But if we don't get something in agriculture, the LDCs will not agree. We can't do this by ourselves. Even if we had a "number," that would not help pull together a deal. We are not just negotiating in one group. (C)

Secretary Yeutter: There is no chance at all of concluding the Round in Brussels. The EC can't change its position there. There will be a breakup. Do we have a reasonable chance of pulling it back together later? The Germans need to show leadership. (C)

Governor Sununu: If we have a breakup and then an orderly return in January, how do we deal with the political problem of appearing to back away from principles? How do we get a structure that's saleable? (C)

Ambassador Hills: The Montreal session broke up. Clayton then held the negotiations over for the new Administration. After my confirmation, we got the negotiations back on track. Perhaps we need something like Montreal. We could give Kohl reasonable time to change. Andriessen told me that it was too bad that we could not manufacture a crisis before the U.S.-EC Ministerial. Without that, Ministers would not let him change positions. His knees were cut out from under him. (C)

Secretary Brady: There's too much discussion about precipitating a crisis. Let's let the Germans have their elections and then let Kohl work on the French. The timing is driven by us, by our fast track authority. (C)

Secretary Yeutter: We are talking about a three-week delay. (C)

Secretary Brady: There are other things going on. (U)

Ambassador Hills: What's the alternative? (U)

Secretary Brady: Let's not exaggerate. This thing gets played out on the back pages of the financial press. (C)

The President: But we can't have a bad deal. (C)

Secretary Brady: I agree, but we don't need to precipitate a crisis. (C)

Mr. Porter: We know what we want, and we won't be the first out the door. The EC's inability to move on agriculture has led to gridlock. The Cairns Group will leave. The key is Kohl. But he needs some time; he can't turn around overnight. (C)

Secretary Brady: A blowup may make it more difficult for Kohl. (C)

Secretary Yeutter: We need strong pressure. (C)

General Scowcroft: What is our plan? What do we say if there's a walkout? How do we address Governor Sununu's concern about the political appearance of conceding on principles after a walkout? (C)

Ambassador Hills: We can make the best progress in restricted talks, say, two on each side. I am prepared for that. We haven't been strident. We are playing to a number of audiences. We have a plan, but I can't say what is our "number" on agriculture. (C)

General Scowcroft: But what are we going to say, especially when asked about our other equities in Europe? What do we say in January if we resume discussions to counter the impression of a cave? What will we say when the crisis occurs? (C)

Secretary Yeutter: All this will be quasi-orchestrated. (C)

Mr. Darman: We should get a statement ready. (U)

Ambassador Hills: I have given many speeches on the subject. We can just reiterate the old line. (C)

Mr. Eagleburger: We should all read from the same sheet of music. (C)

Ambassador Hills: I'll be delighted to provide it. (C)

The President: Australian Prime Minister Hawke has called for a Heads of State meeting on the Round. That's a bad idea. The prospect of such a meeting would only put off real discussion. (C)

General Scowcroft: We need some alternative scenarios. (C)

Ambassador Hills: I think things are under control. (C)

Mr. Boskin: But if we get into the Sununu scenario, we will need alternatives. (C)

Mr. Darman: Carla, you know where it's likely to come together. Why not lay it out and give it to the people who have a need to know? You know enough already to project the outcome. (~~C~~)

Ambassador Hills: That's difficult. Services may drop off the table. We have a matrix with a hundred issues on each side plus 96 countries. (~~C~~)

The President: Anyone else? (U)

Ambassador Hills: I have a letter from Senator Baucus on the Round. My reply will be more in the sorrow rather than anger vein. (~~C~~)

-- End of Conversation --

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with People's Republic of China Foreign Minister Qian Qichen (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 M. Gates, Assistant to the President and Deputy for National Security Affairs
Richard H. Solomon, Assistant Secretary of State for East Asian and Pacific Affairs
James R. Lilley, U.S. Ambassador to the PRC
Douglas Paal, Director, Asian Affairs, NSC Staff
James Brown, Interpreter

Qian Qichen, Foreign Minister
Zhu Qizhen, Ambassador to the U.S.
Zhang Yijun, MFA, Director, Americas Division
Shen Guofang, Secretary to the Foreign Minister
Lu Shumin, MFA
Tian Junting, MFA
Gao Shumao, MFA
Ma Xuesong, Interpreter

DATE, TIME AND PLACE: November 30, 1990, 1:44 - 2:20 p.m. EST
Cabinet Room

(The President accepted two questions from the media during the photo op preceding the meeting.) (U)

Reporter: Mr. President, has China atoned for Tiananmen Square? (U)

The President: Have they what? (U)

Reporter: Have they atoned for Tiananmen Square? (U)

The President: Well, I think the Chinese government knows that we have some differences on this whole broad question of human

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rights, but we have many things in common. And one good thing is we have a very frank relationship with this Foreign Minister and an ability to discuss things openly. He's got some problems with some things, perhaps, we have done and in this area there are some differences. But that's one of the purposes of this kind of meeting -- is to reduce these differences and go forward. (U)

Reporter: Are you thinking of eliminating sanctions? (U)

The President: We are going to discuss a wide array of questions, and I think it will go very well. And I -- as I say, both sides are trying to strengthen and build on this relationship that both recognize as important. And I will have every opportunity to express to the Foreign Minister, and I expect that he will report that back very accurately to the leaders in Beijing, how strongly I feel on some of these questions. And he will have every opportunity today to present China's views on these important questions. (U)

I am always inclined to emphasize the positive. And there are many positive and very important aspects to this relationship -- very important. And not the least of which is that China and the United States have made common ground in terms of standing up against aggression. And that is important to every American; it is important, I think, to the Chinese side as well. (U)

Mr. Fitzwater: Lights. Thank you. (U)

The President: Thank you, guys. It's been a great pleasure. (Laughter) (U)

How many brave souls are going to South America? All right. Rest up. (U)

I am taking a trip to Brazil, Argentina, Uruguay, Chile and Venezuela. (U)

Foreign Minister Qian: A long trip. (U)

The President: I should not tell you and Jim Baker about long trips. I am glad this visit got sorted out. To get it out of the way right away... I did feel very disappointed about your abstention in the UN vote. But Jim explained to me the Chinese position. I meant what I said here. I am disappointed. But I am pleased that the resolution became active. When I told her (the reporter) that I wanted to emphasize the positive, that is what I meant. I want to stay together on the Gulf crisis despite that thing that occurred yesterday. (S)

I hope you understand that the President understands the importance of this relationship and wants it strengthened. The vote last night would have been helpful to me in that regard.

will not go on in detail on the reasons we strongly supported that resolution, but I strongly believe that is what we need to get Saddam Hussein to do now what he should have done long ago, that is, get out of Kuwait. (S)

Let me say I understand your concern about US forces in the Gulf. Let me tell you that I want every single one of those soldiers back home as soon as possible -- and I told that to Iraq this morning. I have more points on the Gulf, and I know that you had a good conversation with Jim Baker this morning. I will spare you. I want to hear from you on what divides us and on what unites us. Then, I will have one or two points. (S)

Foreign Minister Qian: First, Mr. President, thank you for taking time out of your busy schedule to meet with me. Before I left Beijing, all the Chinese leaders asked me to convey their greetings and good wishes to you. I am very glad I have had the opportunity to visit Washington. I attach great importance to this visit. We all hope to see the visit as an opportunity to return US-China relations to full development. (S)

On the issue of the Gulf crisis, there is good cooperation between China and the US. China voted for ten successive resolutions. In the vote yesterday, China abstained. Just now, Mr. President, you expressed disappointment. We fully understand your disappointment. Indeed, it was very difficult for China to arrive at the decision to abstain. After repeated consultations, we concluded that even if China abstains, the resolution would be approved. (S)

Among the Permanent Five of the UN Security Council, and indeed among the fifteen Security Council members, I am the only Foreign Minister to visit Iraq and talk with Saddam Hussein. I had a one hour talk with Saddam Hussein. I strongly conveyed to him the international condemnation of Iraq's invasion of Kuwait. Not a single nation could approve his action. I also made clear to him the position of the Chinese government. The only option is to withdraw from Kuwait and make peace there. (S)

I also told him that if war breaks out, for the US and the other nations it is only a question of how much cost will be paid. For Iraq, it will be a matter of life or death. So I think that there is no difference between China and the United States on urging Iraq out of Kuwait and reaching a settlement. Today, during our talks, Secretary Baker told me you are announcing new measures, with the Iraqi Foreign Minister coming to Washington and Secretary Baker to Baghdad. (S)

The President: It is all positive, unless he thinks we are making some concessions. So I have been on the phone to Ozal, the Emir, King Fahd to tell them we are not going to make compromises. (S)

Foreign Minister Qian: In the future, there will be many matters where China-US cooperation is essential, particularly many major foreign affairs issues. Because China and the US find themselves in different circumstances, there may be differences in the approach or methods they take. But, still I believe that we have a common interest in world peace. (S)

The President: Exactly. May I have a chance to bring up some bilateral questions? I am very glad I had the chance to tell the press how we are working together. I feel funny starting this conversation in this way. I have worked very hard in this country, as we have looked at Tiananmen, to hold this country together. As I lived in China, please understand that I know how China views other countries involving themselves in China's affairs. I understand. But I ask that you also understand how what happened harmed our efforts to keep things together. For us, human rights are codified in our international outlook, for example in Helsinki. To be frank, this is the key area troubling our relations. (S)

Let me say I am not without appreciation for what China has done, and I cite cooperation on the Fang Lizhi case. It was not an easy decision, and I appreciate that. Similarly, you should understand that renewing MFN, on our side, was not an easy decision, because all I got was a firestorm of criticism. (S)

Now, we have been talking about mutual steps we can take together. I have just a few remarks. In the spirit of frankness, let me raise a few points. We want to see release of the prisoners since Tiananmen, an accounting of the prisoners and killed, and -- where do we stand on the jamming of VOA? (S)

General Scowcroft: Still jamming. (U)

The President: I just want you to understand where we stand. The recent reports of dissidents to be tried for sedition are causing another groundswell of concern and will start a new round of criticism within the United States. I just hope there will be no such setback, and that those steps will be taken. I can assure you that there will be a strong effort here and we will take steps. (S)

Jim tells me you have got a 2:30 appointment on the Hill. I would like to get your views. This relationship is too darned important to allow it to languish. I want it to improve and I am willing to go the extra mile. (S)

Foreign Minister Qian: I think that you see recently both sides have done a great deal for improving relations. Both sides have made great progress. On the issue of human rights, we may differ in our views. But, I think we can get to know each other better

through increased contacts. If there are just differences of opinion with no contacts, then the differences will continue to increase. Both sides make judgments on the information passed by the press, which may be true or may be false. (S)

Therefore, in my talks with Secretary Baker today, we decided on an exchange of visits, and several under secretaries and assistant secretaries will be going to China. Actually, this visit to Washington is for this purpose. Also, Mr. President, I hope you will agree that Secretary Baker will visit when time is available. China is the only country Secretary Baker has not visited. (S)

The President: Try to help us. Take this message to your leadership: Try to help us, on human rights, proliferation. If you can help us, we can move forward. I have never met Jiang Zemin; I would like to meet him. We really must see more progress. I do not want a visit of the President, because it will set things back. I want to make clear to you, whom I respect, we have got to sit down with Jiang Zemin and work things out. But if I sit down with him, there will just be controversy. Let us get our ambassadors and ministers together to work out mutual efforts on specific points. (S)

Foreign Minister Qian: On some of the President's reports, these are biased and unfair. In China, there were similar reports that General Scowcroft's visit was intended to carve up China. (S)

The President: Nobody will believe it here. (S)

Foreign Minister Qian: Nobody will believe it here, but that is in the press. (S)

The President: I will tell you how this visit will be portrayed. George Bush, because of his concern for relations with China, put aside concerns over human rights and freedoms. (S)

Secretary Baker: Notwithstanding China's abstention. (S)

The President: Yes, they will point to negative things. I hope you feel welcome, because you are. Let us vow together to make this Ambassador's (pointing to Ambassador Zhu) job a little easier. (S)

Ambassador Lilley: Not me too, sir? (S)

The President: Both ambassadors. Please send greetings to Deng Xiaoping, Jiang Zemin, and the other leaders, Li Peng and Yang Shangkun -- he had a good visit here. Ask them to look at how they can help us. (S)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Fernando Collor de Mello of Brazil (U)

PARTICIPANTS:

The President
Lawrence Eagleburger, Deputy Assistant Secretary of State
Nicholas Brady, Secretary of Treasury
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
D. Allan Bromley, Assistant to the President for Science and Technology
Andrew Card, Assistant to the President and Deputy Special Assistant to the Chief of Staff
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
Hollis McLaughlin, Assistant Secretary of the Treasury for Policy Management
David Mulford, Undersecretary of the Treasury for International Affairs
William T. Pryce, Senior Director for Latin American Affairs, NSC
Marcel Bouquet, Interpreter

Fernando Collor de Mello, President
José Francisco Rezek, Minister of Foreign Affairs
Zelra Cardoso de Mello, Minister of Economy
Ozires Silva, Minister of Infrastructure
Marcos Antonio de Salvo Coimbra, Chief of Staff
Jose Goldemberg, Secretary of Science and Technology
Jose Lutzenberger, Secretary of Environment
Marcilio Marques Moreira, Brazilian Ambassador to the United States
Ibrahim Eris, President of the Central Bank
Jorio Dauster, Chief Debt Negotiator
Agenor Francisco Homen de Carvalho, Chief of Military Cabinet of the Presidency

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DATE, TIME AND PLACE: December 3, 1990, 9:45 - 10:30 p.m.
Planalto Palace, Brasilia, Brazil

President Collor: [During photo opportunity] I would like to say that our conversations with President Bush have been very positive. (C)

The President: [During photo opportunity] They asked about Argentina and I told them I have no intentions of changing my plans. (C)

President Collor: I want to greet President Bush and wish you the very best for your visit. It is with great enthusiasm and great hope that we meet here and I hope that we can treat in a positive way the subjects we will be discussing. According to what we have agreed this morning, I will call on Minister Dauster to present in five minutes the position on debt and emphasize what we intend to normalize, but that in this process we need the understanding of the United States government. (C)

Minister Dauster: We are now in a delicate moment. With negotiations on structure, there needs to be a linking between our payments on arrears and future payments on the total stock of debt. What Brazil looks for is an overall solution to total debt. We worry about a solution which would imply a major drawdown on our reserves without seeing what the total resources for Brazil would be. The arrears at the end of this year will be eight billion. But the total long-term, commercial bank debt is 50 billion. We can't take care of eight billion without considering the total stock of debt. We have a proposal by the banks for a 2.5 billion down payment on arrears. There is also 700 million in interest due in the first quarter of 1991. That would mean a 3.1 billion cash payment for the banks. Since the remainder would be exchanged with the banks, this would require additional payments in 1991 at the time of commitment. The negative cash flow could be over four billion dollars. We need an indication of how we would treat the stock of the debt before we make a payment on our arrears. We need to base payment on reaching agreement on a term sheet. We don't need a detailed agreement, but we need an indication of what is contemplated. Even last week in New York, Brazil moved ahead. We agreed to make a payment to the banks of 1.2 billion on our outstanding arrears as of the end of the year -- a very significant amount. We would also exchange for bonds the balance of our arrears. A crucial problem, however, is linkage between payment and a broad understanding on our medium-term needs. We don't want to sign an agreement where Brazil, in the future, could not honor its commitments as has happened in the past. (C)

President Collor: If you would agree we could go on to make our presentations in all of the subjects and then go back to discussions at the end, or we could discuss each subject as it comes up. (C)

President Bush: It's better to do it all at once or we will get bogged down. There will be follow-up discussion with Secretary Brady and Deputy Secretary Eagleburger, and I will make comments here at the end. (C)

President Collor: The Secretary of Environment will speak. (C)

Secretary Lutzenberger: I am very glad that the time of mutual recrimination is over and to see how we now plan together for common goals. Here in Brazil the government has fundamentally changed its attitude. It wants to preserve what can be preserved of the rain forest, which is about 90%. Four hundred thousand square kilometers have already been destroyed and we must concentrate on that area because the people who live in that area can now survive only by slash and burn. We need to give them a new way to do it. We need to work together. Brazil has the political will. We can find the money, but the problem is to find capable people. The example must come from the first world. As long as Europe and others use chemical fertilizers which give big productions in the short-term, but which cause economical problems in the long run, we are going to have problems. We also have to worry about the atmosphere. We have embarked on a dangerous course. Many things are happening now. Climatic irregularities are happening every year. We had a symposium completed on the atmosphere. But we may soon be able to form an institute. We hope the United States will help back us. (C)

President Collor: Secretary Goldemberg. (U)

Secretary Goldemberg: The policy of the new government is one of modernizing the country and introducing competent people who are prepared. Science Adviser Bromley knows the capability of our people. But lack of economic resources has isolated Brazil from Europe. What we have to do now is to modernize industry in a number of ways. It is important to modernize or we won't have productivity. A minor example is supercomputers and their need for our aircraft industry which lead to negativism. There was a question of Brazil's credibility. Much progress has been made in the nuclear era. President Collor has solved the problem. We have seen the action taken by President Collor in agreement with Argentina. We did it because this is the way Brazil thinks they should go. We have reached the stage where we are considered bona fide in our Administration. A problem we have concerns access to new technology. We want to go ahead economically and to do it in a way to protect the environment. We don't want to repeat mistakes of the past. If we set up a steel mill, we should not copy Pittsburgh, but do it on a 1990 model. These are basically the problems. I am aware that the United States transfers technology not by actions of the government. But I think that much can be done as it give directions to industry. I will discuss this with Science Adviser Bromley. But we would like joint ventures. This is where the U.S. Government can help by encouraging companies to open their technology. Also the international institutions. You could encourage them to support

multinational banks to finance projects so that we can leap frog and not repeat the mistakes of the past. (C)

President Collor: And now, Foreign Minister Rezek. (C)

Foreign Minister Rezek: Secretary Brady and Eagleburger will talk about GATT. From the Foreign Ministry point of view, we share basic positions. We have a few points to discuss on peripheral aspects. It is important that we share views on the main problem, which is agriculture. We are worried about rebalancing a new point put in by the Europeans, because our interests would be jeopardized. I think we can establish a joint position with the United States in Brussels. (C)

For many years we have been trying to start economic integration with a small group of countries with the same economic base. We know that this could be successful, in a short time, in expanding trade. We know it is complementary -- it can be complementary with the United States desire to expand free trade. This project of economic integration is destined to be successful. We are happy with the U.S. attitude toward free trade. (C)

As for the situation in Argentina, we have had a positive influence. We think it will soon be worked out. (C)

On the Gulf, we share your position of the need for the triumph of international law. Brazil is experiencing economic suffering because of the rise in oil prices and we are concerned about legal points. We must preserve respect for international law. We must have a reliable international system. We have been very supportive of all the decisions taken by the Security Council. We hope the U.N. will now be effective. We welcome your last statement of your position and your desire for peaceful a resolution to the problem. We worry about the United Nations. We think that it is necessary to show that the United Nations Security Council is a reliable organ which can deal effectively with these problems. Under the leadership of your government, there seems to be goodwill to solve the problem. (C)

The President: Would you like me to comment? (U)

Why don't I make a little comment on the last presentation. (C)

Let me start with the last point. In the first place, we have noted -- and we very much appreciate -- Brazil's steadfast support in the United Nations. (C)

Saddam is trying to make it look like it is Iraq and the Arab world against the United States. It is no such thing. So Brazil's leadership in making clear that the whole world is against what Saddam has done is very important. (C)

On the United Nations, I think efforts have often not been effective in the past. If we are successful now, under the new circumstances, we have the chance of creating a new situation

which would be called a new world order. I would hate to be working on the Iraq situation if the Soviet Union were acting like it used to. But with the new Soviet attitude, I believe that the situation is manageable. It is a wonderful step ahead for the United Nations to be able to work as it was intended to do. We must not stop short of complete implementation of the U.N. resolutions and Kuwait. (C)

On Argentina, the events there will not deter me from going. This appears to be an uprising of some fifty officers which President Menem is dealing with. I think we have announced that we are going ahead. (C)

On GATT, I am worried that we don't seem to be reaching agreement with the Europeans. We are working on it. I wish I could say we have an agreement. (C)

At Kohl's moment of victory, I didn't have the courage to say at that moment, "Hey, what about GATT?" I did say that I wanted to talk about it early on. I made a brief call saying "Helmut, congratulations on your overwhelming victory; and I would like to talk with you soon about the Persian Gulf and GATT. Congratulations and good-bye." (C)

On Science and Technology, I did talk about supercomputers. We want to go ahead. We salute what you have done on proliferation. We are in no position to lecture on nuclear use. We can't use some of our facilities. The Environmental Protection Agency has shut them down. Your mentioned an environmental joint venture. We want to cooperate. (C)

On debt, Secretary Brady will discuss this in detail. I mentioned the talks to the head of City Bank. Of course, we want the banks to go the last mile with you. I'll be anxious to see how things go. We worry about a stand still where there would be a shortage of trade financing and this will hurt development. In the longer-run, we think Brazil will be able to handle the question. The quicker you solve the problem of capital flight, the better off you will be. Nick will be prepared to discuss this in any detail you want. (C)

On environment, Dr. Bromley is doing a good job in helping on the scientific side. We have just signed the most comprehensive clean air bill in history. The costs to the U.S. are staggering. Nobody wants to build another Pittsburgh. The last thing I want people to think is that we are intervening in Brazil's internal affairs. You have made wonderful progress in the rain forests. I don't want people to think we are lecturing you on rain forest. (C)

President Collor: Did you want to have Dr. Bromley add anything? (C)

Dr. Bromley: As President Bush has said, we very much appreciate what the Government is doing in the field of environment. (C)

The President: I want to thank you and your staff for all the help you have given. They can look further at questions. I hope our staff can have joint meetings where we can make progress. (C)

I understand we now must face the press. (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Luis Alberto Lacalle of Uruguay (U)

PARTICIPANTS:

The President
Richard Brown, U.S. Ambassador to Uruguay
Lawrence Eagleburger, Deputy Assistant Secretary of State
Andrew Card, Assistant to the President and Deputy Special Assistant to the Chief of Staff
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
D. Allan Bromley, Assistant to the President for Science and Technology
Marlin Fitzwater, Assistant to the President and Press Secretary
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
Hollis McLaughlin, Assistant Secretary of the Treasury
William T. Pryce, Senior Director for Latin American Affairs, NSC
Andrew Sens, Director, Southern Cone Affairs Department of State
Donald C. Johnson, Director, Latin American Affairs, NSC (Notetaker)
Stephanie Van Reigersberg, Interpreter

Luis Alberto Lacalle, President of Uruguay
Pintos Garcia, Chief of Staff to the President
Eduardo Mezzera, Acting Foreign Minister
Enrique Braga, Minister of Economy and Finance
Gustavo Ferres, Acting Minister of Agriculture
Conrado Hughes, Director of Planning and Budget
Mariano Brito, Minister of National Defense
Andres Ramirez, Minister of Intereio
Eduardo MacGillyCuddy, Ambassador to the United States
Ramon Diaz, President of Central Bank Reserve
Agustin de Urtubey, Vice President of Central Reserve Bank

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DATE, TIME AND PLACE: December 4, 1990, 2:10 - 2:25 p.m. EST
Placio La Libertad, Montevideo, Uruguay

The President and President Lacalle joined a meting already in progress, which was being chaired by Deputy Secretary Eagleburger and Acting Foreign Minister Mezzera. (C)

President Lacalle: This is the place where ministers gather to work, and I hope you [speaking to U.S. and Uruguayan principals] have already solved all the problems. (C)

We won't enter into details that our advisers and technical officials are working on. I believe that we [presidents] have to provide the leadership and political will. We have a great deal of coincidence in our views, because we have the same purposes. I believed that our advisers know this and share the same spirit. (C)

We [presidents] are responsible for pushing things, so this [process] continues, so that the follow-up will be part of your visit here. (C)

The President: Mr. President, I think our advisers are all hard workers, and have solved all the problems while we were talking. Let me say again how pleased I am to be here. President Lacalle and I discussed the Gulf situation. I know it's having a very adverse effect on all countries. (C)

Allan Greenspan says the U.S. decline (or some would say recession) is being exacerbated by the Gulf. You are one of many countries affected. You told me about the effect it is having on your country. Two weeks ago, President Havel of Czechoslovakia told me that he estimated $1.5 billion impact for one year. We have a lot at stake from the moral standpoint, from the standpoint of the role of the United Nations in the world, and from an economic standpoint. (C)

As the President of the country trying to hold this coalition together, I will not permit this to go on forever. You've seen the proposals for Aziz coming to Washington and Secretary Baker planning to go to Iraq. (C)

I'm not too optimistic, but as King Fahd of Saudi Arabia told me, "You're crossing every 'T' and dotting every 'I'." If there is military action, it will be very sad for Saddam. I don't think he understands this. (C)

We will all fail if we fail to bring about a solution. There can be no concessions. What he's done to Kuwait -- the brutality and killing he's committed -- is so fundamental, that it cannot be accepted. We can't stop short of a resolution that satisfies totally all the U.N. resolutions. (C)

The good news is -- and your President Lacalle looks broadly and with a vision of the future -- that this could lead to a new

world order. A lot of this is easier to work because of the changes in the Soviet Union. I would hate to try to solve this crisis if the Soviets still had the ambitions we used to assign to them for warm water ports and expansion of their control world-wide. That would not be helpful. Now we can manage this. (C)

I know the situation is difficult, trying on families, and expensive. (C)

On bilateral issues, I'm very pleased with the Enterprise for the Americas initiative. This is not one more slogan. I don't want it to stop short of revitalization of all the economies of the region. (C)

I salute your quadripartite efforts to achieve a multilateral framework agreement with Brazil, Argentina, Paraguay, Uruguay, and the United States. (C)

We talked about a Bilateral Investment Treaty, and I urged that you go and we go the extra mile to finish this. (C)

It's nice to go to a place where I get such a warm welcome. I didn't see too many hand gestures. This is much better than what I get in San Francisco, I'll tell you! (C)

President Lacalle: It's because of you, not me, because of my standing in the polls. (C)

The President: I'd feel insulted if the leftists didn't come out and do something. (C)

I don't ever want to send a signal of neglect. I'm afraid that sometimes we do this inadvertently. If we send such a signal, you should let us know right away. When people see the activities in the Gulf and Eastern Europe, they wonder whether the U.S. will remain interested in this region, and the answer is most definitely that we will remain interested. (C)

Now we can manage this. All in all, this is a visit I've looked forward to. Thanks for your hospitality. (C)

President Lacalle: We need to go to the press conference. (U)

The President: I'll be glad to get that part over with. (C)

President Lacalle: I will ask that you let Dr. Bromley stay behind to meet with some of our advisers to talk about other science and technology issues, if that is all right with you. (C)

The President: That will be just fine. (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Luncheon with President Carlos Saúl Menem of Argentina (U)

PARTICIPANTS:

The President
Terrence Todman, U.S. Ambassador to Argentina
Nicholas Brady, Secretary of the Treasury
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Marlin Fitzwater, Press Secretary
Lawrence Eagleburger, Deputy Secretary of State
Allan Bromley, Assistant to the President for Science and Technology
Bernard Aronson, Assistant Secretary of State for Inter-American Affairs
David Mulford, Undersecretary of Treasury for Economic Affairs
William T. Pryce, Senior Director for Latin American Affairs, NSC (Notetaker)
Stephanie van Reigersberg, Interpreter

Carlos Saúl Menem, President
Domingo Cavallo, Minister of Foreign Relations and Worship
Guido Jose Maria Di Tella, Ambassador to the United States
Humberto Romero, Minister of Defense
Alberto Kohan, Minister of Public Health and Social Action
Antonio Erman Gonzalez, Minister of Economy
Humberto Toledo, title unknown
Eduardo Bauzá, Secretary General of the Presidency
Interpreter (unnamed)

DATE, TIME AND PLACE: December 5, 1990, 1:50 - 3:00 p.m. Local Time
Buenos Aires, Argentina

President Menem: On privatization, we have sent a package of twenty-nine companies, mostly military companies, to the Congress for authorization to privatize. With the two companies we have privatized (the phone company and the airline) we have reduced

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our debt by $8 billion. With the privatization of these additional companies, we should save another $18 billion. We have also been dealing with our environmental problems. (C)

The President: Dr. Bromley has done much good work on the environment on the scientific side. We have just passed a clean air act which is very expensive. It will cost billions. (C)

President Menem: Regarding the environment, it is so important that I have set up a special group to work on it, and put the Presidency in charge of the work. We have great problems here, but our problems are not as great as Chile's. (C)

Foreign Minister Cavallo: There is a proposal for a regional institute for Global change research which we would like to see located in Argentina. We have an excellent support infrastructure.

The President: We need to have a balanced approach to environmental questions. (C)

President Menem: We can work together on this. We can have both bilateral and multilateral approaches to the problems. (C)

Foreign Minister Cavallo: We have helped by talking with your Congress. (C)

The President: I think Brazil thought we were encroaching on their sovereignty when we mentioned environment to them under the previous administration. Former President Sarney was dubious when we spoke to him about it. (C)

Foreign Minister Cavallo: Secretary Baker has been very supportive of Argentina. Two weeks ago, when we were having trouble with the British on fisheries, I asked to see him with no advance notice. He saw me immediately. I asked for his support, and he was very helpful. I want to thank you, Mr. President. Mr. Hurd was a big help also. Prime Minister Major should be a positive influence on UK-Argentine relations. He was helpful when we established relations. (C)

I would like to mention our desire for a bilateral investment treaty. We have a bilateral treaty with the British and other European countries, and don't have one with you. (C)

Ambassador Todman: We can have a treaty any time if we can solve one problem -- the "fork in the road." We believe that our investors must be able to make a choice at the beginning of an investment despute of whether to seek redress in local courts or through international arbitration. (C)

Foreign Minister Cavallo: We need to convince our legislature on that. (C)

President Menem: I hope you will not forget what I asked about cooperation with our armed forces. If we had a greater amount of cooperation, we could act with the United States in other places like we are doing in the Persian Gulf. Perhaps there would be a possibility of joint action regarding El Salvador. I believe we could help in El Salvador. We want to modernize and standardize our equipment, and improve our structure. (C)

The President: I thanked President Menem for his support in the Persian Gulf. The bigger the response, and the more nations involved, the better. You moved with great courage. (C)

President Menem: It was the least we could do. We did it by decree. (C)

Foreign Minister Cavallo: But we will now send a bill to the Congress. (C)

The President: Maybe the last UN resolution will help. (C)

President Menem: It has already helped a lot. (C)

President Menem and FM Cavallo: The United Nations is now working like it was meant to do. (C)

The President: It is much easier to work in the UN when the Soviets are cooperating. My last meeting with Gorbachev was very warm. The press said it was cold. That simply was not so. He did not want to announce anything publicly at the time, so the press said the meeting was cold. (C)

President Menem: When I talked with Gorbachev, he told me that the highest Chinese authorities, the President, the Foreign Minister, the Head of the Communist Party -- they had almost the same approach as the Soviet Union. The Foreign Minister said two weeks ago that he thought war was emminent. (C)

The President: Why do you think they abstained? (C)

President Menem: For internal consumption. They knew abstention would not change the outcome. (C)

The President: We still have some problems with them. On MFN, for example. I am against Tiananmen, but we need to work with them. We will not be effective if we get their back up. (C)

President Menem: We need to get them to move away from a hard political regime. They have tremendous problems. They have a population of 1.2 billion which increases by 15 million a year in spite of a stringent birth control program. They are more advanced than the Soviet Union economically. (C)

The President: The Soviet Union is in a difficult position. I asked about bread, and they said that in some parts of the

country there was such an oversupply that they used the loaves for soccer balls. (C)

Foreign Minister Cavallo: They tell me that they are having great economic problems. (C)

The President: When I flew with Gorbachev to Camp David, we flew over some houses and Gorbachev asked about ownership. He could not grasp the idea of how a private enterprise economy works. (C)

Foreign Minister Cavallo: They need help. (C)

The President: Bob [Gates], perhaps you would like to say a few words about the Soviet Union. (C)

Mr. Gates: A basic problem in the Soviet Union is that the old system is being dismantled before a new one is in place. In addition, Gorbachev has the challenge of relationships with the Republics. You have three crises, political, economic, and relations with the Republics. Gorbachev has liberated the Soviet Union from the past. The question is how far can he go toward the future. (C)

The President: What is the latest between Yeltzen and Gorbachev? (C)

Mr. Gates: Yeltzen was kicked out of the Politburo by Gorbachev so there is a basic problem between the two. Yeltzin has used the rules to challenge Gorbachev. He doesn't want to bring down the system. They work together at times. Yeltzen wants the Russian Republic to be more powerful. (C)

President Menem: There is a real problem of ethnic groups in the Soviet Union. Both are learning to live with each other. (C)

What more do you want to know? (C)

The President: There is so much that I don't know. I don't have any specific questions. I want to convey to you that we are full partners. Some felt that there is a sort of benign neglect or lack of interest on our part in Latin America. That is certainly not the case. (C)

Foreign Minister Cavallo: We have sensed your interest and your administration's interests. When I was in Brussels, Carla Hills organized a dinner for me with herself and Yuetter. I think it was very positive. And when I wanted to see Secretary Baker, he said yes and saw me right away. (C)

Minister of Defense Romero: We need more interaction between our militaries. Your support will send a signal to the troops of your support for the government. If we can standardize our equipment, we would have better possibilities of joint

operations. We want to talk with you about improving our structure. (C)

The President: I understand that there will be a meeting with a military team coming from the United States next week headed by a general. Let's see how they do. (C)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation of Expanded Bilateral Meeting with President Carlos Andres Perez of Venezuela (U)

PARTICIPANTS:

The President
Michael Skol, U.S. Ambassador to Venezuela
Nicholas F. Brady, Secretary of the Treasury
Lawrence Eagleburger, Deputy Secretary of State
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
David C. Mulford, Under Secretary of the Treasury of International Affairs
Hollis McLoughlin, Assistant Secretary of the Treasury for Policy Management
D. Allan Bromley, Assistant to the President for Science and Technology
Marlin Fitzwater, Assistant to the President and Press Secretary
Andrew H. Card, Assistant to the President and Deputy to the Chief of Staff
William T. Pryce, Special Assistant to the President and Senior Director for Latin American and Caribbean Affairs
Andrew Sens, Director for Southern Cone Affairs, Bureau of Inter-American Affairs, Department of State
Donald C. Johnson, NSC (Notetaker)
Lillian Nigaglioni, Interpreter

Carlos Andres Perez, President
Reinaldo Figueredo Planchart, Foreign Minister
Alejandro Izaguirre, Minister of Interior
Celestino Armas, Minister of Energy & Mines
Roberto Pocaterra, Minister of Treasury
Miguel Rodriguez, Minister of Development
Armando Duran, Minister of the Presidential Secretariat
Luis Vezga Godoy, Minister of Information
Dulce Arnao de Uzategui, Minister of Science and Technology

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Beatrice Rangel, Vice Minister of the Presidency
Ambassador Adolfo Raul Taylhardat, Vice Minister of Foreign Relations
Pedro Tinoco, President, Central Bank
Gabriela Febres-Cordero, President of Foreign Trade Institute
Simon Alberto Consalvi, Venezuelan Ambassador to the U.S.
Ambassador Roy Chaderton, Director General for Political Affairs
Ambassador Oscar de Rojas, Director of the Economics Division
Doctor Moises Naim, Executive Director for Venezuela to the IBRD
Sonia Perez, Venezuelan Representative to the Inter American Development Bank (and daughter of the President)
Boaneres Salazar, Director of the Division for the Americas, MFA
Leopoldo Lopez Gil, President of the Fundacion Ayacucho
Danute Rosales, Interpreter

DATE, TIME AND PLACE: December 8, 1990, 10:45 - 11:35 a.m.
Council of Ministers' Meeting Room
Caracas, Venezuela

The two Presidents joined the meeting already in progress, which was being chaired by Foreign Minister Figueredo for the Venezuelan side, and Secretary of the Treasury Brady for the U.S. side. (U)

President Perez: Mr. President, it is a great pleasure to receive you with your group of cabinet ministers to talk with you and your delegation, to discuss important aspects of our bilateral relations and of course of the Bush initiative, which as you know has been welcomed in Latin America, and has been the stimulus to take more seriously the possibility of integration of the region, and to give as concrete a response as possible to the ideas represented in your initiative. (C)

On November 30, I attended a meeting of Andean Group presidents in La Paz, and I received a mandate from the Presidents of Colombia, Peru, Ecuador, and Bolivia, to tell you our views on the importance we give to the EAI initiative and tell you of the concrete steps we've taken to have a common market in place by December 30, 1991. (C)

We agreed we should raise with you our ideas about the Bush initiative, and discussed the possibility of a meeting with you

of all of the Andean Presidents to discuss this and to give you our views, as well as to give you our views on how to reach agreement for the results of the Conference on the Environment in 1992. (C)

I don't expect an answer right away, but ask that you take into account this wish of the Andean Pact Presidents. I know that usually American presidents look upon these meetings with some fear, as they have some experience with Latin American rhetoric, and know that the U.S. gets blamed if nothing is achieved. (C)

But things have changed. This meeting would be a broad (amplia) one, so there would be an example of the new relations between the United States an the region. The Presidents of the Andean Group have a very solidary position (on this). (C)

In relation to our bilateral relations, we are discussing a bilateral framework agreement on trade and investment. This is on the verge of being signed. (C)

Also, given the close relations between us, I wonder whether, in view of our friendly relations, we could create an informal commission to deal with multiple issues in our relations. I don't want to repeat what you have done with Mexico. That is a very special relationship. And I know that if we were to repeat this with Venezuela, the other countries of Latin America would want to do the same. That would be a big headache (un enredo muy grande). But I think that we need an informal mechanism to deal with the many subjects that interest us. (C)

On another issue, I very much lament that the GATT process has broken down. (C)

The President: Yeah, terrible. (U)

President Perez: There is a feeling by our businessmen who have increased their exports, that they have encountered a lot of problems getting into the U.S. market. Problems with products such as mangoes and melons. (C)

There have also been problems in the case of basic companies. And we have also had some difficulty in the exports of aluminum and steel. Quite frankly, we don't feel that we've been treated with the consideration which we deserve. Pretexts are being sought to limit our exports. This is of great concern. We have lots of companies which want to export. Aluminum, for example. With regard to energy (supplied to the aluminum producer), this was considered in the U.S. as a subsidy. We need to have a fair examination of the situation. (C)

As for export bonds, we are eliminating these. This is no longer a problem. Finally, the issue of oil. We are willing to reach an important, transcendental agreement. We have major reserve

potential. We are a secure, reliable and efficient supplier. As we mentioned last night, we are very concerned about the immediate future. The Middle East problem will not be solved soon. Saddam's action has begun a greatly destabilizing process. I'm very pessimistic about a possible settlement without a war (una salida sin guerra). Even if there is no war, another problem has been injected into the region. This involves action against the present regimes, the emirs and kings in the region. We know of an ayatollah from Mecca, who is stirring the region against the monarchies. This information makes us believe that the Middle East problem will not be solved when the Iraq-Kuwait problem is resolved. The possibility of sabotage to the oil refineries of Saudi Arabia also makes us realize that the problem of refining is critical. If refineries are destroyed in Saudi Arabia and destroyed in Kuwait, this will have a major impact. We could see the paradox of seeing lowered petroleum prices, but with the prices of oil derivatives rising sharply. (C)

We should reach an agreement on increasing Venezuela's oil production and Venezuela's refining capacity. As you know, we have a problem in allowing foreign investment in drilling and exploitation of oil. But Mexico has the same problems regarding private investment. In the medium term, this can be resolved, but this government is not free to do this right away. (C)

But we could reach agreement on refining in Venezuela, with the involvement of private investment. It would be possible to work on financing to increase production, as you have done with Mexico through the Ex-Im Bank. We know what reserves we have. We need capital to increase our production. (C)

The President: Thank you, Mr. President, for your presentation. I know that some details have already been discussed by our advisers. With your permission, I'd like to review briefly our discussions. Because I value your judgment so much, the President and I spent most of our time on Central America. It is very important to me to know how he sees what's happening there. We have a big philosophical stake in the success of these democracies. You know I have talked about a hemisphere that is totally democratic. This is almost true. Cuba is the lone exception, of course. (C)

President Perez: Mr. President, we haven't talked about Cuba. (C)

The President: That's okay with me, because you already know my views on Cuba. We are all in this together. Countries like Honduras have special problems. We also talked about Nicaragua, and Haiti. I'll debrief our side. (C)

As for a bilateral commission, there is a special relationship with Mexico. But perhaps we could have a meeting that would meet once or twice a year informally and that would do what a

bilateral commission does with Mexico. We will talk about this with the Secretary to see how this could get going. (C)

With regard to oil, I'm sensitive to the problem of foreigners owning and exploiting oil. In this type of case, if there is a huge investment, there would have to be a commensurate disproportionate return for the investor. There is also a second way, you could offer the option of expanding oil field services. I didn't try to sell Salinas on this because of the history we've had with Mexico, and I want to be sensitive to that. But the more flexible we can be on this subject, the more we can do on the investment side. The more incentive there is, the more attractive the investment will be, and the more can be done. (C)

With regard to Middle East oil and the situation there, I'd be glad to give you my views on that. (C)

President Perez: Of course. (C)

The President: My view has not changed one bit. Given the UN Security Council resolution, we're moving down to a major point of decision. There has also been the recent hostage release. Our bottom line, and our only bottom line, means that he has to get out of Kuwait without conditions. (C)

I very greatly appreciate Venezuela's support for the resolution. This is our only mandate for the talks that we are going to have with Aziz when Baker meets him. There are no other conditions that we are going to discuss. (C)

The purpose of doing this, is to do what King Fahd said to me recently, "to cross every 't' and dot every 'i'." So there can be no misunderstanding on the seriousness of our coalition. I spend a lot of time trying to hold our coalition together. I have moved a military force there -- a strong military force to the region. There is nothing to do except to have him understand how serious we are to see him comply fully (with the UN resolutions). (C)

The President raised a very important point. I'll put it my way. The status quo ante is not acceptable. I have serious concerns about what follows once we get Saddam out of Kuwait. If Saddam pulls out tomorrow, a lot of diplomacy would have to follow. The problems of the region are not solved by withdrawal alone. I'm also worried about the future of the small kingdoms. But I would be a lot more worried if Saddam were allowed to remain in control of Kuwait. (C)

Knowing the sensitivity about U.S. forces in this part of the world, I am even more sensitive to the problem of U.S. forces in the Middle East. Once our mission is completed, our troops will leave. Of course we've had, for the last decade at least, naval

forces in the region to protect ship navigation. We'll continue this after Saddam leaves Kuwait. (C)

I agree with the President that there is no oil shortage right now. This recent roller-coaster in prices is based on pure speculation. The help from Venezuela helps assure that the price of oil maintains some stability. (C)

I'm not worried that if Saddam attacks, that he can do anything on the Saudi oil fields. This is not just Yankee chauvinism. The forces against him, and our early warning system are what I base this on. I share your concerns on sabotage and terrorism. We need to stay in close touch on this. The U.S. is 50 percent dependent on foreign oil. The more cooperation on this issue, the better. (C)

I didn't respond on the meeting with the Andean Presidents. This is an important subject. But let me get back to you on this, on whether this is the best way. I thought Cartegena was a good meeting on a narrow subject, but let me get back to you. Oh, on the Uruguay Round, we're disappointed. But we're not going to give up on it. I thought the best way for all countries to expand trade is to protect the achievements of free trade, to have the round be a success. I'm not saying that the GATT and bilateral agreements are mutually exclusive, but the best way to get this solved is to ge a success in the GATT Round. If the Round is dead and buried, never to raise its head again, we'll have to do a lot more talks with our neighbors, to assure we have the best trade possible. Your Foreign Minister has been jet-lagged out getting back from there, trying to get a good outcome. We phrased our statement on the Round (of December 7), to leave the door open, to try to get it going again. Korea and Japan are a little reluctant. They don't want to do the things necessary on agriculture. This is just a quick overview. I'll be happy to answer any questions. (C)

Oh, one word on the EAI. We don't want it to be another slogan coming out of Washington. There is too much at stake. We want it to succeed. I appreciate the warm words of support that Venezuela had on this. (C)

President Perez: Does any member want to comment? (U)

The President: I'd like to ask Secretary Brady to comment on the Brady Plan and some economic problems. (C)

Secretary Brady: Thank you, Mr. President. We had a full discussion with the Venezuelan delegation, discussions about the debt strategy. On the Venezuelan debt agreement, we view this as opening up a new frontier for the strategy, because of the successful and innovative approach taken by Venezuela. We think this will add to the possibility of others solving their debt problems. (C)

We are also greatly heartened by the information that Venezuela is growing again after a slowdown in previous years. We know how hard it was to implement that plan, but we are delighted that it is showing positive results. (C)

President Perez: I will take another opportunity to reiterate our gratitude to Secretary Brady under the Brady Plan, which according to Secretary Brady should really be called the Bush Plan. (C)

The President: Only if it is a success. (C)

President Perez: (laughs) It already has been a success. (C)

The President: We're very pleased with the cooperation on important economic programs. But I'm more concerned than when I came here about the economic problems in Central America. We'll be talking about this on our way back to the States. (C)

Of the countries I visited, Brazil has the most complex problems. Argentina is a situation where privatization is bearing fruit fast in terms of their ability to refinance their debt. Brazil is lagging a bit behind. But I have great respect for President Collor, who is very good. Chile is something else again. They're ahead in terms of their economy. I, like you, am so impressed with President Aylwin's approach to democratization and the improvements there. If I can hold the floor 45 seconds more, I'd like to comment on what we talked about in Chile. I was the first U.S. President to visit Chile since Ike. President of the Senate Valdez, who used to be at the UN in the UNDP, said to me at the State Dinner that this is a truly historic dinner. He pointed to one corner of the building where the dinner was taking place, and said that's the room where Allende killed himself with a machinegun given to him by Castro. He did this after the palace had been bombed. Over there, Valdez said, at the first table in front of us, is General Pinochet. At the next table beyond that is Mrs. Allende. This is the first time this has happened -- ever. Valdez said that the dinner not only marked the reconciliation between our two countries, but also a sign of how far Chile has come internally. This was an insight into more turbulent times. (C)

President Perez: You've spoken of Brazil and the problems they have. This has become harder for them because of the oil problem, which puts them in a profound crisis. Petroleum prices, under the Middle East situation, are being subjected to speculation. We have evidence of it. We thought we might need to go all out to increase our total production by 500,000 barrels per day, but we found we only needed to raise it 300,000 barrels per day. This shows there is no real scarcity. (C)

I want to raise again the possibility of an agreement between producers and consumers. To avoid speculation on a very basic product. In Central America, in addition to all their other problems, this new problem has fallen on them. This in spite of the fact that we are opening a new credit, under the San Jose Agreement, from 20 to 30 percent. (C)

Chile will also be affected. We are also seeing the economic adjustment programs being ruined because of the oil bill. We need to do something about this. We've created a fund for macroeconomic stabilization. Using funds that come into us over the amount of $19 a barrel, we will create a fund to buffer ourselves against what may come in the future. We have to be prepared. But we need to do what we can to stop specialization. (C)

The President: That is difficult to do. I think there is little more that we can do except to say from this forum that there is no scarcity of oil. Right now every little hiccup out of Baghdad or comment out of Washington makes the market jump up and down. It is very difficult to control free markets. Your position to speak out, to step up production, is welcome indeed. A lot also rests with us to deal with the Gulf situation. (C)

Now, do we have to go out and face the press? We don't want to make them too mad. (C)

President Perez: Yes, we have to talk to them. (U)

- End of Conversation -

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Jonas Savimbi, Leader of UNITA of Angola

PARTICIPANTS:
The President
James A. Baker, III, Secretary of State
Marlin Fitzwater, Assistant to the President and Press Secretary
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Herman J. Cohen, Assistant Secretary of State for African Affairs
Robert C. Frasure, Director for African Affairs, NSC (Notetaker)

Jonas Savimbi, Leader of UNITA
Jeremias Chitunda, Vice President of UNITA
General Tony de Costa Fernandes, Foreign Secretary of UNITA

DATE, TIME AND PLACE: December 13, 1990, 10:35 a.m. - 10:45 a.m.
The Oval Office

The President and Dr. Jonas Savimbi met briefly in the Oval Office at 10:35 a.m. for a photo op. (U)

The President: I want to welcome you. Your meeting yesterday with Shevardnadze will send a strong signal. We salute you on it. How did you feel it went? (U)

Dr. Savimbi: Thank you, Mr. President. Thank you for all that you have done for us. (U)

It went very well. It was clear that Secretary Baker had been working on him already! He was very open. I said we should make the process as short as possible. He agreed with that. He was on board. I said if the arrangements including a ceasefire took too long, it could, in fact, be derailed. He agreed with that. He said that the MPLA reforms had to be put into place. (C)

Secretary Baker: You made a good impression on him. He had seen you portrayed by the MPLA as some kind of gangster, in the Angolan press I suppose. (C)

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The President: He volunteered all of that to us. (U)

Secretary Baker: I meet with Loy. At that time they had no instruction on attending the five-party meeting. They have now agreed to do so. (C)

The President: Who will be attending? (U)

Secretary Baker: The Portuguese, the Soviets, the MPLA, UNITA, and ourselves. (U)

The President: Shevardnadze was very complementary of the Portuguese mediation effort. Do you agree with that? (C)

Dr. Savimbi: Yes. But they need the U.S. to back them up on it. (C)

The President: Cavaco Silva assured us that he wants to be a catalyst on all of this. He thought it would work. We are glad it is taking place. (C)

Dr. Savimbi: Thank you. It is all due to U.S. support. The MPLA wanted to wipe us out in May. (C)

Secretary Baker: At my meeting with them they now claim they want national reconciliation including a unified army. Are we now looking at March as a possible date for a ceasefire? (C)

Dr. Savimbi: Yes. This would give them time for their constitutional revisions on a multi-party democracy. (C)

The President: Hank Cohen has worked very hard on all of this. I have great faith in him. I want you to know that when he speaks, he speaks with the full confidence of this President and Secretary Baker. (C)

Dr. Savimbi: Thank you very much. We want to thank you again for all of your support. (U)

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister John Major of the United Kingdom

PARTICIPANTS: The President
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
Henry E. Catto, U.S. Ambassador to the U.K.
Marlin Fitzwater, Assistant to the President and Press Secretary

John Major, Prime Minister
Sir Antony Acland, UK Ambassador to the U.S.
Robin Butler, Head of the Cabinet Office
Charles Powell, Private Secretary to the Prime Minister

DATE, TIME AND PLACE: December 21, 1990, 5:00 - 6:15 p.m.
Camp David

The President: Let me just touch on Pan Am 103 as this is the second anniversary. We need to make clear that this crime has not been forgotten. We might mention it at the press session tomorrow. At first we thought Syria was responsible, now according to our intelligence, while the Syrians wanted to attack an American aircraft, their operations were rolled up, and the Libyans appear to have been responsible for Pan Am 103. When I met with Assad in Geneva he protested that he was being convicted for a crime he didn't do, and, in fact, the evidence doesn't point to him. (S)

Charles Powell: The evidence, in fact, does point toward Libya. The suitcase and clothing from Malta and so on. (S)

Robin Butler: In reconstructing the explosive device we found the timer, and it is the kind only used by Lbyans. (S)

Charles Powell: The same thing was used in the plane crash in Chad. (S)

Robin Butler: It's been a remarkable investigation. (S)

The President: Let me report to you on a cable we have received from Shevardnadze's assistant Tarasenko, a cable that has been sent to Jim Baker. In the cable Shevardnadze regrets not being able to talk to Baker on the phone, but said that he had been exhausted and simply unable to discuss the events on the phone. He said he would call today or tomorrow. He said he would not have taken this step if the positive course in U.S./Soviet relations had not become irreversible. His successor will be constrained to follow the same course. He goes on that the personal relationship with Baker was important, and that he viewed the improvement in U.S./Soviet relations as the culmination of his career. He said he had a two hour talk with Gorbachev, in which the latter refused his resignation. Then Shevardnadze told him it was final. He said he had made many sacrifices for perestroika including the resignation. He said his staying would be moral suicide. Gorbachev disagreed and insisted that he would not accept that resignation. Shevardnadze said he had insisted and would leave in a few days. Tarasenko concluded that he was convinced Shevardnadze's resolve was unshakable and that they would provide more details. The statement clearly was directed at Gorbachev, who had failed to support Shevardnadze fully of late. (S)

Brent Scowcroft: Part of the problem is that the agreements Baker and Shevardnadze had reached are coming unstuck at home in the USSR. Gorbachev is not backing them. Shevardnadze seems to believe that Gorbachev is making himself hostage to the military oriented chauvinists. He feels a clampdown in the Baltics will affect foreign policy. He hopes his resignation will wake up the reformers. (S)

Prime Minister Major: I asked Jim Baker if he had talked to Shevardnadze. Baker said that he thought that the first half of Shevardnadze's remarks to the Congress were encouraging, but that there was a disjunction between the first positive remarks and the second half which were more threatening. (S)

Brent Scowcroft: In CFE we see ... (U)

Prime Minister Major: Will Shevardnadze's successor be proactive? (S)

The President: We've set a date for the conclusion of the START Treaty. Gorbachev was interested in getting a date for the Summit locked in. We hope this will keep. I am concerned that it will affect the Gulf policy, but there's no sign of that yet. It's hard to see where we would go now, unless they would push for non-use of force. They might provide rhetorical support for delay. The Primakov line. (S)

Prime Minister Major: Can they do that while looking to the West for economic help? (S)

Governor Sununu: Our impression is that the Primakov trips were not quite free-lancing. (S)

Prime Minister Major: He struck out in Baghdad. (S)

The President: Let me raise this transfer of airline routes. I hope there won't be a legal problem and that you can let the two U.S. airlines take the place of two U.S. airlines. We had hoped to work to get the legal problems worked out. I wanted to call this to your attention because our airlines are in trouble. It is an important commercial matter. (S)

Prime Minister Major: Are they officially talking at the moment? (S)

Brent Scowcroft: Pan Am is having a short-term liquidity problem. (S)

The President: What is your judgment on GATT? We had a long session with Carla Hills, a very able and tough negotiator. (S)

Prime Minister Major: I met her the first day I was Foreign Secretary. (S)

The President: She knows her subject. I told her I had asked Kohl to be more forthcoming, but I am afraid I made no headway with Mitterrand. (S)

Prime Minister Major: There was a long discussion of this at the EC meeting in Rome. There's a general recognition in the EC that the round was not well handled by either the EC or the Chair or the U.S. The EC negotiators did not use all their negotiating room. The EC negotiators have 20 ministers sitting on their heads. In Rome, there was a recognition of the damage if there's no agreement: the dangers of protectionism and retaliation and damage to trade. There was a lengthy heated discussion about what to do. The heads want a settlement. Negotiators were told to go back and use the flexibility they have. Mitterrand was, with the support of the Irish, clearly digging his toes in, particularly on the problem with agriculture. He is very miffed and worried. The rest of the EC was more amenable to compromise. It is important for the U.S. to move on several areas such as services, ceramics, textiles, and so on. If there is movement on these, there should be movement on agriculture from the EC. The fly in the ointment is Mitterrand. If he doesn't like the conclusions, he is prepared to veto. There's a lot of pressure on him not to do so. Kohl will help here. So the question is how to deal with Mitterrand and Kohl. It may be necessary for you to talk to them. If there is movement elsewhere, agreement is possible. Mitterrand thinks part of the problems of the round are driven by the U.S. fast track timing. He is illogical about it. Delors is more reasonable and understands the problem. Andriessen, but not McSherry, can be helpful. McSherry wants to be the Prime Minister of Ireland. It's a long convoluted story. The negotiators will go back. We're serious about an agreement, but it won't be easy. (S)

The President: Well, we all have a domestic problem. Carla says we have shown flexibility on textiles and services. Maybe we should start from the Hellstrom text. I told Carla to go back and give the impression of flexibility. I have a big domestic problem on textiles. I barely sustained my veto. I am not sure we can be forthcoming on these without agriculture. We will try again. Should I talk to Mitterrand? (S)

Prime Minister Major: Not yet. Only if we're near agreement. An early call is not helpful. Privately we might talk to Kohl and get him to talk to Mitterrand. (S)

The President: I did just that in Kohl's living room that after the election he might be helpful. We'll see. (S)

Governor Sununu: The starting point in the round should be agriculture. We need to let the discussion go forward or this first hurdle will prevent us from finding a starting point. (S)

Prime Minister Major: A starting point is not agreed. The negotiators' instructions were not fully used. The personal relationships broke down, and it was not well chaired. (S)

The President: Is the Hellstrom agreement a starting point? (S)

Prime Minister Major: It was not discussed in Rome. A committee cannot negotiate. We have negotiators, let's let them negotiate. Let's just start. Go back and talk to Andriessen. (S)

The President: What is your view of the EC generally? I try to look to the future and see how the U.S. will interact with the EC. We formalized bilateral meetings last year. We're not a member, and we don't want decisions affecting us presented as a fait accompli, such as the EBRD Bank. We'll keep trying. There may always be bumps in the road. There are differences in my own government. (S)

Prime Minister Major: The last couple of years, there's been wind in the sails of the French and Germans, with the whole idea of political union. Centralized government and decisionmaking in the EC are not in the cards. There will be more coordination, but something short of what is in these grand speeches. This coordination will be allied to economic and monetary union, but it does seem enthusiasm is slowing and the timetable is looking different than before German unification. There seems to be a clearer eye now. The Germans attacked the monetary proposals at the Commission meeting. We're very optimistic. Reality seems to be breaking through and making an impact on the European countries. Your concern is the greater cohesion before the discussions with you, particularly on issues of defense and security. (S)

The President: How will the EC cooperate with NATO? Where does NATO go? That is the discussion. Events are moving so fast that it's murky. We need to stay in close touch. There's some isolationist pressures here -- in the Gulf we've seen some fringe

groups, but as the Germans move forward and there will be no Soviet troops, we may be asked just to pull back. We don't want to make a mistake, there are political issues here. (S)

Prime Minister Major: I don't favor the EC having a defense role. There may be neutrals in it, like Austria, that would make it inappropriate. There is enthusiasm for a bigger European defense involvement, including a bigger portion of cost, but knocking that into the WEU. There is no expressed hostility to NATO. My expectation is essentially that all want the U.S. to have a psychological and practical involvement in the defense of Europe. We do not share the grand ambitions of some for an EC defense role. (S)

Governor Sununu: Are Soviet developments impacting on European defense thinking -- the retreat from euphoria about Gorbachev. (S)

Prime Minister Major: I don't know. I haven't seen such a thing yet. They may be more cautious. (S)

Ambassador Acland: We've been sharing ideas on these issues with Gompert, Zoellick, and Reg Bartholomew. The Hurd speech in Berlin should not have caused you concern. The idea is to use the WEU in NATO to strengthen NATO as a bridge to the EC and would continue to do this. We would continue to deal with defense issues in NATO. (S)

The President: That's the place to be. We can't see too far down the road with respect to the Germans. There's gratitude for our troops there now, but how about later? This may not be too far away. Well, we can't settle this here. (S)

General Scowcroft: Our attraction to NATO is based on the fact that it is our institutional presence in Europe. It is the only way in which we can participate in European councils. (S)

Prime Minister Major: I have some sense that in the post-Houston period there has been greater cohesion in the EC, but I wouldn't anticipate that thinking has gone very far on defense. There is no interest in a defense role for the EC. They'll talk a bit, but it won't come to much based on the discussions in Rome -- in terms of NATO. (S)

The President: You saw Shamir. (U)

Prime Minister Major: He was on his best behavior. I have no enthusiasm for seeing him at his worst. The principal element of discussion was the Gulf. We encouraged them to keep out, and it would be very unhelpful for them to become involved. Otherwise, we talked about economic issues such as the supply of oil. This was brushed aside without agreement. He mentioned the familiar line on the Arab/Israeli dispute and bilateral negotiations. (S)

The President: It sounds like an overlay of our conversation; the tone was pleasant, but there are still differences. I told him we appreciate their low profile on the Gulf and that what we're doing is in their interest. I told him that if Israel was hit, we would retaliate. He shook me off and did not sign up to that. It will be difficult for them. The question is whether Saddam Hussein will seek to break the coalition by preempting against Israel. Generally on the Gulf, Shamir was supportive. Our Jewish community is upset with us on the UN Resolution, and they want more on the settlements. (S)

Prime Minister Major: It is staggering how many immigrants are going there from the USSR. (S)

The President: Most are drifting into the occupied territories. (S)

Prime Minister Major: He made less of that. (S)

The President: We long for the return of Labor. (S)

Governor Sununu: In Israel. (S)

Prime Minister Major: On South Africa we lifted the investment sanctions a short time ago, and the EC has lifted its ban. We hope to lift further sanctions in February if DeKlerk performs. The rationale is the self-evident need for investment in South Africa for stabilization. It has been quite a move. There is little opposition in Europe. It went extremely well. We hope to get more in March. It is important to recognize that DeKlerk has moved a great deal. If he is not seen to get something for what he has done, the right-wing problem will become pretty bad. (S)

The President: I salute what you have done. We are pleased with what he has done. Mandela seems to be separating out himself. This is a good thing. He is much more moderate -- this is very important -- with DeKlerk. We are still constrained by our law on the political prisoners issue. (S)

Prime Minister Major: We hope to revisit the sporting links. This is okay with the UK. As the UK, but not with the UK as head of the Commonwealth. (S)

The President: Sanctions are on investments, sporting, all kinds. (S)

Prime Minister Major: Yes, on IMF and world bank lending. (S)

Governor Sununu: Access would release informal pressure on domestic companies that are inhibited by pressure but not by law. (S)