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

FOIA Number:
2009-0275-S

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

OA/ID Number: 91109
Folder ID Number: 91109-002

Folder Title:
Presidential Meetings - Memorandum of Conversations 7/24/91 - 9/24/91

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Withdrawal/Redaction Sheet
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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memcon	Re: Oval Office Meeting with President Robert G. Mugabe of Zimbabwe (4 pp.)	7/24/91	(b)(1)	C
02. Memcon	Re: Plenary Meeting with President Robert G. Mugabe of Zimbabwe (5 pp.)	7/24/91	(b)(1)	C
03. Memcon	Re: Luncheon Meeting with President Robert G. Mugabe of Zimbabwe (6 pp.)	7/24/91	(b)(1)	C
04. Memcon	Re: Minutes of the President's Meeting with Prime Minister Charles of Dominica on July 26, 1991 (6 pp.)	7/26/91	(b)(1)	C
05. Memcon	Re: Expanded Bilateral Meeting with Mikhail Gorbachev of the USSR (4 pp.)	7/30/91	(b)(1)	S
06. Memcon	Re: Luncheon with President Mikhail Gorbachev of the USSR (4 pp.)	7/30/91	(b)(1)	S
07. Memcon	Re: Meeting with Boris Yeltsin, President of the Republic of Russia (3 pp.)	7/30/91	(b)(1)	S
08. Memcon	Re: Meeting with Ukrainian Supreme Soviet Chairman Leonid Kravchuk (3 pp.)	8/1/91	(b)(1)	C

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 7/24/91 - 9/24/91

Pinksheet Number: cap927
OA/ID Number: 91109-002
Date Closed: 1/28/2009
FOIA/Sys Case #: 2009-0275-S
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet
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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
09. Memcon	Re: Memorandum of Conversation with President Abdou Diouf of Senegal (2 pp.)	9/10/91	(b)(1)	C
10. Memcon	Re: Meeting with Abdou Diouf, President of Senegal (5 pp.)	9/10/91	(b)(1)	S
11. Memcon	Re: Meeting with Prime Minister Bielecki of Poland (6 pp.)	9/11/91	(b)(1)	C
12. Memcon	Re: Minutes of Meeting with Egyptian Deputy Prime Minister Boutros Ghali (4 pp.)	9/13/91	(b)(1)	C
13. Memcon	Re: Meeting with President dos Santos of Angola (3 pp.)	9/16/91	(b)(1)	C
14a. Memcon	Re: Expanded Meeting with Helmut Kohl, Chancellor of Germany (4 pp.)	9/16/91	(b)(1)	S
14b. Memcon	Re: Meeting with Helmut Kohl, Chancellor of Germany (4 pp.)	9/16/91	(b)(1)	S
15. Memcon	Re: Meeting with Baltic Presidents (5 pp.)	9/17/91	(b)(1)	C
16a. Memcon	Re: Meeting with Alberto Fujimori, President of Peru (6 pp.)	9/17/91	(b)(1)	S
16b. Memcon	Re: Meeting with Alberto Fujimori, President of Peru (6 pp.)	9/17/91	(b)(1)	S
17. Memcon	Re: Meeting with Secretary General Javier Perez de Cuellar of the United Nations (4 pp.)	9/23/91	(b)(1)	S

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
18. Memcon	Re: Conversation with Prime Minister Bolger of New Zealand (4 pp.)	9/23/91	(b)(1)	C
19. Memcon	Re: Meeting with Fernando Collor de Mello, President of the Federative Republic of Brazil at UNGA, Waldorf Astoria Hotel, New York (5 pp.)	9/23/91	(b)(1)	C
20. Memcon	Re: Meeting with Soviet Foreign Minister Boris Pankin of the Soviet Union during UNGA (5 pp.)	9/24/91	(b)(1)	C
21. Memcon	Re: Meeting with Prime Minister Oddsson of Iceland (3 pp.)	9/24/91	(b)(1)	C

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Record Group: Bush Presidential Records
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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Oval Office Meeting with President Robert G. Mugabe of Zimbabwe

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert C. Frasure (notetaker)

Robert G. Mugabe, President
Mary Muchada (notetaker)

DATE, TIME AND PLACE: July 24, 1991, 11:00 - 11:25 a.m. EST
The Oval Office

The President: I want to welcome you here. We have no set agenda. But if you have a private point to make, please do so. (U)

I think our bilateral relations are not bad. We have had our ups and downs. That is inevitable. But it is always useful to clear the air. I remember your kindness to me in 1982. If there is any subject you want to raise, please do so. (U)

President Mugabe: I want to express my profound gratitude to you for this visit and for this opportunity. There is a need for closer relations in areas of mutual concern. A major area which I want to discuss is our structural adjustment. This is being done in an historical context. It is an adjustment from the colonial situation in which there was an imbalance in society. (U)

We have accepted that we have a multi-racial society. We want to sustain that fact. White standards are up. Some Blacks have been raised to that level. We need to get more up there. (U)

We need to develop an economy with an open market system. We need your inputs. We have received U.S. aid in the past and hope we can be treated in a slightly more special way. (U)

We are forging a society as a model for South Africa. If we fail, I don't know what will happen there. (U)

We are glad our relations with the Whites are close. We don't want to send out any Anglo Saxons. We are very close. They are rooted in Zimbabwe. ~~(C)~~

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The President: Do most of your Whites live in the countryside? (U)

President Mugabe: They are both urban and rural. Some are in farming. Most are in urban areas. They run factories. We need to have their help in expanding jobs. (U)

The President: Yes, there is a world recession. I was talking to a Congressman the other day from Mississippi -- one of our poorest states -- and he said to me that you don't understand the people, that they are hurting. Your interests are abroad, he said. (U)

I'm hoping our economy is coming out of it. But it is not as strong as it should be. (U)

President Mugabe: That was the main subject I wanted to raise. (U)

The President: Have your economic guys come along with you? (U)

President Mugabe: Not Chidzero. He had to stay to do our budget presentation tomorrow. (U)

The President: It's lucky you are out of town! (U)

President Mugabe: He must defend it. (U)

The President: Should we talk about South Africa in the Cabinet Room? (U)

President Mugabe: I am full of praise for how the U.S. has handled it. You have relaxed sanctions. You had a commitment to do so when certain conditions were met. We appreciate that you still demand that human rights be observed and that some sanctions remain in place. (U)

The President: We are not washing our hands of it. (U)

President Mugabe: There has been a wave of violence. (U)

The President: Terrible, terrible. Who is to blame for it? (U)

President Mugabe: Much of it is Black on Black. But the government took advantage of it. (U)

Let me mention two sensitive points, first, Angola. ~~(C)~~

President dos Santos of Angola asked me to express his appreciation to U.S. for its help in the Angola peace process. Secondly, he would like to visit in September. Thirdly, he says the American representative in Luanda is not playing a fair role. (C)

The President: I don't know whether it is fair or not. ~~(C)~~

Dos Santos has come a long way. (C)

We are favorably disposed to him. We don't want to undermine him. We don't want to send a signal that he is not appreciated. (C)

We would like to invest more there. Can we do that? (C)

Mr. Frasure: We will probably need to have a democratic government in place first. There are certain prohibitions. (C)

President Mugabe: My second point is that I have Mengistu now in Zimbabwe. It is a real shocker for us. I talked to him, and he gave me the whole history of Ethiopia, of the Arabs trying to take over. (C)

He said he had appealed to the U.S. to mediate. It was decided by his ministers that he should step down. He was told that, if he left, there would be a peace process and no secession of Eritrea. (C)

Mengistu said that, as soon as he left, the U.S. called on the Tigrayans to go into Addis Ababa. There was no attempt to get peace. (C)

He asked if it is still the view of the U.S. that Ethiopia is one country. He is grieved at the killing. (C)

Mengistu asked me to raise this with you. Is President Bush interested in Ethiopia? Why do the Americans hate me? (C)

The President: There is a long history there. Now the shoe is on the other foot. Mengistu was very anti-American. He cast his lot with the other great power. (C)

There was a bad relationship and a lot of it was personal. (C)

Mr. Frasure? Do you want to speak to this point? (U)

Mr. Frasure: With respect, President Mugabe, Mengistu is not being straight with you. (C)

We did try to arrange a provisional government. We were trying to do that in London after Mengistu fled the country. We were on the verge of an agreement when things fell apart in Addis. Even people from the successor regime felt the other side should come into Addis to maintain order. We concurred with Democratic Front forces to go into Addis. (C)

On Eritrea, it is a very tough problem. The fact is that the other side won a thirty year war and controls the place. Ideally we would like a united Ethiopia. But the situation on the ground is something we don't control. It here is a referendum in two years, we and others will have to respect the results. (C)

The President: If Mengistu liked the United States, he had a funny way of showing it. ~~(C)~~

We didn't want to get in over our heads there. But we do want a presence. ~~(C)~~

Where is Mengistu living now? In Harare? (U)

President Mugabe: We gave him a guest house. We took him in. (U)

The President: We should try to calm that situation. (U)

President Mugabe: You have my letter on Chidzero. (U)

The President: A good man! Baker knows him well. He is well regarded. But we are not behind any one candidate. ~~(C)~~

It is Africa's turn. We are open minded. Will Chidzero get African support? (U)

President Mugabe: Yes, I think so. (U)

The President: Shall we go next door? (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Plenary Meeting with President Robert G. Mugabe of Zimbabwe

PARTICIPANTS:
The President
Lawrence Eagleburger, Acting Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President and National Security Advisor
Herman J. Cohen, Assistant Secretary of State for African Affairs
Jeffrey Davidow, Deputy Assistant Secretary of State for African Affairs
Robert C. Frasure, NSC Director for African Affairs (Notetaker)

Robert G. Mugabe, President
Nathan Shamuyarira, Minister of Foreign Affairs
Denis Norman, Minister of Transport and National Supplies
Elleck Mashingaidze, Commissioner of Public Services
Nicholas Goche, MFA Deputy Secretary
Stanislaus Chigwedere, Zimbabwean Ambassador to the U.S.
Mary Muchada, President's Secretary (Notetaker)

DATE, TIME AND PLACE: July 24, 1991, 11:25 a.m. - 12:05 p.m. EST
Cabinet Room

The President: I want to welcome you all, and I would be pleased to open the discussion. Secretary Baker is not with us. He is travelling. We do have Larry Eagleburger. (U)

We can talk about Africa and any other subject. I would be happy to talk about the Summit. But I hate the word "summit." It sounds like you are excluding others. (U)

London went well. There was a common desire to do more for Africa. We have to be sure that the voracious appetite of the Soviet Union does not blank out others. ~~(C)~~

There is the arms control agreement with the Soviet Union. (U)

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I don't want Africans to think that we are not going to deal with their demands. (U)

I see an old friend Denis Norman over there. (U)

Mr. President? (U)

President Mugabe: I want to thank you for the visit. I appreciate your kind invitation. It is an expression of friendship and solidarity for us. (U)

You are people whom we have worked with in the past. We had your support before independence. We had U.S. aid after independence. Generally we have had good relations, but there have been ups and downs. And they plummeted in 1986, turned sour. ~~(C)~~

Our relations are now at a very high level. We want to maintain them. (U)

We are embarked on a structural adjustment program. The Paris Conference was a start. The U.S. has aided us on agriculture, education and health. We hope that will be intensified. (U)

Ours is a peculiar society. We are multi-racial. The Whites have high standards. The Blacks are aspiring to it. We have educational opportunity for all. But the youths in the streets are unemployed and demanding. Jobs are necessary. They are needed. (U)

We want a transformation of our system. We appreciate the inherited infrastructure. Mining is developed. Agriculture is developed in some areas. We want investment by our people and by others. (U)

We want $16 billion over five years; $3.5 billion of that would come from outside the country. ~~(C)~~

We must redress our shortcomings, the wrongs we imposed on the economy. (U)

For example, we had limitation on labor. We didn't have full flexibility. We want an open market system, competition, an opening up. We appealed to the U.S. to help us. We want the U.S. as a partner. (U)

One question, I want to raise is the region, South Africa, Angola and Mozambique. ~~(C)~~

The Angolans appreciate the U.S. role in helping a resolution of the crisis. Dos Santos is happier now. The movement didn't come until U.S. intervention. ~~(C)~~

But Mozambique is a different situation. The other negotiating partner unlike UNITA doesn't have a political culture. Renamo doesn't appreciate things as UNITA did. They need pressure. ~~(C)~~

The President: What do you mean? (U)

President Mugabe: Renamo doesn't understand how to negotiate. They don't understand that you cannot go back on points once you agree on them. ~~(C)~~

The President: Is Renamo solid enough that they can deal? Is it one person or a lot of groups? ~~(C)~~

President Mugabe: They were created by the Rhodesians to get back at Samora Machel for helping us. ~~(C)~~

At independence, Rhodesia handed it over to South Africa. It is not the same category as UNITA. Djakalma doesn't seem to know what to do. He doesn't have politically motivated people. It is a cruel exercise. ~~(C)~~

The President: I have a question on the economic program. What should we be doing? Are U.S. firms investing? (U)

President Mugabe: We want U.S. aid. We want you to raise it, to make it more sizeable. In the first place, it is the volume. (U)

And there is a role for the private sector. There are about fifty U.S. companies in Zimbabwe. Union Carbide is there in chrome mining. They are working on expansion into other minerals. (U)

The President: Is there a demand for chrome? (U)

President Mugabe: Yes. There is still a great demand. (U)

The President: Who produces it? You and the Soviet Union? (U)

President Mugabe: Yes. And South Africa. (U)

The U.S. needs to assure investors that the environment is safe. We want that. That is why we signed the OPIC agreement. (U)

Previously we were suspicious of OPIC. Then we found out it was only an assurance. (U)

The President: OPIC is very important. What were your concerns? (U)

President Mugabe: From Latin America. Governments which nationalized companies were dealt with ruthlessly. (U)

But we examined it. And discover that in the event of a takeover it just meant compensation. So we decided to do it. (U)

The President: I'm sure that has helped. (U)

Acting Secretary of State Mr. Eagleburger: OPIC has done remarkable things in Eastern Europe. (U)

President Mugabe: Yes. (U)

Heinz came in at a time when we were doubtful about OPIC. So we did a bilateral agreement with Heinz. Now we are prepared for OPIC too, which we think is better than a bilateral agreement. (U)

The President: How is your agricultural sector. It is important, isn't it? (U)

President Mugabe: It is expanding. It has been affected by drought. We had good rainfall this year. But here have been droughts in six or seven of the last eleven years. (U)

Our commercial agriculture is labor intensive; tobacco, cotton and maize. (U)

The communal agriculture by the peasants produces mainly the same crops. It is doing very well except for the rainfall. (U)

But there is more scope for development in agriculture. Lots of capital is needed. It is the mainstay of our economy. (U)

The President: Are you self-sufficient in food? (U)

President Mugabe: Yes. But we only raise about two-thirds of the wheat that we need. So we do swaps with USAID for wheat and they provide our maize to Zambia. (U)

We have cattle ranching. We provide beef for the Common Market. (U)

The President: Are there any questions? (U)

Assistant Secretary of State Cohen: At least three U.S. corporations say they will now invest in Zimbabwe. The one-stop investor center you have set up will strengthen things. As you know, bureaucrats resist things. (U)

The President: The whole world over! (U)

Acting Secretary of State Eagleburger: You should see OPIC as a resource to find investors. (U)

Minister Norman: Let me mention one thing on investment. We get inquires from American companies considering Zimbabwe as a hub for the region. (U)

The President: That is interesting. As a hub for what countries? (U)

President Mugabe: Mozambique, east and southern Africa. (U)

Acting Secretary of State Eagleburger: You should let the embassy know about them so that we can follow up. (U)

The President: Shall we go on on over and have some lunch? And continue the discussion. (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Luncheon Meeting with President Robert G. Mugabe of Zimbabwe

PARTICIPANTS:
The President
Lawrence Eagleburger, Acting Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President and National Security Advisor
Herman J. Cohen, Assistant Secretary of State for African Affairs
Jeffrey Davidow, Deputy Assistant Secretary of State for African Affairs
Robert C. Frasure, NSC Director for African Affairs (Notetaker)

Robert G. Mugabe, President
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Denis Norman, Minister of Transport and National Supplies
Elleck Mashingaidze, Commissioner of Public Services
Nicholas Goche, MFA Deputy Secretary
Stanislaus Chigwedere, Zimbabwean Ambassador to the U.S.
Mary Muchada, President's Secretary (Notetaker)

DATE, TIME AND PLACE: July 24, 1991, 12:05 - 1:15 p.m. EST
Old Family Dining Room

The President: Let's turn to South Africa. As you know, we think the process is irreversible. How do you see the internal scene? (U)

President Mugabe: I don't think Mandela is prepared to sit down now and talk because of the violence. We want to see negotiations for a new constitution. We want to see a unitary system. We want to see democracy. So we want negotiations sooner rather than later. ~~(C)~~

Acting Secretary of State Eagleburger: I think the ANC should enter negotiations now when the government is embarrassed. ~~(C)~~

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President Mugabe: I agree. The ANC shouldn't refuse to negotiate on a constitution. Political prisoners and other issues can be addressed by democracy. (C)

There will be a meeting in Abuja to monitor all of this. (C)

The President: How are your relations with Buthelezi? (C)

President Mugabe: They don't exist. (C)

We were in college together at Fort Hare. (U)

But because of the Bantustan system we haven't had relations. I had been thinking of calling him but the incidents of the last few weeks have prevented that. (C)

The President: It's a setback. (U)

Acting Secretary of State Eagleburger: It's essential that they get together. (C)

President Mugabe: Yes. I agree. But I think that the National Party needs an ally and sees that in Buthelezi. (C)

Acting Secretary of State Eagleburger: Angola is going quite well, isn't it? (C)

President Mugabe: Yes, we are sending in some people to help. (C)

The President: We were talking about dos Santos earlier. He is coming here, I believe. Are there any special events coming up in the implementation? (C)

Assistant Secretary of State Cohen: No. It is more of a continuing process. (U)

Acting Secretary of State Eagleburger: Mozambique is not moving well at all, is it? (C)

President Mugabe: No. We have been talking to the team in Rome. The Church team is disillusioned by Renamo. (C)

The President: Is there lots of violence there? (U)

President Mugabe: Yes. (U)

Acting Secretary of State Eagleburger: We have no influence on Renamo. (C)

Mr. Norman: Do they still have an office here? (U)

Assistant Secretary of State Cohen: No. They did. They still have friends here. (U)

The President: You know that some conservatives here once thought Renamo was some kind of friend of democracy. Then the torture reports came out. And some people at Heritage and elsewhere woke up. ~~(C)~~

What about the Secretary Generalship? How is support shaping up in Africa? For Chidzero? (U)

President Mugabe: It's very supportive. We want to see more. We will be discussing it at Abuja. ~~(C)~~

The President: Are you confident that Africa will narrow its list? (U)

President Mugabe: Yes. (U)

The President: Who is the Ghanaian? (U)

President Mugabe: Ken Dadzie. (U)

The President: Is Boutros Ghali in now? Is he active? (U)

Acting Secretary of State Eagleburger: Yes. (U)

The President: In September will the Africans at the UN get behind your man? ~~(C)~~

Acting Secretary of State Eagleburger: The Nigerians have put forward Obasanjo? (U)

President Mugabe: Reluctantly. They really didn't want their former President who is really a former General heading the UN. ~~(C)~~

The President: That is understandable. But there is the feeling that Africa hasn't had its turn. Perez de Cuellar has done a good job but he doesn't want to stay on. ~~(C)~~

President Mugabe: Can we talk about the Middle East? ~~(C)~~

We had a principle of friendship with Iraq. But we couldn't countenance the violence, the aggression against Kuwait. We had some sympathy with Iraq in the war with Iran. But we were shocked by the Iraqi invasion of Kuwait. ~~(C)~~

The situation has been redressed, and we are happy about that. ~~(C)~~

We are glad that you have moved on to the Palestinian question. We are especially concerned by the suffering of the Lebanese people. ~~(C)~~

We can appreciate the approach of the U.S. We can support it. But I could use a little more information. (U)

The President: On the first point -- Iraq -- we are terribly concerned on this nuclear issue, but we don't wait to get reengaged. (C)

Saddam has violated the peace accord. I still feel very strongly about this. Our problem is with Saddam Hussein. We will have no normal relations with Iraq until he is gone. Saddam has diverted his nuclear material and tried to hide it. He has diverted relief food and medicine to his home area. (C)

I don't trust him! (U)

I said during the war we would address the Palestinian question. (U)

Our approach is take into consideration very carefully the views of the region to use in conjunction with the relevant UN resolutions. (C)

The Arabs have said they will release the boycott if the Israelis end the settlements. We agree with that. The settlements go right to the heart of rightwing politics in Israel. (C)

The Arabs are ready to go to a conference. (U)

The U.S. and the USSR are going to stay together on this. (U)

The Europeans are feeling a little whipped at the moment. (C)

The question is which Palestinian representatives. Arafat behaved so badly in the war. It would be difficult to include him. (C)

We want Jordan to come forward with the Palestinians. Hussein said he would go. Then he said he wouldn't. (C)

We are a little bit optimistic. There is a lot of pressure on Shamir. People here will get concerned with Israel. (C)

Have I left out anything significant, Larry? (U)

Acting Secretary of State Eagleburger: No, Mr. President. You never leave out anything significant. It's saying things like that, keep getting invited back to lunch. (U)

There is a solid front against Israel on this issue without it looking like that. (C)

President Mugabe: But the Palestinians are the real question. The PLO claims that Shamir will not accept people from areas that matter. We have stressed the need to be flexible. (C)

Arafat stressed the need for a flexible stance by the Palestinians. (C)

General Scowcroft: But he has been getting hard on the issue lately. (C)

President Mugabe: Is that so? (U)

Acting Secretary of State Eagleburger: He fears he is being marginalized. (C)

President Mugabe: He probably wants some time to pass after the Iraq war. Mubarak told me that people in the street don't want Arafat anymore because of the war. (C)

The President: Arafat has a lot of fence mending to do in the Gulf. Jordan is doing that. (C)

Can Arafat be cut out it? (C)

Acting Secretary of State Eagleburger: No, not out of it. But Shamir is badly positioned too. The rightwing may leave the coalition. Shamir may have to rely on Labor votes to keep in power. Labor would be prepared to do that for peace. (C)

Over time the Israelis may be prepared to come forward. (C)

General Scowcroft: I'm not quite so optimistic. The Palestinian issue gives Israel room to play. (C)

There are four kinds of Palestinians; the PLO, the West Bank, East Jerusalem, and others outside Israel. (C)

The issue is really East Jerusalem and others. (C)

Acting Secretary of State Eagleburger: But you must admit, Brent, it has gotten a lot further than you and I would have thought. (C)

General Scowcroft: That's true. Assad saw the opportunity and put Israel on the defensive. (C)

The President: How is it seen in your part of the world? (C)

President Mugabe: We are struck by the intransigence of Shamir. We have supported the PLO in the past. But on Iraq, he was wrong. (C)

The PLO, however, is still a force. But how do you get the Palestinians to speak with one voice. (C)

The President: It's a problem. (C)

You know I think that Saddam convinced Arafat that we wouldn't fight. He miscalculated. He remembered things like Vietnam. (C)

Acting Secretary of State Eagleburger: Even if we get a conference, it is only a beginning. (C)

President Mugabe: What is Shamir's solution? ~~(C)~~

The President: He doesn't have one. Shamir will have to yield on territory. ~~(C)~~

Acting Secretary of State Eagleburger: Shamir is a kind of Scarlet O'Hara when it comes to decisions. He is a decision maker who puts it off as long as possible. He is faced with it. He realizes he must make a decision. ~~(C)~~

The President: The people in Israel want it. Labor wants it. He can stand up against the right if he wants to. ~~(C)~~

Governor Sununu: Have you talked to the PLO? ~~(C)~~

President Mugabe: Yes, in Tunis recently. They told me they are not moving away from the UN conference. A regional conference is not enough. Secondly, the emphasis should not be on peace between countries but it deals with the Palestinian question. They are prepared to be flexible even on Palestinian representatives in that case. ~~(C)~~

Why did Hussein get it wrong on the Gulf? ~~(C)~~

The President: There are two schools of thought -- the spoils of war promised by Saddam or the pressure of fundamentalism. Mubarak says spoils of war, oil. They promised them to him too. ~~(C)~~

President Mugabe: I thought he might have been afraid of Saddam. ~~(C)~~

Acting Secretary of State Eagleburger: He misjudged the U.S. ~~(C)~~

The President: Hussein saw us flop around in other situations. ~~(C)~~

Shall we go on outside? (U)

-- End of Conversation --

Withdrawal/Redaction Sheet
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Memcon	Re: Minutes of the President's Meeting with Prime Minister Charles of Dominica on July 26, 1991 (6 pp.)	7/26/91	(b)(1)	C

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 7/24/91 - 9/24/91

Document Partially Declassified
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Date Closed:	1/28/2009	**OA/ID Number:**	91109-002
FOIA/SYS Case #:	2009-0275-S	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:	2000-0429-F(364)	**MR Case #:**	
AR Disposition:	Released in Part	**MR Disposition:**	
AR Disposition Date:	8/21/2009	**MR Disposition Date:**	

RESTRICTION CODES

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

P-1 National Security Classified Information [(a)(1) of the PRA]
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P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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(b)(9) Release would disclose geological or geophysical information

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Minutes of the President's Meeting with Prime Minister Charles of Dominica on July 26, 1991

PARTICIPANTS:
The President
The Vice President
John H. Sununu, Chief of Staff
Lawrence Eagleburger, Acting Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
G. Philip Hughes, U.S. Ambassador to Barbados, Dominica, St. Lucia, and St. Vincent and the Grenadines
William T. Pryce, Senior Director for Latin American and Caribbean Affairs, NSC Staff (Notetaker)

Eugenia Charles, Prime Minister of Dominica

DATE, TIME AND PLACE: July 26, 1991, 10:30 - 10:50 A.M. EDT
Oval Office

The meeting opened with a friendly banter with the press where the President reiterated a practice of not talking to the press during photo opportunities. (U)

Prime Minister Charles: I remember you (to Helen Thomas, Dean of Press Corps). (U)

Helen Thomas: We remember you well from Grenada. (U)

(Meeting officially starts)

The President: I had a talk with Prime Minister Manley not long ago. I have great respect for him. I think that he is trying very hard. (U)

Prime Minister Charles: I think he is doing well, if he can just get the people to follow him. (C)

The President: He has taken a courageous leadership position and we hope he will succeed. But how are things coming in Dominica? How is the economy? (C)

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BY 8/21/2009
2000-0429-F

Prime Minister Charles: Well not very well. We will only have a 4.1 percent growth rate this year instead of 7.5 percent. (Ø)

The President: Like to trade? (Laughter) (Ø)

Prime Minister Charles: Well, this will cause us some trouble, but it really is not that bad. (Ø)

The President: Seems to me that it is pretty good. (U)

Prime Minister Charles: We have strong opposition, which is giving us some problems. (Ø)

The President: You had a confidence vote I think not long ago, how did it go? (Ø)

Prime Minister Charles: We won by one vote. They thought that with all the internal discussions within our party that some of ours would go over to them. But, no, that was not going to happen. We have our own talks but I think the people felt that you can't do anything for your country on the other side. I think the person who they were thinking of will be with us. (Ø)

The President: When was that confidence vote? (U)

In April? (U)

Prime Minister Charles: They are always making noises, but not about the right things. We had a budget and I sent it up fifteen days ahead and they walked out in protest. (Ø)

The President: Eugenia, what happened in Grenada? How is that working out? (Ø)

Prime Minister Charles: They are all convicted. They will be hanged. This is supposed to happen in August. Whether the government will have the strength to hang them, I'm not sure, but the people want them hanged. I think it's fourteen out of the seventeen that were sentenced to be hanged. I said if you want to send them over to me and we'll hang them. Mr. Bishop says they must be hanged. (Ø)

The President: When do things happen? Is there a date? (Ø)

Ambassador Hughes: They appealed their sentence under the law and the appeal has been upheld. (Ø)

The President: What is the next step? (Ø)

Prime Minister Charles: The order will be sent to the Governor-General who will listen to the recommendation of the Prime Minister. (Ø)

The President: What are the issues we should talk about? What can we do to help? I know that there is a problem with an airport. (Ø)

Prime Minister Charles: Well that is one reason we are here. (U)

The President: Isn't there some talk about how this could come about? (C)

Acting Secretary Eagleburger: We are having lunch with Prime Minister Charles, Bernie and I and she will have a chance to beat up on both of us. (U)

The President: Well, we would like to be helpful. (U)

Assistant Secretary Aronson: We have checked and we think the figures would make it possible to do a little bit of assistance in August. (C)

Prime Minister Charles: We've had considerable experience in trying to move this project. It is difficult because of the earth which was to be moved. I was hoping that we could have some help from National Guards units in the United States. (C)

The President: Maybe it would be possible to do something on moving ground with the National Guard. (C)

Acting Secretary Eagleburger: Governor Sununu says that maybe this would be possible. (C)

The President: The National Guards are under the control of the Governors and they would want to control the activities to a certain extent. Probably couldn't have them for a year, and they would want to have some control. (C)

Governor Sununu: We wouldn't get them for a whole year, but perhaps in groups at different periods of time. We could talk to the Governors about this. (C)

Prime Minister Charles: I know that we could not do that. Perhaps we could have three groups, one at a time. I would like to say that there is a real problem. At the airport we are only three minutes from 500 foot mountains. It is important for our diversification to broaden our economy. But you can't for example rely on sending cut flowers for shipment because it is too undependable. (C)

The President: We worked out a difficult situation on cut flowers with Colombian, didn't we? (C)

Assistant Secretary Aronson and Mr. Pryce: Yes, we did. (U)

The President: We are off to Moscow to try to ease tension. We will sign a START agreement. I think this is important. I mention this because I think people from various countries, especially youth appreciate the signing of the agreement. This will lessen the tension in the world in which they live. And it should be helpful in the Soviet Union. I think they spend about

four times as much of their gross national products on armaments as we do, don't they? (C)

Governor Sununu: Yes I think so, we spend about 5 percent, they spend 20 percent. (C)

The President: There is an economic impact for others in the Soviet Union of this approach, and there are people in the Soviet Union who are still suspicious of us, who want to continue producing weapons and not reduce them. They have an interest in maintaining the old ideas. Gorbachev has to deal with the people on his right. There are people who still think that they should emphasize armaments. There are people who still think the United States has aggressive intentions. Brian Mulroney handled this with Gorbachev very well. He looked down toward the United States and said well, there is New York. And Gorbachev wondered what he was talking about. Mulroney said do you know how much of a border we have with the United States? Gorbachev said no. Mulroney said well, it is about six thousand miles. And Mulroney then asked do you know how many troops we have on the border? Gorbachev said no. Mulroney said none. He said if the United States was an aggressive power and had aggressive intentions, why would they go to the Soviet Union, if they could go just right north where there are 24 million people with a good economy. I think that the more we can do to lessen tensions, the better off all the world will be. (C)

Prime Minister Charles: Well, I think that the Communist groups have made a mess of things wherever they are. (C)

The President: It was interesting in Greece, I spoke to the Parliament. There you can tell how the people feel, and who is with and who is not with the government. People not with the government literally sit on their hands and those in favor of the government clap loudly and wildly. There was a Communist group there; there was a woman who was rather plain but not unattractive sitting there listening, but behind her were about ten people who looked like Old Line Communists who had come out of central casting. They were so stern and sinister looking and they were the Stalinists. (C)

And look at Gorbachev, what's he saying now, "we don't want any Communists in this party any more." (C)

Prime Minister Charles: That is why we are recognizing North Korea. I told them that we don't like you as much as South Korea but we'll have relations. They don't like me much. I told them that I will come and visit you when you give us as much as south Korea. They don't like me. (b) (1)

(b) (1)

The President: Well, there may be some change in North Korea; it's happening all over the world. Look at Mongolia, see how things have changed there since you and I last talked. (C)

Prime Minister Charles: I told them, "I'm not going to see you." You have been destroying young people and I hope that you will give your people more freedom. (C)

The President: Do you think they will do something? (C)

Prime Minister Charles: I hope so. We won't go until they do. (C)

The President: How is your friend Fidel doing? (U)

Prime Minister Charles: He will be the last Communist around. My feeling is that the Cubans won't change. We refuse to talk to them because they give scholarships which require indoctrination. Now they go through Paris, which means that you can't require Marxism-Leninism as part of the educational program; we are getting somewhere on this. (C)

The President: Do you find the Cubans are more outgoing in meetings? (C)

Prime Minister Charles: They talk to you one-on-one, but in their groups there are always one or two people who are not what they seem to be. [redacted] (b)(1) You should ask Gorbachev to do this. (C)

The President: Castro may not want to go. We may never get him to open up the economy. He looks scared. (C)

Assistant Secretary Aronson: He wishes but. (C)

The President: But get C. and C. But they could help with the Communists. (C)

You don't have a major drug problem. (C)

Prime Minister Charles: We have just had a major bust. The (U.S.) Coast Guard did a fine job. (C)

The President: Was this a transit? (C)

Prime Minister Charles: Yes, but a little bit stayed behind. We had a call and we didn't know where they hid it. We are very keen on getting rid of cocaine. (C)

The President: Are you having to spend a lot on rehabilitation? (C)

Prime Minister Charles: Not so much, but it's a real problem. When we captured the twelve drug suspects, we had to put them in the prison and four of our other prisoners escaped during the process. We have a prison system where we are trying to get our prisoners to work and we are paying them, but only at the end of their term. Some people say they should be paid while they are there but they will simply send their money to their families,

and they won't have anything when they get out, and their families will be encouraging them to stay in jail. So I say pay them when they leave. (Ø)

The President: Encouraging self reliance, I see. I hope they become readjusted. (Ø)

How are things shaping up for the future? (Ø)

Prime Minister Charles: I could run again in 1995, but I don't intend to. We don't have a strong party. I'll retire and I'll look after the party. (Ø)

The President: Will there be a successor to you? (Ø)

Prime Minister Charles: There is a person that I have in mind. I think we need a younger person. I've talked about retiring early so that I can press the buttons. I'll need to get the right successor. (Ø)

There are a number of things that I want to get done before I leave. I want the airport and a new sewage system and there are three or four things I would like to do before I get finished. (Ø)

The President: Well, it has certainly been wonderful to see you and I know that you'll have a good lunch with Larry and Bernie and talk about the airport and other things. (Ø)

(Meeting begins to break up)

The President: One of the things I hope you know and that I've tried to make known is that as I'm off on other problems and I think Eagleburger is the same, I don't want people to think that I am forgetting Latin America, for I am not. I know that Carlos Andres Perez used to worry about that. I have continuing interests here in the Hemisphere and particularly in the Caribbean, and I hope people know that. (Ø)

Prime Minister Charles: I think they do. Some people will always criticize but I think most people know. (Ø)

--- End of Conversation ---

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Expanded Bilateral Meeting with Mikhail Gorbachev of the USSR (U)

PARTICIPANTS:
The President
James A. Baker, III, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Jack F. Matlock, U.S. Ambassador to USSR
Marlin Fitzwater, Assistant to the President and Press Secretary
Reginald Bartholomew, Under Secretary of State for Security Assistance
Robert Zoellick, Under Secretary of State for Economic Affairs and Counselor
Dennis Ross, Director, Policy Planning Staff, Department of State
Ed A. Hewett, Senior Director for Soviet Affairs, NSC Staff (Notetaker)
Interpreter

Mikhail Gorbachev, President
Nursultan Nazarbayev, President of Kazakh SSR
Valentin Pavlov, Prime Minister of USSR
Aleksandr Bessmertnykh, Foreign Minister
Mikhail Moiseyev, Chief of General Staff of Armed Forces
Valeriy Boldin, Chief of Staff
Anatoliy Chernyayev, Advisor to the President
Aleksey Obukhov, Deputy Foreign Minister
Viktor Komplektov, USSR Ambassador to the US
Interpreter

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PER E.O. 13526
2005-1153-MR
R 7/6/11

DATE, TIME AND PLACE: July 30, 1991, 12:55 - 1:22pm
St. Catherine's Hall, Kremlin

President Gorbachev: I want to welcome you. I understand we will be having lunch soon. (U)

I am satisfied with the visit. We've already talked about a wide range of issues. (U)

First, I want to say that I am prepared to develop relations, and to fill them with a new quality. This is our choice. This is the Soviet leadership line. (Ø)

We will return to this question tomorrow in the fresh air of Novo Ogarevo to ponder where we stand and act in this situation. (C)

As I said on the eve of the meeting in the U.S., if the relationship becomes weaker, we will defend it. It is important. We have a joint interest in cooperation, in Europe, and elsewhere. (C)

You can act on the assumption that this is our choice. It meets the long-term interests of the U.S. and the Soviet Union. (C)

Second, Mr. President, I explained the peculiarities of developments in the USSR. I am grateful to you for your interest. I consider it the wish of the President of the United States to understand our reality. I see interest based on a search for ways to cooperate today. (C)

This is not an easy matter. The questions you raised enable me to say our partnership is growing. We are trying to understand each other better. (C)

We also discussed economic cooperation. We want to depend much more on the U.S. in economic terms -- not slavishly or out of weakness. We want to develop and build our relationship. We should be predictable for you. When countries are linked by economic cooperation at a certain level, they become more predictable. (C)

It might seem a paradox that we want to depend more on you -- but that's our line. (C)

We discussed in the one-on-one the subject of "great" projects, which can only be done with the participation of the U.S. These are concrete proposals. (C)

We are awaiting those delegations you discuss in your letter [before the London G-7 meeting -- EH]. But I remind you, there are [also] some issues of great importance for us: 1.) large projects, and 2.) convertibility. I discussed this with the President, and we agreed to work on it at the expert level. (C)

Also, as I told you in London, it is important that we have cooperation. But we are hampered by restrictions on your part. I would like to return to that topic. (C)

I advanced an idea. We need to earn money to pay back for services we receive from you. We want, for example, machinery for the food industry. We cannot, however, pay you with the additional food we produce. You don't need more food. The money must come from other sources. (C)

We need to link cooperation in areas such as food production with space research, defense conversion, etc. We could develop liquid hydrogen engines. Your experts like our technology there. Or, we could launch satellites, which is a $12 billion market. (S)

There are probably other areas. The remnants of the Cold War need to be eliminated. (C)

Nazarbayev will discuss the Chevron project. We will find a solution. (C)

President Nazarbayev: This is the greatest project in U.S.-soviet relations such as there has never been before. We should develop it. We've just solved all the problems. One mistake -- we started the project during the Russian presidential campaign. Everyone used it the wrong way. (S)

Three days ago, we had talks with the Executive Director of Chevron and the President. We started with fifteen outstanding commercial questions, all identified by expert committees. We have now narrowed that down to four. (S)

President Gorbachev: Are you optimistic? (C)

President Nazarbayev: Yes. I am confident we will succeed. (C)

President Gorbachev: I ask once again in the presence of the delegation that the President instruct them to consider membership [for the USSR] in the IMF. I have big problems in the next 1-2 years. Call us what you like -- "associate members," "half associate members." It is important for us to use that fund. (S)

So, I express satisfaction with the beginning of our discussions, as we are raising major issues of discussion. (C)

The President: Thank you. I know we are short of time. I would like to offer a few brief comments before lunch. (U)

First, U.S.-Soviet cooperation does not run counter to our interests. What we are talking about with the Soviet Union is in our interest. (C)

Second, I agree that the partnership is growing. Your willingness to welcome our administration people -- Agriculture and Treasury -- is important. They can work out the details, for example, on the IMF and the World Bank. (C)

Third, I am grateful to the military for their hospitality to Colin Powell. That kind of military exchange is useful. It reduces the chance of surprises. (C)

Fourth, on IFI's, just one word. Associate membership is not an effort to put down the USSR. The Soviet economy is so potentially enormous, and facing enormous problems, that it requires special handling. It could dominate other countries. (C)

We're talking about exactly what you want, without the burden of full membership. Everyone has the right to apply. (C)

Fifth, in response to President Nazarbayev. I am not here to carry water for Chevron. I do believe that, given the size of the deal and of the potential dollar earnings, we should move it forward. It would open doors for other investors. One billion dollars. Take fifty of those, and you have a significant investment. (C)

I am delighted to hear that you have found a solution. This deal is in the interest of the U.S.

Sixth, on projects. We'll look over the specific projects you raised. We can talk later about what we are doing -- the trade agreement, MFN, Stevensen and Byrd.

We will help. I approach this in terms of what is in the interest of the U.S. But what is good for the U.S. is good for you.

President Gorbachev: I am sure mutual interest will advance our cooperation. (U)

-- End of Conversation --

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Luncheon with President Mikhail Gorbachev of the USSR (U)

PARTICIPANTS:
The President
James A. Baker, III, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Jack F. Matlock, U.S. Ambassador to USSR
Marlin Fitzwater, Assistant to the President and Press Secretary
Reginald Bartholomew, Under Secretary of State for Security Assistance
Robert Zoellick, Under Secretary of State for Economic Affairs and Counselor
Dennis Ross, Director, Policy Planning Staff, Department of State
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Mikhail Gorbachev, President
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Valentin Pavlov, Prime Minister of USSR
Aleksandr Bessmertnykh, Foreign Minister
Mikhail Moiseyev, Chief of General Staff of Armed Forces
Valeriy Boldin, Chief of Staff
Anatoliy Chernyayev, Advisor to the President
Aleksey Obukhov, Deputy Foreign Minister
Viktor Komplektov, USSR Ambassador to the US
Interpreter

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PER E.O. 13526
2005-1153-MR
BR 7/6/11

DATE, TIME AND PLACE: July 30, 1991, 1:28 - 2:07pm
Official Residence Dining Hall, Kremlin

Secrtary Baker: President Nazarbayev, what are the four outstanding issues in the Chevron deal? (S)

President Nazarbayev: The fifteen areas were reduced to four by negotiation. Now there is criticism of this deal because it is supposedly contrary to the interests of the Soviet Union, mainly because profits are too high. (S)

First, the rate of return is 27.9 percent, while Chevron gets 22 percent world-wide. (S)

Second, there is the issue of royalties. President Bush and Secretary Baker know the oil industry - 7.5 percent royalties are too low. (S)

Third, the Soviet Union has spent $850 million developing the Tengize oil field. The U.S. side owes us 50 percent of that sum. Chevron has agreed to that. (S)

Fourth, this is a rich, complex oil field. In addition to oil, there are by products, for example, one million tons of sulphur, as well as polyethylene. We want Chevron to help us attract other companies to develop those products, since Chevron is clearly reluctant to develop them. (S)

This is a huge deal: twenty-five years, renewable up to forty. Over the first forty years the total revenues will be $169 billion, from an investment of $86 billion, with a new profit of $65 billion. (S)

President Gorbachev: In general, the negotiations are going "normally." There is nothing insurmountable. (C)

The President: This is very helpful, very interesting. It is difficult to pin profits down to dollars and cents. To a degree, a deal is a deal, and the contract should go forward. Holding to that principle will attract business. They feel that they had a deal, then a committee was formed. I am glad to hear it is on the way to being resolved. (S)

How do we attract capital? When we say there is a deal, then there is a deal. (C)

We're not lecturing. I don't have all the answers. Even in our country, businesses have problems with bureaucracy. (C)

President Gorbachev: As the Secretary of State will appreciate: no matter what, we will reach an agreement with the Japanese. (S)

The President: Let me tell you a personal story from thirty years ago. I was the president of a small offshore drilling company. We pioneered the use of three-legged mobile drilling platforms. We worked out a deal with the Japanese. The Japanese wanted to work out a consulting contract. We'd build the rig, called the "White Dragon." We would show them how to put it together. They held out the hope of further business. We were the first to drill offshore in the Sea of Japan. The Japanese followed us around and took notes. They were very thorough. We completed the first rig. They then said "Sayonara." No more business. But they did fulfill the contract. (S)

President Nazarbayev: When I met Secretary Baker on March 16, we had no problems with Chevron. Probably by the time we meet again there will be no problems with Chevron. (S)

President Gorbachev: Right. By next meeting, probably there will be no problems. (C)

President Nazarbayev: I put the deal back on the table after people were afraid it would collapse. The deal is in the national interest. But there was lots of press about it. I decided we needed 40-60 days to finish it up. We called on the services of our experts to make sure all concerns are cleared up. (S)

The President: It is very important to get it down. I am not carrying water for Chevron. But this is a wonderful example of partnership. It would stimulate other deals. (S)

President Nazarbayev: Sure, I know. I met with Johnson and Johnson. (C)

President Gorbachev: Now, back to the Japanese, if I may. When we met with Kaifu we spent 1-1/2 hours in the hall debating one word in the final communique. (S)

President Nazarbayev: One word with Yeltsin took three hours. "Federal tax." Finally Yeltsin agreed. (S)

The President: Let's get rid of communiques. I'm talking about the G-7 communiques. This is my proposal for better relations - ban communiques. (S)

President Gorbachev: We've lost communiques, which has improved the dialogue. But the foreign ministers love communiques. (C)

Secretary Baker: No, the foreign ministries love communiques. (C)

The President: I hope you feel as good as we do about work on the [START] treaty. (S)

President Gorbachev: It took ten years. Such work! I knew we had it done when neither our scientists or experts understood the remaining details. So I said, "...put them aside and sign it." (S)

The President: I told the experts: "I'll impose my view on shroud, telemetry, etc." I looked around and I knew more than they did. (S)

President Gorbachev: Exactly! I'm sure we'll all benefit from the treaty. Imagine the amount of beer our negotiators consumed. (S)

General Moiseyev: I should have bet Bartholomew during the last meeting. I asked him, "...will there be a summit or not? He had his doubts." (S)

Under Secretary Bartholomew: I said there would be no summit unless you went farther in your position. (S)

President Gorbachev: I offer a toast to our negotiations. (U)

President Nazarbayev: Why not come by Alma-Alta? See Baikonor. (U)

The President: There just isn't time. (U)

President Gorbachev: You have a choice of where to go. (U)

The President: We are very free. The problem is time. (U)

President Nazarbayev: I'm sure we'll see you. I hope we'll see Secretary Baker. I'm good friends with Matlock. Matlock promised to hunt. (U)

President Gorbachev: Can Scowcroft hunt with a rifle, or just missiles? (U)

President Nazarbayev: We have all types of climatic zones in Kazakhstan: deserts, mountains, steppe, arid areas. We grow grain. (U)

President Gorbachev: It is a very tough climate. There are nice areas. (U)

President Nazarbayev: We ship ten million tons of grain to other republics. We produce 60-90 percent of non-ferrous metals in the Soviet Union - 140 million tons of coal and 26 million tons of oil. We could increase oil output to 100-150 million tons a year, while our needs are only 12 million tons a year. (Ø)

President Gorbachev: Of course, preservation of the environment should be discussed. There has been lots of mismanagement in agriculture for decades. We are at the very beginning [in addressing environmental issues]. (Ø)

President Nazarbayev: We had considerable oil reserves around the Caspian Sea. We're not poor. U.S. business will find proper conditions. (Ø)

The President: What are you doing with the sulphur? (Ø)

President Gorbachev: We buy it. We're importing sulphur now. (Ø)

Ambassador Komplektov: It belongs to the joint venture. We will collect no taxes for the first five years, then 50 percent of the normal tax for the next five years. (Ø)

-- End of Conversation --

~~SECRET~~

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Boris Yeltsin, President of the Republic of Russia (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Jack F. Matlock, U.S. Ambassador to USSR
Marlin Fitzwater, Assistant to the President and Press Secretary
Dennis Ross, Director, Policy Planning Staff, Department of State
Ed A. Hewett, Senior Director for Soviet Affairs, NSC Staff
Nicholas Burns, Director for Soviet Affairs, NSC Staff (Notetaker)
Peter Afanasenko, Interpreter

Boris Yeltsin, President
Aleksandr Rutskoy, Vice President
Ivan Silayev, Prime Minister
Andrey Kozyrev, Foreign Minister
Vladimir Lukin, Chairman, Supreme Soviet Committee
Yuri Skokov, State Councilor for Interrepublic Affairs
Gennadiy Burbulis, State Secretary
Viktor Ilyushin, Chief, Presidential Secretariat

DATE, TIME AND PLACE: July 30, 1991, 3:55 - 4:30pm
The Kremlin

President Yeltsin: Mr. President, welcome to the Kremlin. I would like to introduce you to my team (Yeltsin proceeded to say a few words about each). We covered many issues in our private meeting together. Now I would like to welcome President George Bush and the U.S. delegation to the office of the President of Russia. This is the first time ever in the 1000-year history of Russia that there is a democratically-elected President in the Kremlin. There are two flags in the Kremlin -- the Russian flag and the Union flag. This is new and unique. (U)

The President: That is a long time. To those of you who were not with President Yeltsin in Washington, I would like to say that his visit to the U.S. was very good and very helpful. He

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conducted himself in such a way that led to an improvement in relations between Russia and the U.S. (U)

President Yeltsin: Thank you very much. I would like to say that there have been twenty-eight days since Washington, since we met, and a lot has happened since then. We agreed there to upgrade relations in the following four areas: food storage and processing; management training; defense conversion; and joint transportation projects. I am happy to say that there has been movement in all four of our working groups in these areas. I would like to commend in particular the Department of Commerce for this progress. I would also like you to know that there is no allergy on Gorbachev's part for this program. (U)

In view of the fact that the Union treaty is no longer a draft -- we resolved the final problem yesterday and initialled an agreement -- there is no longer any obstacle to going ahead. Russia has no more tax problems. So, I would like to see now movement toward formalizing our contacts. Perhaps at our next meeting, since today's is too short, we could move to sign a MOU on the four projects and on our contacts and cooperation. This is based on the Union statement, the Union treaty which says that the Union will coordinate foreign policy of the states of the Union. ~~(C)~~

I would like to clear up the matter of the tax provision in the Union treaty. This was not a personal issue or feeling on the part of the President of Russia but a strong feeling on the part of the Parliament. We want control of the budget. We want to know where our taxes are going. We want to see the defense budget reduced in very real terms. We want control of expenditures. You have some budgetary control. We do not. ~~(S)~~

The President: Is this something that has been resolved by your agreement with the center? ~~(C)~~

President Yeltsin: No. The treaty reached with Gorbachev was a compromise between the two of us. He removed one line and I initialled that page. So there are no more problems on the tax issue. The treaty calls for a fixed Union tax rate to be agreed upon by the republics. ~~(C)~~

Secretary Baker: Is this figure agreed upon or is it a figure to be agreed upon? ~~(C)~~

President Yeltsin: For this year, it is agreed at 23.4 billion rubles. For 1992, it will be a fixed percentage rate. ~~(C)~~

President Yeltsin: No. We have only agreed to agree on a fixed rate in the future. The rate of taxation will differ from one republic to the next. The center will make an estimate of spending for us. ~~(C)~~

Now, do I understand that you support my idea of formalizing the basics of our relationship? ~~(C)~~

The President: Which relationship? Do you mean the U.S. and Russia or yours with the center? I am unclear about what you are asking. We do want to look forward to cooperation with you. (C)

Secretary Baker: President Yeltsin, the answer will depend on what the Union treaty says about the authority of the republics to enter into agreements with other countries. We will have to see this new Union treaty. (C)

President Yeltsin: This matter is open for signature; all the Union treaty problems have been resolved. The Union treaty will be open for signature in August and states the following formula: sovereign states can pursue their own independent foreign policy, including foreign economic policy, but coordination of their actions internationally will be vested in the Union which will have responsibility for treaties and strategic relationships. But the specifics of the relationship will be channeled through the republics. This is the way it will be. (C)

The President: Please give us a copy of the Union agreement. When it is finally worked out, we will study it and work within it but not ahead of it. I don't want to plough new ground. (C)

President Yeltsin: I understand. I would not want to hand over an initialled version but will give you a copy when it is final. (C)

The President: In the meantime, please continue your contacts with the Secretaries of Commerce, Treasury and Agriculture. These will be important contacts in the meantime. Well, the Ambassador tells me we are being kicked out. (U)

President Yeltsin: We are not kicking you out, protocol is doing that. (U)

The President: Well, you look very fit. You look good. (U)

President Yeltsin: I play tennis daily. (U)

The President: The Russians have some good tennis players. (U)

President Yeltsin: Yes, Chesnakov, Andrei Chesnakov is very good. (U)

Prime Minister Silayev: I played tennis with your brother and beat him! (U)

The President: Which brother? I have three brothers. (U)

Prime Minister Silayev: I can't remember his name, it was the younger one, I think. (U)

- End of Conversation -

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Ukrainian Supreme Soviet Chairman Leonid Kravchuk (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert Zoellick, Under Secretary of State for Economic Affairs and Counselor
Ed A. Hewett, Senior Director for Soviet Affairs, NSC Staff
Jon Gundersen, Consul General Kiev
Curtis Kamman, Deputy Assistant Secretary of State for European and Canadian Affairs
Nicholas Burns, Director for European and Soviet Affairs, NSC Staff (Notetaker)
Interpreter

Leonid Kravchuk, Chairman
Evgeniy Fokin, Prime Minister
Anatoliy Zlenko, Foreign Minister
Gennadiy Yaneev, Vice President of the USSR
Viktor Komplektov, USSR Ambassador to the U.S.

DATE, TIME AND PLACE: August 1, 1991, 1:45 - 2:15pm
Marinskiy Palace, Kiev

The President: I was very moved by the welcome of all those people along the route as was every other American with me coming into Kiev today. (U)

Chairman Kravchuk: Mr. President, welcome to Kiev, welcome to Marinskiy Palace. First, I want to say to everyone here that I am very satisfied by my talks with the President in the car and in our meeting. I was also satisfied by your comments on many issues. I hope you and your party have felt that the Ukrainian people deeply respect the American people and your policies by this welcome. I also hope, Mr. President, that you will understand the aspirations of Ukraine for cooperation in different fields. We believe friendship and cooperation are very important for us. I would like the forthcoming UN General Assembly to take into account the political forces in our country and to treat them with respect. We are following resolutely state sovereignty. We want to enrich the existing union and want

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to become part of the union community, the European and the international communities. As a UN member, Ukraine is willing to participate in UN General Assembly meetings and discuss our wider participation in this and other international organizations. ~~(C)~~

We have great economic problems in Ukraine. I would also like to say that the establishment of your Consulate here will contribute to relations with our countries. I would be satisfied if the U.S. would permit us to open a Consulate in the U.S. As I said to the President in the car today, I also want to thank you for your assistance for Chernobyl and hope it will continue. I think the donors conference on Chernobyl will give a new emphasis to Chernobyl problems. The nuclear agency in Vienna gave a report, a rather modest assessment of the problem. The conference will help with an objective view of this problem. ~~(C)~~

The President: First, I want to say how pleased we are to be here in Ukraine and are sorry that time is so short. I am moved by the warmth of the reception you and your people gave us on the streets. The dramatic results of perestroika and glasnost have produced a new opening for the U.S. and Ukraine. I have had a chance to explain to Chairman Kravchuk that we'll deal officially with the center. I told him of my deep respect for President Gorbachev. But as the Union treaty is worked out, I understand it will allow more direct dealings with the republics. In the meantime, we can go forward with economic issues, with nuclear safety. There are a lot of areas where the U.S. can be helpful. ~~(C)~~

On our Consulate, I am delighted it is here. A reciprocal opening would have to depend on the details of the Union treaty. I hope you will agree with that. I know we are short of time but there is a delicate balance here and I want to deal respectfully with the center. And yet we have a couple of hundred years of tradition with the U.S. and other countries dealing in many ways. There may be some standard thing but Ukraine has a tremendous following in the states where there are well over one million Ukraine-Americans. This allows us to start off with a lot going for us on both sides. So, I think I will leave it there for now, but I would be glad to respond to questions you or your associates may have. ~~(C)~~

Prime Minister Fokin: It is a great privilege for me to consider myself as your personal friend after this meeting. I will not repeat what Chairman Kravchuk has said. I followed your airport speech with great attention. I am satisfied by the fact that the propositions I will make will respond to your ideas on cooperation with the U.S. I would like to suggest: ~~(C)~~

First, I think Ukraine should be given Most Favored Nation status and, based on this, I suggest that relations between Ukraine and the U.S. should be expanded.

Second, concerning U.S. investments, they will be guaranteed here by the National Bank and the ministries. They can be made in new projects or in reconstruction. What I would like to stress is that these are not loans but investments of any possible scope up

to $5 billion. For this purpose, we should set up a joint commercial bank based on shares.

Third, the American side should participate in the privatization of industries here: in coal mining, mechanical engineering, and light industry. After the reconstruction of industries, we could use them to renew our economy. U.S. firms will be given the possibility to trade freely here.

Fourth, we can guarantee investments of rubles in joint ventures, primarily to produce consumer goods.

Fifth, we would like to establish a Ukrainian-U.S. association which would open shops and stores here in Ukraine and in those parts of the U.S. with heavy concentrations of Ukrainian-Americans (Fokin handed a list of ideas to the President).

The President: Well, we will have to take a look at these ideas. Of course, we are already doing MFN which covers all of the USSR, so you will benefit from that. We will look at all five areas but it doesn't sound like we can't do any of these. Trade is no problem. And the new projects, we're for them. Small business is a big part of U.S. employment and we could help you with that. Let me get back to you with a more specific response. ~~(C)~~

- End of Conversation -

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with President Abdou Diouf of Senegal

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

President Abdou Diouf

DATE, TIME AND PLACE: September 10, 1991, 10:30 a.m. - 10:45 a.m.
The Oval Office

The President: I just have a few points. I want to thank you for Desert Storm. I have a few observations on the Soviet developments. Also I have good news on debt relief -- PL-480. I am still concerned about Qadhafi. ~~(C)~~

President Diouf: I appreciate the honor of this visit. I admire the way you take on and fulfill respect as leader of the world. I am proud of what we did in Desert Storm. ~~(C)~~

The President: That was historic. I regret we still have Saddam Hussein, but I believe we did the right thing. ~~(C)~~

President Diouf: We had great success. I didn't think it would wind up so quickly. It was remarkable. I am in the process of organized the Islamic Conference, December 11-14. I will try to forge some unity. This is a plenary meeting. Kuwait said Arafat wanted to go there to improve relations with Kuwait. Kuwait asked me to do nothing. We should not be duped, and we should not reach out for reconciliation, especially with the PLO. ~~(C)~~

The President: Saddam Hussein is trying to work his way back in under the guise of Arab unity. He hasn't learned a thing. ~~(C)~~

President Diouf: He is arrogant. We should keep the pressure on. A new leadership would try to establish some ties. ~~(C)~~

The President: If you could send word that if Saddam Hussein left, the U.S. would give Iraq every fair chance to restore its credibility. ~~(C)~~

President Diouf: No one could be worse then Saddam Hussein. ~~(C)~~

The President: Take Paraguay. He turned out not to be so bad. ~~(C)~~

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President Diouf: What are your feelings on Iran? Given its position on the Gulf War, do you think they are reliable over the long run? (C)

The President: You may be a better judge. Our big problems are hostages. It looks like Rafsanjani is trying. I am pleased you have better relations. They are a bit reluctant to have open contacts with us. It is an internal problem for them. (C)

President Diouf: Congratulations on your energetic response to the Soviet coup. You gave us all room to do what is right. We are fearful about disintegration of the Soviet Union and control of nuclear weapons especially. What you think? (C)

The President: I think the nuclear issue will be okay but, I can't be sure the republics issue will remain peaceful. We don't know enough to make confident predications. I don't even know where all these republics are. I like Gorbachev and Yeltsin cooperating. I will get pressures to eliminate my armed forces. Gorbachev is a good man, and he has had a hell of a time. I give him great credit. (C)

Shall we go inside? (U)

President Diouf: The PL-480 relief is very good news. It is very welcome. Just a word about Senegal politics. I have brought the opposition leader into the government, Mr. Wade. He and his party agreed to our sending troops to Desert Storm. His cooperation helps stability. It is not a move to a one-party state. (C)

We have vigorous party system. And I want to make it clear that I am not moving backward. (U)

The President: No. No one has made such an accusation. (U)

-- End of Conversation --

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Abdou Diouf, President of Senegal

PARTICIPANTS:
The President
James A. Baker, III, Secretary of State
John Sununu, Chief of Staff
Marlin Fitzwater, Assistant to the President and Press Secretary
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Herman J. Cohen, Assistant Secretary of State for African Affairs
Katherine Shirley, U.S. Ambassador to Senegal
Thomas E. McNamara, Special Assistant to the President and Senior Director for African Affairs (Notetaker)
Alec Toumahan, Interpreter

Adbou Diouf, President
Adboulaye Wade, Minister of State
Djibo Ka, Minister of Foreign Affairs
Famara Ibrahima Sagna, Minister of Economy, Finance and Planning
Alassance Dialy N'Diaye, Minister of Industry, Commerce and Handicrafts
Ibra Deguene Ka, Senegalese Ambassador to the U.S.
Doudou Diop, Major General, Special Advisor to the President and Inspector General of the Armed Forces
Pascal Manga, Vice President of the National Assembly
Babacar Carlos Mbaye, Presidential Diplomati- Advisor
Gabriel Sarr, Interpreter

DATE, TIME AND PLACE: September 10, 1991, 10:30 - 11:30 a.m. EST
The Cabinet Room

The President: I apologize to those who have been waiting. President Diouf and I have been caught-up in a host of issues that we discussed in the Oval Office. We will go into them further in this meeting. I welcome the entire Senegalese delegation to Washington and to the White House, and

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hope they are enjoying their visit. I know Senegal is firmly committed to democracy and congratulate Senegal as the first African country to join in Desert Shield/Desert Storm. President Diouf and I talked about democratic development in the Oval Office. Bilateral relations appear in good shape; the few differences can be talked out. Both of us are pleased with where bilateral relations now stand. President Diouf do you have any comments?

President Diouf: I would like to thank the President for the very warm welcome that we have received. We were very sympathetic to the President's and to U.S. feelings on Desert Storm/Desert Shield in which we participated and lost 93 citizens. We were proud to have been a part, despite the loss of our citizens -- a great cost to have paid. I thank President Bush for his leadership and the U.S. for its sacrifices. The respect for sovereignty was evident in that effort and in our bilateral relations.

I was most impressed by the leadership, intelligence, and diligence you showed in directing the coalition. I would like to express thanks for the news I received in the Oval Office about the cancellation of the $42 million debt. This is excellent news, an extraordinary gesture, and an example of the very excellent bilateral cooperation that exists between our two countries. I know there are a number of competing and very compelling requests, and therefore, I am all the more appreciative since the competition is so heavy. To give this to Senegal, is very good indeed.

I would like to thank you for helping to encourage Senegal and other West Africans states to integrate economically towards a United States of Africa which, although it is some distance away, is the hope of all Africans. I thank the U.S. for its liberal policies, the equality with which it treats other nations, including Senegal, and the liberal economic example it has given to the world. U.S. assistance to Senegal and other Africans has helped us face our problems in the economic area.

Again, I thank everyone for a very gracious welcome and thank President Bush for his leadership of what is no longer a bipolar world, but a unipolar world with President Bush as the leader of the pole.

President Bush: Thank you, President Diouf, for your very kind words. I am interested in having your thoughts on Liberia. Some are looking towards a UN force to take action in Liberia. But the question is whether the UN could in fact do this without interfering in the internal affairs of Liberia. The situation in that country is heartbreaking; everyone longs for a peaceful solution.

President Diouf: The difficulties in the Liberian situation require a close look in order to tackle the problems in the context of the West African economic organization. I would spare no effort necessary to bring about a peaceful solution in

The Ivory Coast and others in the ECOWAS, Houphouet in particular, look to the UN to play a larger role.

The reaction on the part of the African states explains why they look to the UN and not the ECOMOG itself; everyone recognizes that the West Africans have united five nations behind the effort, three of whom have troops in Liberia and the other two, Guinea and Sierra Leone, are reluctant to put troops in because of cost. If these nations cannot solve it, the situation is very complex.

Even if Senegal and others want to have a different force, such as the UN force, and if it were possible to have additional troops, it would not necessarily permit a better situation to develop and make Liberia's neighbors feel more secure. To do this requires assistance from the U.S. and others. Only with more assistance, can there be peace in Liberia. More of the West Africans states could participate if there were more aid.

The conclusion is, therefore, that we need U.S. financing and U.S. assistance to maintain sufficient troops in Liberia for a successful and peaceful solution. There are other matters that also need addressing such as the upcoming elections. There will be elections five months from now. There is also a need to convince Charles Taylor not to continue the war and to join the peace process.

President Bush: We have just received news from Lagos from the Vice President's party saying Nigeria would have no problem in increasing the size of the force using Senegalese troops, even if it means reducing Nigerian participation.

Assistant Secretary Cohen: Charles Taylor has no trust in the Nigerians. Therefore, the presence of Senegalese troops would be a test of his cooperation because we would be responding to one of his complaints by reconstituting the force and bringing in more neutral troops. We could assist, but to bring this about we would need French help also.

President Bush: Changes in the USSR are affecting all of us, including Africa. There are changes in resources available, and the future is bright for bringing an end to the cold war. This, therefore, increases the possibility for reducing defense expenditures, such as for nuclear weapons. The problem is there are so many parts of the Soviet Union that are looking for independence. But there is a central government, and there is a need for a central government.

In many cases these new republics, these new states, do not want to completely separate from the center. They do not necessarily want to push Gorbachev aside. Gorbachev has done much to assist by helping out in Angola, Mozambique, Afghanistan, Nicaragua, and other places, and he deserves credit for what he has done. I have no desire to put Gorbachev in the ash can of history.

Among other developments, the UN will look quite different in the future than it has in the past. The Baltic states, for example,

want to push Gorbachev aside. Gorbachev has done much to assist by helping out in Angola, Mozambique, Afghanistan, Nicaragua, and other places, and he deserves credit for what he has done. I have no desire to put Gorbachev in the ash can of history.

Among other developments, the UN will look quite different in the future than it has in the past. The Baltic states, for example, will probably go into the UN as members. All things are not clear but the future does look good as these problems sort themselves out.

President Diouf: You have clearly explained the situation in the USSR, and I concur with the evaluation. We are experiencing a new world order since the Gulf crisis. It is clearer to us everyday. And we in Senegal wish to see a new world order, but one which is both political and economic in its scope. To bring this about, we need solidarity between the north and south in the dialogue. And what we need is dialogue, not confrontation -- dialogue based on the possibility for cooperation between north and south. Senegal is in favor and committed to the new world order which is taking place, and shape, right under our very eyes.

President Bush: President Diouf, what are your views on the situation in Libya? Is Qadhafi a disturbance to you, as he is in some countries? Mubarak thinks we need to do more now to get Qadhafi into the community of nations. I would appreciate your advice and comments.

(b) (1)

President Bush: Thank you for your comments. We will continue to watch the situation very carefully. In my opinion, the leopard has not changed his spots.

Secretary Eagleburger: There will be an opportunity to discussion Liberia at greater length during the lunch at the State Department in just a few minutes.

President Bush: We will also have a chance this evening before the dinner to discuss Liberia or any other issues that might need further treatment. Let me close by saying I am delighted that President Diouf was able to come for this visit.

President Diouf: I want to raise several issues since, if I omit them, the Finance Minister will cut my throat. I want to talk about the organizations set up by the valuable Bretton Woods

the financial programs that the IFIs insist on, but they must be developed in a way which is socially doable. Such programs should not be undertaken so they destroy the social harmony of the countries where the programs are being carried out.

President Bush: Will you be meeting with any of these IFI's while in Washington?

President Diouf: Yes

President Bush: I would like to say a word of praise for World Bank President Preston whom President Diouf and I both know. I wish you the best of luck in your conversation with the IFI's.

End of Conversation

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Bielecki of Poland

PARTICIPANTS:
The President
Nicholas F. Brady, Secretary of the Treasury
Lawrence Eagleburger, Acting Secretary of State
John H. Sununu, Chief of Staff
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Thomas Simons, Ambassador to Poland
David C. Gompert, Special Assistant to the President for European and Soviet Affairs
Richard Kauzlarich, Acting Assistant Secretary for European Affairs
Robert L. Hutchings, Director for European Affairs

Jan Krzysztof Bielecki, Prime Minister
Ewa Piwowar, General Director, Office of Council of Ministers
Ryszard Wojtkowski, Director, Prime Minister's Office
Kazimierz Dziewanowski, Polish Ambassador
Jacek Siwicki, Deputy Minister of Privatization
Jerzy Makarczyk, Deputy Foreign Minister

DATE, TIME AND PLACE: September 11, 1991, 2:23 - 3:15 p.m.
Cabinet Room

The President: Let me extend an official welcome to you and your entourage. We started to talk in the Oval Office about the situation in Poland, the Soviet Union and the Baltic states. I told the Prime Minister that we are involved and will stay involved in Poland. We have a sincere and genuine interest in Poland's success. I also asked the Prime Minister to extend my best regards to the President. So, welcome. ~~(C)~~

Prime Minister Bielecki: Thank you for your kind words. Let me start with the unexpected. I have a letter from my President, a very warm letter, inviting you to come to Poland in the next year -- without any precise date, because we know how difficult it is for you to find even a few seconds. It is a very warm letter because the Polish people, including the common people, like you and have very warm regards for you. ~~(C)~~

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The President: I will accept the letter with pleasure and the great hope that I will be able to accept. I don't know how I could have a better visit than my last one. The hospitality was wonderful. I don't know what my travel plans will be, but I appreciate the invitation very much. (U)

Prime Minister Bielecki: Let me mention two levels of possible assistance, cooperation and help of the U.S. First, and most important, is the presence of the U.S. in Poland -- not only investment and capital but also support for the process of Polish reform and the challenge of building democracy and a modern society. Your personal role in this is extremely great. Your commitment and strong support in 1989 became a reality. We are now able to build an independent democratic society. Now the question is how to promote these values to the east. The process started in Poland, then there was Czechoslovakia's Velvet Revolution and the fall of the Berlin Wall. Then revolution came to Bulgaria, Romania, Albania, and so on. Now it has come to the Soviet Union. ~~(C)~~

I must say, for me the Soviet Union doesn't exist. It must be converted to a collection of sovereign states with their own anthems, armies and maybe their own currencies. We may discuss how to promote these values in the east and strengthen democracy and a market philosophy, because this is becoming a significantly great region of some 20 countries, maybe more. Your leadership is very important. These countries also look to the Polish example. I fear some other dangers of chaos and anarchy because of the lack of knowledge of how to go forward and how to combine freedom and responsibility. They are undertaking something new, and the role of Poland could be helpful. ~~(C)~~

This is level number one, where Polish security is also important. When we are members of the family of the democratic community, we will feel secure. We are also developing cooperation with our neighbors, Czechoslovakia and Hungary, as well as with Germany and our eastern partners -- Lithuania, Byelorussia and the Ukraine. When decisions are considered by the G-7 or you, we would like to participate. We have plans about how Poland could help by itself, but also we would like to be included in general approaches provided by the leaders of the world. ~~(C)~~

The President: Are you speaking mainly of food aid, anticipating a bad winter? (U)

Prime Minister Bielecki: We were staggered by figures told us by the leaders of the Ukraine. They are potentially able to supply the whole Soviet Union, but today even the Ukraine suffers. ~~(C)~~

Acting Secretary Eagleburger: Distribution is also a problem. ~~(C)~~

Prime Minister Bielecki: Yes. Natural ties have broken down. I think this winter it will not be a question of great financial

assistance, because they have no program yet, but of humanitarian aid. (C)

Another issue which I have already discussed with the Secretary of the Treasury and Secretary Mosbacher concerns our relations with the international institutions, especially the international financial institutions. We are very advanced in our transition toward a market economy, but we have problems of understanding from them. They, especially the IMF, adopted a set of measures which was needed during our period of stabilization. But now they have no vision of how to go forward. For example, we would like to have certain support for the solving of our housing problem because housing needs long-term help. My question is whether it is possible to get some guarantees. This would be more important than capital. (C)

I hope that after the elections, by the end of October, Poland will be stronger and even more decisive. So these are my two areas of problems or expectations. (C)

The President: How long do you think it will be before the republics could be viable? (C)

Prime Minister Bielecki: As of now they have no program, so we cannot judge. They want to establish everything at once, but, of course, that is impossible. (C)

The President: Maybe, since you mentioned the international financial institutions, I could ask Secretary Brady to say a word about that. (C)

Secretary Brady: I talked yesterday with the Prime Minister not only about the IMF, but about other institutions. We believe he has a legitimate point of view. The IMF especially has no real experience with an economy dedicated to the transition from command to market. This is a new set of problems for them. Mr. President, the Prime Minister said yesterday that he sought to find people for his central bank -- perhaps Poles in the U.S. who could be put on the spot in the central bank. We are trying to help in that regard. (C)

The President: Perhaps Larry Eagleburger could say a few words about our assistance efforts. (U)

Acting Secretary Eagleburger: First, the Prime Minister knows very well what we are doing in Poland. He was on the Enterprise Fund Board until he left to take a bigger job. Our $200 million dollar grant for the stabilization fund remains available to you. You might consider adding it to the Enterprise Fund. We are going forward to Congress with a substantial assistance program for central and eastern Europe. Poland will be the largest recipient for very good reason. Poland does offer important lessons for the Ukraine, for example. Our assistance program runs the gamut. We hope to do more, although we now have three new countries -- Latvia, Lithuania and Estonia. But the President made it very clear to us that whatever is done for the

Soviet Union must not come out of the hide of central and east European assistance. (C)

The President: You mentioned a housing guarantee program. We are working on that and I understand there will be $25 million available for Poland in the first year. We have also been working through OPIC on insurance programs. Have they been making progress? (C)

Prime Minister Bielecki: There is a dangerous gap between the activities of these institutions and the commitments of private businessmen. The problem is how to push private business to Poland. That is why I raised the guarantee program. This is very important in Germany, for example. When Hermes provides a $2 billion DM guarantee, this helps push business in. This is also what Exim Bank did for Boeing in Poland. Businesses look for some guarantee, some protection, because they realize that Poland is at the front line of an unexpected revolution. We didn't close our border as did Havel, but we can't serve as a special zone for millions of refugees. That is why I raised the first issue and why it is so important to us. Otherwise, perhaps 7 to 10 million visitors may come calling and decide to stay, or those who are there already may decide not to go back. (C)

The President: You might tell this group what you were telling me about people selling bottles of vodka for the equivalent of two to three months' salary in the Soviet Union. (C)

Prime Minister Bielecki: We have internal convertibility, thanks to you, so they can buy hard currency at any corner and can sell whatever products they have for hard currency. (C)

The President: What do they have in their pockets when they come? Rubles? (C)

Mr. Makarczyk: Goods, Mr. President. (U)

Prime Minister Bielecki: They have a strong black market supported by the KGB and GRU. Our secret police also needs cooperation with CIA because we suffer from the illegal injection of communist capital via Poland to western Europe. Our secret police are not well trained for that. (C)

The President: We might be able to do more. Let me ask Bob Gates about that. (U)

Mr. Gates: Yes. It is amazing how much cooperation is going on already. (C)

Acting Secretary Eagleburger: Maybe you talked about this in the Oval Office, Mr. President, but there is real concern in eastern Europe about the refugee issue and the security issue. The Prime Minister told me this is a major popular concern. The point I made was that their surest security guarantee is the U.S. presence in Europe and a reformed NATO. (C)

The President: Do you think that is generally agreed by the people of Poland and other countries in the region? ~~(C)~~

Prime Minister Bielecki: There is no doubt. Maybe not in France, but in eastern Europe the support is very strong. ~~(C)~~

The President: We sometimes worry about public pressures in France or Germany. Our intention is to have a strong NATO and not let some other security institution weaken it. We are having a dispute now regarding our bases in the Philippines. We worked out an agreement that was signed by the government. Now their Senate is voting against it. I think they believe they will get the price higher that way, but many people here, perhaps myself, will say that if you don't want us, then we'll go. Europe is different. But the pressures could come. I want you to know that the Adminsitration is committed to staying and to keeping an active NATO and a strong role in European security. We can resist the pressure, but it is very important that we work constructively together. ~~(C)~~

Mr. Makarczyk: It is the firm stand of Poland, shared by Czechoslovakia and Hungary, that the main pillar of our security is NATO and the U.S. presence. Relations with the Soviets are better now. I have been involved in negotiating for troop withdrawals and the new treaty with the Soviet Union. ~~(C)~~

The President: Who are you negotiating with? ~~(C)~~

Mr. Makarczyk: The new ones haven't appeared yet, but I am glad about those who disappeared -- like Kvitsinsky. ~~(C)~~

The President: Let me ask you a question, Mr. Prime Minister, about agriculture and your relations with the EC. Are they getting more difficult? ~~(C)~~

Prime Minister Bielecki: I can answer in one sentence. During the coup, relations were excellent; but after the coup, they returned to normal. The EC has imposed protectionism, especially on agriculture, textiles and steel. Unfortunately, the structure of production in Poland is mainly in those areas. It is a question of some small access to the EC market. We were very close during the coup, but afterwards everyone went on vacation. France, especially, refused better access on agricultural products. Today we heard President Mitterrand changed his mind, that he was always for Poland and will complete negotiations before the end of the month. ~~(C)~~

The President: May I ask you another question? The EBRD -- are any deals working? Is it doing anything? ~~(C)~~

Prime Minister Bielecki: A few times we exchanged views with Secretary Brady about this. The answer is simple. It is an important institution, but it cannot be chaired by a politician. It needs a businessman. Attali is a politician. That is why his first initiative was to lift the ceiling on Soviet lending. ~~(C)~~

The President: Our position, which we brought up at the G-7, is that if you lift the cap for the Soviet Union, what about eastern Europe, which the Bank was set up to help? Do you go to the bank with projects? Do they help? ~~(C)~~

Prime Minister Bielecki: Getting a decision is an exhausting job. We asked in March for an office in Poland but still there is no office. The mistake of heavy institutions is that they look for huge projects, which inevitably take time for study, instead of small ones with good prospects. So the present result is almost zero. That is why the Enterprise Fund is a much better solution. $50 US dollars for venture investment is better than $500 million of the other kind. ~~(C)~~

The President: What about the shipyard? Has Mrs. Johnson pulled out? ~~(C)~~

Prime Minister Bielecki: I know the situation well. Mrs. Johnson asked me to work on her behalf. That was before I became Prime Minister. The problem is that Mrs. Johnson is not good in business. Also, this is the first project in Poland and Solidarity's expectations were too high. They thought the shipyard was of the greatest value. It would have been a very good project and a perfect example of the transformation of Poland, but we couldn't come to agreement. ~~(C)~~

Governor Sununu: What's happening at the shipyard now? (U)

Prime Minister Bielecki: They have a good investment banker who is looking for solutions. Let me add one more thing regarding access to the U.S. market connected with our fishing agreement and access to the Bering Sea. This must be undertaken by the Congress and your office. (U)

Ambassador Simons: Poland allowed the agreement to expire. We are now looking at it. (U)

The President: I am sorry that our time is up. I enjoyed our meeting. I hope you have a good trip to the EDU. I went to its first meeting in London. Good luck. We will try to follow up on these ideas and I appreciate your President's invitation. (U)

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

6830

MEMORANDUM OF CONVERSATION

SUBJECT: Minutes of Meeting with Egyptian Deputy Prime Minister Boutros Ghali (U)

PARTICIPANTS:

The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Richard N. Haass, Special Assistant to the President and Senior Director for Near East and South Asian Affairs

Boutros Ghali, Deputy Prime Minister of Egypt

The meeting began in General Scowcroft's office at 11:35 a.m.

Opening pleasantries.

Deputy Prime Minister Ghali: I want to give you some background on myself, my health, my role in the Mandela release, and on the fund I have set up for Africa. We managed to lend $10 million a year with a very small overhead, something that is not easy given Egypt's bureaucracy. (U)

General Scowcroft: Nothing is easy in the Egyptian bureaucracy. (U)

Deputy Prime Minister Ghali: I also have a letter for the President from President Mubarak. (U)

(At this point the President enters the room - 11:40 a.m.)

Deputy Prime Minister Ghali: I saw Shamir in Paris. Shamir wants to see Mubarak. I explained to him he needs to show something before such a meeting, given Egypt's role in the Arab world. Shamir objected. I told him progress in the peace process would allow normalization and such a meeting. Getting to the peace conference is key. ~~(C)~~

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The President: His response? (U)

Deputy Prime Minister Ghali: Shamir said that he agrees it is important to have a conference. He said I could convey this to Mubarak. All of this happened before your statement on loans. There is good chemistry between us. I think he was frustrated by the comparison with Begin. I reminded Shamir that there was progress in our bilateral relationship at the time we used to meet often. I told him that Egypt wants to help, that we have no personal ambition now, and that we can work the Palestinian problem. ~~(C)~~

The President: What is Mubarak thinking on the Middle East? Is he discouraged? ~~(C)~~

Deputy Prime Minister Ghali: No. We will be able to start. The momentum will allow us to continue the dialogue. It is important to recall that the autonomy talks took two years, yet it was still a mistake to have broken them off. I told Shamir that, and he agreed, saying he's prepared to take the risk of the conference. ~~(C)~~

General Scowcroft: Shamir really wants to meet with Mubarak. ~~(C)~~

Deputy Prime Minister Ghali: Yes. He is humiliated by our press attacks, by the comparison with Begin, by the fact that Shimon Peres has met with Mubarak but he has not. Having the conference will facilitate such meetings. ~~(C)~~

The President: My relationship with Mubarak is "A-1". But why this difference about Libya? What am I missing here? Why does Hosni keep arguing he can bring him along? ~~(C)~~

Deputy Prime Minister Ghali: We're trying to neutralize him for our bilateral purposes. We have our border and tourism to think about. Lots of Libyans come to drink beer in Egypt. The problem is that he is helping the fundamentalists in Sudan, in Egypt and in Tunisia. We're trying to get him to stop. ~~(C)~~

The President: We'll try to keep an open mind, but his support for the Soviet coup makes it impossible. Please tell Mubarak that. Just look who else supported the coup. This is a tough group. ~~(C)~~

Deputy Prime Minister Ghali: There are two schools of thought, and the other is that we're wasting time with him. ~~(C)~~

The President: We've got great confidence and respect for Mubarak. It is one of the relationships I enjoy most. But in our view the down side with Qaddafi dominate -- terrorism, chemicals, etc. (C)

Deputy Prime Minister Ghali: We understand. His efforts to help fundamentalists pose a real danger to Egypt. (C)

The President: Well, we are here to talk if you need to or want to. On another subject, I hope our coalition partners stay tough towards Saddam. This is in Egypt's interest too. I know you do not want a new war, but Saddam cannot brutalize the Kurds or deny helicopter flights -- and we can't think that by easing sanctions it will help. The guy shows no signs of having learned anything. It is important for Mubarak to stay with us on this. (C)

Deputy Prime Minister Ghali: Public opinion in Egypt is increasingly anti-Saddam and it would be difficult for us to change. Some two million Egyptians lost jobs and money. (C)

The President: I understand that you oppose any new use of force. (C)

Deputy Prime Minister Ghali: Not so much. We would have to explain it to public opinion. The only question for many Egyptians is why we didn't finish him off. (C)

The President: That is a good question. We need to answer it. On the UN, we've got great respect for you. We are flexible at this juncture. We're just beginning to take a look at the question of the next Secretary General. I don't know where we will come out. (The President then read the letter from Mubarak). I am glad to have this. You've got your President strongly committed to you and this President has noted that. We could not dictate to the UN even if we wanted to, and if we push too hard, China or France could resist. But we will give it serious thought. (C)

(The President departed the meeting at 12:00)

Deputy Prime Minister Ghali: I have the support of France and China. (C)

General Scowcroft: That's interesting. China is worried about the U.S. throwing its weight around. (C)

Deputy Prime Minister Ghali: China is not yet ready to declare its position publicly. The Soviets too are supportive, in part because I helped bring about Egyptian-Soviet rapprochement. Primakov reiterated this to me after the coup. He said the key would be US support. I met with [UK Foreign Secretary] Hurd. He asked me about democracy in Africa and whether the UN should intervene. I told him I thought that this was a problem best handled by NGO's, by education and communication, and that I favored an indirect approach not involving governments. If governments get involved, there is the risk that the result would be artificial multi-party systems. They need more education first. Hurd told me the UK is not ready to take a stance on the Secretary General matter. The non-permanent members of the Security Council are in favor. This includes India, even though it is not yet ready to go public. The Latin Americans would support me if deCuellar does not present himself. I've avoided getting Arab League support so as not to provoke Israel. I am representing myself as the candidate of Africa, not the Arabs. I reminded the Israelis that I was the only minister to accompany Sadat to Jerusalem. I am told by my Israeli friends that they will not oppose me. The Europeans also favor me. ~~(C)~~

General Scowcroft: Is there any chance the Africans will come together behind one candidate? ~~(C)~~

Deputy Prime Minister Ghali: No. They have a short list of six candidates and only ask that one of the six be chosen. ~~(C)~~

General Scowcroft: We are trying to act quietly. It would be dangerous for us to assume a high profile. Obviously, we are very sympathetic but we will have to see. ~~(C)~~

Deputy Prime Minister Ghali: It is important to have a Third World candidate. Many in the Third World fear that East-West reconciliation will come at the expense of the North-South dialogue and marginalize the third world. This would help. ~~(C)~~

General Scowcroft: I hope you know the esteem in which we hold you and your boss. We will take this seriously. ~~(C)~~

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President dos Santos of Angola

PARTICIPANTS:
The President
The Vice President
Lawrence Eagleburger, Acting Secretary of State
John Sununu, Chief of Stuff
Herman J. Cohen, Assistant Secretary of State for African Affairs
Thomas E. McNamara, Special Assistant to the President for National Security Affairs and Senior Director for African Affairs
Walter Kansteiner, NSC Director for African Affairs, (notetaker)

Jose Eduardo dos Santos, President
Colonel Jose Maria, Secretary for Defense and Security Affairs

DATE, TIME AND PLACE: September 16, 1991, 11:00 - 11:25 a.m. EST
The Oval Office

The President: I want to welcome you and tell you of our interest in seeing a successful conclusion to the peace accords. (U)

The Vice President is just back from visiting with Dr. Savimbi, and he's committed to the peace arrangements. We hope both sides will move the peace process forward. (U)

President dos Santos: Thank you for your welcome. I also want to thank you for the important role you have played in the peace process. The various letters you sent were helpful in getting us to an agreement. We are determined to bring the process to completion. ~~(C)~~

The President: Is the assembling of troops on schedule? ~~(C)~~

President dos Santos: Things are now going well. There were a few delays initially; they were infrastructure problems like providing housing and water and food to the camps. This was not in our budget, but now we are making a real effort. We are now providing temporary structures for troops. ~~(C)~~

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I would like to give you a copy of the schedule leading to elections. This is a proposal we have given UNITA at the JPMC, but unfortunately it was given to them the same day they withdrew from the JPMC. (C)

The President: Will this answer their questions about elections? Closer to September is the best. (U)

President dos Santos: This is just a proposal -- the details could be worked out later. The proposal includes consultations with the other political forces; we need to discuss with all the parties the election's schedule. (C)

We would like to have the election process finalized in December. And then start a census in January. The census will be six months or so. (C)

The President: The election date is to fall between September and November, right? (U)

President dos Santos: The date is September-November. The actual date must be determined by consultations with all the parties. (U)

I want to assure you we are intent on seeing the process through. Our three primary goals include: 1) implementing the peace accord., 2) democratization and formulate a multi-party structure and 3) economic reform -- move toward a free-market system. (C)

The President: Okay. We are delighted with free elections. We just want it to go forward on schedule, with no snags. Such elections are the basis of the U.S. system, and we want them to succeed. We can consult on how to help them be a success. (U)

Is the housing situation worked out for UNITA troops? (C)

President dos Santos: Yes, government forces are now in assembly points, despite the earlier difficulties that both UNITA and government faced -- logistical problems. These are areas that the U.S. and others could be very helpful. (C)

Another task is free distribution and circulation of goods throughout the country. When UNITA comes back to JPMC it will be easier to iron out these problems. (C)

Assistant Secretary Cohen: We now have the UN helping to move food in the country. Our Defense Department has given the O.K. to ship rations -- they will be arriving early October. (C)

The President: Is the man in the street in Luanda excited about democracy? (U)

President dos Santos: People are for it, and peace is bliss. We now have 30 political parties. (U)

There's another subject I would like to raise: U.S.-Angolan relations. As you know, we have great deal of trade between our countries. Oil companies have offices there, and you have a "liaison office." We would like better means of contact with you in Washington. ~~(C)~~

The President: Well we should discuss that. We will look into possibilities. What is important is to stay on the path to elections and after elections we'll have full diplomatic relations. ~~(C)~~

Do you go straight back or are you going up to New York. (U)

President dos Santos: We will go straight back. (U)

The President: And thank you for bringing your lovely daughter. (U)

-- End of Conversation --

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

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September 23, 1991

SIGNED

ACTION

MEMORANDUM FOR WILLIAM F. SITTMANN

FROM: DAVID C. GOMPERT

SUBJECT: Memoranda of Conversations of the President with Chancellor Helmut Kohl of Germany on September 16, 1991

Attached at Tab A and B are Memoranda of Conversations between the President and Chancellor Helmut Kohl of Germany on September 16, 1991.

RECOMMENDATIONS

That the attached Memoranda of Conversations be filed for the record.

Approve _____ Disapprove _____

That you sign the memorandum to State at Tab I.

Approve _____ Disapprove _____

Attachments
Tab I Memorandum to State
Tab A Expanded Memorandum of Conversation
Tab B One on One Memorandum of Conversation

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White House Guidelines
E.O. 12958, SEC 3.4 (B) September 11, 2006
By Cap NARA, Date 01/28/09

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Declassify on: OADR

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Expanded Meeting with Helmut Kohl, Chancellor of Germany

PARTICIPANTS:
The President
The Vice President
Lawrence Eagleburger, Acting Secretary of State
Nicholas F. Brady, Secretary of the Treasury
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Kimmitt, Ambassador to Germany
David C. Gompert, Senior Director for European and Soviet Affairs (Notetaker)
Richard Kauzlarich, Acting Assistant Secretary of State of European and Canadian Affairs
Gisela Marcuse, Interpreter

Helmut Kohl, Chancellor
Peter Hartmann, Security Adviser to the Chancellor
Walter Neuer, Head of the Chancellor's Office
Angela Merkel, Minister for Women and Youth Affairs
Dieter Vogel, State Secretary and Government Spokesman
Juergen Ruhfus, Ambassador to the U.S.

DATE, TIME AND PLACE: September 16, 1991, 1:30 p.m. - 2:30 p.m. Residence/Cabinet Room

The President: German-American contacts are particularly important at this time. German-American relations are going very well and I always benefit from the Chancellor's views. I would like to give you the floor, Helmut. You can take it from there. (S)

Chancellor Kohl: First, with regard to the situation in Germany, the California trip we took was important. I've never seen this face of America. We are setting up a German-American academy of sciences. This will be a platform for our two societies to work together in science and cultural exchanges which are important. California was a pleasant surprise. There is a strong interest there in Germany. I got the impression in California that people were happy to see a European face because of the preoccupation

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with Japan there. Next year we might do something about this, George. My second point is that I completely support you on the Middle East peace process. No American president in U.S. history has done more for the Jewish community than George Bush. The peace process requires you to stick with your course. If the process breaks down fundamentalism and war will follow. Israel is asking for German financial support. We have said no if it will be used for settlements in the occupied territories. We need to coordinate our responses. The EC agrees that the U.S. peace initiative should be supported. ~~(S)~~

The President: We also discussed the Uruguay Round during our private conversation. ~~(S)~~

Chancellor Kohl: Yes. Of course we are in agreement on the objective. We want success for three reasons. First, the Common Agricultural Policy has to be changed in any case. We can't keep funding these export subsidies. Second, Germany depends on exports. Third, the LDCs are badly in need of an improved trading system. So, I will do my utmost to help produce a success in the GATT. I would like to point out that I will have to talk to one of my friends. I am not pessimistic. Of course, textiles and other issues have to be addressed as well. In the EC, people are becoming more aware of the need for progress. But there is a suspicion that the Japanese are forthcoming in their public statements but really torpedoing the talks. ~~(S)~~

On Germany, we had serious problems with the five new laender at first. Now not even one year since their accession, the economic situation has improved. But for many individuals, its still a hard time. In some villages over 50% are unemployed. The old structure of enterprises cannot survive. In three to five years, we will have made it. It just so happens that that will be an election year in Germany. We are finding that the East Germans state security system had its tenacles in everything and poisoned everything it touched. We will soon see the same thing in the Soviet Union, but the KGB had 70 years to work on it. Economically, I'm happy about this situation in Germany. GNP has increased by 3%. But we have had to undertake radical budget cuts. We cannot continue to borrow the way we have. I will repeat what I said before. Deutschemark stability is crucial. It is also crucial for European union. We have to move toward greater austerity. ~~(S)~~

With regard to the Soviet Union, we should be careful not to leap to conclusions. There is something very strange about the current situation. One week everyone is chanting "Gorby, Gorby" and the next everyone is chanting "Boris, Boris." I am telling people that we need both of them. When the winter comes people will ask Yeltsin what he has been doing. If Gorbachev lasts the next 4-8 weeks his position will become stabilized. I was very happy to see that the White House and Secretary Baker are saying that we favor federation, not fragmentation. Some in Congress want to support individual republics. We can only support and do business with individual republics in the context of supporting

the center. Also, successful arms control requires an effective center. (S)

As for Western aid, I think it is significant that this week the State Council will be debating the structure. This has to be done otherwise there can be no aid. Economic Union is a prerequisite for aid. Food aid is a priority. But the Soviet debt also has to be addressed. The IMF is coming up with the figures. Germany will keep paying because of the Soviet troop withdrawals. The next installment is due soon. We need to have some burden-sharing. Germany has paid 60 billion deutsche marks to USSR and Central and Eastern Europe. We are now at the limit; we can't continue on that scale. Japan will have to help. For years, we have all done more than Japan. I believe that the Kurile issue could be solved if the Japanese were more forthcoming. (S)

With regard to food aid, we should not fight between the U.S. and the EC leadership. And we should not forget Poland, Hungary, and Czechoslovakia. Polish elections are important. The situation there could become unstable. Prime Minister Bielicki is good, and we should want him to be re-elected. Of all the leaders in Central and Eastern Europe, he is the best on economics. If the Soviet Union deteriorates further, we could have massive exodus of people to the West. (S)

The President: We are putting together a humanitarian food and medicine package for the winter. I don't think it will be politically controversial. With regard to Baker's visit, we sense strong cooperation between Gorbachev and Yeltsin. We share your view that fragmentation is not the answer. The Baltics were a special case. Baker was satisfied that Gorbachev and Yeltsin agreed on the need for singular nuclear control and also a single currency. Baker says that they are willing to work through the IMF and World Bank. They have moved on Cuba and they have moved on Afghanistan. The Northern Islands could be tougher but as these political conditions and center republic relations are clarified, we are ready to help. There will be a divided view in the United States on this. There will be some resistance to providing aid to the Soviet Union. But we will do our part, and we will work with the Japanese. I agree with you completely on Central and Eastern Europe and about the Polish Prime Minister in particular. He wants to be involved in helping the Soviet Union. The best thing we can do for Central and Eastern Europe is to open our markets. (S)

Chancellor Kohl: There is a tough discussion in the EC on the association agreements for the East Europeans. The German position is absolutely clear. We must help these countries now or it will cost us far more in the future. (S)

Yakovlev visited me. He's one of the smartest of the Soviet leaders. He played a very important role along with Yeltsin during the coup. Yakovlev said that we need both Gorbachev and Yeltsin and worried that people in the West may be misjudging this. He says food aid needs to be rapid and well-coordinated.

I understand how the American people feel about the Soviet Union. But if we don't help now, it will cost us more later. I agree that we need to focus on concrete projects. ~~(S)~~

The President: Yakovlev, Shevardnadze, and Gorbachev agreed with my Kiev speech which emphasized that we can support in self-determination but not anarchy. ~~(S)~~

I would like to hear your views on Yugoslavia. ~~(S)~~

Chancellor Kohl: The problem we are faced with is different to us than it is to you. We have 700,000 Croats in Germany. We have excellent relations with Yugoslavia. The situation is horrible but at least there is one positive aspect. If they were occurring in 1975 we could have World War III on our hands. Now it is a localized conflict. But neither you or I can offer a solution. The problem is not just Slovenia, that's really no problem. The Serbs will let them go. But Croats and the small enclaves, Kosovo. Albania wants the Kosovo. Where do we start. We start European differences are significant due to domestic politics. Felipe Gonzales, who is a true democratic, is very worried about the Basques. European history of a thousand years is about to resurface. If there is a major battle, public opinion in Europe will be unambiguous. Mitterrand hesitated but now he is clear. ~~(S)~~

The President: We are worried about triggering a civil war through recognition. ~~(S)~~

Deputy Secretary Eagleburger: Milosevic doesn't care about Yugoslavia. He will let Slovenia and part of Croatia go because what he wants is greater Serbia. I don't see how a civil war can be avoided in Bosnia-Dercegovina, Kosovo, and Macedonia. There are no heroes. Everyone is at least partly guilty. The Slovenes for leaving in the first place; Tudjman for not doing more about the Serbs in Croatia; and Milosevic most of all. I don't see a solution. ~~(S)~~

Chancellor Kohl: We have put pressure on Tudjman to look after the Serbs in Croatia. He took too long to realize this. But now the mood in Germany is shifting because of daily television scenes of violence against the Croats and of course there is a strong religious angle. ~~(S)~~

Deputy Secretary Eagleburger: We need to get the message out that Bulgaria, Hungary, Albania, and the Greeks need to show restraint. ~~(S)~~

Chancellor Kohl: If there is no dialogue and a war begins to rage, recognition of sovereignty will become a necessary consequence. ~~(S)~~

End of Conversation

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Helmut Kohl, Chancellor of Germany

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Gisela Marcuse, Interpreter

Helmut Kohl, Chancellor
Mrs. Kohl
Peter Hartmann, Security Advisor to the Chancellor

DATE, TIME AND PLACE: September 16, 1991, 12:00-1:30pm
Oval Office

Chancellor Kohl: We need to make good use of our time. We've had good talks here with academic people between the MIT group and California. I think the idea of a U.S.-Germany Academy of Sciences is excellent. Maybe we could inaugurate this next year. It is good to see this level of interest. I went to Berkeley because there are three centers of excellence in the United States: Harvard, Georgetown and Berkeley. We found both graduate and post-graduate students making good progress. Unification has led to an increase in the importance of German language in U.S. universities. I will note all of this in a letter to you. For now I just want to underscore how good it would be for both of us to pursue this kind of cooperation and exchange. It would be particularly good if we could do it in 1992. About 25% of the American people have German ties. (U)

The President: Please send me the material. (U)

Chancellor Kohl: Even when there is an EC political community, we will be Germans and there will be 80 million of us. I was surprised that so many people in California were interested in Europe. There is a bit of anti-Japanese sentiment there as well. ~~(S)~~

The President: Is there anti-Japanese sentiment in Germany? ~~(S)~~

Chancellor Kohl: Not so much, but in Europe generally there is. The Japanese are more difficult for Europeans to understand than for Americans to understand. ~~(S)~~

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The President: We have the Pearl Harbor anniversary coming up. I have to manage that so as not to make the problem worse. Anyway, I will come back to you on this. On another matter which General Scowcroft and Hartmann can discuss, I have been working on Mitterrand for months explaining how within European political union we can retain NATO. The calendar for that will start in the coming year. We agreed in 1986 that Europe would have a genuine common market. This will happen at the end of 1992. There is also the security aspect. It is complicated right now without the French. German unity was a blow to France. Now that nuclear weapons are no longer so important, and economic power is more important. Recently at a Franco-German meeting, we talked to Cresson and Mitterrand. They feel that Germany will have problems for two or three years but that we will be much stronger after that. But the people-to-people relations are fine between Germany and France. ~~(S)~~

The President: Is Cresson pro German? ~~(S)~~

Chancellor Kohl: She is not friendly. Mitterrand has a good attitude toward me. We are friends. Currently, the French are trying to get closer to NATO through the WEU. We should try to inch them along. I told Francois we should think hard about this. When we have gone a bit further we should have a trilateral meeting. ~~(S)~~

The President: Could we do this without raising problems with others? ~~(S)~~

The Chancellor Kohl: We would have to be careful, but I am hoping to give Mitterrand the credit. ~~(S)~~

The President: What would be the outcome of such a meeting? ~~(S)~~

Chancellor Kohl: The permanent representatives would be simultaneously WEU and NATO, thus, allowing France de facto to come back into the alliance. The General and Peter Hartmann can perhaps discuss it. We can tell Baker but it should not go further than that until we have it worked out. ~~(S)~~

The President: Let's have Brent and Peter work on it. ~~(S)~~

Chancellor Kohl: There is a good chance here to have European political integration help NATO. Many in Washington worry about political union. That is wrong. If it is worked out right, it can benefit the United States. It will happen in your term of office. I want it to be helpful to you. There is nothing in it for me personally. If we have this close link with you, it will be easier for us and also for the British. Thatcher is making things very tough for John Major. She was on holiday in Austria and told Vranitzky that Austria shouldn't join the EC. ~~(S)~~

Mitterrand is looking for a way out of his situation. We spoke for a few hours just like this. Afterwards, Mitterrand said to his staff that it was the best meeting we had ever had. He has a difficult internal problem. I must work on him on the GATT. ~~(S)~~

Chancellor Kohl: If you can make headway on that -- we just must not fail. Even without the GATT we have to change the CAP. The situation is absurd and I have problems with our partners. We seem to have money only for the farmers. We have made genetic progress also. Tremendous progress yields one-third more now. This is not good for nature. The third reason to change is the Third World. They can't buy our machines if they can't sell us products. (S)

The President: Does Mitterrand think that the U.S. will leave Europe? (S)

Chancellor Kohl: Yes. (S)

The President: What do I have to do on GATT? (S)

Chancellor Kohl: I will call you in two to three weeks. I want to go through the agenda with DeLors, then I will call. (S)

Let me raise Israel. You must not give way. I think you have most Americans and all Europeans with you. The next war is on the horizon. It will be a long one. Fundamentalism is on the rise. In Turkey, they are worried too. There will be no compromise on my part. If we gave into Sharon, he would end up driving their policies and the peace process would come to an end. I have alot of stake with the domestic policy as well. (S)

Chancellor Kohl: I am totally un-antiSemitic. As a German I must restrain myself but there is no way to repair the pain from the past with money. We have tried insofar as money is concerned. Adenauer paid 100 billion deutsche marks. In the second half of 1989 Jewish organizations urged the GDR not to unify with the FRG. In December of 1989 representatives of the Jewish World Congress, including Mr. Bronfman, were in East Berlin and told the East Germans that the Jewish World Congress was against unification. (S)

The President: They've asked you for 10 billion - 5 in grants and 5 in loans? (S)

Chancellor Kohl: Yes. We will wait to see how you do. I fear restraint won't prevail on the Jewish side. The Israelis will emigrate, and they will vote for Sharon or Shamir. In 2-3 years things will be tougher in Israel. I will support you anyway I can; also in the EC. (S)

The President: Maybe we can get the sides talking. But not if we give in now. We won't do it. (S)

Chancellor Kohl: If there is no peace, Mubarak and Hussein will be in big trouble. Whoever comes after them will be much more difficult for Israel to deal with. (S)

The President: Hussein has behaved badly but he has big problems. (S)

Is Mitterrand well? (S)

Chancellor Kohl: It changes. His problems are more psychological right now. He has a strong position constitutionally, but the world is changing around him. All of us want to join the EC but France is very restrained about that. He also wants to be able to pick his successor but this won't happen. He can't prevent Rocard from succeeding him. (S)

The President: Who does Mitterrand want? (S)

Chancellor Kohl: Fabius. (S)

The President: Let me ask about SPD politics now: the attitude in that party about NATO, about the U.S. and security, etc. (S)

Chancellor Kohl: Right now, there is no SPD view, but rather a multiplicity. Some day they will have a majority. In the 1970s the socialists everywhere drifted sharply to the left and Schmidt did nothing to stop it. (S)

The President: Baker just called to say that he had a three hour meeting in Israel half of which was one on one with Shamir. They have proposed a compromise but there is no deal. They argued that they were blindsided. Baker set them straight. He said that they still can get full benefits from sitting down with their adversaries. (S)

Chancellor Kohl: History doesn't repeat itself. But the Weimar experience is instructive. Jews didn't understand that they should support a moderate. (S)

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Baltic Presidents (U)

PARTICIPANTS: The President
The Vice President
Lawrence Eagleburger, Acting Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Mary Ryan, Deputy Assistant Secretary of State for European and Canadian Affairs
Nicholas Burns, Director for Soviet Affairs, NSC Staff (Notetaker)

Arnold Ruutel, President of Estonia
Anatoliy Gorbunovs, President of Latvia
Vytautas Landsbergis, President of Lithuania
Lennart Meri, Minister of Foreign Affairs, Estonia
Janis Jurkans, Minister of Foreign Affairs, Latvia
Algirdas Saudargas, Minister of Foreign Affairs, Lithuania
Rein Kivi, Assistant to the President of Estonia, Interpreter
Stasys Lozoraitis, Charge d'Affaires of Lithuania in Washington (Interpreter)
Karina Petersson, Interpreter for President of Latvia

DATE, TIME AND PLACE: September 17, 1991, 10:00 - 10:45am
Oval Office, Rose Garden and Cabinet Room

The President: Let me open this meeting by simply saying welcome in the spirit of joy that events are moving so fast and that you will be members of the United Nations. We are very pleased. I apologize in advance for our crowded schedule today. We have the President of Peru here on an official visit and I must see the Secretary of Defense. The schedule is cluttered. (U)

But the main point is we welcome three democratic leaders of the Baltic countries to the White House. This is an important meeting for us as I hope it is for you. I just spoke to Secretary Baker. He has just left Israel for Egypt. He asked that I thank you for him for the hospitality he received during his trip to the Baltics. We viewed this as a significant visit. (U)

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I want now to turn the program over to you with my congratulations. On behalf of the American people, let me say that we want to work closely with you. All of you have a big job ahead and problems with the Soviets. It will be one of our priorities to try to be of assistance. We are glad you are here. (U)

President Ruutel: I am sitting here in the middle of the table and so will speak first. Mr. President, for myself and the Estonian people, we are gratified by U.S. support for our independence which we believe is irreversible. I was in the U.S. not long ago and met with many political leaders. I felt here a strong sympathy from everyone. As your time is limited and the joyful event at the United Nations awaits, let me just give you a few ideas. (U)

I hope the U.S. can support us in solving our many problems. The deployment of the Soviet army in Estonia and the other Baltic states is important and should be part of your agenda with the Soviets. We understand that everyone must demonstrate responsibility on this problem which affects security in Europe and the whole world. But it seems to us that the time for solving this problem has come. We have no doubt that the resolution of this problem will help to build a Common European Home. We, of course, are also very much interested and involved in the acute problem of economic development. We need to fill the gap between us and other European countries produced by the last fifty years. I won't go into details since we have discussed this before, but perhaps we could present some thoughts to you later. ~~(C)~~

The President: Excuse me, but I have one question. In helping you to solve the problem of the Soviet army, do you mean we should do so in our regular meetings with the Soviets or in another forum? ~~(C)~~

President Ruutel: Yes, I meant in your normal dealings in the course of arms reductions talks. But the Balts should be an entirely separate question in the arms negotiations. As the USSR plans to reduce overall troop levels, it would be logical to do it with the Baltics first. I am quite sure that it would not pose a danger to the USSR if we were neutral. ~~(C)~~

The President: Thank you for that clarification. (U)

President Landsbergis: Allow me to express my joy and gratitude for the political protection you gave us in establishing diplomatic relations and in sponsoring us for the UN. I also want to note that our security will not be complete until the Soviet army leaves. We want their troop removal to begin this year. They came as an army of occupation in 1940 and should go out this year, or at least begin to leave. It is very important that the army leave from our occupied countries. We are not formerly communist allies of the USSR like Poland and Czechoslovakia. We are occupied and are in much worse condition than them. The situation is very clear. We do not want any

agreements that would provide a legal basis for the Soviet troops to stay. They are there illegally and we do not want to legalize their continued stay. I am asking for the political and legal support of the U.S. The U.S. should raise this with the Soviets and perhaps tie it to aid and credits. ~~(C)~~

The President: This is very clear and I understand the request. We want to help. That is why I asked how we could do so -- in the UN or bilaterally. Their major argument in staying is housing. Did they raise this with you since you achieved your independence? ~~(C)~~

President Ruutel: Yes, the Soviets have asked us to pay for housing and want us to provide it for officers. ~~(C)~~

The President: Dick Cheney has just come in and will be interested in this. His job has changed, given the tremendous changes in the USSR. We in the U.S. have a disproportionate responsibility in the world to safeguard peace and freedom. We are fighting to keep a strong defense for the U.S. which we think is in the best interest of world peace. Dick and I have talked a good deal about this. ~~(C)~~

President Gorbunovs: Mr. President, I have nothing substantial to add to what my colleagues from Lithuania and Estonia have said. It is with great gratitude that the Latvians remember how the U.S. supported us for fifty years during the illegal Soviet occupation. This sense of gratitude was elevated when we learned that the U.S. would recognize the Baltic states and re-establish diplomatic relations. Mr. President, I was personally gratified that you called me and the others leaders to announce this. We are also gratified by Secretary Baker's visit and for your support for our economic development and our participation in international organizations. We were very satisfied to learn that the gold you kept in safe vaults for us would be available to us. We face many problems. We intend to build a free market but it will be very difficult to accomplish. We hope the U.S. will support us in this. But our main concern is the presence of the USSR armed forces. They are a major destabilizing factor. There should not be a legal status for these troops. They must be removed. ~~(C)~~

The President: Well, let me make some comments. I hope you all understand that since we have come to office we have made it clear to Gorbachev that the best thing he could do would be to free the Baltics. Gorbachev felt he was unable to do this at the beginning. We put that to him as the number one thing at Camp David and Helsinki and other meetings. As Ambassador Lozoraitis knows, there is a strong domestic feeling and our sense of fair play was also a factor. We wanted the Soviets to leave. We rejoice in the fact that circumstances have led them to do so. I hear what you are saying on the military and we will try to find ways to help. You have a very strong legal case as free countries and should not have troops on your soil. The moral case is also clear. Let us see how we can be helpful. The Vice

President, Acting Secretary Eagleburger and Dick Cheney will all be dealing with this issue. We will be alert to ways to be helpful. Of course, there will need to be negotiations between the parties concerned. (C)

We outlined six measures that we will take to support you. We have supported you for UN and CSCE membership and will also support you for other international organizations. You know about our intention to return the gold and other assets. We want to normalize our bilateral economic relations with MFN, GSP, OPIC -- that is very important, OPIC, in insuring investments abroad. Larry Eagleburger can fill you in on the details. It is a very active program abroad. We also want to help you integrate into the world economy, to help you prepare for membership in the IMF and World Bank. We support your immediate membership in the European Bank for Reconstruction and Development. We have also decided to start a small assistance program and will do what we can to help you. Finally, we would like to send Peace Corps volunteers to your countries and I understand some of you have responded favorably to that. We would urge your rapid movement to free markets while recognizing the difficulty that your economies are interlocked with the Soviet economy in energy and production. To the degree that we have expertise, we want to help. (C)

I applaud your determination to have a peaceful transition. I would only caution you or just say that adherence to CSCE principles -- the rule of law and respect for minority rights are important. I don't want to lecture here because we have our own stormy history on this. But we are committed and think you should be to human rights. We are excited by all this. It is a hopeful time and I wish we weren't laboring under a trillion dollar debt. People ask why we don't launch a Marshall Plan. Well, our hands are tied to some degree. But our economy is getting better after our long recession. Everyone's trade is somewhat dependent on our economy. (C)

I want to leave you with a hopeful message. We have great enthusiasm for Baltic independence. There is a movement in our country that I need to fight a little that says we are doing enough overseas. But we will not withdraw from our responsibilities to our friends, friends like you, to firm up these changes that are occurring. We won't give up on the Middle East peace process or on Latin American debt. But I do want you to know that we are not as flush or as able to do as much as we would like. But we will work with you. I think it is good you are here to tell the American people about the work that needs to be done, that you need help. If the Baltic leaders can make this case, you will have our support and gratitude. It will help with this quasi-isolationist attitude that springs up in the U.S. from time to time. We haven't done enough and we want to do more. (C)

Again, a thousand apologies for the time problem. I am delighted you are free. Larry, do you have anything to add? (U)

Acting Secretary Eagleburger: I would only add with regard to the assistance program that we have learned from Eastern Europe that it is much easier to deal with your needs if there is one place in your government we can go with contacts. I would urge you to name one person. (U)

The President: When will you formally be admitted into the UN? (U)

President Landsbergis: Today. (U)

Foreign Minister Meri: At 3:00 p.m. (U)

The President: What will you have to do? Make speeches? (U)

President Ruutel: We will have to make brief remarks. (U)

The President: I say this with some degree of facetiousness, having served at the UN. There is no such thing at the UN as a short speech. I recommend you leave at some point because it goes on and on. But seriously, the UN is in an interesting time. It is much more helpful on peacekeeping. We still fall short on some issues like Cyprus and Middle East peace. But it is an exciting time and this Secretary General has been superb. (U)

President Landsbergis: Mr. President, I would like you to know that we would like Mr. Lozoraitis to be our Ambassador to the U.S. (U)

The President: I am delighted. We know Mr. Lozoraitis well and have respect for him. I mean that. Congratulations. (U)

President Landsbergis: Does this mean we have agrement? (U)

The President: Yes. Of course. It does mean there is agrement. And now we won't have to shuffle all those papers. I think it is great and congratulate you, Ambassador Lozoraitis. (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Alberto Fujimori, President of Peru (U)

PARTICIPANTS:
The President
The Vice President
Lawrence Eagleburger, Acting Secretary of State
John E. Robson, Acting Secretary of the Treasury
William P. Barr, Acting Attorney General
John H. Sununu, Chief of Staff
Robert Martinez, Director of National Drug Control Policy
Brent Scowcroft, Assistant to the President for National Security Affairs
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
Anthony C. E. Quainton, U.S. Ambassador to Peru
Thomas E. McNamara, Senior Director for International Programs, NSC Staff
William T. Pryce, Senior Director for Latin American and Caribbean Affairs, NSC Staff (Notetaker)
Stephanie van Reigersberg, Interpreter

Alberto Kenyo Fujimori, President of Peru
Carlos Torres y Torres Lara, President of the Council of Ministers and Minister of Foreign Affairs
Augusto Antonioli Vasquez, Minister of Justice
Cesar Fernandez Arce, President of the Supreme Court
Pedro Mendez Jurado, Attorney General
Arnaldo Velarde, Commanding Officer, Peruvian Air Force
Roberto MacLean, Ambassador to the United States
Hernando de Soto, Advisor to the President of Peru

DATE, TIME AND PLACE: September 17, 1991, 11:40am - 12:10pm DST
Cabinet Room

The President: I want to express my apologies to the Peruvian members of the delegation and to my own delegation for having

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taken so long to get here. First, we had the family in the Oval Office and then we got into a very interesting discussion of an anti-narcotic idea put forth by the President and I kept asking questions and getting very good answers. ~~(S)~~

What I would like to do here is to turn the meeting over to you, Mr. President. You can ask any questions that you like or make any statements that you would like to make on any subject you like. Then we will be going to lunch (perhaps a bit late) and then we have departure statements. (U)

The last thing that I want to say is how much I looked forward to your visit and to welcoming you to the White House and how much the American people admire you and what you are doing. You have captured their imagination. I hope you feel you are among friends, because you are. (U)

President Fujimori: I would like to let you know that we are involved in an economic reform program which is a very difficult one. Needless to say that we are very happy that we have the valuable help of the United States. We appreciate your co-leadership of the group to free our debt. In that connection, the debt that we inherited is a very heavy burden on our economy. We would like to discuss perhaps the refinancing or the forgiving of the concessional part of our debt (to the U.S.). ~~(S)~~

The President: Well, we can discuss that question. Perhaps Acting Secretary Robson could begin that discussion. (U)

Acting Secretary Robson: The IFI's, with our help, have been making progress in straightening out international arrears of $2.2 billion. We have now put together a group to get rid of the arrears. This has been a very innovative program made possible by the economic progress made by Peru and by the actions of our government and the Japanese. Today, Peru's official debt is being discussed by the Paris Club. We are discussing very generous terms to give them the best opportunity to get on their feet. I got a report this morning -- things seem to be going well. I think that we need to get this in place before going to the next stage which will include commercial debt. Progress mad has been very, very good. We hope this will encourage the private banks. President Fujimori's program has been excellent and we are astonished he has gone as far as he has in one year. We could not have imagined this progress one year ago. ~~(S)~~

President Fujimori: We want to tell you of a figure. We have arrears of $4.8 billion. When you consider the problem we inherited -- poverty, terrorism, corruption -- this is a very heavy burden which, although the Paris Club can help us, we ho you will consider the $4.8 billion of arrearage a year is too a burden. So I would urge you to forgive some part of our official debt. ~~(S)~~

The President: Let us visit more on that question. We want t work on the whole program. You have a good case. We will see what we can do. ~~(S)~~

President Fujimori: In regard to narco-trafficking, let me say here in the presence of all what our approach is. We want to do it in an integrated way, at the highest political level where problems can be dealt with more effectively. We do not think the problem is only a criminal one. If the program has the support of farmers as well as people, it will succeed, and 80% of the people have approved of the program. We are trying to get them to eradicate production of the coca leaf once and for all. This policy is reflected in our common agreement. I think we should concentrate on areas where you can have a market economy. I would ask in this connection that we have your cooperation. We have support in the Congress. As I told you earlier, I have talked to Congressmen -- Mr. Obey, for example. He said I was a good salesman, perhaps because of my Japanese origin. We need to have cooperation in the military field. Part of the aid to the military will be aid for civic action, not a war for territory, but to win over the common people -- that is the way in which we are working and your assistance would be used in this way. ~~(S)~~

The President: Let me add that the approach which President Fujimori has outlined, is based on farmers having the opportunity to export goods to us, and get credit with firm titles to their land. I have the feeling that we need to combine this with total cooperation on law enforcement and interdiction. Governor Martinez is very interested in law enforcement. I would like to suggest that the President and Mr. de Soto talk a little more on this concept. You sell the program to the farmer. We need to know from your able Ambassador or Mr. de Soto what is needed to have people want to free themselves from coca production. This idea has enormous appeal to us. ~~(S)~~

President Fujimori: Yes, I would like to have Mr. de Soto elaborate. (U)

Mr. de Soto: President Fujimori stated his policy on October 26. It is to solve the narcotics problem in Peru, based on a social analysis which involves working to disengage the traffickers from the growers. It is the farmers who grow the coca. The farmers only get about $100 million for the coca and there are 250,000 of them. That means that they are getting about $400 per capita per year in narcotics money. They are exploited by the big traffickers just like the farmers are in Peru; the entrepreneurs are not. And when I talked to the farmers, I found that they would rather grow coffee or rice or cocoa, rather than coca. ~~(S)~~

When they try to grow another crop, they have to get on four registers, one of which is always closed. When they want to grow coffee, they have to get on six registers, two of which are closed. They also have to show that they have grown coffee for the last three years, and they also have to show bank statements. It is like saying you have to be a Yale graduate to get into Yale. ~~(S)~~

We have compiled an accordion list of all the regulations and it is sixteen and a half yards long. We are trying to apply the Enterprise for the Americas Initiative by removing the obstacles.

So, the important part of the analysis is that before shooting the farmer, what President Fujimori has said is why not try both innovation and market economics. (S)

Property rights are a problem. The coca farmer is limited to about two hectares because he doesn't have title to the land. So you can only make money with a high value crop. If you don't have property rights, you don't get production. Two pillars are property rights and free markets. As we discussed, we signed an agreement with the U.S. on May 14, 1991. President Fujimori then decided to have a campaign. He sent out advertisements to coca growers, saying we want you to switch, and here's what we have agreed with the United States, please fill in the form if you want to talk with us. President Fujimori also distributed forms for the people who may not have read the newspaper, the idea behind them is to demonstrate success. (S)

We know where the coca growers are. In the Upper Huallaga Valley, 60% of the coca is growing and in the Valley of Apurimac much is growing. It is easy to determine where this coca is being grown by your satellites and by your planes. This is an easier approach than in the United States where you have 5,000 different ports of entry. We have signed up 57 production committees in the UHV and 117 in the other areas. We have listened to them, and we have a map of information where they are. They say we would rather switch than fight. There are 174 organizations which market in the areas where they would like to switch. If you spend $20 billion you spend one-half of one percent of what they earned. These people are the weak link in the narco chain. People want out. It's a bad neighborhood. There is death, anarchy, and pervasive police and military come in and bother people. (S)

That is where the Shining Path is being successful. Where the people feel they need it to protect property, like the Vietcong in Vietnam. To give them security we need to distinguish between growers and traffickers. If the growers have title, we can supervise and we can hold them accountable. At present, with the coca land, one-third is already cultivated. The idea of President Fujimori is to homestead the part which is not growing. Homestead, give out property titles, start switching, even where coca is now being grown, 60% of coca growers make $70 billion. (S)

President Fujimori ends up with a proposal that is important that police and military are only part of the program, the way they are in Burma, Lebanon, Laos and other points. The last part, he has contacted European emissaries. There are six countries which have $120 billion in needs. They know how to do a crop substitution program. We tell them if you are worried about the environment, if you want to improve it, the only way is to get to the farmers. They have agreed to do this if the U.S. and Peru agree that there is a program which could be followed. (S)

The President: Why don't I make a suggestion. Since this has various policy implications, why doesn't Larry Eagleburger get a

group to come together with you to see how this program works. I thought that many people were involved in the production of narcotics. You can talk together about it and we will also see if we can get together on it. (S)

President Fujimori: I want to say when we have Capitalism working to shut down narcotics production, the other part of the program which I want to mention is development financing and we need to control the agenda for violation of human rights. Perhaps you would like to have clarification of the program. We have the President of the Supreme Court, the Attorney General and the Minister of Defense. All are committed to see that human rights violations disappear. (S)

I think that we have made progress. We have cut human rights violations drastically. Unfortunately, our orders have not always reached lower levels where unfortunately we have high levels of corruption. There are very powerful organizations financing the Sendero Luminoso. Some of our people have been incarcerated for human rights violations. Some have been sentenced. Many cases are not solved but we feel that this problem is being dealt with and will be eliminated eventually. We cannot change the entire situation overnight. I inherited a very dirty war at every level. (S)

That is why we have invited the International Red Cross to come in at every level. They will have free access at the detention centers and will be able to monitor human rights violations. Our agreement has a clause regarding human rights violations. Not long ago I authorized prosecutors to have access to detention centers. This is supported by the armed forces. The President of the Central Command has offered every facility in carrying out human rights protection. My government has offered a criminal code, the first in Latin America, which defines and punishes human rights crimes. We used to have about 30 human rights violations a month, but the number is way down. We had three in July and six in August. These are acts committed by law enforcement wrongly. In this, we fully agree with you, I assure you. (S)

What I want to say is that my government is fully committed to defending human rights. Mr. President, I appreciate the help. (S)

The President: The President and I had an opportunity to talk about this in the Oval Office and the importance of having Congress know what has taken place, including access by the International Red Cross Committee. All of this helps much in dealing with Congress. (S)

I think that foreigners sometimes think that we hide behind Congress on difficult decisions. That is not the case, certainly not here. We want funds to be freed up. We agree with the Congress on human rights, but we want the funds freed up. The more this message can get to Congress, the better we are. Bill (Barr) would you like to add something? (S)

Acting Attorney General Barr: Peru's new programs are very encouraging. No, my people are very interested in having the funds freed up. It is very important to us. We want funds released in part because part of the funds are to be used for administration of justice programs. We are in full agreement that the war on narcotics traffickers cannot be won by interdiction alone. But economic development and social programs can't make progress without a police and military effort. We think that interdiction of aircraft and having radar detection systems are important. There is a need to stop traffickers' control of airports. We need to move against traffickers because this will drive down the price for the coca growers. ~~(S)~~

The President: This may be a good time to break here, and move over to the other side for lunch. We will have plenty of time to continue our discussions because this will be a working lunch. (U)

--- End of Conversation ---

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Luncheon with Alberto Fujimori, President of Peru (U)

PARTICIPANTS:
The President
The Vice President
Lawrence Eagleburger, Acting Secretary of State
John E. Robson, Acting Secretary of the Treasury
William P. Barr, Acting Attorney General
John H. Sununu, Chief of Staff
Robert Martinez, Director of National Drug Control Policy
Brent Scowcroft, Assistant to the President for National Security Affairs
Bernard W. Aronson, Assistant Secretary of State for Inter-American Affairs
Anthony C. E. Quainton, U.S. Ambassador to Peru
Thomas E. McNamara, Senior Director for International Programs, NSC Staff
William T. Pryce, Senior Director for Latin American and Caribbean Affairs, NSC Staff (Notetaker)
Stephanie van Reigersberg, Interpreter

Alberto Kenyo Fujimori, President of Peru
Carlos Torres y Torres Lara, President of the Council of Ministers and Minister of Foreign Affairs
Augusto Antonioli Vasquez, Minister of Justice
Cesar Fernandez Arce, President of the Supreme Court
Pedro Mendez Jurado, Attorney General
Arnaldo Velarde, Commanding Officer, Peruvian Air Force
Roberto MacLean, Ambassador to the United States
Hernando de Soto, Advisor to the President Peru

DATE, TIME AND PLACE: September 17, 1991, 12:15 - 1:15pm DST
Old Family Dining Room

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The President: Well, we need to talk about other agenda items, but let's continue with narcotics. Governor Martinez, would you like to say something? (U)

Governor Martinez: I agree that property rights and title to property are useful and the ability to bring across the market place is a good approach. I think there is no doubt that Mr. de Soto outlined a very interesting plan, so long as there is also interdiction. Law enforcement goes along with economic assistance. ~~(S)~~

General Scowcroft: It seems that there is a question of economics. Have you seen that the alternative crops will be economically viable? Can you get something to grow that will bring in $200 million? ~~(S)~~

President Fujimori: The Upper Huallaga Valley is very, very fertile. It could become the breadbasket of Peru. Now it is more profitable to produce coca. The coca traffickers come right to the coca farmer for his product. When coca prices are low, the farmers could produce other products profitably. But other crops need a system of transportation to get them to market, otherwise the farmer has no outlet. He can sell the coca on his own farm, but can't get other products to market. Under an effective crop substitution plan, we would need to give preferential treatment for the farmers which would allow us to give him an incentive. Let's suppose you give us preferential treatment such as zero customs for a five-year period and as the Europeans have already given us. You should do this. ~~(S)~~

Mr. de Soto: I think an important fact is markets. We have 1800 different surveys of alternative crops which talk about what would be marketable. I had a meeting with Secretary Kemp regarding his project HOPE (Housing Opportunity for People Everywhere). I said what are you giving people? He said we are now taking a different approach. We are not trying to direct people; we are giving them the opportunity to do (regarding housing) what they want to do. We need to trust people, we need to have people know what they want to do and help them do it. We need to find out what the farmers want to market. ~~(S)~~

The President: I have a question. Suppose the farmer marketing today doesn't want to grow coca, he wants to grow something else, like rice, why can't he do that right today? ~~(S)~~

Mr. de Soto: Because there is no profit in small hectares (acreage). He is now limited to two hectares because of the lack of title. If you gave him title to a greater amount of land then the market would open up. And you have to give him the capacity to get the product to market. ~~(S)~~

Acting Secretary Eagleburger: If they shift, what will happen? What kind of reaction will there be from the Cartel, terrorism? ~~(S)~~

Mr. de Soto: We really don't know. The traffickers have trouble in working with the farmers. Fifty percent of them say they don't really want to grow coca. A year ago only three percent were against drugs, but with President Fujimori's program we have explained the problem with drugs, and now 81% of the people would prefer not to be involved with narcotics. (S)

The President: Why would the drug cartels, since they are only paying $100 million for all the coca there, if the farmers decide to grow rice, not simply say hey, we will raise the price? (S)

Mr. de Soto: Anything could happen. We don't know too much, but they can't do that because there are thousands of buyers. In a case where the price in the U.S. goes up we find that it goes down in Peru. What the government has to offer the farmer is much better. Property rights -- when you get title to land this doubles the price of the land, value of land rises. You can also pass it on to your son. The government can bring electricity, roads and respectability -- this is something the traffickers cannot do. (S)

Mr. Pryce: Yes, but is there a market for other products? (S)

The President: If the value of the coca goes up, can you shift? (S)

Mr. de Soto: These are areas where we need to talk. These are things we must ask ourselves. We need to deal with the coca growers, not only in terms of maximum money. President Fujimori has identified 57 and 117 different agriculture committees in two areas. We need to deal with them as representatives of the farmers and see how we meet their needs. (S)

The President: How do you feel about your neighbors? Does your success depend upon the success in Colombia and Bolivia? Are you optimistic? As I heard in Cartagena, we are all in this together. I'm glad you mentioned consumption. We want people to know that we are trying to reduce demand. Is there a problem with non-cooperation from neighbors, or is this going well? (S)

President Fujimori: Progress at Cartagena was good, but there has been an increase in coca cultivation. We are re-analyzing. We need to control production of coca leaves if we control demand. We are attacking the problem in a radical approach. We are going to the very root of the problem, not just the symptoms. If we work in an effective way, we will defeat the narco-traffickers. I think our neighbors are making a great effort, but their problems are different. They are in trafficking, we are mainly in growing. (S)

The President: President Fujimori's doctrine of making farming commercially viable will be different perhaps in other countries; it would not apply in Colombia. (S)

Assistant Secretary Aronson: It would apply more so in Bolivia. (S)

The President: Do you think that President Gaviria's policy of amnesty will work? I hope so. (S)

President Fujimori: The problem for them is that the traffickers are so strong. We don't have strong traffickers, but we are not prepared to bargain, and we do mention the possibility of extradition. (S)

The President: What do you think, Bernie? (U)

Assistant Secretary Aronson: Both economics and security are necessary. The aid money would allow people to build roads which will allow better infrastructure. The President has proposed a special trade preference for the Andean countries. If this passes it will mean that there will be special preference for the Andes for up to ten years. If President Fujimori can talk to Congressional people, this will help very much with this aspect of the Enterprise for the Americas. (S)

President Fujimori: I will continue to talk to Congress. I talked with Congressman Obey and he said I was a good salesman, perhaps that is because I am of Japanese ancestry. (S)

The President: Anything you can do with the Congress will be a very big help. (S)

Acting Secretary Eagleburger: We are leaning heavily on the Hill. (S)

The President: We need to think about Senator Dodd. (S)

Acting Secretary Robson: We will be signing an anti-money laundering agreement, which will help. (S)

President Fujimori: General Velarde, who is here with us, has done very important things in the fight against narcotic traffickers. I think that you might be able to support what he is trying to do with assistance. (S)

Assistant Secretary Aronson: I believe part of the aid we have in mind includes spare parts to refurbish and improve aircraft. There may be a possibility of new aircraft. (S)

General Velarde: The week before last, I came up here and talked with Chief of the Air Force General McPeake. We talked about the problems we have and the idea of an intense campaign against air trafficking. This is the most effective military operation against narcotics trafficking. In the Upper Huallaga Valley we were able to keep planes and aircraft on the ground and to interdict Colombian flights with very little training. We have active anti-drug strategy. We have a request in to Mr. McPeake to supply us with the Bronco OV-10 plane, which will allow us to intercept. We want only little planes. You are a pilot, so you know how UV-10s can fight narcotic traffickers. We need more OV-10 Broncos. (S)

The President: What are you up against. Cessnas, Beechcraft? (S)

General Velarde: Basically two engine Cessnas. When we began we were working with Brazilian Tucans, but we find that we need a faster plane with greater range. Our fight against anti-narcotic traffickers is not an easy one. The Air Force is most effective. We stopped seven Colombian planes without a single person being injured. They were forced down, not shot down. The Air Force has been very helpful in contributing its P-3s to our operation. We would like to get Broncos and also four radar. We try to concentrate in six areas. Our capacity to control is very limited. I don't want to bore you but I do want to say that the first operations we had with AWACS on the first day without any previous training with you, we forced down a Colombian plane. Our A-37s did it and they are not really equipped to do it. (S)

The President: Was the plane carrying drugs, using U.S. pilots or Colombian pilots, were they Soldiers of Fortune? (S)

General Velarde: This gave us an opportunity to cooperate with Ecuador. We cooperated with Ecuador because the plane we forced down landed in Ecuador and was captured there. The pilots were Colombians. (S)

The President: How did you feel your talks with General McPeake went? (S)

General Velarde: It seems that the few Broncos which are available have already been spoken for by other countries. (S)

The President: Let us see what we can do. (S)

Mr. McNamara: The OV-10 has gone to Colombia under a program that was designed to be a cooperative program. The AWACS has been successful in cooperation with the OV-10. We are optimistic that programs will develop over the next year. It is designed to expand regionally in Peru and involve Ecuador. (S)

The President: Where do the AWACS come from? (S)

Mr. McNamara: From SOUTHCOM in Panama, mostly, some from the U.S. (S)

General Velarde: In two months we will use the AWACS and two radar and see if we can make a dent in the traffic by air. We will do a full deployment with your cooperation. (S)

Acting Secretary Eagleburger: General Joulwan has been very supportive of this. (S)

General Velarde: Oh yes, Joulwan has been very enthusiastic on this. One of the problems we have is night operations. (S)

The President: What we are learning is that we need both interdiction and economic progress. ~~(S)~~

President Fujimori: We know that we will not have success with economic programs alone. (S)

The President: Who would have thought when you came in that there would be this much change in the world. We see nothing but good in the development of the Soviet Union following the policies of Yeltsin and Gorbachev. Although things are uncomfortable I think the changes benefit everybody. I am afraid that it may appear to South America that we will somehow get all involved with Eastern Europe or Afghanistan and other places to the point that we lose sight of our neighbors in the Hemisphere. We are enthusiastic about that change in Eastern Europe, but that does not mean that there is any dimension of our interest in our own Hemisphere. The changes in the Hemisphere are just as exciting, we are working for democracy in the Hemisphere, and improved relations in Eastern Europe help but our interest there is not to neglect the countries of the Hemisphere. I wanted you to hear from me that we have a keen and enormous interest in the Hemisphere. The Enterprise for the Americas Initiative is no slogan. We don't need more slogans. We will be as actively engaged as possible, but we don't want to be overbearing. You may see us shaking hands with Gorbachev or Yeltsin, but we don't want South America to convey any sense of neglect. ~~(S)~~

President Fujimori: We are very happy to hear first hand you mention friends in South America and pleased that you have taken so much time to discuss Peru and its problems. The Enterprise for the Americas Initiative is bearing fruit -- it is very important for the development of Latin America. ~~(S)~~

The President: I hope we can enhance Peru's situation. The Enterprise for the Americas is very important to us and we will be working hard to make it effective. One important thing before we leave, how do you spell your son's name? ~~(S)~~

President Fujimori: Kenji. (U)

The President: I understand he is a souvenir collector, and I have something to give him. (U)

President Fujimori: He will be very proud. (U)

The President: I think it is very important to have strong family values. When I think of South America, I think of the strength that family brings. I think that your family values in Latin America are a strong help. I worry about why our families these days are sometimes less strong. Family values are still strong but need to be encouraged. ~~(C)~~

--- End of Conversation ---

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Secretary General Javier Perez de Cuellar of the United Nations (U)

PARTICIPANTS:
The President
James A. Baker III, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Andrew Card, Assistant to the President and Deputy Chief of Staff
Thomas R. Pickering, Representative of the United States to the United Nations
John R. Bolton, Assistant Secretary of State for International Organization Affairs
Nancy Bearg Dyke, NSC Staff (notetaker)

Javier Perez de Cuellar, UN Secretary General
Virendra Dayal, Chef de Cabinet
Ron Spiers, Under Secretary General
Marrack Goulding, Under Secretary General
Alvaro de Soto, Assistant Secretary General
Gustav Feissel, Special Representative for Cyprus
Lisa Buttenheim, Senior Officer (notetaker)

DATE, TIME AND PLACE: September 23, 1991, 1:15 - 1:30pm EST
The Indonesian Lounge at the United Nations, New York City

Secretary General Perez de Cuellar: On Afghanistan, I recently met with the Presidents of Iran and Pakistan and the King of Saudi Arabia. I stressed the five points for an Afghan settlement. Recent US-USSR statements have been extremely good. I am having a further meeting today. The Soviets are now saying that Najibullah is prepared to step down during a transition process. Moreover, Najibullah himself confirmed this to Benon Sevan recently. I am preparing to call a meeting in Geneva of all Afghan factions. Included in the topics for discussion would be Najibullah's movement to a transition process. Benon Sevan is in consultation with everyone to get an acceptable list of Afghans who could be invited to the Geneva conference. I expect that the conference could be convened toward the end of October or early November. ~~(S)~~

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Secretary Baker: We want to assure you that your efforts have the support of both the United States and the Soviet Union. (C)

Secretary General Perez de Cuellar: I am concerned that the Foreign Minister of Pakistan is still not persuaded that the UN's efforts should be supported. (C)

Secretary Baker: We are trying to persuade the Pakistanis as well. (C)

The President: Who will address the UN General Assembly for Pakistan? (U)

Secretary General de Cuellar: The Secretary General of the Foreign Ministry. The Saudis are also supportive of my efforts. (C)

Secretary Baker: I agree. (U)

Secretary General Perez de Cuellar: The Iranians have agreed to work with the Afghan factions represented in the refugee population inside Iran. (U)

The President: What about El Salvador? (U)

Secretary General de Cuellar: I was up until 2:00 a.m. this morning in discussions with the Government of El Salvador and the FMLN. I believe that there have been important mutual concessions, and President Cristiani seems optimistic. The three problems of the elections, purification, and the social and economic issues remain. I believe that both President Cristiani and the FMLN really want a settlement. I am hopeful on the situation. (C)

The President: What about Cyprus? We thought it was on track fairly well, until the Yilmaz-Mitsotakis meeting. (C)

Secretary General Perez de Cuellar: The Cyprus problem is like a yo-yo; it goes up and it goes down all the time. Turkey has been very helpful with Denktash, and I am planning to meet with the Foreign Minister of Turkey soon. Denktash is a spoiler. (C)

The President: We thought the process was on track fairly well until the Yilmaz-Mitsotakis meeting, but that meeting derailed things. (C)

Secretary General Perez de Cuellar: Yes. Mitsotakis called me subsequent to the meeting to say that the Greeks would nonetheless continue to negotiate. The problem is that Yilmaz is an ambitious politician and he is very concerned about the Turkish elections. (C)

The President: I really am disappointed because I thought things were going in the right direction. We tried to bring it closer to an understanding. (C)

Secretary General Perez de Cuellar: On the Western Sahara, things are moving. But King Hassan has made problems for MINURSO by the extensive supplemental list of voters submitted by the Moroccan authorities and by the threat to move as many as 150,000 so-called Sawharis from Morocco into the Western Sahara. (C)

The President: The King is coming to Washington later in the week. (U)

Secretary General Perez de Cuellar: I will see him too and I will tell him that it is impossible to move that many people back into the Western Sahara. (C)

The President: We will try to help on that because we are going to have some private meetings with King Hassan. (C)

Secretary Baker: I spoke with the King in late July when I was in Morocco and urged him to cooperate with the UN. He gave me verbal assurances that he would cooperate, but we will mention this again in Washington. (C)

Secretary General Perez de Cuellar : I want to tell you that the UN is facing immediate cash flow problems. (U)

The President: What is the status of our appropriations request? (U)

Assistant Secretary Bolton: Appropriations are moving well in Congress and we should get full funding for the assessment and slice of arrears later this fall. The authorization conference is next week, so it is a matter of time. (U)

The President: If there is a continuing resolution, can we get the Secretary General some money? (U)

Assistant Secretary Bolton: We want a larger chunk than that. (U)

Secretary Baker: There are large peacekeeping operations coming up for funding. (U)

The President: Hungarian Prime Minister Antall told me that Czechoslovakia may split up as soon as next week. The Hungarians are also worried about refugees coming from Yugoslavia. (C)

Secretary General Perez de Cuellar: We have no reserves (funds). (U)

Under Secretary Spiers: There is a tough structural problem because the fiscal year of the US differs from the UN year. So the assessment payment comes late in our year. (U)

Assistant Secretary Bolton: That is the result of a one-time budget maneuver in the previous administration. The only way to change it is to move it back a year, thus entailing a double payment in one year. (U)

The President: We should look for opportunities to return to the prior appropriations schedule. The way to do it may be to get a big win out of Iraq and have Congressional emotions high. (U)

Ambassador Pickering: It would be a big slice of money. (U)

Secretary General Perez de Cuellar: I want to pay tribute to Secretary Baker for his efforts in the Arab-Israeli peace process. (U)

Secretary Baker: I don't have anything concrete yet, but I am hopeful. (~~C~~)

The President: We want to thank you for what you and your people have done on the hostages. It is important to the American people. What you told me about Picco is very important. The UN guy (Higgins) who died was an American and his wife is an American Marine. She is very courageous. (~~C~~)

Secretary General Perez de Cuellar: We are doing it step by step. (~~C~~)

The President: You told us you would try and you have. (~~C~~)

End of Conversation

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Conversation with Prime Minister Bolger of New Zealand

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Douglas Paal, Senior Director for Asian Affairs, Notetaker

Prime Minister Bolger
Terence O'Brien, Permanent Representative to the UN

DATE, TIME AND PLACE: September 23, 1991 Time 6:35 - 6:45 p.m. EDT
Reception at the Waldorf Astoria, New York

The President: I am glad to have this quick chat with you. I have heard from our able Ambassador all about of what you have done. That's just fine. I would like to ask Brent Scowcroft here to plant a ray of hope in our relations. ~~(C)~~

Gen Scowcroft: We will soon be announcing something big with respect to nuclear weapons. ~~(C)~~

The President: Really, pretty big. ~~(C)~~

Gen Scowcroft: What we will announce will have an effect on your policies, we believe. ~~(C)~~

The President: What you have done with your law makes it complicated with us and with the Australians. And now, here we are, we are cooperating in the Gulf and there have been things that you have been willing to stick your neck out on. If this problem were not on paper, we could make progress. ~~(C)~~

PM Bolger: We inherited this policy. The last person I spoke to before I left New Zealand was Della Newman and, of course, you know we have another channel as well, one familiar to you. ~~(C)~~

The President: We have a good man in there, he is Brent Scowcroft's right hand man and he is my right hand man. He is going to do well. ~~(C)~~

PM Bolger: Ambassador O'Brien put his hand through the hole in the wall (sic). When my people approached me about the Gulf I

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said we could not send the battalion that you sent, but we could do a little and we did it quietly. ~~(C)~~

The President: What is the political situation like down there? (U)

PM Bolger: They are out to cut my throat. ~~(C)~~

The President: Is it your guys or their guys trying to do that? ~~(C)~~

PM Bolger: I have to get some wealth for New Zealand. We are really down in the polls, but I am totally optimistic. All the polls are against us, but I am confident that we will be reelected in two years. It is also important that we be credible, and that is why we have to stick to our policy on ship visits. ~~(C)~~

Obviously you and I did not share our speech notes, but your remarks at the United Nations helped us sell our policy back home. ~~(C)~~

The President: How are you doing with the Australians? ~~(C)~~

PM Bolger: Ninety-nine percent of our relations are very good. And I respect Bob Hawke. ~~(C)~~

The President: Bob Hawke is actually a very agreeable guy. ~~(C)~~

PM Bolger: He is a good guy, only he is losing. ~~(C)~~

The President: I met the other side a couple of months ago. ~~(C)~~

PM Bolger: That would be John Hewson. He is a good guy. He has been over to visit and he will work with us. Yet you have to remember that Bob Hawke is very sensitive on the nuclear issue. I am not being critical of him, but he is just very sensitive on this issue. ~~(C)~~

The President: I do not want to be under false colors here. I do not want to make trouble for him. I am not implying that is against Hawke's position. I would put it in a broad historical perspective. I am a World War II sort of guy. You and I, we agree on many things, let us get this one hurdle out of the way. ~~(C)~~

PM Bolger: We do on so many things, we should get this out of the way. ~~(C)~~

The President: And you have got great trout fishing, really great trout fishing, I heard from a friend of mine. (U)

PM Bolger: It is almost worth changing your policy to get to the trout. (U)

The President: Why don't you change your policy? ~~(C)~~

PM Bolger: I will take you to a small lake with brown trout. They have got a lot to do and you can get out and walk around without a helicopter. (C)

The President: I would love to go to cook out. Where were we? (C)

PM Bolger: You have got to change your policy. (C)

The President: No, you have got to change your policy. (C)

PM Bolger: We have got a lot of capital out on the economic reforms. (C)

The President: We sent Dick Solomon down there. (C)

PM Bolger: That went well. (C)

The President: Dick's a good man. (C)

PM Bolger: I said to Richard that we have spend all our political capital on the economy. At the moment we are 20 points behind in the polls. There is no particular concern about this on my part, we will be elected. But you are in a better position right now to push this forward. You are more a shoo-in than me. (C)

The President: Don't believe that crap. The polls can change in an instant. (C)

PM Bolger: You did a tremendous job in the Gulf. What you did in the UNGA I said was an exciting display of international diplomacy. You had to go out, pick up nations one at a time. In terms of the future, I want to revoke the legislation. But we cannot just change overnight. We cannot turn the legislation over. I want an amendment that allows you -- and the Chief of Defense Forces of the United States -- so that you can come back. I want the Chief of New Zealand Forces to be able to participate in exercises of your forces. If I said right now that I want to change, after I am gone, the opposition instantly will repeal any changes. (C)

The President: It is precisely the same if I went out. Each has to stay where we are and know in our hearts we will get out of this. (C)

PM Bolger: I am tremendously pleased you agreed to this meeting. We cannot go out and say everything is changed. But we can say we talked about ways to work out the problem. (C)

The President: Say we had an informal chat in connection with a social occasion. Each side repeated its position and found common ground on economics and trade. We talked about how to work out the problem, but rather ... (C)

PM Bolger: We talked at a reception and had an informal chat. There were issues where we had agreement, such as our views on trade and the like. ~~(C)~~

The President: Say that the President is an old guy who remembers the loyal stand of the New Zealand people. I am going to remember New Zealand during the war as long as I live. We all stood together on something pretty big. ~~(C)~~

PM Bolger: I remember being sent, as a nine year old, out to milk cows. It is certainly difficult to believe U.S.-New Zealand relations have this bitter disagreement. I have a nine year old today. ~~(C)~~

The President: Well, I have been married 46 years and if I am any later for dinner I am going to risk the whole thing. Thanks a lot. ~~(C)~~

----------End of Conversation----------

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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT:	Meeting with Fernando Collor de Mello, President of the Federative Republic of Brazil at UNGA, Waldorf Astoria Hotel, New York (U)
PARTICIPANTS:	The President James A. Baker, Secretary of State Andrew H. Card, Jr., Assistant to the President and Deputy Chief of Staff Brent Scowcroft, Assistant to the President for National Security Affairs Bernard Aronson, Assistant Secretary of State for Inter-American Affairs William T. Pryce, Senior Director for Latin America and Caribbean Affairs, NSC (Notetaker) Marcel Bouquet, Interpreter Fernando Collor de Mello, President, Federative Republic of Brazil Jose Francisco Rezek, Minister of External Relations Jose Goldemberg, Minister of Education Marcos Antonio de Salvo Coimbra, Ambassador, Secretary General of the Presidency of the Republic Jose Lutzenberger, Secretary for the Environment Rubens Ricupero, Ambassador to the United States Gelson Fonseca, Jr., Ambassador, Assistant to the President (Notetaker) Gisela Claper, Interpreter
DATE, TIME AND PLACE:	September 23, 1991, 3:15 - 3:45pm, D.S.T. UNGA, Waldorf Astoria Hotel, New York

The President: Welcome to you and your colleagues. I'm glad we are having this meeting. We can proceed in any way you would like. Perhaps you would like to lead off and then I have a couple of points to make. (U)

President Collor: If you would like me to speak, I will mention a number of subjects of general interest. Let me start off by thanking you for the words you spoke when Ambassador Ricupero presented his credentials. They were important and positive words and we are very happy with them. I would like to say a few

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words and give a few thoughts about the situation in the world today; and then mention a few problems and possible approaches to economic and social questions. (C)

Mr. President, you gave an example of political resolve when you talked for the democracies of all the world when you led the world at the United Nations. (C)

You also achieved economic victory with your proposal for the Enterprise for the Americas. I would like to propose that you carry another banner, and that is the social question. Without any commitment, of course, I would like to see you lead in a way which would have the countries of the world focus on the social development problems of the world. I worry that three-quarters of the people of the world live in need, poverty and deprivation. We need to change that. It is a very dangerous situation. The Enterprise for the Americas could also be extended to social formations. These are intricately involved with factors of capital formation and debt. I worry that 77% of the population lives on only 15% of total production. This is the reason for migration. Unless we can somehow solve this question, the world will be in serious trouble. We are trying to solve our problems in Brazil. We have three basic tasks in seeking to achieve stabilization. First, is to solve the negative flow of foreign debt. Second, is to advance. Third, is the need to pose amendments to the Constitution. There are some 25 amendments in all which need to be made. We hope that all this will be possible before the end of the year. (C)

On the debt question, we are negotiating with the banks. On Friday, we made what we thought was a very positive proposal -- very forthcoming. But the private banks have offered a counter-proposal in what looks positive at first but then asks for commitments we cannot honor. We would like your help in overcoming this. (C)

The President: First, in talking about the third world -- North, South problems of social development -- they are upsetting in many respects. Many countries face a very difficult situation. I am convinced that the satisfactory negotiation of a trade agreement is the most important step which will bring economic progress to developing countries. I also believe that a successful GATT round will help very much. If you would like further discussions about what you think we might do we could arrange that. (C)

We are coming out of a recession. I have thought that because of the size of the United States, this will help all the world. I would like to get a better idea of your thinking. We appreciate your trying to batten down inflation. I don't know what the counter influences are or what the U.S. can do to help? Reaching an agreement with the IMF and the World Bank, which would pave the way for help under the Brady Plan, I think would be a good development. (C)

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I have a note to congratulate you on the Brazilian statement on disarmament. Anything we can do to be helpful. We want to help. If our experts can help in any way, we will. (C)

What do you have in mind on debt? What could the U.S. do? (C)

President Collor: First, I mentioned the social problems of the world. There is no way that a proposal of the U.S. would be negative. Given your position in the world, maybe your Government could lead and say "let's talk about the problem." No country will ask that the U.S. help directly. Also, we know what your priorities are. (C)

On the environment, there is no need to mention specifics, just say that we should have public talks about it. That would be encouraging. (C)

Regarding debt, talks are going well, but private banks made a counter-proposal which we cannot meet. If Mulford could sit with the banks and tell them they are asking too much? (C)

Ambassador Ricupero: Our main goal is to reach a monetary agreement which will be satisfactory to everyone. We have offered a guarantee of $2.2 billion on principal. The banks are demanding equal guarantee on interest. This would mean another $2 billion. This would require longer term negotiations. We are not acting like a Persian bazaar, where they ask 55, and we offer 15. We made a firm offer of 32.5 percent. Their counter-proposal would require a complicated negotiation. It would require a different kind of agreement. It would jeopardize our program. We need to move soon. (C)

The President: We would like to help. We will talk to Brady and ask him to look into it. (C)

Ambassador Ricupero: The problem is enhancement. We offered only for the principal, and they are asking for the interest also. (C)

Secretary Baker: What is the effect with the IMF? An agreement would not yet be enough. A stand-by facility would take months. You mentioned the discussion with Treasury. They will want to discuss it, talk with the Federal Reserve, and see what they can do. What banks are in the program? Is City Bank the lead bank? (S)

President Collor: There is a committee. (C)

Secretary Baker: Is the problem with City Bank, or is it that they cannot get other banks to go along? (C)

President Collor: To lighten up on the banks would let investment into Brazil. (C)

As of June this year, we had more invested this year than in all of last year. (C)

The President: They have facilities and are doing banking? ~~(C)~~

President Collor: Yes. Mr. President, you mentioned in your speech several points I want to bring up. First, GATT and Zionism. On GATT, this is a very positive position. We are in agreement. This will help development. ~~(C)~~

Regarding Zionism, we are in agreement -- what do you want us to do? ~~(C)~~

The President: We would like to co-sponsor a simple resolution of repeal. Given the developments, we might just succeed. It would resolve a point of concern of Israel. As you know, we are having a little flap regarding loans. Jim Baker has worked very hard and is continuing to work on this. Israel is afraid they will get a bad deal in the UN, and they have had bad deals in the past. If countries were willing to help, especially on this resolution, it would create a better environment. We didn't say anything about deadlines. But this is a blot that we would like to remove. If Brazil would help, would sponsor or co-sponsor a resolution. We will have our U.S. Ambassador consult. If somehow the U.S. is out in front and then has to step back, we think this would be wrong. If we can work together in diplomatic channels, then it is possible that we can resolve this problem. ~~(C)~~

President Collor: For the first time. (U)

Secretary Baker: The problem is that there will be a number of amendments. ~~(C)~~

We hope that Brazil will be able to sign an agreement with the IAEA. ~~(C)~~

Foreign Minister Rezek: We had something almost ready to go -- it was impossible to do in Vienna; we hope to have it done before the end of November. ~~(C)~~

Minister Goldemberg: The negotiators in Vienna are working on a series of regulations. We have a feeling that the IAEA are being more restrictive. If you could ask them to be flexible. ~~(C)~~

President Collor: Mr. President, I want to bring up the question of the G-7 and help with the environment regarding a tropical forest. This is the only area where we have a debt program of a swap of debt for nature. At Houston, the G-7 talked about the need to help. As a result, there was a proposal for a $1.2 billion fund. In London, they mentioned contributing $50 million to start. This is not up to our expectations; if we could do more to help it would help, but the problem I want to emphasize is foreign debt. The needs are urgent for a resolution of the debt. We want to be able to agree quickly. ~~(C)~~

The President: We want to go forward with the G-7 and we want to help. We know that Brazil wants to get this settled, and we will want to help. I hate to leave it vague -- but it is important,

and we think that Brazil wants to get this solved. We will work to help. (C)

Secretary Baker: Re Suriname, we worry that the military does not understand sufficiently the need to arrest civilian directors. You can help. (C)

--- End of Conversation ---

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Soviet Foreign Minister Boris Pankin of the Soviet Union during UNGA (U)

PARTICIPANTS:
The President
James A. Baker, Secretary of State
Andrew H. Card, Jr., Assistant to the President and Deputy Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Ralph R. Johnson, Deputy Assistant Secretary for European and Canadian Affairs
William T. Pryce, Senior Director for Latin America and Caribbean Affairs, NSC (Notetaker)
Peter Afanasenko, Interpreter

Boris Pankin, Foreign Minister, Soviet Union
Viktor Komplektov, Ambassador to the U.S.
Georgiy Mamedov, Head of U.S./Canada Section, Foreign Ministry
Vitaliy Churkin, Foreign Ministry Spokesman
Igor Gelukh, Interpreter

DATE, TIME AND PLACE: September 24, 1991, 9:00 - 9:30 a.m., D.S.T.
Waldorf Astoria Hotel, New York

The President: Welcome. Thank you for coming over here. We are interested in trying to emphasize the positive way we view developments in the Soviet Union and I want to tell you that we want to continue our close bilateral relationships on a basis of mutual respect. We recognize the historic changes that have been made. Changes are happening so fast. We want to help but at the same time, we do not want in any way to imply that we wish to shape those changes. I would like to know what you think the United States can do to help. We will be giving assistance for humanitarian support. Secretary Brady has been over there and Jim (Baker) is practically a native. ~~(C)~~

Foreign Minister Pankin: Mr. President, I thank you for this opportunity. I think it is appropriate to discuss a broad list of issues. But first of all, I want to convey heart felt greetings from President Gorbachev. He expressed great satisfaction with the talks he had with Secretary Baker. He gives those talks his highest assessment. The talks also gave Secretary Baker a chance to assess things and see where we are going. Now, as we join with you in seeking to solve our

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problems, he wanted me to say that the meeting he had with Secretary Brady was also very helpful. ~~(C)~~

He was struck by the similarity of the situation of the Republics and the G-7. In both cases it is difficult to find a consensus. Actually a stronger and more expressive wording was used. And the same thing was said by Prime Minister Major and Lushkov in London. He said that one should look to President Bush, even if he is the coordinator. So that is why my President considers the meeting with you to be the closing of the first series and to make it possible to bring the meetings to an even higher level of cooperation. ~~(C)~~

I would like to start with a general assessment. In 1945 there were hardships and Europe faced a calamity. The Marshall Plan was the result. Later there were military challenges which came about and military blocks were formed. At the present time, we are facing an economic catastrophe and the possible collapse of the Soviet Union. So an immediate solution must be found. We are talking about emergency measures, but we are optimistic after the attempted coup, especially with the situation of the Congress. Between the 22nd of August and the 8th of September, eight Republics decided on independence and this was reflected in their actions. But then in meetings with Congress, we began to see where proud peoples could see that all their sovereignty needs could be met and we began to see centripetal forces taking effect. And the activities of the State Counsel led by President Gorbachev began to demonstrate this. In addition to other steps, I would like to dwell on the Nagorno-Karadakn Accords signed by Yeltsin and getting the military accommodations -- what they did was done in the State Committees. ~~(C)~~

I'm dwelling on this to say that many of the questions which the world community is asking, have their answers and now we hope for a reaction from the world community. And we hope that reaction will not be asking that more progress is being made. (C)

The President: Let me be clear on the outset. Is the question, "what do we do to assist, or what do I think of the changes"? ~~(C)~~

Foreign Minister Pankin: These are truly interrelated. ~~(C)~~

The President: I hope our people have made clear that in assessing the economy there needs to be further clarification regarding the relationship between the Soviet Union and the Republics. People have to know who they are dealing with. Agreements need to be formalized in terms of the most urgent questions. I want to say, first that we want to help. Second, our Agriculture Secretary is going there on the heels of a visit by Mr. Crowder. We are meeting this week on the question of agricultural support. We will be dealing with questions of how do we help with food, how do we get it to the people who need it? We are moving forward. We need to see how to do it better. We have certain internal laws that have to be complied with. For example, to go forward on the last agriculture loan guarantee

package, the Secretary of Agriculture had to certify the credit-worthiness of the Soviet Union. We recognize that given the extraordinary changes in the Soviet Union and the difficulties encountered, that credit-worthiness may be difficult to certify right now. ~~(C)~~

It is my view that Congress wants to help. Therefore these legal technicalities we face may be more easily dealt with than was possible in the past. We are also meeting with our Treasury experts, bank experts and others to see what we can do. But I would like to ask Secretary Baker to elaborate. ~~(C)~~

Secretary Baker: Mr. President, you said that it would be easier now with Congress. I agree. But, we are not over the hump entirely, as regards assistance to the Soviet Union. But it is a different world than it was 60 days ago. ~~(C)~~

We have three political problems in addition to the technical problems. First, the Baltics. That is handled. Second, Cuba. That is being handled. Third is the percentage of the gross national product being spent on defense. It's very much in excess of what we spend. This will of necessity be addressed when you come up with a free-market reform plan, because there is no way that a plan will be creditable if you spend 25 percent of the gross national product on defense. We believe we will see repeal of some of the laws restricting Soviet assistance. ~~(C)~~

The President: We will try to help. ~~(C)~~

Secretary Baker: You take humanitarian assistance. We think that areas where we can be helpful are on food distribution, defense conversion, and energy. Whatever we can do will be more effective if we do it in consultation with the G-7 and others. This will depend upon two things, maybe three. The most important of which is our own budget restraints. The other two are what I talked about in Moscow. ~~(C)~~

First, you need to determine the relationship between the Center and the Republics and between the Republics themselves. So, an economic treaty is of great importance. After that is done, then we need to make a credible economic plan which can be worked on by the World Bank and the International Monetary Fund. But a viable plan cannot be developed until you have defined a relationship between the Center and the Republics. ~~(C)~~

Foreign Minister Pankin: May I comment further? First, I want to emphasize that we are in the process of resolving problems on the basis of making policy separate from ideology. As for the third issue regarding the reduction of military spending, we are taking steps and Minister of Defense Shaposhnikov has been tasked to come up with a plan. Also, the new head of the KGB, Mr. Bakatin has been asked to come up with a plan. We are also having talks on the subject of restructuring of the KGB. That is why progress is proceeding at a good pace. That is why we have movement, not because the world has become aware of our problems, but because the road block has been removed. ~~(C)~~

The President: We know that defense reductions are not easy. We have problems ourselves with base closings. Our Deputy Secretary of Defense has been intimately involved in this and I'm sure he will be as cooperative as possible on the subject of defense conversions. He is a person with great experience in business. ~~(C)~~

Secretary Baker: Mr. Atwood will be in Moscow and will be talking on this subject. ~~(C)~~

The President: He is a very good man. One who will come up with positive suggestions. ~~(C)~~

On the question of assistance, we want to help with food and medicine right away. We have to clear out our own underbrush to see how we can move right away. We will be talking with those who still have worries about Soviet intentions, understandably because of the past. The more you can do in defense, the better. The more statements you can make in the defense area the better. You can understand our apprehensions. As long as you have missiles pointed at us, there will be apprehension. The more you can say that we are not a threat to the Soviet Union anymore, the more we will be able to help. ~~(C)~~

Foreign Minister Pankin: Almost half of my speech is along these lines. ~~(C)~~

The President: I want you to tell President Gorbachev and President Yeltsin that we are committed. This is not a climate where we think we would be without difficulties. It is important that you know that we want to help, but Jim can talk more on this -- we have to have tangible reforms if we are to be able to give you the kind of help we want to give. ~~(C)~~

Foreign Minister Pankin: We have made our decision and we are following the course we have chosen. Already there is a balance between the centripetal forces. The main thing we now need is for the International Community not to wait because the decision has been taken and we need to see aid now. ~~(C)~~

Secretary Baker: The International Community wants to help. But for this process to succeed in a meaningful way, I can't over emphasize the issue of the Northern Territories. Because the Japanese are the number one surplus country in the world. We have not had a single major joint international economic effort which has not involved the Japanese. ~~(C)~~

The President: They do want to help. ~~(C)~~

Secretary Baker: Yes, they do want to help. They contributed billions to the liberation of Kuwait. ~~(C)~~

Foreign Minister Pankin: President Yeltsin and I met with Foreign Minister Nakayama. He will be meeting with President Gorbachev also. I think there will be forward movement. We

understand that this will have to be resolved -- even though it is delicate. (C)

The President: Well, unfortunately I have to go, but I want to say again that you need to get with the International Monetary Fund and the world financial organizations. The more you can get them involved, the better the prospects for your success will be. I know that you are working on this and I encourage you to continue. (C)

It has been a great pleasure to have the chance to talk with you. (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Oddsson of Iceland

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Andrew Card, Assistant to the President and Deputy Chief of Staff
Charles Cobb, United States Ambassador to Iceland
Ralph Johnson, Acting Assistant Secretary of State
Nancy Bearg Dyke, Director for International Programs and Public Diplomacy, NSC (Notetaker)

David Oddsson, Prime Minister
Gudmundur Benediktsson, Secretary General, Prime Minister's Office
Greinn Loftsson, Assistant to the Prime Minister
Tomas Tomasson, Icelandic Ambassador to the United States

DATE, TIME AND PLACE: September 24, 1991, 9:45 - 10:15am EST
Waldorf Astoria Hotel, New York City

Opening pleasantries about Prime Minister Oddsson being in Florida with Ambassador Cobb and having dinner with Jeb Bush. (U)

The President: How is your President? (U)

Prime Minister Oddsson: She is well and is coming to the US. (U)

The President: Pay my respects to her please. I remember especially a dinner she gave at her residence when I was there. (U)

Prime Minister Oddsson: We have a new government in Iceland. The cornerstone is good relations with the US. (U)

The President: I am trying to think if you and I met in Iceland when you were mayor. (U)

Prime Minister Oddsson: No, unfortunately I was away when you visited. (U)

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The President: Ambassador Cobb has invited me to come back and fish more. What would you like to discuss today? (U)

Prime Minister Oddsson: Our relationship is very good. I would like to discuss about Europe and to know about changes in NATO and changes in Iceland's role. Iceland is very important. We know things are changing in Eastern Europe. We know defenses will be reduced. We would like to think the situation in Iceland is different. It is important to keep the way open between the two continents. I can hear from some Americans that the importance of NATO is decreasing. But I still believe in NATO and think it is not very wise to take it away. ~~(C)~~

The President: Our relationship is good. I don't see anything changing in Europe that would weaken the close relationship between the US and Iceland. Our commitment to Iceland's security is important, and Iceland's position as a member of NATO is important. Yes, there will be some reduction of US forces around the world. Keflavik is very important. We think the cards should still be with NATO and it should remain the principle guarantor of security. We are committed to remaining there. One scenario I suppose is that the French and others could push for us to leave. But we get high- level assurances from France that they want us there. You may see isolationist talk in the US, but neither I nor our administration will be part of that. Our commitment to Iceland is important. Brent, would you like to comment further? ~~(C)~~

General Scowcroft: The role of Iceland in NATO may become even more important. As the role of NATO decreases, we would depend on Iceland more for getting forces over. ~~(C)~~

The President: The Soviets are desperate for humanitarian assistance and we should help, but when it comes to massive economic aid, that is more problematical. Soviet missiles are still aimed at us and Soviet ships are patrolling. (We have missiles aimed at them, too, I have admitted to them.) It is not now that all swords should be beat into plowshares. ~~(C)~~

Prime Minister Oddsson: It is important to help them to help themselves. They have to build free markets. (U)

The President: Exactly right, but they do not know how to do it. They have to hammer out legal arrangements because otherwise it so difficult to provide technical assistance. Where do corporations pay taxes, and many other questions must be sorted out. We do not want to build a perpetual customer for aid grants. I will give you an example. We were flying with Gorbachev to Camp Davis. It was a 30-minute flight over the suburbs of Washington. Gorbachev said who would own a house like that, referring to the houses below. I said workers, maybe those who work in some of the buildings below. Gorbachev asked if the worker could sell it, how he would sell it. I said he would use a real estage agent. Gorbachev said a real estage agent would be shot in the Soviet Union. It is mind boggling that the Soviet Union is so far back on this idea of free enterprise. ~~(C)~~

Prime Minister Oddsson: We have changed our position on naval reductions. We don't think that is a priority of NATO. It is not healthy. (C)

The President: I am delighted to know of the change. We had differences with the previous government on naval arms control. The US is unilaterally reducing from 600 to 450 ships without any arms control. I am delighted to know of this. (C)

We are not in the business of encircling the Soviets. Gorbachev gave us a map, including highlighting the Panama Canal, and said we are encircling them. The world is changing and we will change but we won't get rid of our Navy because it is a force for peace. This change you are talking about will be welcome by us and should be by others in NATO. (C)

Prime Minister Oddsson: There is tension about whaling. We are living off of fish products -- 70% of our income. We have been in the International Whaling Commission and we think it does not live up to its international responsibilities now, and we are thinking of moving out of it. I am not saying this day or year; there is no decision yet. But we are thinking this organization does not play by the rules and does not act scientifically. We know states like the US can withdraw from international organizations, like the US did from UNESCO. (C)

The President: We hope you will reflect carefully on the need to get out. There are problems but my persistent view is that sometimes extremes drive these groups. We do not want to see an extreme dominate. We can stay in and work on it. But there will be outside groups and we have no control over them. I am sympathetic. Yes, countries feel free to come and go from international organizations. It would compel us to take action if you leave. I feel uncomfortable to tell you because we are so delighted with your other policies. (C)

General Scowcroft: It is best to reform the organization. (C)

Ambassador Cobb: I have said let's work within it. (C)

The President: Yes, let's do that. We cannot let extremes dictate to the International Whaling Commission. I appreciate your bringing it up. We will have the Ambassador and State stay in touch with you so you do not get blindsided. We owe it to you. We would be under pressure to do sanctions or something if you withdraw. (C)

Prime Minister Oddsson: Ambassador Cobb is doing a good job. (U)

The President: We wish you luck and will keep in touch especially on the IWC. (U)

I am very worried about detaining of the United Nations inspectors in Iraq. (U)