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Series: Presidential Correspondence Files
Subseries: Presidential Memcons Files

OA/ID Number: 91109
Folder ID Number: 91109-004

Folder Title:
Presidential Meetings - Memorandum of Conversations 10/16/91 - 12/17/91

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

Withdrawal/Redaction Sheet
(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Memcon	Re: Meeting with Prime Minister Poul Schlueter of Denmark (5 pp.)	10/16/91	(b)(1)	C
02. Memcon	Re: Meeting with Vaclav Havel, President of Czechoslovakia (8 pp.)	10/22/91	(b)(1)	S
03. Memcon	Re: Meeting with Askar Akayev, President of the Republic of Kyrgyzstan (3 pp.)	10/25/91	(b)(1)	C
04. Memcon	Re: Luncheon Meeting with President Gorbachev (6 pp.)	10/29/91	(b)(1)	S
05. Memcon	Re: Meeting with President Gorbachev of the USSR (6 pp.)	10/29/91	(b)(1)	S
06. Memcon	Re: Memorandum of Conversation between Prime Minister Shamir and President Bush (4 pp.)	10/30/91	(b)(1)	S
07. Memcon	Re: Memorandum of Conversation of Meeting between Jordanian Foreign Minister Abu Jabir, Haydar Abdul Shafi and President Bush (3 pp.)	10/30/91	(b)(1)	S
08. Memcon	Re: Memorandum of Conversation of Meeting between Foreign Minister Mousa of Egypt and President Bush (2 pp.)	10/30/91	(b)(1)	S
09. Memcon	Re: Memorandum of Conversation of Meeting between Foreign Minister Shara of Syria and President Bush (3 pp.)	10/30/91	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meeting - Memorandum of Conversations 10/16/91 - 12/17/91

Pinksheet Number: cap929
OA/ID Number: 91109-004
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
10. Memcon	Re: Memorandum of Conversation of Meeting between Foreign Minister Bouez of Lebanon and President Bush (3 pp.)	10/30/91	(b)(1)	S
11. Memcon	Re: Memorandum of Conversation of Meeting between Saudi Ambassador Prince Bandar and President Bush (2 pp.)	10/30/91	(b)(1)	S
12. Memcon	Re: Meeting with President Soglo of Benin (4 pp.)	11/5/91	(b)(1)	C
13. Memcon	Re: NATO Summit (4 pp.)	11/7/91	(b)(1)	S
14. Memcon	Re: Uruguay Round (9 pp.)	11/9/91	(b)(1)	C
15. Memcon	Re: Meeting with Carlos Menem, President of Argentina (4 pp.)	11/14/91	(b)(1)	S
16. Memcon	Re: Meeting with Carlos Menem, President of Argentina (4 pp.)	11/14/91	(b)(1)	S
17. Memcon	Re: Memorandum of Conversation of Meeting between Saudi Ambassador Prince Bandar and President Bush (3 pp.)	11/19/91	(b)(1)	S
18. Memcon	Re: Memorandum of Conversation between Prime Minister Shamir and President Bush (5 pp.)	11/22/91	(b)(1)	S
19. Memcon	Re: Meeting with Michel Rocard, Former Prime Minister of France (2 pp.)	11/22/91	(b)(1)	C
20. Memcon	Re: Memorandum of Conversation (3 pp.)	12/4/91	(b)(1)	C

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21. Memcon	Re: Meeting between the President and Nelson Mandela, President of African National Congress (ANC) (4 pp.)	12/5/91	(b)(1)	C
22. Memcon	Re: Meeting with Dr. Boutros Boutros Ghali of Egypt (3 pp.)	12/5/91	(b)(1)	C
23a. Memcon	Re: Meeting with Prime Minister Constantine Mitsotakis of Greece (2 pp.)	12/12/91	(b)(1)	C
23b. Memcon	Re: Meeting with Prime Minister Constantine Mitsotakis of Greece (6 pp.)	12/12/91	(b)(1)	C
23c. Memcon	Re: Meeting with Prime Minister Constantine Mitsotakis of Greece (4 pp.)	12/12/91	(b)(1)	C
24. Memcon	Re: Memorandum of Conversation with Prime Minister Andre Milongo of the Republic of the Congo (2 pp.)	12/13/91	(b)(1)	C
25. Memcon	Re: Meeting with President Carlos Salinas of Mexico (9 pp.)	12/14/91	(b)(1)	C
26. Memcon	Re: Memorandum of Conversation of Meeting with Israeli Foreign Minister David Levy (3 pp.)	12/17/91	(b)(1)	S
27. Memcon	Re: Memorandum of Conversation of Meeting with Israeli Foreign Minister David Levy (3 pp.)	12/17/91	(b)(1)	S

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Poul Schlueter of Denmark

PARTICIPANTS:
The President
Lawrence Eagleburger, Acting Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert Gates, Deputy Assistant to the President for National Security Affairs
Thomas Niles, Assistant Secretary of State for European and Canadian Affairs
Jane E. Holl, Director for European Affairs, NSC Staff (Notetaker)

Poul Schlueter, Prime Minister
Peter Wiese, Permanent Under-Secretary of State
Peter Dyvig, Danish Ambassador to the United States
Niels Dyrlund, Deputy Chief of the Danish Mission

DATE, TIME AND PLACE: October 16, 1991, 2:00-2:30 pm
Oval Office

The President: Poul, my good friend, how are you? (U)

Prime Minister Schlueter: It's so good to see you again. (U)

The President: Where are you coming in from? (U)

Prime Minister Schlueter: I'm just coming in from New York. (U)

The President: Well I'm anxious to hear your views on Europe and how you see the changes in the Soviet Union. I'm so glad you could come, and I'm only sorry we're not doing it in Kennebunkport. (U)

Prime Minister Schlueter: Yes, that was a wonderful time. Mr. President, we have two important summits coming up -- NATO and the EC -- and there is a link between the two though some would say not. (C)

The President: What do you think? (U)

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Prime Minister Schlueter: We have two efforts that we are working on -- one on political union and one on economic union and we want to finalize work before December especially in a few critical areas where unsolved problems still exist. Specifically, we are trying to work out how we will arrange the role of the WEU with regard to the EC. We do not yet have complete agreement on this. The recent Italian and British agreement presents one view while on the other hand Mitterrand and Kohl have had their meeting on this same issue. We, the Danes, agree with the British and believe it terribly important that we don't weaken NATO -- you can try for a European pillar, fine, but our primary intention is not to weaken the Atlantic link. The British and Italians share this view. The French and Spanish want to emphasize the WEU and have it play a strengthened -- not independent -- role. But we must resolve that NATO links not be weakened. (C)

The President: I couldn't agree with you more. (U)

Prime Minister Schlueter: If the EC is a political force, we will in the EC in future have a number of more or less neutral states as members, like Ireland, for example. (C)

The President: They're pretty good. (U)

Prime Minister Schlueter: Yes they are; and with Austria and Sweden. They have a tradition which is neutral. (C)

The President: Are there more? (U)

Assistant Secretary Niles: Malta, Cyprus, Finland. (U)

Prime Minister Schlueter: The Finns will probably join the EC. This will be no problem for the Finns any more with regard to the Soviets. In eight, ten, or twelve years perhaps Poland, Hungary and Czechoslovakia may join, but they do not want to be neutral -- these countries want to be very close to NATO. How can we strengthen our liaison with these three countries? It is important that we do not disappoint them -- they know there is a limit --they know we can't provoke the Soviets too much. (C)

The President: Well you know, we had a good talk with Woerner -- we see eye to eye on where NATO fits in. (C)

Prime Minister Schlueter: We've seen the British and Italian view and the German and French view. The French and Germans emphasize a tighter WEU-EC connection versus a tighter WEU-NATO connection that the British and Italians see. We prefer the latter. (C)

The President: Are the French worried that the U.S. will leave Europe or do they want us out? (C)

Prime Minister Schlueter: The French are realists -- they know that the United States represents peacekeeping and stability in Europe. But the French want Europe to play a more independent

role. The problem is that the French are not partners in NATO. (C)

The President: And there's no chance that the French will turn that around? (C)

Acting Secretary of State Eagleburger: No. (U)

Prime Minister Schlueter: No. The French are also very preoccupied with Germany. Germany is so strong and powerful -- economically and politically. (C)

The President: Yes, once the Germans get the Eastern side geared up, they'll really be something. (C)

Prime Minister Schlueter: We must arrive at something that the twelve can support. I like the Baker-Genscher declaration. It underlines the link between you and us -- we Europeans. (C)

Whether Kohl thinks along the same lines is another question. (C)

The President: The changes in Europe and the Soviet Union have been remarkable. I'm interested in your views on food and other economic assistance to the Soviets. We've sent mission after mission -- from our Treasury Department, Agriculture, Baker has gone. The Soviets still have to get their act together -- get a treaty with the Republics squared away. If they want to attract investment, they'll have to get things in order. We want to help. We've had discussions with Yeltsin and Gorbachev. They tell me that they're working cooperatively. (C)

We need to figure out where they're going to be -- what's in the best interest of the West. Clearly, a superpower Soviet Union is not in our interest. Neither is each Republic with nuclear weapons -- that's a troubling thought. We have a problem with that proliferation in the Ukraine, but it's not as if they're at each other's throats. We've had cooperative sounds from them that these problems can be worked out. But the nuclear weapons remain a big concern. (C)

Our own nuclear proposals have been well received. We've sat down with the Soviets and I'm encouraged by Gorbachev's response. So we're aware of the problem and concerned that it be handled properly. The Soviets simply have to sort out their future -- they're trying very hard. (C)

Prime Minister Schlueter: We're very happy about your nuclear initiative. And Gorbachev came up with sort of an answer but as you say, we shouldn't be naive. There is an enormous amount of unanswered questions. Perhaps in a few days they'll sign a new treaty among eight or nine of the Republics. Then they will be able to start to sort out what their future will be. (C)

The President: Do you think Gorbachev will survive? (C)

Prime Minister Schlueter: He might perhaps outlive Yeltsin. (C)

The President: You mean politically? Yeltsin looked so strong during the coup, standing up to those tanks, but I know he's got his problems. Our Ambassador questioned Yeltsin whether he would go forward with an economic treaty. I called him to ask about his health and he assured me -- he said, "I'll be back. We'll sign." It was very clear to me that he was going to do this. But now reports are coming in that he's now thinking of reordering his priorities. Your point is valid -- he's never dealt with the day-to-day business of running a government. ~~(C)~~

Prime Minister Schlueter: It appears as though those two have joined interests and that is a good thing. One can't be successful without the other. ~~(C)~~

When it comes to aid, we should assist them with respect to food, medicine and not too scarcely. It's important to show the Soviet population that we care. When it comes to investment on a large scale, we should still say to the Soviets that they still owe us a number of important decisions. You don't move to a free market economy in a year's time. ~~(C)~~

I think there is a difference with Poland and Hungary. In those states the decision is on the road -- they can now control their economy's move toward a free market. But we still lack a number of decisions from the Soviets. ~~(C)~~

The President: What would you like to see? How would you like to see them in the future? (U)

Prime Minister Schlueter: I think we will see a number of independent states, but in a new sort of cooperation. Perhaps a loose confederation -- with a certain joint military and establishing a certain joint foreign policy. I anticipate that in five to ten years most of the members of the Soviet Union will become members of the U.N. They won't automatically follow the policies of the central government. Some of the Republics will be localists in Asia, and this will perhaps reflect in their foreign policies. Others that are very close to us in Europe will let that closeness reflect. ~~(C)~~

The President: Some States are moving closer to Iran. Religious differences are also important. I don't have the best answer, but any arrangement that makes them less of a solid military threat -- any that reduces the possibility of a coup. ~~(C)~~

Prime Minister Schlueter: There has been a fundamental change in central Europe. The Baltic states can never again come under risk. We in the West should never again accept Soviet influence in that number of countries. ~~(C)~~

We hope we can assist. We shouldn't disappoint them. Many more young intellectuals are coming forward and in official positions. We are undertaking thousands of personal contacts -- business people, government officials -- we have the know-how and they are welcome to it. I recently visited Mecklenburg in the former East

Germany. The people there are very nice but they have no knowledge -- no idea of what management means. They have no way to market their products -- no knowledge of markets. They need a complete change in their mentality. I'm afraid this will be the biggest obstacle. ~~(C)~~

Mr. President, I would like to bring up one more thing before we end our talk. It is the GATT deadlock. Specifically I think your position is a problem for us. ~~(C)~~

The President: What exactly are you talking about? What kinds of things can we do? (U)

Prime Minister Schlueter: I am referring to your position on agriculture. ~~(C)~~

The President: Look, we know we're pregnant too. We subsidize our farmers just like you in the EC do. But your measures are much more extreme than ours. When you change, we will too. But if you could suggest something specific that you would like us to do, I'd be interested in hearing it. But we think we're essentially right. ~~(C)~~

Prime Minister Schlueter: What you have asked us to do is a bit too tough. We must move in that direction -- that is sure -- but for now we do what we can. Maybe we can take the next step in three or five years. No doubt we need to reduce state subsidies. Politically we must be successful now and be sure that we can get a good result. ~~(C)~~

The President: Open markets are better than aid for the Third World. ~~(C)~~

Prime Minister Schlueter: I agree. Better as well for all of us, but for now we must make what progress we can. The Germans have made an important step in this way. ~~(C)~~

The President: Yes, I guess the French are a bit isolated on this one. But if you have any specific ideas on what we should do, send them on to me. Where are you off to now? ~~(C)~~

Prime Minister Schlueter: Tonight I go to Atlanta to give a speech to American businessmen. You know we would love for you to come to Denmark -- next year after your election. ~~(C)~~

The President: Well, the election is by no means a sure thing. We're still sluggish in our economy. This election will be the toughest fight of my life. But thank you, I'd love to come. Thanks for coming Poul, it was good to see you. ~~(C)~~

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Vaclav Havel, President of Czechoslovakia

PARTICIPANTS:

The President
The Vice President
Lawrence S. Eagleburger, Acting Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Shirley Temple Black, Ambassador to Czechoslovakia
David C. Gompert, Special Assistant to the President for European and Soviet Affairs
Thomas Niles, Assistant Secretary of State for European and Canadian Affairs
Robert L. Hutchings, Director for European Affairs (Notetaker)
Lisa Valyiova, Interpreter

Vaclav Havel, President
Jiri Dienstbier, Foreign Minister
Vaclav Klaus, Finance Minister
Vladimir Dlouhy, Minister of the Economy
Rita Klimova, Ambassador to the U.S.
Pavel Demes, Minister of International Relations of the Slovak Republic
Alexandr Vondra, Security Advisor to the President
Michael Zantovsky, Presidential Press Spokesman
Alexandra Brabcova, Interpreter

DATE, TIME AND PLACE: October 22, 1991, 10:55 - 11:50 a.m.
Cabinet Room

The President: Mr. President, welcome. I apologize to the rest of you for having taken so much time in the other room. We have about 45 minutes to continue our talks here. Tonight we will have some more time to follow up our discussions. One subject we discussed was our hope for a Middle East peace conference. Acting Secretary Eagleburger can take any questions you might have. We went over some other topics and one of them I would like to raise here. Without delving into your internal affairs,

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we are keenly interested in your views on Czech/Slovak tensions. (C)

President Havel: Thank you, Mr. President. I shall be happy to give you my thoughts. First, when viewed from a distance, it always appears worse. If I leave for a few days, my hair stands on end. But when I come home, I find things are not so bad after all. The situation is such that Czechoslovakia has three alternatives: to continue as a federal state, even if a more democratic one; second, and much less likely, to split through a constitutional and democratic process into two states; and third, worst of all, to live in a state of dual laws, a chaos of laws, in which we have neither one nor two states. (C)

All of us are doing all we can to prevent the third alternative. Our objective is to adhere to constitutional and democratic practices. That is why I proposed as long ago as last year a referendum, which would be the constitutional way for citizens to express their views. I am certain that a referendum would come out in favor of a single state. Perhaps that is why certain Slovak politicians don't want it. Czech and Slovak politicians are now negotiating at Stirin, the home of the Institute for East-West Security Studies, on a treaty between the two republics. It is a kind of project for a common state, and a basis for a common constitution. (S)

Only one political party advocates an independent state. All others are in favor of a common state. The problem is they want to have maximum autonomy for the republics, and the Czech side believes that at a certain point the state would cease to function. If a treaty is concluded, it will open the way to completion of the draft of the constitution by spring of next year. (S)

I don't underestimate the problem, but in my opinion the situation is not as grave as when viewed from abroad. On my behalf, and that of my government, I favor federation, but do not want to impose this. Citizens have a right to decide what kind of state they wish to live in. We are promoting a federal solution through constitutional and legal methods. We shall never use power methods to impose it. (C)

The President: We recognize this is an internal matter, but we hope the first alternative prevails. We've been talking here and are prepared to upgrade our consulate in Bratislava to a consulate general. We hope that this will strengthen contacts with Slovakia and be symbolically helpful as well. I wanted to be sure you are comfortable with that. (S)

President Havel: We welcome your intention regarding the consulate. It is our obligation to repeat everywhere that Czechoslovakia consists of two republics and is a federal state. The problem is that for decades the Slovak people lived in the shadow of the Czechs. Everything that contributes to their international identity is beneficial. Our opinion is that the second alternative, division into two states, would not be

beneficial for any citizen of Czechoslovakia. It would slow down, or even freeze, the economic reform. Unemployment would rise and there would be an advance of undemocratic forces. State borders would become problematic, and this could lead to the destabilization of the European situation in general. History teaches that Europe's history is always entangled in our country for reasons of geography. ~~(S)~~

I should like to raise two other subjects to which you referred. The first is the progress of our economic reform. When we visited the last time, I was surrounded by these same ministers, who were all part of one anti-totalitarian movement. Now each is head of a different political party. This marks the crystallization of democracy, though I must admit it makes my life more complicated. Last time I referred to Czechoslovakia's intention to accomplish a radical transformation. Now, one and a half years later, that intention has become reality. The transformation is underway at full speed. Soon we will complete the small-scale privatization, and the large-scale privatization is being set in motion. ~~(C)~~

I ask that the opportunity be given to the finance minister to present to you a coupon book. Through this, all citizens have the opportunity to obtain stock. This is a non-traditional method, but we had to do it because of the condition of our savings. The standard method of privatization would have taken 60 years, because 97% of our industry is state-owned. ~~(C)~~

The President: How does it work? What does the coupon entitle you to? (U)

President Havel: Every citizen can buy the book at stores or post offices. The book contains a certain number of investment points, which entitle the citizen to bid on the stock market for shares without having to pay, because our savings do not suffice. It is sort of a socialist element, though Minister Klaus obviously disagrees. As a member of a right-wing party, he is bound to disagree. This does not mean that all state property would be given away. Minister Klaus is better qualified than I on this matter if you wish more detail. ~~(C)~~

As to the economic transformation, let me make one more point. We have had an immense sales crisis since the artificial system of Comecon collapsed. That is why we are seeking facilitation of exports to foreign countries, especially the west. We are negotiating an association agreement with the EC and hope it will be concluded in November. I am grateful that you, Mr. President, have lifted certain limits and quotas. We can now export more of our textiles. Should more be lifted, we would welcome that. I also thank you for your generous assistance in the technical area and through the IMF, World Bank and G-24. I am confident that we will find understanding from the U.S. regarding the GATT Round. We need support for recognition of our customs tariff. So much for the economic situation. ~~(C)~~

The second subject concerns the international position of my country. So that I do not speak alone, perhaps you, Mr. President, could outline your view of the present security situation of Europe and give us your ideas or perhaps ask questions, so that I do not speak too much. ~~(C)~~

The President: That is agreeable to me. Let me make a couple of comments and see if anyone wants to add anything on our side. Mr. Eagleburger and General Scowcroft are following these issues very closely. First, I appreciated the positive response from Czechoslovakia, Poland and Hungary to the Baker-Genscher statement and also your strong endorsement of NATO and the U.S. presence. There is a lot of speculation about the U.S. role. Our view is that the best security arrangement for all, including us, is a strong U.S. presence through NATO. There is a debate going on as we prepare for the NATO Summit in Rome. We hope we will come out with a clarifying position that reinforces the importance of NATO. ~~(C)~~

My speech in Prague last year was the first time we had extended the Atlantic idea to central Europe. We have now developed a vision of a Euro-Atlantic community, of which the Czech and Slovak Federal Republic is, of course, a member. We want to be understanding of your view of security, but we think a direct military threat is much less than it was before. The dangers we see come from ethnic conflict, economic upheaval, and regional instability. It is those we want to help you address, while making clear our commitment to your independence. We feel the same way about Poland and Hungary. ~~(S)~~

We worry that, at some point, some European countries may say they would like the U.S. to go home. If so, many people here would say fine, let's come home. As long as I am here, and our team is here, we will resist those pressures. There will be no isolationism. We want to be involved -- not in a heavy-handed way, but as an element of stability and security. I worry a bit about French opinion and German opinion, where we may hear suggestions that the U.S. leave. We think it is in Czechoslovakia's security interests that we stay. Brent? ~~(S)~~

General Scowcroft: Mr. President, the issue is the nature of the growing European community as it relates to NATO. It is a delicate process. Relations between Czechoslovakia and NATO are part of that debate. We are interested in close relations, but there is a debate over how to expand and how fast. This is caught up in the question of Europe and its relation to NATO and the European defense system. ~~(S)~~

President Havel: I would make a few remarks. Czechoslovakia is convinced that the U.S. should be present in Europe, even if for other reasons than was the case ten years ago. We believe in the trans-atlantic dimension, not only in the security field, but also the civilizational ties between our continents. No matter how the future develops in Europe, it is hard to imagine its being shaped separately from the U.S. -- the more so because of the traumatic and stormy developments in the Soviet Union. ~~(C)~~

Our security policy places emphasis on two things principally. What's going on in Yugoslavia shows how important they are. First, we support the increased flexibility and continued institutionalization of the CSCE in the direction of peace-keeping. We see the possibility of a future pan-European security system. The pillar of this vision and its guarantee is certainly constituted by the North Atlantic Alliance. We just had a meeting in Krakow in which we warmly welcomed the initiative by Secretary Baker and Foreign Minister Genscher. We would like some sort of institutionalization of relations with NATO and would accept some form of associate membership. We would welcome it if NATO could use its forces not only among its member states -- for example if it had a request by an associate member for its forces to be used outside NATO. I have in mind peacekeeping efforts should national animosities break out. Developments in Yugoslavia indicate how important it would be to have some peacekeeping forces in Europe, be it from NATO or the CSCE, because without resolute action there is a danger that the war there could be protracted over ten years. ~~(S)~~

As far as France is concerned, I have written a letter to President Mitterrand in which I tried to explain, before the November summit of NATO, how important it would be for Europe as a whole if NATO opened itself more toward the newly-established democracies of central and eastern Europe. At the same time, I explained that the presence of the U.S. was not in contravention to his idea of a confederal Europe. On the contrary, it is the guarantor of European integration, not something that runs counter to it. ~~(S)~~

The President: We share your concerns regarding Yugoslavia. We worry that we may see even greater violence. Some have called for early recognition of Slovenia and Croatia, but we didn't support that, because recognition should come only as a result of agreement among the parties concerned. We also worry that this might escalate the violence. We have been working closely with the EC. We have not been out front on this, as I mentioned in the Oval Office, because we thought it important for the EC to take the lead. On the overall picture, I think we will have a successful NATO meeting, which will define NATO's role to the satisfaction of the new democracies in eastern Europe. ~~(C)~~

Acting Secretary Eagleburger: I am not sure it will go so far as associate status, but we do want to find ways to expand the relationship and dialogue between NATO and the central and east European countries. ~~(S)~~

The President: I think they need assurance of U.S. participation and of NATO's being in the forefront of European security. I hope the meeting will put some other ideas, such as the Kohl-Mitterrand statement, into perspective. There may be some uncertainty in Europe on these questions. I think we can clarify that. ~~(S)~~

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Let me raise another question. We talked about trade and investment in the other room. I might make a few comments on our side. We are taking certain steps: exempting you from Jackson-Vanik, extending permanent MFN, and opening our markets. I appreciate your comments on that. We also want a successful Uruguay Round, and I am a little more optimistic on that, though agriculture is still the hang-up. We want to continue to support trade and investment missions, and I hope the OPIC mission led by Fred Zeder will prove helpful. Larry is very high on OPIC, which can be as helpful as any institution on these issues. We are urging the EC to open its markets to your products. They should be doing more. Free trade, markets, investment -- these are the real answers to your economic problems. It will take time. ~~(S)~~

Acting Secretary Eagleburger: Mr. President, the Enterprise Fund is just getting started. I hope it will be as successful as our Funds in Poland and Hungary. We've done a good bit in the area of technical assistance and privatization. One thing to emphasize is that investment will flow if conditions in the country encourage it to flow. Frankly, you are competing with Poland and Hungary for investment. It is important, therefore, that Czechoslovakia provide a climate as attractive as possible. ~~(C)~~

President Havel: As a footnote, I would add two remarks. Our whole legal system is being rebuilt. We are the first ones to want all of the legislation completed. Let me also say that the Germans, who are close to us, are able to overcome the first shock of legal uncertainty. They are coming in strong. 85% of all new foreign investment is coming from Germany. So it is not only for us to proceed fast; other partners need to show more courage. If there are any specific obstacles, Minister Klaus might explain that the situation is not so difficult. ~~(C)~~

Second is the issue of defense conversion, which the President and I discussed by phone. I am grateful that he took an interest in this and grateful that Secretary Atwood came to Czechoslovakia. It is extremely important. Czechoslovakia used to be the arms factory of the Warsaw Pact. Because of our policy, we don't want to export to terrorist states or to crisis areas, but this change cannot take place overnight. It is complicated, and it makes Czech/Slovak differences more difficult. The problem affects whole regions where there are no alternative job opportunities. Therefore, I hope the United States will continue to take an interest in this. We would welcome it if COCOM limitations were lifted. Mr. Dlouhy, who deals with this issue, has a list of companies and production schedules, but without foreign investment, it will be a protracted process. That is why I raised it with you. ~~(C)~~

The President: Atwood briefed me on his trip right in this room. While the private sector is key, we want to continue working with you. We understand the tremendous challenge this is. We can provide technical assistance and encourage more private interest. If Minister Dlouhy has a list of specific projects, we can focus on that while you are here. You have impressed on me the

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importance of the issue, and I want to assure you of our cooperation. (C)

We are close to our time limit. We didn't come to the Soviet Union. I think Secretary Eagleburger can fill you in at lunch, but I would benefit from your views. I think we could learn more from you about this than you from us. Let me just say a few words. We are working with Gorbachev, but also with Yeltsin. For example, on our arms proposal, we talked to both. We are not picking winners and losers in this. We are simply talking to those in authority. We are very concerned about nuclear weapons safety -- security for the weapons in place and disposing of those systems all agree are no longer needed. That argues for some clear understanding between the republics and the center. That's a quick overview. I would love to have your views. They would be very beneficial to me. (S)

President Havel: I intend to pursue the matter with Secretary Eagleburger over lunch, and perhaps we can discuss it during dinner. To be brief, I will make one remark only. I have observed a certain situation after the latest developments in which the attention of the whole world, including the U.S., has focused on the Soviet Union and what its future will be. That is more than understandable. But let me point out that it is not adviseable to overlook or forget central and eastern Europe, for one reason: our countries are sort of a window to the Soviet Union which makes it possible to see them. We are more understandable to the West, and we are a certain laboratory for their reforms. For example, the huge advance of democratic forces during the coup -- as I was told by many people -- was inspired by our democratic revolution the year before. I do not want to give a detailed analysis now, but when we -- Poland, Hungary and Czechoslovakia -- call for assistance, it is not only for the sake of our particular interests, but also because of an awareness that we are part of a medium through which you can understand. (S)

The President: This is precisely why we are keeping your assistance separate from aid to the Soviet Union. I have a last point which maybe we could discuss tonight. What is in Czechoslovakia's best interests: a bunch of independent countries, a loose federation, or a tight central system? (S)

President Havel: I believe that for Czechoslovakia, the best alternative is the one which secures the fastest progress toward democracy, stability and a market economy. It seems like that is most likely to come through a loose union, some sort of commonwealth. The empire has been an artificial one. It is the last colonial empire and is bound to disintegrate. It should be peaceful, without civil war and done in a democratic manner. It is likely this will develop in interim stages: maybe a confederation within a year and a half, then a union of independent states in the next two years based on contractual relations only. Maintaining the center at any cost is against the long term tendencies. (S)

The President: Will Gorbachev make it? Next year when we meet, will he still be there? ~~(S)~~

President Havel: He is a politician with great capacity for adaptation, capable of changing his views very fast. Even if his political assets are decreasing, it is not the end of his career. ~~(S)~~

The President: I think we agree. He has been very good to work with. Clearly his power is diminished, but is hard to count him out. ~~(S)~~

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT:	Meeting with Askar Akayev, President of the Republic of Kyrgyzstan (U)
PARTICIPANTS:	The President James A. Baker III, Secretary of State Brent Scowcroft, Assistant to the President for National Security Affairs Robert Zoellick, Under Secretary for Economic Affairs and Counsellor, Department of State Ed A. Hewett, Senior Director for Soviet Affairs, NSC Staff (Notetaker) Demitry Zarechnak, Interpreter Askar Akayev, President of Republic of Kyrgyzstan Viktor Komplektov, Ambassador to the U.S. Apas D. Dzhumagulov, Chairman of the Chuyskiy District Soviet of the People's Deputies of the Republic of Kyrgyzstan Batyraly S. Sadykov, Chairman of the Oshsk District Soviet of the People's Deputies of the Republic of Kyrgyzstan Evgeniy Zolotov, Interpreter
DATE, TIME AND PLACE:	October 25, 1991, 1:25 - 1:40pm EST The Oval Office

The President: I'm delighted you're here. I understand congratulations are in order for your election. I want to turn the meeting over to you for a discussion. How do you see the future? (C)

Clearly we want good relations with you and with the republic. The floor is yours. (C)

President Akayev: Mr. President. First I want to thank you very much for meeting with me. I come with instructions from President Gorbachev to hand over his message to you. (U)

The President: I won't read it now, but will afterwards. (U)

President Akayev: Mr. President, among all the maxims I've read in books, the most important is what Polonius told his son: "...[T]o thine own self be true, and it must follow, as the night the day, you cannot be false then to any man." (U)

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Mr. President, you have followed that principle throughout your life, as a pilot, a diplomat, the father of a big family, and now as President of the United States. I express the greatest respect and admiration for you and the wonderful things you are doing as leader of this country. (U)

Mr. President, Machiavelli said that the ends justify the means. You have formulated noble objectives. The world is kinder; America is gentler. We've been in the U.S. only one week. I see the face of America has become gentler. And after the brilliant victory over Iraq, the face of the world has become gentler. (U)

Mr. President, the fathers of America formulated a wonderful system of values drawn from those of Rome and Greece: freedom and democracy. The people of Kyrgyzstan know you've given life to those principles and they share your ideals. We have opted for a truly democratic society and path of development. We are committed to a civil and law-governed society. ~~(C)~~

The main thing in my mind is to seek moral support. Since you agreed to meet me, I assume you are informed about democratic processes in the republic and that you support us. I express our appreciation for your support. ~~(C)~~

The President: Thank you for your very generous words. How do you see economic matters developing in your republic? ~~(C)~~

President Akayev: We are firmly embarked on establishing a market economy. We're committed to an extensive program of privatization, and to private interest -- indeed to private property in general. We are initiating a radical land reform. ~~(C)~~

In 1990 and 1991 we created more than 600 private peasant farms, giving them the right to own land. Right now they account for only 4% of arable land. But in 1992, we want to have 6,000 farms, accounting for 20% of the arable land. And within three years we would like to have that figure up to 70%. I hope that we'll be able to fully deal with the food problem. ~~(C)~~

The President: I am confident that private ownership will benefit the agricultural economy. You will see production go way up. ~~(C)~~

Are you happy with your relationship with the center, and with Gorbachev? ~~(C)~~

President Akayev: Yes, Mr. President. We stand for a new union, led by President Gorbachev. With great effort we signed a treaty on an economic commonwealth. I also propose that we should sign a treaty on defense and security. Control of the armed forces and nuclear weapons should be in one hand, that of President Gorbachev. ~~(C)~~

The President: We'll be talking about those nuclear issues when we meet with Gorbachev on Tuesday. Do you and Yeltsin see eye-to-eye on these matters? ~~(C)~~

President Akayev: Yes. We signed an agreement with President Yeltsin on relations with Russia. ~~(C)~~

The President: I am glad to receive the message, and it is appropriate that you bring it to me. I want to make the point the we will deal openly with elected leaders in the republics, not behind Gorbachev's back, and do it openly, without in any way weakening him. ~~(C)~~

It is for you to work out your relations with the center, which you have done. We respect that. When you do that, it will be more clear for us what we should do with the center. ~~(C)~~

I wish you well. What we discuss in Madrid will be of interest to all of the republics -- both the economic side and the military side, that is, nuclear weapons. ~~(C)~~

I know you're on a tight schedule. I am delighted you came. Thank you for your hard work. (U)

All of us have tried to work with the Soviet Union. This is a two-way street. Take that message back. All of us -- me, Jim Baker, Brent Scowcroft, Ed Hewett -- want this to work. ~~(C)~~

We're working together in the Middle East, as we did in the United Nations in countering Iraqi aggression. ~~(C)~~

We're not looking for winners or losers in the republics. ~~(C)~~

President Akayev: Thank you for this visit. I appreciate your good words about my President, Gorbachev. We all wish for progress in the the cooperative efforts to deal with problems you are trying to solve. ~~(C)~~

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: LUNCHEON MEETING WITH PRESIDENT GORBACHEV

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
Marlin Fitzwater, Assistant to the President and Press Secretary
Robert Strauss, Ambassador to the USSR
Ed A. Hewett, Senior Director for Soviet Affairs, NSC Staff, Notetaker
Dennis Ross, Director, Policy Planning Staff, State Department
Peter Afanasenko, Interpreter

Mikhail Gorbachev, President of the USSR
Boris Pankin, Minister of Foreign Affairs
Anatoliy Chernyaev, Foreign Affairs Advisor to the President
Vladimir Lukin, Chief of Committee on Foreign and Economic Affairs
L. K. Kayumov, Minister of Foreign Affairs of Takzhikistan
Andrei Grocher, Presidential Spokesman
Yegor Yakovlev, Chairman, TASS
Peter Palashenko, Interpreter

DATE, TIME AND PLACE: October 29, 1991, 12:30 - 1:15pm
Madrid, Spain

President Gorbachev: This is a great occasion. It was probably difficult to arrive at this point in the conference, yet even more difficult times are ahead. Everyone, of course, has an agenda. ~~(C)~~

Jim Baker must be an honorary citizen of some of the Middle Eastern countries he visited, and of the Gaza Strip. ~~(C)~~

Perhaps we will want to add some additional thoughts on these issues. I understand today that there was an attack against an Israeli bus. ~~(S)~~

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President Bush: Dennis (Ross), is there anything more on that? ~~(S)~~

Mr. Ross: Nothing much more than yesterday. ~~(S)~~

President Gorbachev: Perhaps we should clear up what really happened before linking it with the conference. ~~(S)~~

President Bush: No one believes we should stay away and let the perpetrators succeed. ~~(S)~~

President Gorbachev: This is a good location for the conference. (U)

President Bush: Choosing the conference site was an interesting process. There were so many places that were off bounds because one or another party vetoed them. The Syrians vetoed the Hague; the Palestinians, Geneva. ~~(S)~~

President Gorbachev: You spent the night on the plane. (U)

President Bush: Yes. I left after dinner with the Queen of Thailand. Barbara did not come. (U)

President Gorbachev: Please convey my warmest regards to her. I saw a picture of you talking to me on the phone at the end of the coup, with Barbara standing beside you. (U)

We'll be able to talk more about that later. (U)

President Bush: Have the perpetrators gone to trial? ~~(S)~~

President Gorbachev: No. This is a very complicated matter. ~~(S)~~

President Bush: Yanaev was my host on the trip to Kiev. ~~(S)~~

President Gorbachev: I know. ~~(S)~~

President Bush: It is more complicated when you knew someone. ~~(S)~~

President Gorbachev: How do you think I felt? Yanaev was my friend from university days, 40 years ago. ~~(S)~~

This just demonstrates how far we've changed our country. There was a big difference between his understanding of the situation and mine. ~~(S)~~

President Bush: It was stupid to try to overthrow you. ~~(S)~~

President Gorbachev: This is what generals do sometimes (pointing to General Scowcroft). ~~(S)~~

President Bush: Are you pointing to Scowcroft? ~~(S)~~

President Gorbachev: But I mean bad generals. ~~(S)~~

President Bush: If Brent Scowcroft wants my job, or Baker's for that matter, he can have them. ~~(S)~~

President Gorbachev: I don't want to abandon my job. This is a crucial time. We've left everything behind, and to leave now would be to leave the country in a grave situation. ~~(S)~~

All the superficial things you see are on the surface -- decisions, speeches, etc. They are not the crucial things. Speeches are not what we need today. The issue is how we actually make the transition to a market economy. It will be difficult. The social situation is very tense. ~~(S)~~

But there is also a change. People are ready to accept hardship, if they believe there will be a better life. ~~(C)~~

President Bush: I remember the last two times we met, you said that change is irreversible. Of course there will be bumps along the way. This may be an improper question, but do you have a concern about a second attempted takeover. ~~(S)~~

President Gorbachev: I still think we have more chances, better chances, on our side. We just had a congress of workers from the entire country. I received a delegation from the congress. They're for the market. Most represent large factories. The first step they believe is to give shares to the workers so that they can share in the control of profits. They are ready to work in a market situation. ~~(C)~~

They said that if we'll do that, then they'll support us in everything. Even in the defense industry, they're ready to accept reforms. ~~(C)~~

If we move decisively, in coordination in our country, and also with your support, we'll get the situation in hand. ~~(C)~~

But there might be real bumps, especially with the price liberalization. We need to struggle to resolve the myriad of challenges: 1.) price liberalization, 2.) a stable financial situation, that is, an anti-inflation policy, and 3.) stimulate entrepreneurs to start producing, to fill the market with consumer goods. ~~(S)~~

We signed the economic treaty. Yesterday a Memorandum of Understanding was signed on debt. Yesterday and today I had calls from Moscow on this. It has been difficult, but they signed it. This morning I have a memo on my table about the agreement. ~~(S)~~

The meeting between the G-7 Deputies and the Prime Ministers and Finance ministers of the republics was very useful for our country. I heard it was also important for the G-7. It was useful for us to learn, and to work in association with other countries. ~~(S)~~

President Bush: You were satisfied at the outcome of the meeting with G-7 representatives? ~~(S)~~

President Gorbachev: Yes. (U)

President Bush: Ambassador Strauss filled us in on his conversation with David Mulford. I gather twelve signed...Bob? ~~(C)~~

Ambassador Strauss: Mr. President, ten signed it yesterday... ~~(C)~~

President Gorbachev: All twelve signed. Also there will be additional discussions with the Baltics because they hold a portion of the debt. ~~(C)~~

President Bush: The Balts will never accept collective responsibility for all the debt of the USSR. ~~(S)~~

President Gorbachev: We'll talk. I have set up three delegations to talk with the republics, led by Sobchak, Yakovlev, and Shevardnadze. They will discuss the entire range of problems with the Balts. Increasingly they (the Baltic leaders) are reminding us of the need for ccoperation. ~~(S)~~

President Bush: One area I'd like to talk to you is in working together on nuclear issues. I don't know if you got my letter, but I discuss there the whole concept of working together to guarantee security and safety of nuclear weapons. ~~(S)~~

We see half way around the world republics making certain statements about nuclear weapons. I'd like to hear your view. This is a situation where the center has a role, and you have a stake. ~~(S)~~

President Gorbachev: George, a lot of what you hear in the press is not reliable. The press may have a duty to say such things, but... We will talk in detail about the domestic situation. ~~(S)~~

The voices you sometimes hear, even in the Ukraine...that's not the real Ukraine. For example, they criticized the economic treaty, saying that they would not sign it. Now they will sign it. ~~(S)~~

I don't need to tell you what an election campaign means. Some people overreach in the process. Kravchuk says one thing one place, another in other places. ~~(S)~~

President Bush: When is the election? (U)

President Gorbachev: December 1. Please be patient. Even Kravchuk has left no doubt on his position about the central control of nuclear weapons. The same is true of Nazarbayev. You need have no concerns. Everything regarding these weapons is

100% under central control. No one can come close to nuclear weapons outside the central command. ~~(S)~~

Yeltsin talked yesterday about the need for a common army. This an agreed point we have followed for a long time. That position on a common army is in the draft union treaty which Yeltsin and I sent to the republics. There is no intention to break up into national armies. We will talk more later. ~~(S)~~

Secretary Baker: One of my jobs is to move the Senate to ratify START. We testified that this was going well. Then the Ukraine announced a 450,000 person army. Senators then ask, "What does that mean for the Kiev Military District?" I can't answer. This may be simply posturing in the style of democrats in the U.S. It's Strauss' fault. ~~(S)~~

Minister Pankin: He's (Strauss) doing that now in Moscow. ~~(S)~~

Secretary Baker: He's used to it. (U)

President Gorbachev: The President made the right choice (in Strauss) ~~(C)~~

Ambassador Strauss: I'm the only real democrat. ~~(C)~~

Secretary Baker: That's "Democrat" with a capital "D." ~~(C)~~

President Gorbachev: I understand that what Ukraine has said echoes in Congress. The President may even have heard reports about discussions of a possible nuclear exchange between Russia and Ukraine. I worry how that is perceived. ~~(S)~~

There will be total clarity in this as a result of military reform. Whatever variant we take, the Armed Forces will be under my control. ~~(S)~~

I am also convinced that there is no other way regarding our foreign policy. ~~(S)~~

But for both foreign policy and the armed forces, the single control will be implemented giving much more of a role to the republics. If, for example, the republics implement some specific policy, then that's better; it makes it possible to implement agreed-upon policies. I'd like to discuss more in our conversation. ~~(S)~~

Please bear this in mind: we are establishing a new state. Actual responsibility in the country and interaction with our partners -- we'll find an optimum solution to all our partners, consistent with our interest and that of all our partners. ~~(S)~~

Above all, we want to put an end to the totalitarian regime. This is our responsibility, our prerogative. You also wanted us to put an end to that regime. Until recently you, and many in my country, thought the changes were going too slowly. But we needed to prepare our society for these steps. All must

understand that this is not an easy process. There will be mistakes in strategy and tactics. ~~(S)~~

Some believe the current stage is "funereal." But I talked with an entrepreneur, a well-educated man, who is head of an association of joint ventures. He said, "Mr. President, you always say "crisis, crisis." But how else can you destroy a totalitarian system without crisis? ~~(S)~~

I fought Pavlov, who proposed an "anti-crisis" program. How can you eliminate totalitarianism without a crisis? When Pavlov proposed an anti-crisis program, he was saying he was against changing the system. We sat around a table and listened to him. He was serious. He believed the kind of state we had was normal. But it had to be dismantled. ~~(S)~~

It reminds me of a story from medieval times. A traveler sees something being built. One said to him -- we're carrying huge stones, which should be the work of slaves. Another said, we're building a cathedral. This is a time when you can hear all kinds of views in our country. There are democrats of all kinds in the country, and they now have a chance to implement real change. It is important now to preserve what was created after August. ~~(S)~~

President Bush: There is no danger of going back to the August events? ~~(S)~~

President Gorbachev: No. Things cannot get back to that stage. The real danger is unrest stemming from the dissatisfaction of the people. People are for reform. Those who attempted the coup opposed reform, the union treaty, indeed all we were trying to do. They could not accept the new kind of life, the new society. Our people in general are in favor of change, the market economy. ~~(S)~~

President Bush: I'm worried about the army and dislocation problems. ~~(S)~~

President Gorbachev: That is a problem. On October 21 I proposed for people released from the army that they get free land and a loan to develop that land. But there are even more basic problems. The army is just part of the problem. ~~(S)~~

Well, I think they have served us all the food they are going to serve us. (U)

Ambassador Strauss: Before we go I want to thank you for your hospitality to me in Moscow. (U)

President Bush: Yes. Thank you very much for what you've done for Bob Strauss. (U)

President Gorbachev: We've never had that late-night supper and long chat I promised. I won't delay much longer. ~~(C)~~

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT:	Meeting with President Gorbachev of the USSR (U)
PARTICIPANTS:	The President James A. Baker III, Secretary of State Brent Scowcroft, Assistant to the President for National Security Affairs (notetaker) Peter Afanasenko, Interpreter Mikhail Gorbachev, President of the USSR Boris Pankin, Minister of Foreign Affairs Anatoly Chernyayev, Foreign Affairs Adviser to the President Pavel Palashchenko, Interpreter
DATE, TIME AND PLACE:	October 29, 1991, 1:20 - 2:45pm Madrid

President Gorbachev: Let's spend a couple of minutes over how to organize these talks. I have two or three days myself. (U)

President Bush: As do I. (U)

President Gorbachev: I suggest a couple of areas. First on the Middle East Conference. I have a couple of problems. We need to talk in detail on our internal situation. Not only on the economic situation, but what we are doing now. ~~(S)~~

President Bush: This is fine. We can't cover everything, but why don't you start? ~~(S)~~

President Gorbachev: On the Conference, I will be brief. It proves again the kind of cooperation we have been able to achieve over the past couple of years. Some ask whether it is worth it now to cooperate with the Soviet Union and what Gorbachev represents? I must note here your balanced attitudes on this question. ~~(S)~~

I think we still have much work to do together. The assets we have deployed together over the past period make us see that cooperation is preferable. Through our efforts, especially Baker's, we now have a beginning for this unprecedented Conference. My impression is that we must be cautious and that the participants will doubt a need from time to time to continue.

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Not that we should work instead of them, but we are facilitators of the process. We should given them a chance to work for themselves. ~~(S)~~

I spoke with the President of Cyprus. He hopes you and I will find a way to solve that Cyprus problem. This was my first meeting with him. He seems a serious man. ~~(S)~~

President Bush: He's a very good man. We hoped for progress, but then the Turks pulled back. ~~(S)~~

President Gorbachev: He said that now that we are working together, we should remember that the Cyprus situation was created by force and should be solved not by force, but by negotiations. In other situations we have not put up with force. ~~(S)~~

In Yugoslavia the situation is of much concern. They seem unable to engage in a political process, despite assistance by all. I don't know if you have considered raising this in the UNSC. Maybe we should think about it. ~~(S)~~

President Bush: Some believe this is an internal matter and that the UN should stay out. ~~(S)~~

President Gorbachev: External intervention is inadmissible. But taking a principled stand would be useful. ~~(S)~~

President Bush: The Security Council did pass a resolution not too long ago. ~~(S)~~

Secretary Baker: Now there is no effective central government. ~~(S)~~

President Bush: We're open-minded. Let's keep talking. Did your talk with the leaders offer any hope? ~~(S)~~

President Gorbachev: They went back with promises of cease fire and good offices. ~~(S)~~

Secretary Baker: The UNSC did impose an arms embargo, and it seems to be effective. ~~(S)~~

President Gorbachev: This is a bad precedent for this to happen after the Paris CSCE conference. ~~(S)~~

President Bush: Yes. The EC is not united on this issue. ~~(S)~~

President Gorbachev: Yes. Some were hasty in saying there is no more Yugoslavia. That is not helpful. Maybe we should have additional exchanges on this. CSCE may not be able to continue if we can't deal with this. ~~(S)~~

President Bush: May I say a word about the Conference? We appreciate your role, especially with Syria and the Palestinians. We must continue to work together with the Syrians to attend the

multilateral conference, and ensure that the Palestinians not mess things up. If we are to succeed, we must stay together. ~~(S)~~

President Gorbachev: I agree. Should we react to the terrorist act? We'll get a question. ~~(S)~~

General Scowcroft: We have to understand it first. ~~(S)~~

President Gorbachev: So we could do that, and say it is an attempt to scuttle the conference. ~~(S)~~

President Bush: I see two problems. We need to encourage Syria to participate in the organization of a multilateral meeting. The other is the site for the follow-on conference. The Arabs want Madrid. Israel wants everything to be done in the region. We need a compromise formulation. ~~(S)~~

President Gorbachev: Today we can focus on this in the talk with Shamir. We shouldn't focus solely on this or the issue of multilateral talks. We need a balance. ~~(S)~~

Secretary Baker: But we either need to start in four days or we might not start at all. Rhetoric in this conference will be extreme. ~~(S)~~

President Gorbachev: It is a question of Golan, 242, and the Settlements. ~~(S)~~

President Bush: These are all tough issues. I will say all must think anew. ~~(S)~~

President Gorbachev: There will be nothing new in my remarks. Shall we move to the second topic? ~~(S)~~

President Bush: Are you coming to the Reagan Library opening on November 3? (U)

President Gorbachev: I got a letter from him. He is a charming man. (U)

Now, about our domestic problems and where we are. On the surface much is happening. The question is how to end the crisis. The only way is to accelerate reform -- market-based political and economic freedom. ~~(S)~~

There must be a single market. Awareness of this is growing. The central question is the future of our state. After August there is a running debate and statements by reporters of declarations of independence, which didn't change anything. They are just a prelude from which to take steps to voluntary association. ~~(S)~~

Some reacted to Russian statements about frontiers. That spurred support for separatist movements, and talk about a Russian Empire. It was a bitter dispute. ~~(S)~~

It was difficult to reach a stage of a joint statement by 10, but the process is now launched. The treaty has been signed in the form developed by Yavlinsky. Some have said it represents a return to the center, but cooperation requires some sort of collaboration. ~~(S)~~

Ukraine said it will shortly sign the economic treaty. We worked with Yeltsin on the draft union treaty and have sent it to the republics. It calls for a unitary state, not a free commonwealth. It will have central institutions and foundations. It will have control over areas of energy, transport, communications, and R and D. We have responses from most of the republics. Nazarbayev suggests the center be stronger, and others agree. Yeltsin has comments, but the process seems to be on its way. The State Council will meet on November 11 to discuss it. ~~(S)~~

Yeltsin is under severe pressure by those who support a different concept. People who think Russia should shed other republics and go ahead alone. Yeltsin understands what that would mean. Russia then would be in a period of upheaval and other republics would be in a state of chaos. Other regimes would rise--even Yeltsin could be jettisoned. Yeltsin understands, but he is easily swayed. ~~(S)~~

His speech had two parts. On the economy he stuck to our agreed approach, although on some questions he was a bit rash. That's not too dangerous because he follows a path to economic reform. So that is a positive part of the speech. It was a dramatic and brave decision -- not his usual populism. It is difficult for him, but he did it. I spoke to him yesterday and said I would support that positive part of the speech. ~~(S)~~

But the rest of the speech was worrisome. Although he reaffirmed support for the Union, he retreated on some issues in the union treaty. He also made some rash statements on issues of great importance. Still I will give him support because he is pushing reform. ~~(S)~~

President Bush: Does Yeltsin's Russia want to take over the center? We can't see over the horizon. ~~(S)~~

President Gorbachev: That is a direct question. That was happening when I returned from the Crimea. That worried the republics and the democrats. It took a big effort on my part to hold the line. That process was stopped. I helped Yeltsin to get out of his box by accepting the decisions he made during the coup. His present situation is not entirely calculated. Today a new union gives form to Russian leadership of the republics. They can't accept direct Russian direction. Most republics support a center. He and I had a good understanding about this, and his speech was somewhat disappointing. If he goes to separatism that would be a disaster for all. ~~(S)~~

My view is we will find an optimum solution for the economic and political treaties. I am working with each republic on this. A crucial time for us and the West is approaching. What kind of Soviet Union is wanted? You need to take a clear stand and put forward a program of support. ~~(S)~~

Yavlinsky called last night. He told me that the G-7 had done careful work and would report to their heads to make final decisions. I request you to take the initiative and accept that decision. What is it? $370 million in cash needed today. One billion financial credits expected from Saudi Arabia and Korea. Finally, $2.5 billion is needed for standby in case of need, and to deal with dangers in this critical situation. ~~(S)~~

You all understand what is happening that the implications. But now this seems to be a brake terday they did sign a MOU on foreign debt. al point. ~~(S)~~

<u>President Bush</u>: Let me be ve u know my position has been support for ugh not exclusively -- and you. In K to that effect which was sharply criticized. eckless nationalism. We maintain cor id others -- not behind your back. Many worry sin speech meant, and how good the cred

Our law requires certificati ss. The G-7 saw good signs of intent to refo reditworthiness are desperate. How we can g on't know yet. In our view we can do something d the republics to participate since they ha for something less we have to deal with G- e situation is worse than expected. So we t need additional assurance the republics are involved. ~~(S)~~

<u>President Gorbachev</u>: The MOU is just that. The republics have recognized the debt, and declared responsibility for it. They authorize the central bank to do it in their behalf and all will provide for servicing the debt and its obligations. ~~(S)~~

Let me be very frank. $10-$15 billion is not much for us and repayment is not a serious problem. If the current crisis escalated then we -- you and us -- will pay much more later. You mention the demands of Congress and Treasury. In a routine situation that is sensible. But in this crisis situation, routine decisions are not possible. Political decisions are required. ~~(S)~~

<u>President Bush</u>: That is why I asked you about the possibility of a reactionary coup. Another new element is my situation at home. It is not like yours, for which I am grateful. But the Democrats forget foreign affairs, and focus on Chicago, etc. Congress says, how can you certify the credit? We must put it on the line as a medical and agricultural credit. ~~(S)~~

I can't say what your need is -- only you can. I can tell you what I can do now: $1.5 billion for the winter while you sort out the union-republic situation. If that is insulting to you, I will go back and consult and see what might be done. But if you want something now, I can do this for two reasons: it is agriculture, and the republics are now involved, so credit is better. It is something we can start with. But if that puts you in trouble at home, maybe we should just defer. But I can't do more right now. ~~(S)~~

President Gorbachev: We have two problems. The food crisis exists and we hope for $3.5 billion before the new harvest. Second, we need decisions regarding the work of the G-7 experts. ~~(S)~~

President Bush: What is the second? (U)

President Gorbachev: The G-7 agreed about the current debt payout situation. $370 million cash to continue; faster action by Saudi Arabia and Korea for $ 1 billion; and, last, $2.5 billion standby. We will invite the IMF and the World Bank to supervise our activities in the use of our credits. The G-7 representatives have all the necessary data. The main G-7 worry was the need for a MOU of joint responsibility for foreign debt and a judicial person to be responsible for it. That has been done. ~~(S)~~

Secretary Baker: The President is talking about $1.5 billion -- $165 million in grants; $250 million in credits now, and $1 billion in 60 days. The President says that is what the U.S. can do now. It doesn't get into project aid like food processing, etc. People can't eat projects. This is really all we can do now. ~~(S)~~

We want stability. You remember our telling you in June of a possible Pavlov Coup. We heard disturbing reports on this speech last Friday (he describes them). We went to Russian officials and questioned this. We think we had some effect. So we are doing what we can. If we knew where the speech does not accord with your union agreement, maybe we could help you on that. ~~(S)~~

President Gorbachev: They all want to show they can handle with contacts with the U.S. It is a messy situation. I think we can handle it. I am confident, but it won't be easy. That is why I am so insistent in raising the aid issue now. ~~(S)~~

President Gorbachev: We will talk to our G-7 counterparts when I get back. ~~(S)~~

President Gorbachev: On Arms Control we can say we examined the issues. On aid why don't we say we had a full discussion of all aspects of the current situation and we will continue after we have heard a report from the G-7 deputies. ~~(S)~~

-- End of Conversation --

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WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation between Prime Minister Shamir and President Bush (U)

PARTICIPANTS:

The President
James A. Baker, III, Secretary of State
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

Yitzak Shamir, Israeli Prime Minister
Benjamin Netanyahu, Deputy Foreign Minister
Zalman Shoval, Israeli Ambassador to U.S.
Eli Rubenstein, Cabinet Secretary
Yossi Ben-Aharon, Director of the Prime Minister's Office

President Bush and Prime Minister Shamir met at the U.S. Ambassador's Residence at 7:44 a.m.

The President: Thank you for coming in at this early hour. I know it is not easy for you and your delegation. But by coming you are doing the right thing. We are not trying to impose a settlement. We have longstanding policy positions. I am resisting the opportunity to repeat them. We want to be a catalyst. I'd like to hear from you if there are any problems. I will urge all parties to be flexible. My appeal is to keep our sights set on the big picture, on facilitating peace. That's my speech; I didn't even need cards to do it. ~~(C)~~

Prime Minister Shamir: We are very grateful for your efforts. It is in the interest of all of us. There are many obstacles and differences to overcome. The first is terrorist attacks which have a tremendously negative impact. It is impossible to talk when one of us is killed. It is very difficult to think politically in such circumstances. We appreciate and admire the efforts of the Secretary of State. It is unbelievable how much one man can achieve. ~~(C)~~

The President: As for killing and terrorism, we have nothing but condemnation. The only thing I can say is that if there is peace there could be a decline. People will try to disrupt the peace

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process and not only inside Israel. I can understand why it makes it more difficult for you. (C)

Prime Minister Shamir: The terror is being done by some people who are coming to the conference. They are negotiating peace and escalating terror, a strategy to using violence to aid their diplomacy. We will not accept it. It makes everything we are doing here more difficult. (C)

I know you are informed of the details. We have some logistical problems. We are determined to have bilateral negotiations--the most important ones--in the area. This is already a tradition: the 1948/49 armistice, and the agreements with Egypt and Lebanon. They create an atmosphere of progress for peace. It has an important psychological significance. Also, there is a logistical angle. We have three bilateral negotiations to conduct and multilateral talks involving hundreds of people on our side. There is the problem of communications between negotiators and the government. It is absolutely necessary to do this in the region. The other parties are not risking anything; we are the ones taking risks. Sometimes one has to take risks for peace, but they have only the chance of getting something. This is not a technical matter. We know how much you are investing in this. You and we want to succeed. (C)

The President: My only argument is that the Arab side also has a lot to lose. This conference is important. They do have a lot to lose. They have peace to lose. Everyone has something to lose. I don't worry about ourselves failing. Far more important than anything you have raised, is the need for this to go forward. Camp David was elsewhere. I know the history. But more important than any of this is the objective of getting to peace. We need to focus on this, on the overall result. (C)

Prime Minister Shamir: With Camp David, only the finale was in Washington after many meetings in the area. (U)

The President: But it was what moved it to conclusion. I'm not arguing that Washington is the only place, but the conclusion was key. (C)

Prime Minister Shamir: I imagine one day we will all meet in Washington at the conclusion. This might last years. But all this negotiation must be in the region. (C)

The President: I think we need to go step by step. President Gorbachev was happy when he was told there could be bilaterals elsewhere. We need to keep the focus on the big picture. (C)

Prime Minister Shamir: We will have to work on it over a long time. It is important to start. (U)

The President: I would hate to think a rigid condition could dismantle the bigger objective. Far more important than where something takes place is that it happens. I would think people in Israel and elsewhere would look at it this way. I know this is a problem for you and I wanted you to know how we and the Soviets look at it. (C)

Prime Minister Shamir: I would like to draw your attention to the extreme position of the Syrians on everything. They oppose peace treaties and multilateral talks. This was a U.S. idea; it is a great idea. (C)

The President: They are very difficult. We have seen this. I expect them to come with red hot rhetoric. But we can help, as we have already been doing. Who would have thought they would even show up? We will be doing what we can. The Soviets can help too. (C)

Secretary Baker: While we are disappointed with Syria's stance on the multilaterals, we are happy with the Arab participation: Egypt, Jordan, Saudi Arabia and the Gulf countries. This is a significant development. It splits them off and isolates Syria. There will be multilateral discussions which should help us on bilateral issues. Much of the world is ready to participate. (S)

The President: They can't afford to be radically isolated forever. What good does it do them? There is great frustration with Syria but again we need to keep perspective. They are showing up, which no one thought they would a year ago. (C)

Prime Minister Shamir: They are trying to pressure the other Arabs. (C)

Secretary Baker: They are, but we have done a lot of work and we believe we will produce Arab countries. (C)

The President: They cannot take isolation given the changes in the Soviet Union. They cannot reject every idea that leads to peace. And don't get mad if people say nasty things about you. There will be tests for us all. ~~(C)~~

Secretary Baker: The press is reporting that you and I refused to shake hands when we met yesterday. We are correcting the record. (U)

The President: We cannot let some press editorializing create road blocks. We appreciate your coming over. The fact that you are here speaks more than any press item. I just hope it is worth your efforts. I am convinced it will be. We want to stay with you and talk sense to the others. We are not trying to dictate anything. We've got our positions. But more important than our strategy and our positions is being the catalyst. ~~(C)~~

Prime Minister Shamir: We appreciate it. (U)

Oct. 30, 1991

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MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation of Meeting between Jordanian Foreign Minister Abu Jabir, Haydar Abdul Shafi and President Bush (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Richard N. Haass, Senior Director for Near East and South Asian Affairs

Kamal Abu Jabir - Foreign Minister
Haydar Abdul Shafi, Palestinian Delegation Leader
Abdul Salam Majali, Jordanian Delegation Leader

The President, Foreign Minister Abu Jabir and Haydar Abdul Shafi met at the Ambassador's residence at 8:24.

The President: Please thank His Majesty. This is a historic occasion. I am hoping that one by-product of this will be a resumption of good U.S.-Jordian relations. We are very pleased the Palestinians are here. We know it is not easy. The fact that you are here is historic. What we want to do is try to get the parties together. We have strong views, some of which accord with yours. We are not veering off U.S. policy, but we want to be an honest broker. ~~(C)~~

Foreign Minister Abu Jabir: We thank you for this meeting. His Majesty sends greetings. We appreciate your and Secretary Baker's efforts. We hope you will continue. The other side needs to be pushed. In Jordan, we also have an economic crisis, not just a political one. I hope you will be aware of that. It is a bit difficult for us. ~~(C)~~

The President: I hope you are not asking us to change our position vis-a-vis Saddam which we cannot do. We are open to facilitating Jordan's commerce without bailing him out. ~~(C)~~

Secretary Baker: We've just done that with one ship, the Tara. ~~(C)~~

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The President: There is no desire here to burden Jordan. But I can't change my views on Saddam. But because of the peace process, we can be helpful to Jordan. (C)

Secretary Baker: Just before leaving town I worked with the Congress on freeing up aid and we are working hard to build international support. (C)

The President: Your being here helps now with your critics. I had a nice letter from His Majesty. We have a personal friendship that transcends our differences. It was strained by the war but the friendship has survived. (C)

Foreign Minister Abu Jabir: On settlements, it would be helpful if the other side stopped. (C)

The President: We'd like to see the plan that we discussed--suspend the boycott and settlements--move ahead. The question for us is on this day, October 30th, how helpful it is to reiterate all of this. We don't want to retreat from our policy but at this juncture it is not terribly helpful to reiterate the U.S. position. The key is for the Arabs and Israel to speak. We will be there down the road saying what we think is fair and right as an honest broker. Both sides are suspicious of us--Israel over settlements, the Arabs over our support for Israel. (S)

Secretary Baker: The only question I would ask is as we move on to the bilaterals, do you think all on the Arab side would support a suspension of the boycott for a suspension of settlements? And a suspension of the intifida for a suspension of settlements? It would give us ammunition. (S)

Haydar Abdul Shafi: The Palestinians coming to this conference show that Palestinians are committed to peace, especially as the conference is largely on Israel's terms. There is a contradiction between settlements and peace. As long as settlements are going on, final status is being decided. It is preemptive final status. I don't think the Palestinians would seriously engage in any negotiations unless the settlement issue is resolved. (S)

The President: Would you endorse a no-boycott and no-intifida for no-settlement deal? (C)

Haydar Abdul Shafi: Everybody is willing to endorse suspension of the boycott. On the Intifida, this was something started by the people, not the PLO. But if the people feel there is progress toward peace, the Intifida will end. There was a demonstration just yesterday in Gaza that was pro-peace. (C)

The President: Our speech at the conference will be conciliatory. We will be available for you. I especially want say to the Palestinians that we know it is not easy. We know you are under pressure from all sides. But we want to start a new chapter and be seen as a catalyst for peace. ~~(C)~~

Oct. 30, 1991

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MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation of Meeting between Foreign Minister Mousa of Egypt and President Bush (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Richard N. Haass, Senior Director for Near East and South Asian Affairs

Amr Mousa, Egyptian Foreign Minister
Reda Shitata, Director for International Organizations
Nabil Fahmy, Special Assistant to the Foreign Minister
Ahmed Abu Gheit, Executive Assistant to Foreign Minister

The President and Foreign Minister Mousa met at the U.S. Ambassador's residence at 8:08.

The President: We are trying to convince all parties not to insist on preconditions. We'd like to stay in close touch with you. I wanted to say thank you. ~~(C)~~

Foreign Minister Mousa: It is for us to say thank you to you and Secretary Baker. We want to continue to help with the Syrians, Palestinians, even the Israelis. I've asked to meet with Shamir to urge him to be flexible; to listen. We were heartened by his recent statements but then again this morning he hardened his line on territory. We need a small success in the coming days to show the extremists that this process can succeed. ~~(C)~~

The President: I think efforts by extremists to disrupt using terrorism is totally counterproductive. We need to condemn it. ~~(C)~~

Foreign Minister Mousa: We are all suffering - you, us, them. That's why we are here. ~~(C)~~

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The President: Success is the best way to end all of this. You are right that we are affected. As I told Prime Minister Shamir, there will be other incidents. But we can't let these people get their way. We'll need to talk to the Syrians to keep them in the bilaterals and get them in the multilaterals. ~~(C)~~

Foreign Minister Mousa: You have important influence with President Assad. He listens carefully to you and Mr. Baker. We consult often. We hammer them on the benefits of peace. ~~(C)~~

Secretary Baker: Nobody has been more helpful than President Mubarak and Foreign Minister Amir Mousa. We've been in sync. Without their help it would not have happened. ~~(C)~~

The President: But we have got a lot to do. We are trying to keep the Israelis focussed on peace. I told Shamir that we have our policy positions and that we will not part from them. We are trying to be fair and not be one-sided as we have understandably been accused in the past. We are ready if necessary to lay out our views on next steps. ~~(C)~~

Foreign Minister Mousa: Settlements can disturb the entire process. There are reports of a new settlement. ~~(C)~~

Secretary Baker: It may just be a memorial to those who were killed. At the end of the conference we're going to need a suspension of both the boycott and the intifida proposed to put them on the defensive. It will be important to get Syria on board with this. ~~(S)~~

Foreign Minister Mousa: We've raised this with them. (U)

President: Good. (U)

Oct 30, 1991

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MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation of Meeting between Foreign Minister Shara of Syria and President Bush (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Richard N. Haass, Senior Director for Near East and South Asian Affairs

Faruk Shara, Syrian Foreign Minister
Walid Mualem, Ambassador to the United States
Muwafaq Allaf, Former U.N. Deputy Secretary General

President Bush and Foreign Minister Shara met at the U.S. Ambassador's Residence at 9:00 a.m.

President: I'm very glad you are here. I hope you have seen the excitement around the world. But these killings taking place, the rocketing of the U.S. Embassy in Lebanon--all this is totally counterproductive. We'd urge you to do whatever you can, especially with groups headquartered in Syria. Prime Minister Shamir raised it with me this morning. We cannot let the extremists go unopposed. We have our own positions on territory for peace, etc. We have built confidence with both sides. The issue is whether the talks can go forward. ~~(S)~~

Foreign Minister Shara: I want to convey best wishes from President Assad. Your Geneva meeting was very important. It helped build confidence and helped Secretary Baker. Without Syria, there would be no conference. We did not wait for Israel to accept your offer. We came in good faith and hope for results. Unfortunately, Israel is opposing progress on substance. Regarding terrorism, and following my meeting last night with Secretary Baker, I phoned Damascus and asked them to do what they could. But this is different than the occupied territories, where Palestinians are seeking basic human rights. But peace will lead to an end of acts of violence. ~~(S)~~

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President: But it is important now to stop these actions. They cannot help. Syria has a lot at stake. I recognize your contribution to the conference. I'd like to strongly urge you to rethink your position regarding multilateral talks. We are leaning on all sides to avoid preconditions. Regarding logistics and locus of talks, the Israelis came back to me. UN Resolutions 242 and 338 are quite clear on territory for peace. The fact that we won't hammer away on the U.S. position is because we want to be an honest broker. You can assure Assad of this; there is no change. We want to be a catalyst for peace. Our policy is underlined by principal. (S)

Foreign Minister Shara: Regarding multilaterals, we agree on the substance and the motive. Where we have a difference is on timing. If we rush to negotiate multilateral issues, the Israelis will gain more and more without giving. We want to see bilateral progress and then do the multilaterals. I remind you that when Sadat came to Jerusalem, Shamir tried to pocket concessions without giving away anything. It is not helpful for the cosponsor to push for the multilaterals before something tangible is received. Again, we share your objectives. (S)

President: But other Arabs disagree with you. Your position is not universal. (S)

Foreign Minister Shara: Only King Hussein disagrees. The other Arabs are not happy. (C)

President: What about linking settlements and the boycott? (C)

Foreign Minister Shara: Why don't we put this off for a few months. Let's test his intentions. (C)

President: But then we keep pushing off peace. I want to see Syria be constructive. It would be extraordinarily helpful for you and your relations with the world. We've told the others not to allow logistical issues to get in the way of peace. I'd make the same point to you. I know we never had an opportunity like this. I expect President Assad agrees or you wouldn't be here. (S)

Foreign Minister Shara: We know. That is why we are here. We disagree on the multilaterals, but we have never lied to you. Only King Hussein wants this. (S)

Secretary Baker: We have Egypt. (C)

Foreign Minister Shara: Your friends don't tell you the truth. King Hussein only seeks personal gain. Your Gulf friends are nervous. Don't push them too hard. We don't want to shake these regimes. For us it is a matter of timing, but first we want to see where the Israelis come out. ~~(S)~~

Secretary Baker: If we could get a suspension of settlements in exchange for a suspension of the boycott, could you give us the ammunition by agreeing? ~~(S)~~

Foreign Minister Shara: We'll discuss it. ~~(C)~~

President: My thanks for coming. My pledge to President Assad is that we will stay fully involved as an honest broker. ~~(C)~~

Oct. 30, 1991

THE WHITE HOUSE

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MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation of Meeting between Foreign Minister Bouez of Lebanon and President Bush (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
John Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Richard N. Haass, Senior Director for Near East and South Asian Affairs

Faris Bouez, Lebanese Foreign Minister

President Bush and Foreign Minister Bouez met at the U.S. Ambassador's Residence at 9:20 a.m.

The President: Thank you for coming here. I'd like to help restore Lebanon to what it should be. I agonize for the people. It is an emotional thing for me. (C)

Foreign Minister Bouez: I want to thank you and the Secretary and thank you for your sentiments. We made progress over the last seven or eight months in rebuilding our institutions. We hope in a short time we could have full sovereignty--especially in the south which is key. We hope we will arrive at a good result in the conference. (C)

The President: That is our hope too. We will oppose preconditions and will urge people to keep the big picture in view. It is a difficult for the world to condone terrorist acts on the eve of the conference. Everyone ought to condemn this. I hear what you are saying about getting everyone out of Lebanon. I only ask that you speak out again terrorism. (C)

Secretary Baker: What effort is going to be made to disarm Hizbollah? (C)

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Secretary Baker: Do you have the military ability to disarm Hizbollah without Syrian help? ~~(C)~~

Foreign Minister Bouez: The Lebanese army pacified the south in several days. The problem is not a military one. But we need a political argument to have a military operation. ~~(C)~~

The President: So you see a link between Israeli withdrawal and Hizbollah withdrawing? ~~(C)~~

Foreign Minister Bouez: The government of Lebanon will be able to ensure security after the Israelis withdraw. ~~(C)~~

Secretary Baker: They are the ones who attacked our Embassy. ~~(C)~~

Foreign Minister Bouez: They threatened our Embassy here yesterday. ~~(C)~~

The President: Disarming them and establishing control would be a good step. Regarding hostages, I ask you to try to do something. We know the realities and we are not holding the Lebanese government responsible. But the American public associates the two. ~~(C)~~

I am not sure what I am asking other than you look to facilitate their release. We do not have a good enough relationship with Iran to influence them. This is important to us. ~~(S)~~

Foreign Minister Bouez: I understand the linkage for the American people. We are victims of this situation. We lose visitors, financial support, business investment. We are doing our best at all levels. I went to Iran. We are doing our best to solve this. ~~(S)~~

The President: I understand your position, but please help if you can. This is a separate matter, but one I wanted to raise. ~~(C)~~

Foreign Minister Bouez: We feel morally responsible. Be sure that we are doing our best. This is the main subject we discussed with the Iranians. ~~(C)~~

The President: What did they say? (U)

Foreign Minister Bouez: They cite their hostages in Israel. ~~(C)~~

Secretary Baker: Iran is hosting an anti-peace meeting which makes it clear where they are coming from. ~~(C)~~

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The President: Yet they say they want better relations with us. This is one obstacle. We need to keep our sights set on the big picture. ~~(C)~~

Oct 30, 1991

THE WHITE HOUSE

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MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation of Meeting between Saudi Ambassador Prince Bandar and President Bush (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
John Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Richard N. Haass, Senior Director for Near East and South Asian Affairs

Prince Bandar bin Sultan, Saudi Ambassador to the United States

President Bush and Saudi Ambassador Prince Bandar met at the U.S. Ambassador's Residence at 9:45 a.m.

Prince Bandar: President Assad understands that Saudi Arabia is coming to the multilaterals despite Syria. He will not back off on bilateral talks with Israel. But they are scared and nervous over the internal security. They have put Jabril's people under house arrest. Jabril is no longer in control of the PFLP/GC. Jabril is still in Tehran. President Assad told me he is worried about being shot. He is paranoid about his security. But he expressed confidence in the President and Secretary Baker. I argued to President Assad that he needs to work on how he packages his message. He is scared to death--his face, his manner. Even though Rafsanjani told them they were not targeting Syria, Khaddam says Jabril and others are seen as threats. ~~(S)~~

Secretary Baker: I've seen information that Motashemipur is getting active in the region. ~~(S)~~

Prince Bandar: Assad was not composed. I explained our position on the multilaterals, that our credibility was on the line. He understood. He was taken aback by the decision of King Fahd and President Mubarak to attend the multilaterals. ~~(S)~~

Governor Sununu: How large are Jabril's forces? ~~(C)~~

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Prince Bandar: They are worried over the unlimited pool of Palestinians in the camp. Assad is uncomfortable over being ahead in the peace process. He is contradicting his traditional opposition to bilateral negotiations. He said, though, he would stay involved. Khaddam says Foreign Minister Shara could be vulnerable when he returns. ~~(S)~~

Secretary Baker: That is why we need some progress early, say on settlements. ~~(C)~~

Prince Bandar: Our problem is with the media, that all the signs are that the Arabs are compromising, not Israel. ~~(C)~~

Secretary Baker: We need to solve the question of venue for the bilaterals. ~~(C)~~

Prince Bandar: Washington is best. ~~(C)~~

President: We have a big Israeli problem. ~~(C)~~

Prince Bandar: Washington is best. The Syrians never said "no" to this. ~~(C)~~

Secretary Baker: I never raised this with the Syrians before last night. ~~(C)~~

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THE WHITE HOUSE

WASHINGTON

8137

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Soglo of Benin (U)

PARTICIPANTS:
The President
Arnold Kanter, Under Secretary of State for Political Affairs
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Assistant to the President and Deputy for National Security Affairs
Herman Cohen, Assistant Secretary of State for African Affairs
Harriet Isom, United States Ambassador to Benin
Thomas E. McNamara, Special Assistant to the President and Senior Director for African Affairs

President Nicephore Soglo
Minister of State Desire Magloire Vieyra
Minister of Foreign Affairs and Cooperation Theodore Holo
His Excellency Candide Emile Pierre Ahouansou
Ambassador to the United States

DATE, TIME AND PLACE: November 5, 1991; 1:30 p.m. EST
The Oval Office

President Bush and President Soglo met briefly in the Oval Office where President Bush congratulated President Soglo on his award and briefly discussed several issues. (U)

President Bush: I want to welcome you here to Washington, a rather quick visit. I know you're here on matters not entirely related to our government. I want to congratulate you on your award and to welcome you to the White House. Also, I would like to hear your concerns and matters of interest to you. Let me say that we want to be partners of democracy in Africa, and we're very pleased with your efforts to promote democracy in your country. I also want to thank you for the kindness you showed our delegation which we sent over to Benin for your inauguration. (U)

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President Soglo: I would like to thank you in turn for sending a member of your family to Benin. We are very pleased to entertain the delegation. It was a very proud moment for us in our country. It was a very dramatic change after 18 years of military rule. After much hard work we were successful and I think now we can say we have finished the transition process to democracy in our country. Our experience is one that can be emulated. We think that many countries can return to democracy. The good success that we've achieved can help other countries. It can be a force for peace. Furthermore, we've shown that such a transition can, in fact, be done peacefully and in a way that can save face for all. We can pass this message to others, Togo and Mali, and Kenya, Madagascar and Zaire. We have told them all that transition to democracy is good and useful. (U)

In fact, I happened to meet President Moi in Tokyo last year, and I gave Moi this same message. He told me I was a "troublemaker" in Africa. And he said this at a reception, a party. At another occasion when I was Prime Minister, there were students in Togo who were shouting, demonstrating for democracy, and the Togolese were not pleased by this. (~~C~~)

In Benin the old regime tried to complicate matters for us in this election by creating a number of different parties so there would be a large number of candidates running against me. And President Keriokoe tried to place obstacles in our path. But we overcame these because things are changing. We overcame these because there was a desire for change. Keriokoe ran in that election, and he lost. But we're both gentlemen and so we still talk. I still consult with him, and we have very friendly conversations. In fact, I would hope the same situation could come about in Zaire. (~~C~~)

I want to stress how important the U.S. has been in this process. I know that the United States has been a key factor in Latin America. The United States was important in the development of democracy in Europe. The same is also true in Asia. Japan, South Korea, Malaysia, Indonesia, and Thailand have all received support and assistance from the United States. But our commerce minister was in Thailand recently and saw the results of U.S. assistance; where roads and highways were built; where the Thai government was strengthened, and development has gone forward because of U.S. support and assistance. (~~C~~)

It is my hope that this help and assistance can now be directed to sub-Saharan Africa where we have a great need for assistance. And this can be done in the context of a transition to democracy. Zambia, for example, has just had an election. (U)

President Bush: Yes, that was quite an election, quite a landslide as a matter of fact. (U)

President Soglo: We are looking for more attention and assistance in Africa now that we are at the end of the Cold War. You, the United States, are shaking the whole world. You are the ones who are trusted; you are the ones we look to. We are fortunate to have the United States strong and assisting us. Whenever you have a friend, you can develop a lot of hope. We have such hope in our programs, and we hope and expect the United States will assist us. (C)

President Bush: Can you tell me what you're doing to promote private enterprise? (U)

President Soglo: We are making efforts to educate people in it. Already we have reduced the number of public enterprises from 60 to 40. We hope to attract U.S. private investments to Benin. We hope that our resources will prove attractive to private investments. Thus far, we have had the Germans cooperating and, of course, there is substantial French interest. We're hoping to develop petroleum. There are some gas fields. As you know Nigeria, Gabon, and Angola all have oil and gas fields. Although Benin is much smaller, we hope to develop petroleum resources also. (C)

President Bush: A good deal of our support is going into support for education, is that not correct? (U)

Ambassador Isom: Yes, we have a $57 million program in education in Benin right now. (U)

President Soglo: Yes, and that assistance is very important to us. It is crucial to have the United States involved and committed in Benin. We also need the assistance of the World Bank to invest in Benin, as they do in some of the larger states such as Nigeria. (C)

President Bush: Yes, that's important. Your award -- you're going to get an award from the African American Institute or is it some university? (U)

President Soglo: It is an award from the African American Institute. (U)

President Bush: And then are you going home? (U)

President Soglo: Then I must go to Paris where I'm participating in a conference. (U)

President Bush: Where did you learn your English, you speak it quite well. (U)

President Soglo: Well I lived here for ten years. I was a student in Montreal. My children live here and, of course, speak English quite well. (U)

President Bush: Let's see what we can do in assistance for Benin. I really appreciate your visit, and we are really looking to you for leadership. I wish you well. (U)

When President Moi says that you are a troublemaker, that only increases my respect for you. I have even more respect for you after hearing that. Frankly, he needs more democracy in that country. I worry about the resistance for democratic change in Africa. I worry about Mobutu. He is going to have to do something different or it's not going to be very comfortable for him down there. ~~(C)~~

President Soglo: Several years ago Benin was getting substantial assistance. Nigeria gets more assistance than we do, and the smaller countries that need that assistance very much. It's important now that you concentrate on Africa, that you pay attention what is happening now in Africa. ~~(C)~~

President Bush: Yes, that's right. Hank Cohen here is our African man, and he's quite good. He can tell you what we're doing and in fact he knows all too well how difficult it is with shrinking assistance budgets and shrinking resources to get the job done. The Congress wants to cut in some cases all of this out and others want to cut substantial amounts for foreign assistance. It's not easy. ~~(C)~~

But I don't want you to get the idea that just because you read so much about the USSR and the United States that we're just thinking about that quarter of the world. That we're not paying attention to other parts of the world and we're not paying attention to our friends. It's really a question of scarcity of resources and not at all a question of neglecting friends. We need to pay attention to the relationship with the USSR so that we can make that relationship smoother, more friendly, less of a concern. This would, then, free us up to spend more time worrying about how to help some of our good friends.
I want to thank you very much for coming here, it's been a great pleasure, and I wish you the best. ~~(C)~~

President Soglo: Thank you so much for the meeting, it really was a pleasure for me also. (U)

End of Meeting

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: NATO Summit

PARTICIPANTS: The President
James A. Baker III, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
John H. Sununu, Chief of Staff
David Gompert, Notetaker

Germany

Helmut Kohl, Chancellor of Germany
Hans-Dietrich Genscher, Minister of Foreign Affairs
Peter Hartmann, National Security Advisor to the Chancellor

DATE, TIME AND PLACE: November 7, 1991, 5:35 - 6:00 p.m.
Sheraton Hotel, Conference Center, Rome

The President: (To the Press during the photo op) Chancellor Kohl gave an outstanding speech in the Bundestag on the subject of the Alliance and the future of European security. I thought it was an excellent speech, and I think it said everything that needed to be said about the issues that we are dealing with. So there is no difference between us, as evidenced by the Chancellor's remarks. He echoed the same remarks today in the NATO summit. (U)

Chancellor Kohl: I want to make it clear that we Germans owe both our freedom and our unification to NATO. Without NATO's stance, and the American stance, none of this would have been possible. As for the European Monetary Union and the European Political Union I would like to point out that this is something that the United States has wanted all along. This is not a question of either/or, but a matter of achieving both European Union and strengthening NATO. We need both a European Pillar of the Alliance and the Alliance itself. We need a strong U.S. role in Europe and a strong U.S. presence. I also think that the transatlantic bridge has never been more important. But it must be broadened to include cooperation in all fields, not just the military field. (U)

(press depart)

The President: I know that we have had some differences. I hope that there are no hard feelings about the letter I sent, but it looks like it is all cleared up. (S)

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Chancellor Kohl: I have three points to discuss with you. Let me start with the GATT. I agree we are moving in the right direction. I promised movement, now there will be movement. It is important now that we make further progress in the U.S.-EC channel. We have to have intensive negotiations. ~~(S)~~

The President: This is agreed. ~~(S)~~

Chancellor Kohl: On both sides we should refrain from public statements on the Uruguay Round. ~~(S)~~

The President: You mean making public demands of one another? ~~(S)~~

Chancellor Kohl: Yes, but not only that. This is the time to work not to talk. We made severe psychological errors the first time around. We made noise but no progress. But I am optimistic now and I will remain personally involved. ~~(S)~~

The President: I appreciate your key role, Helmut. You have managed to get it started. My negotiators are in The Hague right now, and I am on my way there. ~~(S)~~

Chancellor Kohl: We need to develop a careful line on this toward the Elysee. They must be seen as successful. ~~(S)~~

The President: Agriculture is the key issue at this stage. I realize that this is something that the French have to give. How can we achieve this and yet make it appear to be a French success? ~~(S)~~

Chancellor Kohl: It is important that you talk a lot to Francois about this and find away to introduce your suggestions to him so that they come out as his own proposals. ~~(S)~~

The second thing that I want to raise is Maastricht. All I want to say on this is that we will staying in very close contact with you in the run up to the EC summit. ~~(S)~~

Third, I would like to talk about the USSR. A catastrophe awaits us if the USSR disintegrates completely. It will be disaster for Gorbachev. He should play the integrative role in a new federation if he stays. I've heard today that the G-7 deputies have come up with an agreement on Soviet debt. For us Germans, it is essential that we and you exert influence on this situation there in a way that reinforces cohesion. There is a rumor now in Europe that the U.S. is rethinking its policy toward the Soviet Union and that it has changed slightly. We have heard that you now pin your hopes on the Republics. We think that this is a mistake. We should make our aid dependent on them staying under one overall roof. ~~(S)~~

The Canadians have started contacts with the Republics of a more formal nature. I don't accept this. And I will be frank with Mulroney about it. ~~(S)~~

We also have to keep the Japanese involved. The Japanese are the ones that got most of the benefits from NATO and had absolutely had none of the burden. So they are not going to be able to leave this problem to us. ~~(S)~~

Tell me George, is the U.S. position on the Soviet Union still the same? ~~(S)~~

The President: I support the Center and I support Gorbachev even though I am criticizing the United States for doing so. We have and we will continue to have contact with Yelstin, Kravchuk, Nazarbayev and others. Some people have said that the place is coming apart, but this is not my position. But we do have to deal with the Republics. For example, on the problem with regard to finances, the Republics have to be in on the deal; they are the ones with the assets and therefore they should pick up the liabilities. But, my answer to your question is yes. We support the Center or at least we support Gorbachev. Otherwise we could have anarchy. I will give you the George Bush theory. Gorbachev and Yelstin are not really getting along all that well. ~~(S)~~

Secretary Baker: Just in the past 10 days we heard from the Vice President of Russia that Yelstin was going to announce RSFSR responsibility for the protection of the rights of Russians everywhere and that he was going to eliminate the Soviet ministry of foreign affairs. We sent our Ambassador to talk to him to say that this was a bad idea. As a result of our demarche they deleted these elements from the speech. ~~(S)~~

Chancellor Kohl: We are also making clear that they must remain within reasonable bounds. Yelstin will come to Bonn in two weeks I think this whole situation seems like 1910. ~~(S)~~

The President: We've sent out to all the foreign ministers a proposed paper on Alliance policy for the Soviet Union. ~~(S)~~

Secretary Baker: The French bracketed a good piece of it. ~~(S)~~

Chancellor Kohl and Genscher: We support the paper. ~~(S)~~

Chancellor Kohl: Now we should talk about Yugoslavia. Let me ask Hans-Dietrich to describe our views. ~~(S)~~

Minister Genscher: We will have EC foreign ministers meeting tomorrow. There are two questions on the agenda. We have to decide first on limited sanctions and second on the future of the peace conference. ~~(S)~~

If the peace conference continues I think the Serbs will come around. At some point, they will be ready to talk, but we have to be clear about the facts. What sort of solution is possible in Yugoslavia? We have to recognize borders as they are and we have to guarantee minority rights. Any other ideas, such as putting Yugoslavia back together, are illusions. ~~(S)~~

Secretary Baker: So I understand that you are talking about recognition. What is the difference between Canada recognizing Ukraine and your recognizing Croatia? ~~(S)~~

Minister Genscher: There is a big difference. In the USSR, Gorbachev and the Center are looking for a new type of relationship with the Republics and trying to help fashion new inter republic relations. Gorbachev is trying to open up an opportunity for agreement. In Yugoslavia. the Center is the leadership of the army. There is no political legitimacy, and they are trying to prevent self-determination by the use of force -- something that is not happening in the Soviet Union. ~~(S)~~

Secretary Baker: But if you back up three months and look at Yugoslavia you will see that the Government of Yugoslavia was calling for peaceful resolution. They were doing what Gorbachev is doing now, but the Slovenian and Croats took unilateral action back in June. That is what started this whole thing. ~~(S)~~

Chancellor Kohl: These situations are historically different too. The decisive difference is that Serbians and the JNA accept Slovenian independence. ~~(S)~~

Secretary Baker: We should be very careful about recognition. ~~(S)~~

Chancellor Kohl: This situation is taking a turn. There is no doubt about it. There will have to be recognition by the end of the year. I think it is only fair that we be clear with you about this. ~~(S)~~

General Scowcroft: If we extend recognition to Yugoslav republics that can't defend themselves, and then don't defend them, this will be a disaster. ~~(S)~~

Minister Genscher: Precisely, this is why this peace conference must continue. ~~(S)~~

General Scowcroft: You mean that it must precede recognition. ~~(S)~~

Minister Genscher: Yes, of course. ~~(S)~~

Chancellor Kohl: This is why we should not interrupt this peace conference. But the costs are rising, and eventual recognition with guaranteed borders and guarantees for minorities must come. We would like to keep in close contact with you. We are also faced with enormous domestic pressures concerning Yugoslavia. We have 700,000 Yugoslavs in Germany, two-thirds of whom are Croats. So there is a big uproar every night when we see these scenes on television. I must say I feel that the situation in Europe is beginning to resemble the Boxer Rebellion. ~~(S)~~

-- End of Conversation --

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

November 13, 1991

SIGNED

ACTION

MEMORANDUM FOR WILLIAM F. SITTMANN

FROM: DAVID C. GOMPERT

SUBJECT: Memorandum of Conversation of the President at The Hague with the EC Members on November 9, 1991, on the Uruguay Round

Attached at Tab A is a Memorandum of Conversation between the President and the EC members at The Hague on November 9, 1991.

RECOMMENDATIONS

That you sign the memorandum to State at Tab I.

Approve ✓ Disapprove _____

That you sign the memorandum to USTR at Tab II.

Approve ✓ Disapprove _____

That the attached Memorandum of Conversation be filed for the record.

Approve ✓ Disapprove _____

Attachments
Tab I Memorandum to State
Tab II Memorandum to USTR
Tab A Memorandum of Conversation

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

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Uruguay Round

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Edward Madigan, Secretary of Agriculture
Ambassador Carla Hills, U.S. Trade Representative
John Robson, Deputy Secretary of the Treasury
Ambassador Jules L. Katz, Deputy U.S. Trade Representative
Robert Zoellick, Counsellor to the Department of State
David Gompert, Notetaker
Richard Crowder, Under Secretary of Agriculture
James Dobbins, U.S. Representative to the European Community
Thomas Niles, Assistant Secretary of State for European and Canadian Affairs
C. Howard Wilkins, Jr, Ambassador to the Netherlands

The EC

Ruud Lubbers, Prime Minister, Kingdom of the Netherlands
Jacques Delors, President of the European Commission
Hans van den Broek, Minister for Foreign Affairs
Kim Kok, Finance Minister and Deputy Foreign Minister
Yvonne van Rooy, Foreign Trade Representative
Piet Bukman, Minister of Agriculture
Frans H.J.J. Andriessen, V.P. of the European Commission
J. H. Meesman, Ambassador to the Netherlands
Peter von Walsum, Political Director, Minister of Foreign Affairs
Charles R. Beuge, Director of European Integration Division, Ministry of Foreign Affairs
Raymond MacSharry, Commissioner for Agriculture

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2000-0429-F

Andries van Agt, EC Ambassador to VP Andriessen

DATE, TIME AND PLACE: November 9, 1991, 9:00 a.m. - 12:15 p.m. The Hague

Prime Minister Lubbers: Thank you for your letter. We agree on the suggested approach, the importance of concluding the Uruguay Round, and the need to support Dunkel. Mr. Dunkel needs some guidance. I suggest that we discuss, first, what we can agree on internally and second, what we should tell the press. I think it is very important to make this distinction between what we might be able to agree on and what we would want to make public. (Ø)

Our view is that we need an integral approach in several areas. Agriculture is the most difficult area and the key to success. There still are some substantial problems in this area. I invite you to begin, Mr. President. (Ø)

The President: Thank you, Ruud, for arranging this important meeting. We are at a critical point. If we get no agreement, the world will divide into trading blocks. I know I am preaching to the choir, that everyone in this room is in the choir; but I will preach to it anyway. You know from my letter that we want to overcome U.S.-EC divisions. Our problems with you on agriculture are not just an American position. I know we have a lot of countries who have the same concerns as we do. I am not an expert on trade negotiations, but I am an expert on the big picture. I can tell you that if the free trade system is not maintained, we are all in for major trouble. I want to point out that everyone in the U.S. Government needed to move this negotiation along is sitting right here at this table. We can settle this matter right here. (Ø)

You know from my letter that I want to use this meeting to overcome U.S.-EC differences on the Uruguay Round. Since writing you, there have been some promising signs, but all agree there have also been some disappointments. We told you that we would move in areas of interest to you when you were ready to negotiate on agriculture. We would not insist on resolving agriculture first. At London, we agreed to target three other sectors: intellectual property, market access, and services. Now we have stepped forward in these other areas. As a result, I hope we agree that we have narrowed our differences. We can probably bridge these differences with further work and flexibility. (Ø)

On intellectual property, I understand we've agreed to everything except two issues: appellations of origin for wine and spirits, which you want, and recognition of contractual rights relating to film and book royalties, which we want. I think we can note our agreement and direct our negotiators to resolve these two issues as soon as possible, so they can work together in Geneva to sell the whole package. If I'm not right, tell me. (Ø)

On market access, we've come a long way, but you still want us to lower some "peak" tariffs for products sensitive to us (e.g.

textiles, ceramics) and we want you to accept a zero tariff for some other sectors (e.g., wood, electronics, paper). I'll direct Carla to negotiate bold cuts of these peak tariffs, if you'll agree to our "zero" tariff requests. (Ø)

On services, we're in general agreement on an overall framework, a fact we should confirm publicly. So we're down to differences over three key sectors -- maritime, basic telecommunications, and audio visual. We both have problems on these. I suggest we ask our negotiators to develop solutions to report back. We can't hammer this out today. (Ø)

These are the three sectors we targeted at the London Summit. If we can state our progress today, and then wrap them up very soon, we can give a shot in the arm to the essential Geneva negotiations. (Ø)

This brings us to the difficult agricultural issue. We have some disappointment with the paper you gave us. (Ø)

For example, your base year for calculating export subsidy cuts inflates the base from which reductions would be made. This is a big point. What you are now offering would give us very little on the two agriculture issues that are most critical: export subsidies and market access. (Ø)

I don't want to be insensitive. I know it is hard for the EC to move on agriculture. But we've made real headway on the other three topics we highlighted at London, and we are still stuck -- "high-centered" -- on agriculture. You've asked for candor. I can tell you, with no doubt in my mind, that a Uruguay Round agreement containing your offer in agriculture would certainly be rejected by Congress. We have to get something do-able, fair, more competitive. Nor would other nations go along. We should not lose this opportunity to come to grips with this problem, face-to-face, at the top. (Ø)

So let me talk straight: we will agree right here today to a 35-30-30 package over five years centered on a 35% reduction in export subsidies if:

- first, the base period is the '86 - '88 average;
- second, the reduction for export subsidies is measured in tonnage so we can be sure we know the reductions will in fact mean fewer subsidized exports; and
- third, we continue reductions in all three areas after five years at a rate to be determined at a subsequent review. (Ø)

If you are willing to accept this proposal, with its focus on export subsidies, I believe our negotiators can handle market access and internal supports, as long as we stay away from rebalancing and we don't use stocks or other measures to undermine the cut in export subsidies. (Ø)

That, I hope you agree, is a major move. (Ø)

If we reach an understanding here, we can report it confidentially to Dunkel, and he can suggest it. (Ø)

Prime Minister Lubbers. Thank you very much Mr. President. Let me make sure I have your position correctly. What you are saying is that you would agree to a 35-30-30 reductions package using '86-'88 as the base period, measured in tonnage with the continuation after five years, with a review. Before I go into the agricultural question, let me ask Mr. Andriessen if he has anything that he wants to say on non-agricultural issues.

Minister Andriessen: As I see it, the only way we can make a deal in this negotiation is on a global basis. Agricultural is essential in order to break the dead-lock. The other issues have to be solved as well, and I think they can be solved if we can get a breakthrough in agriculture. Mr. President, the summary that you have provided on the non-agriculture issues is correct.

On intellectual property rights, the big issues are (1) wine and spirit appellations, and (2) contractual rights. I should underscore that the contractual rights issue is a very difficult one for us, but I think that somehow it can be overcome. With regard to market access, I have to say Mr. President that we were disappointed by the position the U.S. side prepared and presented this week. But you are right, the critical issues are zero for zero and peaks. On tariff peaks, textiles is especially important for us. You need to understand that we have great reluctance with regard to zero-for-zero across the board. It might be possible in some sectors. We should review what we have already talked about, and maybe we could find more, but the whole list you gave us for zero-for-zero is not acceptable. Nevertheless, progress is possible. Concerning services, we could either take a minimalist approach or a maximalist approach. I think it would be very difficult for both of us to deliver the maximalist approach, so maybe we could find something in between as the solution. (Ø)

Prime Minister Lubbers: Mr. President, we have the impression here today that agreement on agriculture would lead to progress in other areas. Are there any problems in the other areas that cannot be solved? (Ø)

Minister Andriessen: We can solve the rest of the problems if we can solve agriculture. (Ø)

The President: Let me ask Ambassador Hills to address that same question. (Ø)

Ambassador Carla Hills: The differences that have been discussed here are not easy problems. But with good will on both sides, they can be bridged. (Ø)

The President: The answer is yes, Ruud. (Ø)

Prime Minister Lubbers: We have only a few weeks. Now with regard to agriculture, thank you very much for your specificity. I have a question for you. Will the reductions apply to U.S. practices? What is the position of the United States concerning its own export subsidies, in particular with regard to corn gluten and other grain substitutes? This is what they call the rebalancing issue. (Ø)

Secretary Madigan: We have only one subsidy program and that is the EEP program. It's $1 billion per year, and, of course it would also be affected by the reductions that would be agreed to in this Round i.e., cut by 35%. But U.S. grain substitutes would not be affected because they are not subsidized. (Ø)

Commissioner MacSharry: We believe that your deficiency payments play a role and should be taken into account. You have identified the main problems Mr. President, but I'll be as candid as you. When we debated the possibility of specific commitments in the Commission and in the Council, we could not get a majority of member states. Even for the formula we discussed with you, we don't have the political cover we need, we do not have a majority. Now as for your three points: for the base year we need the average from 89-90-91, but we would be prepared to take the proposal in the Hellstrom paper, that is 88-89-90. As for numbers, 35% is absolutely impossible. But we could do 30-30-30, and we could accept some combination of volume and budget as the way to measure reductions. On the question of continuation: this is a five-year agreement. There would be a review in the fourth year. All in all, we are not too far apart; but this is very difficult. The Commission proposal is ambitious. (Ø)

Prime Minister Lubbers: I have a few questions. With regard to the base year I would like to know what the effect of this is on the numbers? Second, with regard to the continuation clause, it must be possible to solve this. Our intention here is to improve the world trading system. That is what this is all about. I remember as a young minister in the economics area we went through Round after Round of trade negotiations -- from Kennedy to Tokyo always with the intention of doing more. This is an ongoing process. I just want to offer this thought. My third point is that you cannot ignore the question of rebalancing. (Ø)

The President: I want Ed Madigan to comment on this question. (U)

Secretary Edward Madigan: We certainly appreciate the EC's political difficulties in agriculture, but sometimes we wonder whether you appreciate ours. Congress must approve this. Everyone in Congress has an agricultural constituency. This has been going on so long that they all have become very knowledgeable. Using tonnage as the measure is vital because otherwise the EC could subsidize in the future at the level of exports as today. As for the base year, in 1986 the subsidized volume was 16 million and in 1991 the subsidize volume was 21 million; so you can see the difference, and therefore, the importance in selecting the right base year. With regard to

rebalancing, what you are asking is for the U.S. to give up the zero bindings for corn gluten feed we already secured in exchange for concessions we made in earlier GATT negotiations. We have already paid for that, and you can't ask us to pay for it again. (Ø)

Commissioner MacSharry: I said that we would do tonnage and budget, so you will be able to see a real reduction. And we can solve the base period problem by deferring to the Hellstrom proposal. On rebalancing, we have a whole new ball game now. Now that the EC is prepared to give up its variable levy as it accepts tariffication of market access barriers, it stands to reason that the U.S. should give up its zero binding. (Ø)

Prime Minister Lubbers: I want to make what I consider to be a fundamental point. You're asking us for a very basic change in our system, and if we are to do that, we should look at the system as a whole, which includes your internal payments. I know our increase in exports is giving you problems, but this increase is a response to your sharp increase in corn gluten sales to the EC. And now you are saying produce less by 30%. (Ø)

Secretary Edward Madigan: No, we are not. We don't care how much your farmers produce. What we care about is that they don't dump it on the world market at subsidized prices. (Ø)

Prime Minister Lubbers: For many years there were zero bindings in corn gluten in return for our exports. Now you want us to cut our exports but not make a change in the tariff on corn glutens? (Ø)

The President: I think we have a fundamental difference as to what this is all about. The whole idea is to try to eliminate these subsidies in order to get free market forces working. (Ø)

Commissioner MacSharry: Yes, Mr. President, you are right. But the corn glutens come from corn, which is subsidized in the United States. Let's face it, we will keep supporting agriculture in both the EC and the U.S., but let's reduce together. Your mechanisms are important too, and they can't be ignored. (Ø)

Secretary Edward Madigan: We have proposed reduction of tariffs, internal supports and export subsidies. With regard to internal supports, you made the point that we have some as well. But, in our case, the deficiency payments that we provide are incentives not to produce. Look at the total subsidized production: in the EC, $42 billion worth; in the United States, $9 billion worth. (Ø)

Secretary Baker: While you are at it, why don't you include the food stamps program even though that is welfare. Are you trying to say that these also represent internal supports? Our point is that they don't distort trade. All we are asking is that you ask your farmers to compete. We don't care how much they produce, we

don't care how much they try to sell, we just want them to sell in a competitive market. (Ø)

Prime Minister Lubbers: We should take a look at the subsidies per farmer in the United States versus the EC. We have a special system in Europe. The whole idea was to translate the system into GATT terms through tariffication, and we think that you should be prepared to translate your system into tariffs also. That way we can look at the whole picture; that is what the GATT is all about. How can we tell our people that they must reduce -- that we must put farmers out of business -- while you have the zero tariff in corn gluten? It seems that this is unfair. Your volumes will keep going up as ours will keep going down. Your subsidies per farm are much higher than ours. Therefore, rebalancing is important, not just to the EC but to others. (Ø)

Secretary Madigan: Over half of our farmers receive no subsidies at all. (Ø)

Prime Minister Lubbers: Perhaps it is more practical to go back to the President's points. (Ø)

Commissioner MacSharry: But just a minute. I think it is important to point out that U.S. farmers benefit from your deficiency payments. (Ø)

Prime Minister Lubbers: Last year, Mr. Hellstrom made a proposal. It didn't work, and now we have lost a year. Maybe we can improve upon this. Hellstrom had a reason for his proposal, and it was to address the fundamental problem in the U.S. as well. My impression is that we are losing again this year. If I have to defend in the community the kind of reductions you are talking about, and then a farmer in the U.S. gets double the subsidy that the European farmer gets, how can I explain this? (Ø)

Secretary Madigan: You can explain it by pointing out that U.S. farmers average 1,000 acres while European farmers average 50 acres. Our farmers have multimillion-dollar farms with enormous capital tied up. (Ø)

The President: This is a fundamental point about trade. I am very concerned by this whole line of argument on your side -- that somehow we should reward inefficiency. Should an inefficient manufacturing plant that has too many people therefore get a larger subsidy? Would that make any sense? You can't base a negotiation on the premise that the most inefficient producers should be subsidized. How can you sell that argument around the world? (Ø)

Prime Minister Lubbers: Why can't you get rid of subsidies for U.S. farmers? (Ø)

The President: Well, maybe we can. In fact, let's get rid of all subsidies on both sides. You know you can't do that. (Ø)

Commissioner MacSharry: That may be so, Mr. President. But we are simply trying to point out that the playing field is not as level as you think. (Ø)

The President: Well, let's start over from a new premise. Let's have a completely level field. We will get rid of all of these subsidies. We can do this in the United States. I am ready to announce this today. (Ø)

Prime Minister Lubbers: I think we need to take a break, Mr. President, in order to look at what our final limits might be on the EC side. (Ø)

(Following a Break) I think it is agreed that no further political guidance is needed from us for negotiations on the non-agricultural issues which we have a common understanding of and which we think can be settled if agriculture can be settled.

With regard to agriculture, I conclude that it is possible to come closer on the basic question. We have come up with a proposal for 35% reductions in all sectors for 6 years. We would then have a review with the intention to go further after that. We suggest that the base year would be a combination of the Hellstrom proposal and your proposal of the '86-'88 average. This proposal would allow us to conclude the negotiation.

However, there would be two remaining problems. The first relates to the tonnage measure that you want. We will offer a combination of tonnage and budget. It should be possible to bridge the gap on that measure. However, what the EC can offer with regard to tonnage will be related to the question of rebalancing that we brought up earlier. We can have a deal if we can settle the tonnage-rebalancing issue. (Ø)

The other problem that will remain if we are able to conclude along the lines that we suggested is that we must have peace between the United States and Europe on trade, especially in this area. We would hope that the U.S. would not be taking countervailing action against our remaining EC subsidies. Our people should work this out. (Ø)

The President: I would like Secretary Madigan to reply. (U)

Secretary Madigan: 35% in all three categories for 6 years with some combination of base years is something that we can explore. The Congress has to ratify this agreement, and on the other questions you've raised you need to understand that they are moving in the opposite direction. There is no way that we can say that we have given up our 301 rights. (Ø)

Prime Minister Lubbers: What I am proposing is that the EC offer has to take into account the entire agricultural situation. Again, 35-35-35 over six-years with a review, with a mixed measurement system and a mixed base-year; leaving two issues -- how much tonnage, which is related to the question of

rebalancing, and secondly, I would like to talk with you about what a GATT agreement would mean for trade disputes. This is not all for the public. We won't talk about a peace clause in public. We have made substantial progress overall I think today. Including substantial progress on agricultural, especially with our proposal on 35-35-35 for six-years. (~~C~~)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Carlos Menem, President of Argentina (U)

PARTICIPANTS:
The President
The Vice President
Lawrence Eagleburger, Acting Secretary of State
Nicholas F. Brady, Secretary of the Treasury
Robert A. Mosbacher, Secretary of Commerce
John H. Sununu, Chief of Staff
Brent Scowcroft, National Security Advisor
Terence Todman, Ambassador to Argentina
Bernard Aronson, Assistant Secretary of State for Inter-American Affairs
William T. Pryce, Senior Director, Latin American Affairs
Stephanie Van Reigersberg, Interpreter

Carlos Saul Menem, President of Argentina
Eduardo Menem, Provisional President of the Senate
Guido Di Tella, Minister for Foreign Affairs and Worship
Carlos Ortiz de Rozas, Ambassador to the United States
Domingo Cavallo, Minister of the Economy
Humberto Toledo, Presidential Spokesman
Andres Cisneros, Minister Di Tella's Cabinet Chief
Gustavo Figueroa, Director of North American Affairs, Foreign Ministry
Ana Braun, Interpreter

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

DATE, TIME AND PLACE: November 14, 1991, 10:50 - 11:15am EST
Cabinet Room

The President: We are delighted you are here and to have an opportunity in some way to repay your wonderful hospitality. I will never forget our visit to Argentina. Our reception was so warm. My daughter, Doro, will never forget it either. (U)

We have a little bit of a time problem because of the public meeting with the Congress, so I know you need to leave here at 11:15. We've talked about several subjects in the meeting in the Oval Office and we will have some time to talk together before the dinner tonight. And then we will be able to talk at dinner also. I would like to say again, what I said publicly -- I want to reiterate here how strongly we feel about the great progress

you have made and the positive things you have done in promoting democracy and restricting nuclear nonproliferation and in making two economic reforms. We really appreciate this visit and the opportunity to tell you we admire what you have done. As I have said, U.S. relations with Argentina have truly never been better. (U)

I would like you to have the opportunity to bring forward any subjects that you would like to discuss here. I have experts here which can reply in any areas. And then I think you will be talking with Deputy Secretary Eagleburger over at the State Department and with Secretary Brady tomorrow. (U)

President Menem: Thank you very much. I want to begin by saying how pleased I have been with the wonderful reception you have given me and the delegation. I certainly agree with what the President said earlier, that relations between our countries have never been better and we will continue to work to make them even better. (U)

I don't know if we should talk for a few minutes about the subjects that we have already spoken about in the other room? (U)

The President: In an effort to cover all the other subjects, I thought we might discuss them. One of the things we talked about in the other room was in relation to finances and I said we wanted to be helpful and I will talk with Secretary Brady about that. I am encouraged and said that we do want to be helpful. I said that we wanted to see that Argentina is treated as other countries have been by the international financial people, particularly Mexico. We also talked a little bit about the Malvinas. Are there any other subjects we should mention? (S)

President Menem: We had a very good talk with the IMF. We talked with Camdessus and we think the meetings are going well. We are asking for the same treatment that other countries are getting, especially Mexico. (S)

I believe we will sign an agreement on investment with the United States. This is important. We see now that inflation is going down and it will not exceed 1.4 percent. We can see a reinvigoration of the whole economy. We believe that it would be good to see the United States help with the International Monetary Fund and the International Development Bank in order to encourage them to give us the same conditions as Mexico. (S)

On the Malvinas -- this is a subject you have to discuss with your Cabinet. You need to talk with your people -- I leave it to you on this. I don't want to give the subject any more time. Is there anything else, any other topics? (S)

The President: I have one, and that is the Uruguay Round. We have talked with Lubbers and De Michelis; we leaned on them on agriculture. I think that if you felt comfortable, if you could talk with Mitterrand and Kohl, who are major agriculture powers,

I would appreciate that intervention. Even if you have done it in the past, we have done it in the past, we are now in a critical stage. There is a little reason to be optimistic. Anything you can do with the agriculture component; would be helpful. (S)

President Menem: We are working on this and I have received your letter on the subject, and I have taken the language from the letter to use for my statement. I have instructed my people to push hard on agriculture. (S)

Mr. Cavallo: I would like to say that we have talked with Carla Hills also about that and that our proposals on services and International Property Protection should be a help to the negotiations. We are also active with our neighbors in Mercosur on this. Our representatives have received instructions to do all we can. They have been asked to direct activities to the Economic Ministers and the Foreign Ministers and perhaps directly with Kohl. (S)

President Menem: Another subject important for both the United States and us is that we have decided to leave behind the non-aligned movement. You mentioned Haiti and Cuba. My speech did not mention Cuba, specifically, but that is what we meant. We would like to know what additional we can do to have results on this. If there is anything to be done on this (Cuba), we are ready. I know that our struggle is a global struggle. (S)

The President: When you talk with our experts, perhaps they can tell you more on this subject. When Castro came to COZUMIL, they were somewhat optimistic. But he did not show a real readiness to have democracy. Our position has been to keep it on hold, not to try to conciliate -- that would be counter-productive. Larry and Bernie Aronson are very much up to date on Cuba. (S)

On Haiti, OAS has had a very positive role, but I am afraid that people understand that Aristide is not a shining knight. We have a principle to uphold -- that military must not be able to change governments. And we need to see that that principle is upheld. But as I said, Aristide is not a shining white knight. That makes it more complicated. I would like to have your top of the head opinion. (S)

President Menem: On Haiti, we have been very clear as have the press and the OAS in public statements. We have a joint effort so that the former President should once again take office. For us, it is very important and the world must be alerted that this kind of thing cannot happen in any other country. So it would be necessary to uphold the government strongly. That is our attitude. I believe that today or tomorrow, Aristide will come to Argentina and we will accept him as Chief of State and we hope other countries will do the same. This man, whether we like it or not, was elected and we can't let the military change a government. This would set a very bad precedent. (S)

The President: We want to stand for principle, but there are complications here. Bernie, do you want to say anything on this? (S)

Under Secretary Aronson: The OAS Mission came back with a tentative way to solve the situation. Argentina has been a leader on this subject. (S)

President Menem: On another subject, and we need more information on this subject, we need to have information from you and want to know if you want us to do anything. This is the question of the Middle East. This was the first time that an Argentine President has gone to Israel. I called for non-violent approaches. They said that they would interface with the Syrians politically. So I believe this will come to happen in the end. I know this will not be easy. (S)

The President: I remember your offer to be helpful on this. There might well come a time. Syria is so difficult, not unpredictably. We are trying to get regional talks going. They are not as forthcoming as the others. We will try to stay engaged. We want Syria to come and talk, and we expect that will be the next step. This is so complicated. There might come a time when we would ask you. We are going to stay involved. I was asked if this was irreversible. I could not say yes. I suggest we stay in touch, there could be a time when we might ask you to take some action. I know how everybody looks at how we relate with Israel. I haven't changed my view on the settlements. We all think they are not helpful. I'm not putting my views on the table. Nor am I putting my views on the Palestine state. Larry, is there anything else you want to add on this? (S)

Acting Secretary Eagleburger: Nothing, except to mention the positive development of talks with Israel and the Palestians -- this is most important. (S)

President Menem: The last thing I want to say is that during the first month of next year, I will be going to Syria, and whatever I can do to be helpful, let me know. (S)

-- End of Conversation --

DRAFT

MEMORANDUM OF CONVERSATION

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8/12/2009
2000-0429-F

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The President: I remember your offer to be helpful on this. There might well come a time. Syria is so difficult, not unpredictably. We are trying to get regional talks going. They are not as forthcoming as the others. We will try to stay engaged. We want Syria to come and talk, and that we expect the next step. This is so complicated. There might come a time when we would ask you. We are going to stay involved. I was asked if this was irreversible. I could not say yes. I suggest we stay in touch, there could be a time when we might ask you to take some action. I know how everybody looks at how we relate with Israel. I haven't changed my view on the settlements. We all think they are (?) I'm not putting my views on the table. Nor am I putting my views on the Palestian state. Larry, is there anything else you want to add on this? (S)

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President Menem: The last thing I want to say is that during the first month of next year, I will be going to Syria, and whatever I can do to be helpful, let me know. (S)

The President: I want to describe something ?

-- End of Conversation --

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
17. Memcon	Re: Memorandum of Conversation of Meeting between Saudi Ambassador Prince Bandar and President Bush (3 pp.)	11/19/91	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meeting - Memorandum of Conversations 10/16/91 - 12/17/91

Document Partially Declassified
(Copy of Document Follows)
By SCS (NLGB) on 1/17/12

Date Closed:	1/28/2009	**OA/ID Number:**	91109-004
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(416)	**MR Case #:**	2009-0652-MR (416)
AR Disposition:	Released in Part	**MR Disposition:**	Released in Part
AR Disposition Date:	8/21/2009	**MR Disposition Date:**	7/6/2011

RESTRICTION CODES

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

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P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

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

(b)(1) National security classified information [(b)(1) of the FOIA]
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(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

Nov 19, 1991

~~SECRET~~

THE WHITE HOUSE

WASHINGTON



MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation of Meeting between Saudi Ambassador Prince Bandar and President Bush (U)

PARTICIPANTS:

The President
John Sununu, Chief of Staff
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

Prince Bandar bin Sultan, Saudi Ambassador to the United States
Rihab Masoud, First Secretary, Embassy of Saudi Arabia

President Bush and Saudi Ambassador Prince Bandar met in the Oval Office at 4:10 p.m.

Prince Bandar: I had good meetings in New York with the American Jewish Congress and the Conference of Presidents. They went better than expected. (U)

The President: How did you happen to do it? (U)

Prince Bandar: They had invited me long before Madrid. It was good, though, that the meeting took place after Madrid as they were impressed with our performance there. I briefed them on Madrid and solicited their support to influence Israel and to support the U.S. position. I told them we trusted the Administration, which in our view is honest. They raised Zionism is Racism and the boycott. I raised settlements and urged a settlement freeze. I also suggested that the Arabs needed to keep a possible response on Zionism is Racism and the boycott in reserve for a trade on settlements. I suggested that Israel freeze settlements as Begin did and I did not hear any objection. The only heartburn that surfaced in the meeting was over Senator Lautenberg and the visa issue. I explained how he had made a issue of it for political purposes. I also explained how Senator Lieberman got a Saudi visa in a passport with an Israeli visa. I also told them that we have stopped the practice of refusing visas. (Ø)

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

His Majesty sends his regards. I am returning to Saudi Arabia Wednesday evening (November 20) . He asked me to pass a message to you regarding Iraq. For the last two months we have done a lot on the peace process, but we should not forget we have a lot to do to finish with Iraq. (S)

The President: Tell him not to worry. We must do whatever it takes to get rid of the guy [Saddam]. Tell him we are not changing a bit. We are talking about ways of undermining him. There will be no letting up on sanctions or inspections. We are looking into what we can do with broadcasts. We will not go back to the status quo ante. (S)

Prince Bandar: At the time of the helicopter episode this fall, the question was to what end you would act. Planning air strikes and doing them is two different things. Also, limited attacks are not enough. His pain threshold is high. We must hit him where it hurts, at his personal security. The more we chip away at his sovereignty, the better. We Saudis are not bucking our responsibilities. We are willing to use all your assets in the Kingdom. (S)

The President: We need a peg to act. (C)

Prince Bandar: And we need to be ready. (C)

General Scowcroft: We are ready now. (C)

The President: Is Mubarak still firm? (C)

Prince Bandar: No. (C)

The President: Let me turn to Libya for a minute. This case is firm. But I gather most of the Arab world opposes our using force. (C)

Prince Bandar: Part of the problem is the peace process. Also, December 7 is the Islamic Summit in Dakar with all the radicals. That is why we need to hold the regional talks before them. Dakar will give Khadafi a platform he doesn't deserve. Khadafi is not Saddam. He is scared to death. Calling around and moving all the time. Tightening screws does not hurt us and gives us the breathing space we need. So military action now is not the best thing. (S)

The President: We are well aware of what you are saying. No decision to use force has been made, but we do have an airtight case. Syria was not involved in this incident. (S)

Prince Bandar: (b)(1) (b)(1) On Iraq I want you to know that His Majesty is firm. (S)

The President: (b)(1) (b)(1) There is no shift here on the basic objective. (S)

Nov 22, 1991

THE WHITE HOUSE

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WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation between Prime Minister Shamir and President Bush (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs

Yitzak Shamir, Israeli Prime Minister
Zalman Shoval, Israeli Ambassador to U.S.

President Bush and Prime Minister Shamir met at 9:00 a.m. in the Oval Office. (U)

The President: I have great respect for your leadership and for your decision to go to Madrid. It turned out to be a very good thing. I hope we can bring it to a long sought conclusion. I told Jewish leaders that the security of Israel is foremost in our minds. I have no doubt about it. I would welcome any comments you might have. (Ø)

Prime Minister Shamir: Thank you for inviting me. Madrid was a clear success. It was achieved thanks to our initiative and the efforts of Secretary Baker, but I am not happy about the decision to move the talks to Washington despite my presence here. (Ø)

The President: Why? (U)

Prime Minister Shamir: They won't be free to come and negotiate. The Arab perception is that the U.S. President and government support their position, so they like Washington, not to negotiate with us but to work on you and the American people. We want negotiations without any effort by you in the negotiations. (Ø)

The President: I am not intimately involved but it is my understanding that the Arabs don't like Washington. They want Madrid. I think they will worry about Washington and the traditional U.S.-Israeli relationship. I am not sure your analysis is right. (Ø)

Prime Minister Shamir: It is not a fact, but they are sure about that perception. There are many questions, like Jerusalem, etc., we will seek agreement to and there are differences with the U.S. -- and they will anticipate U.S. pressure. (Ø)

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The President: It just won't happen. We have said we won't use pressure. I just think you are wrong about Arab reactions. They like Madrid. (Ø)

Prime Minister Shamir: Madrid is too far away. Cyprus would be convenient to both. To send our best people to Washington would take them away for weeks or months. I am personally upset because it happened during my presence here and was sent to my government. (Ø)

Secretary Baker: Let me explain. It was me, not the President, although he knew. As you know, I was going to put Washington in my speech and you asked me to take it out. You all couldn't reach agreement. I was going to invite but time was running out and your people said don't do it before you got home, so I waited until you got here. What is it? (Ø)

Prime Minister Shamir: I wanted to discuss it with my government. (Ø)

Secretary Baker: I did discuss it with them. (U)

The President: What is wrong with Cyprus? (Ø)

[What follows is a long and complicated discussion on what happened with the Cyprus possibility.]

Secretary Baker: The Prime Minister is right that the Arabs want us to play the middleman. We don't want to do that. But we could not get agreement on venue from all the parties. We bent over backwards with you. If you don't want to come, don't come. (Ø)

Prime Minister Shamir: I hoped to discuss this with the President. I have nothing personal against you, but we won't be able to agree here. It would help if we could say we would go to the area after one or two meetings in Washington. (Ø)

Secretary Baker: I could say publicly that after some time we would support running the talks in the region, thus supporting Israel's position. (Ø)

Prime Minister Shamir: The fact is the Arabs don't want to talk with us, but with the co-sponsors. (Ø)

The President: The thing you may be misjudging is that the Arabs may think Washington is more hospitable for Israel than the Arabs. (Ø)

Prime Minister Shamir: Not so, they think the U.S. has decided to change its policy towards Israel and support the Arabs. (C)

The President: If they think that . . . but it certainly is not true. (C)

Secretary Baker: We have been faithful to Israel's needs. We have bent over backwards. We have made it quite clear we won't and can't deliver Israel and that we do not support an independent Palestinian state. What more can we do? (C)

Prime Minister Shamir: If you could say we would move to the region after one or two meetings. (C)

Secretary Baker: I don't think I can be that specific. Let's get the talks rooted first and then try to move. After a certain period we might be able to move to Switzerland or to Cyprus, but if you lock yourself in you might . . . . (C)

The President: Are you worried about outside pressure? (U)

Secretary Baker: He is worried about you and me being honest. (C)

Prime Minister Shamir: I will be honest. We worry about the media and the Arabs who will come to talk to you and not to us. (C)

Secretary Baker: We won't even be in the room -- and it is not at the Ministerial level. (C)

Prime Minister Shamir: All the same . . . . (U)

The President: We had better leave it here. I hope you will be able to come and the Arabs too. (C)

Secretary Baker: Why don't you get approval from your government for two meetings and then we will move it as soon as possible? (C)

Prime Minister Shamir: You said that was unacceptable. (C)

Secretary Baker: You would commit to not more than two meetings, then we will seek to move it. (C)

Prime Minister Shamir: How long are you thinking about? (U)

Secretary Baker: Until there is movement. If there are only one or two meetings they won't come here to negotiate but to decide where to go next. (C)

Prime Minister Shamir: If it is agreed that after two meetings the talks will move elsewhere, we won't talk about venue. (C)

Secretary Baker: If this is just a quick meeting, they won't come to negotiate. (C)

Prime Minister Shamir: My view is that they will not come to negotiate anyway but to talk to you to put pressure on us. (S)

Secretary Baker: Test them at the table, but give us a little running room. If we could have four meetings and then Cyprus, wouldn't that be better than two meetings and no agreement? (C)

Prime Minister Shamir: Yes, but you are leaving it too open-ended. It is impossible for us to send our people here for a long time. It will prolong negotiations this way. (C)

Secretary Baker: But if we put a time limit, all we will talk about is the next meeting. (C)

Ambassador Shoval: If it is vague it will be even worse. (U)

Prime Minister Shamir: If you will agree to two meetings, then we will agree to talk--not about venue but only substance. (C)

Secretary Baker: You'll say I will only come for two meetings? (C)

Prime Minister Shamir: I won't say anything if we agree. (C)

Secretary Baker: But we need some flexibility. (U)

The President: How do we leave this? (U)

Secretary Baker: We have sent invitations to everyone last night. (C)

The President: But we haven't heard back. (C)

Secretary Baker: No. The only issue is whether we put a specific limit on number. We will propose it at some point -- moving to the region. The questions is when we propose it. (C)

Prime Minister Shamir: You are forcing us to accept something we are not willing to accept. It is not good when we start out with such disagreements. (S)

Secretary Baker: I agree with that but we are putting a lot on the Arabs. We couldn't get agreement, so what could we do? We can make sure we won't dictate but simply provide for direct talks. (Ø)

Prime Minister Shamir: I have a feeling that something has to be worked out. (Ø)

The President: Maybe we got a little closer today. Have you said you have to bring it before the cabinet? (Ø)

Prime Minister Shamir: I have to do that. I hope to be able to recommend approval, but I am not in that position. (Ø)

Secretary Baker: Whatever the Prime Minster wants he can get. The Cabinet can condition it all they want. You get them to the region by giving them enough involvement in the talks that they will accept going to the region. (Ø)

Prime Minister Shamir: If we can agree to a specific limit of one or two meetings, I can recommend acceptance, but without a specific limit. . . . (Ø)

Secretary Baker: Suppose we could get them to go to a new venue after a time? That is better than here. (Ø)

Prime Minister Shamir: That is better, but does not depend on you. (U)

Secretary Baker: We can't get it to Switzerland after only one or two meetings. (Ø)

Prime Minister Shamir: The process is complicated and the beginning is always the most complicated. (Ø)

The President: We don't want this to appear to be a very difficult meeting. There are too many of these. We will salute your leadership and your willingness to move forward on talks. (Ø)

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Michel Rocard, Former Prime Minister of France

PARTICIPANTS: The President
Brent Scowcroft, Assistant to the President for National Security Affairs
Earl Anthony Wayne, Director for Western European Affairs

Michel Rocard, Former Prime Minister
Jacques Andreani, Ambassador
Jean-Marie Ripert, Aide

DATE, TIME AND PLACE: November 22, 1991, 11:55 - 12:05 p.m.
General Scowcroft's Office

(The President joined an on-going meeting between Rocard and General Scowcroft.)

The President: Well, it's good to see you. I just wanted to drop in and say hello. What have you been talking about? (C)

Mr. Rocard: Well, we've been spending a good deal of time discussing the GATT negotiations. (C)

The President: Yes, it seems that things are blocked again. (C)

Mr. Rocard: It's a costly affair for both of us. We need to find a way to resolve our differences. (C)

The President: Yes, I know it's very difficult for both sides, but we need to act. The time is short. (C)

Mr. Rocard: Part of the problem is that the cost is potentially very high electorally for both the United States and the Community. The cost can also be high in compensation for other areas. (C)

General Scowcroft: I think there has been some progress in the other areas. (C)

The President: What is the current state of play, Brent? (C)

General Scowcroft: The US-EC talks in Geneva seem to have broken down over the last week. Dunkel is not able to report US-EC

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agreement. He will just be able to report U.S. and EC differences on the key issues. (C)

Mr. Rocard: I think that since there is not yet compromise on agriculture, we should ask the other GATT participants to give the U.S. and the EC several more weeks to try to work this out. We can't forget that agriculture accounts for only 13% of all the trade being discussed in the GATT round. We can't let that block progress on the other 87% of trade under discussion. (C)

The President: Tell me about your future for a moment. (C)

Mr. Rocard: Well, we're having local elections in France next spring which will be a disaster for the left. There will be parliamentary elections in 1993 and presidential elections are scheduled for 1995. However, as you may know, President Mitterrand announced two weeks ago that he was considering a referendum on constitutional changes. Though it's not clear, he may propose reducing the presidential term to five years. Some people are worried about this proposal. They see it as a move toward a U.S. system of divided government because it will align presidential and legislative elections. They are worried that France will not be able to cope temperamentally with a permanent split between the legislative and executive branches. In addition, there is the problem of whether or not the President will choose to resign. Right now, it's not clear that any proposed constitutional change would apply to him retroactively. As for myself, I might be a candidate for president. How is your situation? (C)

The President: Well, as you know, the economy is very sluggish. I just came from a meeting with a number of our best non-governmental economists. None of them are very optimistic, but there is not much we can do. There are no quick fixes. (C)

Mr. Rocard: Yes, when I met with some of the democratic Congressmen yesterday, I asked them about this, and they had no answers. But they were still complaining. (C)

The President: Well, it's a political year, you know. I have to go to another appointment, but it was really good to see you. (C)

Mr. Rocard: Thank you, Mr. President. (U)

-- End of Conversation --

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WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Yitzhak Rabin of Israel ~~(C)~~

PARTICIPANTS: General Scowcroft, Assistant to the President for National Security Affairs
Richard Haass, Senior Director
Bruce Riedel, NSC (Notetaker)

Yitzhaq Rabin, Labor Party Leader
Zalman Shoval, Israeli Ambassador to the U.S.

DATE, TIME AND PLACE: December 4, 1991; 5:00 - 6:00 p.m. EST
White House

Mr. Rabin: Today is a good day with the release of Terry Anderson. If I may say so the fact that Israel has had some cards to use, and I mean Shaykh Ubyad, helped. ~~(C)~~

General Scowcroft: I take your point. ~~(C)~~

Mr. Rabin: I would like to raise three issues today. First is the peace process. It is important that you let the parties confront each other directly. Let the parties break their heads against each other and do not interfere. I believe we can make progress with the Palestinians and that the Jordanians will follow along without any problem. I am skeptical we can do as well with Syria and Lebanon. There is no basis for a compromise between us and Syria. ~~(C)~~

General Scowcroft: In the past our role was to be an intermediary. Now we hope direct contact will transform the dialogue. But we recognize that the odds do not favor that and that we will have to resort to our previous methods of working with the parties. ~~(C)~~

Mr. Rabin: What is the time frame you are looking at? (U)

General Scowcroft: That is easier to say on the Palestinian's front than on the Syrian side. ~~(C)~~

Mr. Rabin: Can the two issues be dealt with separately? (U)

General Scowcroft: That is a good question. We see some signs the Palestinians want to do so. We will only know in time. ~~(C)~~

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Mr. Rabin: For several years it has been clear to me that the Palestinians want to deal with Israel. We and they agree on the framework for a compromise and on the principle of transition. Syria, on the other hand, only said yes to the U.S. not to Israel. ~~(C)~~

General Scowcroft: I agree. (U)

Dr. Haass: In an odd way, however, the issues between Israel and Syria are easier to resolve since they deal with security and not ideology. ~~(C)~~

Mr. Rabin: I agree. What about the multilaterals? I don't foresee progress until the bilaterals make progress. Why did you pick Moscow? ~~(C)~~

General Scowcroft: Because Moscow in January has an atmosphere that encourages quick decisions! (U)

Mr. Rabin: Okay! I see the real openings in the Palestinian issue. The insiders are gaining power at the expense of Tunis. ~~(C)~~

General Scowcroft: We will need to move carefully to increase their self-confidence and their courage. They are the great hope. ~~(C)~~

Mr. Rabin: You are right, they need protection from assassination. Let me raise another issue which is Iraq. What is your evaluation of the UNSCOM inspections? It seems it could take years to destroy the Iraqi programs and we are worried about the UN's resolve. ~~(C)~~

General Scowcroft: So far we are pleased. It has been more effective than I expected. The coalition against Iraq is holding together well. We have lots of support at the UN. We are hoping for some new successes very soon, by the way. ~~(C)~~

Mr. Rabin: The UN is nothing without the U.S. backing. We need to go after the Iraqi experts--that is the core of their strength and the base from which more can be rebuilt. ~~(C)~~

Mr. Riedel: We are working very closely with the UN on the long term monitoring regime. The UN seems to be giving it very serious consideration and planning. ~~(C)~~

Dr. Haass: Bruce is right--that is the way to go. ~~(C)~~

General Scowcroft: We think we are in a good position now. ~~(C)~~

Mr. Rabin: Outside the inner circle around Israel there appears to be more global disorder than new world order. China and North Korea are major proliferation problems. From Algeria to Iran a major arms race is underway which affects our security. Who can influence North Korea? We face an entirely new military threat in which long range missiles are the key problem. Peace with Syria or Jordan may not matter if we have to worry about missiles from Iran and Libya. ~~(C)~~

General Scowcroft: I would not disagree. We are looking for a multilateral arms control regime in the area but we have a long way to go. China is involved and they have influence with Korea--question is will they use it? All of this underscores the need to change the regional environment from a militant one to a more moderate one. We hope our ACME proposal can help. The problem will get worse if thousands of Soviet scientists enter the world job market. ~~(C)~~

Mr. Rabin: Okay, we appreciate your efforts. ~~(C)~~

General Scowcroft: We are very serious about the peace process. There is no magic answer but we will try very hard, very hard. As for the loan guarantees, we postponed the problem until January. We will not postpone it again. ~~(C)~~

Mr. Rabin: On what basis--peace or economic--will you decide? (U)

General Scowcroft: Hopefully both will be our criteria. Let me ask you a question, will Shamir call new elections? ~~(C)~~

Mr. Rabin: I doubt he will do so. He is not a risk taker. I do not think Shamir will initiate new elections but he could be forced to do so. Historically--and I speak from experience--it is the religious parties that force elections and it could happen again. But I think we will wait until November 1992. The bill for more direct elections of Prime Ministers could also upset the process but I do not think so. Shamir is not a risk taker and does not want to have new elections, but of course this is a personal view. ~~(C)~~

General Scowcroft: Thank you for coming by. We miss your touch. (U)

Mr. Rabin: Thank you for giving me your time. (U)

-- End of Meeting --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting between the President and Nelson Mandela, President of African National Congress (ANC) (U)

PARTICIPANTS:
The President
The Vice President
James A. Baker, III, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Herman J. Cohen, Assistant Secretary of State for African Affairs
Walter H. Kansteiner, NSC Director for African Affairs (notetaker)

Nelson Mandela, President of the African National Congress (ANC
Thabo Mbeki, ANC Director for International Affairs
Thomas Nkobi, ANC Treasure General
Lindiwe Mabuza, ANC Representative to the U.S.

DATE, TIME AND PLACE: December, 5, 1991, 10:00 - 10:45 am
The Oval Office

The President: Welcome back to Washington. (U)

Mr. Mandela: Thank you. It's good to be here. As you know, we cannot solve all of our problems overnight. The Convention for a Democratic South Africa is speaking with one voice on this question. We must address our problems as quickly as possible. ~~(C)~~

We have a number of agenda items including 1) constitutional principles, 2) mechanisms to implement principles, 3) supervision of the transition process. We are in agreement as the foundation of one-man one-vote. ~~(C)~~

The transformation will come through as an interim government. I think we all agree on this, we just use different terms than President de Klerk uses. But the substance is the same. But the present government is discredited because it is a minority government. ~~(C)~~

We also need to discuss other issues at the Convention, such as Bantustans and time frames. ~~(C)~~

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The President: What do the time lines look like? (U)

Mr. Mandela: Nothing has been firmly established, but it's understood by all that we must move quickly. We also want the international community to play a role. The UN, EC, OAU, NAM and Commonwealth plus all the embassies in South Africa. ~~(C)~~

The President: We understand that this is an internal thing, and we respect that but do you see any specific role for the U.S.? ~~(C)~~

Mr. Mandela: Your ambassador is doing a good job. Democratization is complex. One thing is political prisoners. We need to pressure de Klerk to release the 20 or so prisoners Pretoria has and the hundred that Bop has. We will be criticized by our own members if we don't get this done. ~~(C)~~

Assistant Secretary Cohen: We've been working on this, about half of the Bop prisoners are released. (U)

Mr. Mandela: We need a climate for political activity. Violence makes it tough. The government is not using its efforts to put an end to the violence. We see no reason why the government can't end this violence. When whites are killed they track the criminals immediately. De Klerk's failure on the violence issue is of great concern. ~~(C)~~

I am also concerned with state controlled broadcasting. They are highly critical. ~~(C)~~

The President: Of the ANC? (U)

Mr. Mandela: Yes, very critical with speeches attacking the ANC. They always give more time and space to forces hostile to us. This is of grave concern to us. ~~(C)~~

Now the Peace Accord of September 14 is an important milestone. It will help stop the violence. Strong support of this would go a long way. We have lost 11,000 people since 1984. Not one of them was a member of the National Party. Not a single National Party member has gotten a bruise. ~~(C)~~

The government blames the violence on ethnic rivalries - Xhosa and Zulu. But the violence started in Natal where it's only Zulu. It spread to the Transvaal where it was black on black violence, possibly spearheaded by the state security forces. Maybe not whole, but elements of the security forces are involved. ~~(C)~~

The President: What would be their motivation? Is it right-wing dominated? ~~(C)~~

Mr. Mandela: That is a factor. But the government has lost control or doing it on purpose. They are worried about ANC Popularity. We have had 10 meetings with the government lately and they are very worried about our strength. The government

wants to devise a troika - the National Party, Inkatha, and the ANC. But we objected. We want to use the principle of all political parties participating. ~~(C)~~

The government's motive is to prevent the ANC from sweeping into power. But our policy accommodates all population groups. South Africa belongs to all the groups. ~~(C)~~

We believe also in individual rights. So why does the National Party fear us? Majority rule is the democratic principle we want to use. ~~(C)~~

Our economy has 7 million unemployed out of 30 million. 9U)

The President: That's 25%. (U)

Mr. Mandela: We have a continuing recession and this is unacceptable. Reconstruction is what we need, like Eastern Germany. ~~(C)~~

We need a climate to inspire investors. I don't want to take our time talking of sanctions, but we are in favor of phased lifting of sanctions. Once an interim government is introduced all sanctions will be lifted. We want the West to press de Klerk on this. ~~(C)~~

The President: Your interest and commitment to foreign investment is good. But sanctions work against investment. The sooner you make an unequivocal statement on an open, free market economy, the sooner you will get investors. An investor, in my experience, needs assurances. He needs to know it's O.K. He needs to know his investment and property are safe. ~~(C)~~

The quicker you give the investors the signal, the quicker the capital will flow. Freedom of property, and the freedom to invest and make a profit is what makes a free market work. This is a philosophy that we adhere to and it's the most rapid way you are going to attract U.S. investors. ~~(C)~~

Mr. Mandela: We have declared our support for free enterprise. But in our policies from 1955, we do talk about nationalization of specific sectors of the economy: finance houses and monopolies. But we are aware of the changes around the world. ~~(C)~~

The President: Good. (U)

Mr. Mandela: We are keen to have investors, and we want them not to think they'll lose their property. (U)

We are going to have an economic conference on nationalization soon. (U)

But we do believe that we need state intervention, not always in the form of nationalization. We want to say to business, "Let's work together." (U)

The President: Why don't you and Secretary Baker spend some time on this in your meeting? Jim, O.K.? (U)

Secretary Baker: Yes, we look forward to that. (U)

Mr. Mandela: Mr. President, the interim government idea is crucial. We will need support on that. (U)

Thabo Mbeki: Do you want to raise the Solarz letter? 9U)

Mr. Mandela: Yes. We believe the Solarz initiative is good. Also, the Rockefeller bank idea. The ANC has accepted this idea. I have written to the G-7 member and hope you look at it. 9U)

The President: We'll take a look. (U)

Mr. Mandela: The idea of an interim government is the first step. We will lift the sanctions when that happens. (U)

President Bush: What does de Klerk say about that? ~~(C)~~

Mr. Mandela: De Klerk is also talking about interim arrangements. ~~(C)~~

President Bush: Well, I am certainly glad you stopped by. Thank you and good luck. (U)

-- End of Conversation --

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Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meeting - Memorandum of Conversations 10/16/91 - 12/17/91

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WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Dr. Boutros Boutros Ghali of Egypt

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
John R. Bolton, Assistant Secretary of State for International Organization Affairs
Thomas R. Pickering, U.S. Ambassador to the United Nations
Nancy Bearg Dyke, Director for International Programs and Public Diplomacy, NSC Staff

Boutros Boutros Ghali, UN Secretary General-Elect
Abdel Raouf El Reedy, Egyptian Ambassador to the United States

DATE, TIME AND PLACE: December 5, 1991, 1:00 - 1:20pm EST
The Oval Office

The President: Congratulations on your election as United Nations Secretary General. When do you take office? (U)

Dr. Ghali: I take office officially the first of the year. (U)

The President: I wish you well. We are proud of you. You were so well received by the UN Security Council and the General Assembly. The UN is so much more relevant now given its leadership in the peacekeeping and peacemaking fields. You are coming in at a very important time. (U)

Ambassador Pickering: There was very significant support for him. (U)

The President: [redacted] ~~(S)~~ (b)(1)

Dr. Ghali: There is concern. The Libyans may use this to make trouble. ~~(S)~~

The President: I hope they understand we are preoccupied with the peace process. Wanton killing is not something an American

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President can be sanguine about. When you see Hosni (Mubarak), please convey that we are convinced of the guilt of these men; there are very powerful indictments. I have to be responsible about standing up against terrorism. I hear you and I know there is concern about force but I want to be sure they know of our concerns. ~~(C)~~

Dr. Ghali: There is special concern in Egypt because we lost a large number of jobs and therefore remittances during the Iraq problem, and having that possibility again puts us under pressure. I agree though that we have to cope with it. ~~(C)~~

The President: We have conveyed to Mubarak our concern and the very deep concern in this country. People are saying, "You have got strong evidence, and now what are you going to do?" It's a great concern. The top official in his intelligence operation appears to have taken part in this. ~~(C)~~

Boutros, good luck on the UN. I meant what I said about the importance of the UN. When the press was in here, I should have mentioned my respect for Javier (Perez de Cuellar) and his help on the hostages. Anything you can do on bureaucracy is very important. It is hard to do, but when a new broom comes in, it is good to sweep up. The changed political situation in the Soviet Union makes it perhaps easier on reforms and personnel than before. I see the position as a reform Secretary General. The more streamlining and efficiency, the more US support in Congress. Because of UN success, we have stronger support; and the more we can get the support you are entitled to, the better. (U)

Dr. Ghali: I am committed to reform in the next 2-3 months, though I won't say so publicly. (U)

Ambassador Pickering: You will have strong support in New York. (U)

The President: Is your wife looking forward to this? I speak for Pickering and his marvelous wife and Barbara - anything we can do to make her feel comfortable we will do. Perhaps she would like to have lunch here to meet our top wives. Just tell Tom (Pickering) and we will do it at the White House. (U)

Dr. Ghali: Thank you. It will help me in my job. (U)

The President: I hope it will. We all feel grateful that this is your first out-of-New York call, and we note the seriousness of that. We hope you feel you are among friends. (U)

Dr. Ghali: Yes. I am recalling Camp David. From September 15 to November 15, 1978, I was at the Blair House (Egypt-Israel peace) talks. We called the Madison Hotel, where we stayed, "Camp Madison." (U)

The President: We are involved in that now. Is there anything new, Jim (Baker)? (U)

Secretary Baker: We are working on a date - maybe it can be decided soon. (U)

The President: Tom (Pickering)? (U)

Ambassador Pickering: There is a tremendous atmosphere in New York -- and many challenges. People have been talking for 1-1/2 years about reform. People are willing to take your leadership. (U)

The President: How about the General Assembly vote? (U)

Ambassador Pickering: It was unanimous, followed by clapping. (U)

Dr. Ghali: Yes, there is a new consensus. (U)

The President: There may be times when you will wonder what is happening in Washington. Ask Tom or call Baker or me. We want to help and be at your side. Multilateral diplomacy and efforts provide opportunities, and we will be alert. Feel free to call opportunities to our attention. (U)

Dr. Ghali: I want to be successful. I can't be without your assistance. (U)

-- End of meeting --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Constantine Mitsotakis of Greece (U)

PARTICIPANTS:
The President
The Vice President
Brent Scowcroft, Assistant to the President for National Security Affairs
Katherine Stewart, Interpreter

Greece
Constantine Mitsotakis, Prime Minister
Antonios Samaras, Minister of Foreign Affairs
Anna Kyrtsou, Interpreter

DATE, TIME AND PLACE: December 12, 1991, 11:00 - 11:20 a.m.
Oval Office

The President: Are there any sensitive subjects you would like to discuss? (S)

Prime Minister Mitsotakis: Nothing in particular. The political situation is good in Greece. Your trip was very beneficial. There is no anti-Americanism since you visited. Our policy has no problem with the people. Economic signs are beginning to improve. We hope that as of 1993 and onward we will be on the right path. (C)

The President: But is the situation stable domestically? (S)

Prime Minister Mitsotakis: Yes. We have tense relations with the opposition. Papandreou's trial will be over by Christmas. This leads to tension but it will be over soon. (C)

The President: Do you get drawn into this, or is this just between him and the court? (C)

Prime Minister Mitsotakis: He tried to bring politics into the trial but it didn't do much. (C)

One point on Maastricht. Greece will become a member of the WEU. Turkey will be an associate member. We still have close ties to NATO, which pleases us, with European security ties. Major expressed it very well, WEU acting as a compliment to NATO. (C)

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The President: That is very important to us. (U)

Prime Minister Mitsotakis: But European defense is also useful.

The President: True. We put out a supporting statement yesterday. (C)

Prime Minister Mitsotakis: We had several differences with the allies about WEU membership -- the British and the Dutch had reservations, and we also knew the limits of U.S. reservations. (C)

The President: None that I know of. (U)

General Scowcroft: We had also hoped Turkey could be a full member, but we had no reservations about Greek membership. (C)

Prime Minister Mitsotakis: It pleases me to hear this. Turkey is an associate member of the EC so this is a corresponding position. (C)

The President: I understand you know Demirel well. (C)

Prime Minister Mitsotakis: I have known him for 30 years. We have maintained our friendship throughout all these years. I hope to be able to work with him. (C)

The President: We were disappointed about Cyprus. We had hoped to move things forward but the Turkish elections and Yilmaz stopped it. Now we'll have to bring Demirel along. (C)

Prime Minister Mitsotakis: I think there are possibilities. (C)

-- End of Conversation --

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Constantine Mitsotakis of Greece (U)

PARTICIPANTS:

The President
The Vice President
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Lawrence Eagleburger, Deputy Secretary of State
Michael Sotirhos, Ambassador to Greece
Thomas Niles, Assistant Secretary of State for European and Canadian Affairs
Nelson Ledsky, U.S. Special Cyprus Coordinator
David Gompert, Senior Director for European and Soviet Affairs, NSC Staff, Notetaker
Katherine Stewart, Interpreter

Greece
Constantine Mitsotakis, Prime Minister
Antonios Samaras, Minister of Foreign Affairs
Christos Zacharakis, Ambassador to the United States
Efthymios Christodoulou, Minister of National Economy
Byron Polydoras, Deputy Minister to the Prime Minister
Constantine Lymberopoulos, Director of Political Affairs
Loucas Tsilas, Director of the Diplomatic Office of the Prime Minister
Dora Bakoyiannis, Member of Parliament
Anna Kyrtsou, Interpreter

DATE, TIME AND PLACE: December 12, 1991, 11:20 a.m. - 12:00 p.m.
Cabinet Room

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The President: Before we begin in here, I just want to say that we had a wonderful visit in Greece and I have nothing but the greatest respect for what your government is doing. I know I express the view of all Americans -- we feel that U.S.-Greek relations are strong -- the strongest in the history of relations between our two countries. A lot of the credit goes to our able Ambassador Mike Sotirhos. (U)

Well I want you to use this meeting to bring up anything you would like. And I want to learn your views -- on Cyprus -- you know the UNSYG is going to be here this afternoon. The Yugoslavia problem is a concern and I welcome your advice. If we don't get to it here, we can continue over lunch, but I want us to talk about anything you would like if that is agreeable to you. (C)

Prime Minister Mitsotakis: Thank you for your kind words. Let me say that I am happy to be here and that I am determined to continue as Prime Minister the same course -- the same course of cooperation with your country. (C)

I want to thank you for your visit to Greece. The Greek people appreciated your visit. The United States and Greece have come back to their traditional friendship. Our relations have never been better than they are today. Your Ambassador is great. (U)

I agree to the procedures for our talks. And first I would like to say a few words on Cyprus. You have made a great effort. As you know we thought in September that we would make progress.

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But Turkey is being drawn east. I want to ask you to show your determination so as to open up a new effort. Butros Ghali is a good man. We must not lose momentum. Resolution 716 is a good one. If we start from that point and with your active support and assistance from the UN I am sure the results will be satisfactory. (C)

Vassiliou told me to tell you he will be ready to go. We want an "international conference." This is the UN term, in the resolution. But we are more interested in the substance that in the form. We want Baker to come to our region as soon as possible. Please announce that Baker will go to Greece, Turkey, and Cyprus. Say that the U.S. will use its influence to maintain momentum. (C)

The President: I will ask Jim Baker about whether he can go. I will let you know. (C)

Prime Minister Mitsotakis: I mentioned this to Secretary Baker. (U)

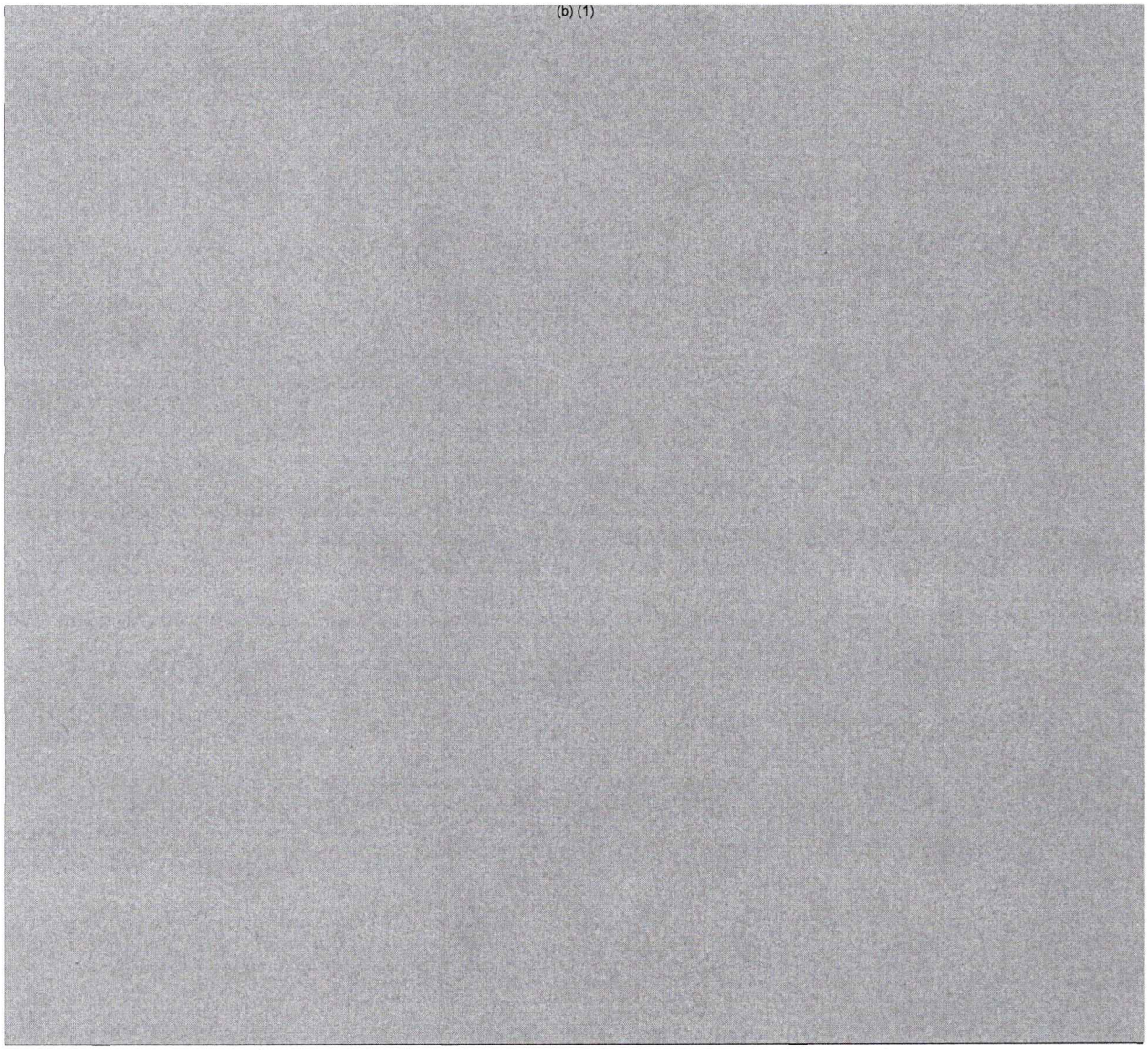
The President: We want to help. Would a trip like that help before there is more contact between you and Demirel? (C)

Prime Minister Mitsotakis: From what I understand, Nelson Ledsky is coming to the area in January. (C)

Ambassador Ledsky: Yes, I'll be in the region in January. I'll be going to Athens, Ankara and Nicosia. (C)

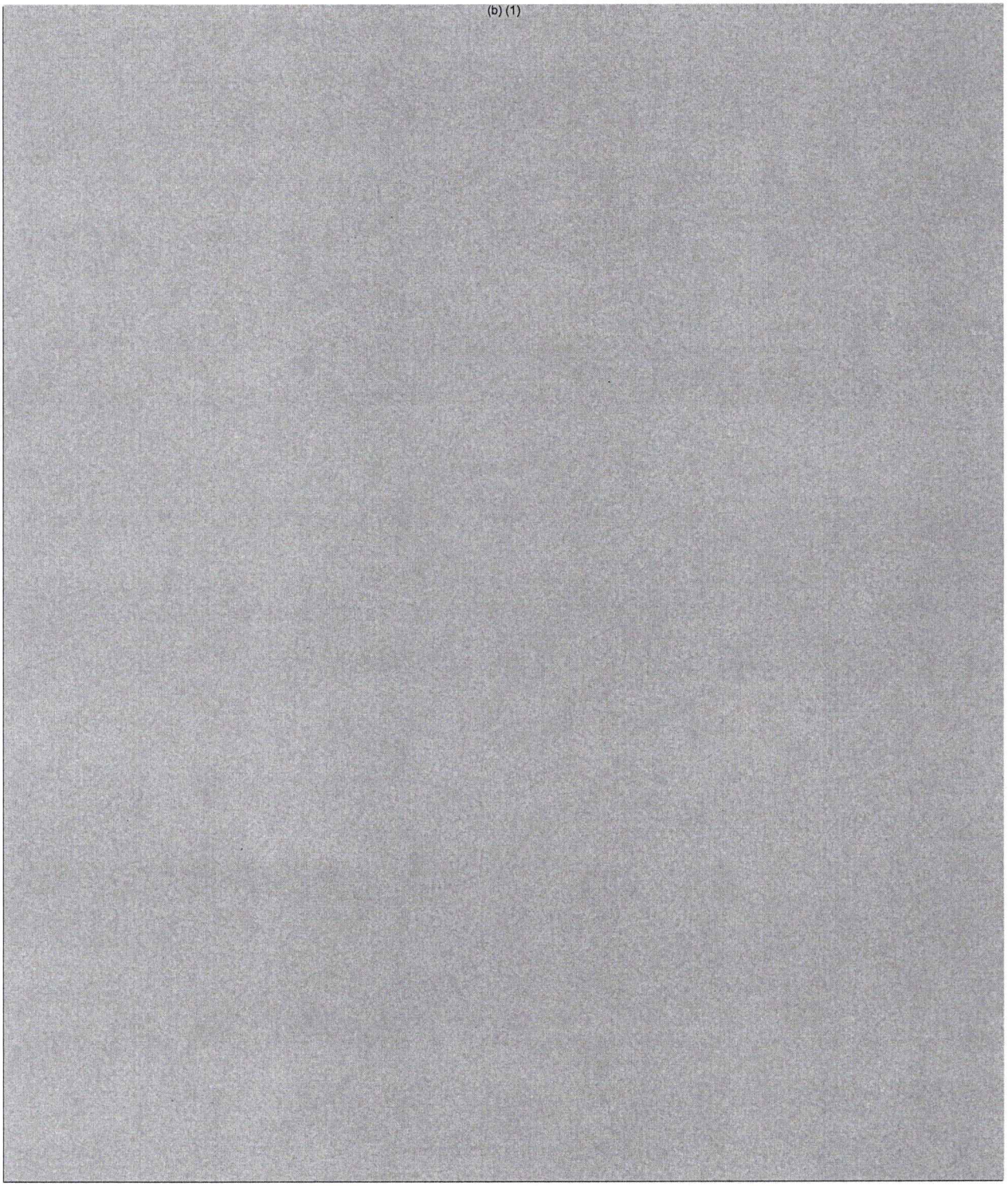
The President: Our commitment is not diplomatic fluff. We thought that we'd get a solution to this thing, with your help of course. But the Yilmaz government pulled back. And, as it turned out, I don't think it affected the elections. And now we've got a whole new ball game. I shared my views on Cyprus with Demirel and he was not at all negative. (C)

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Foreign Minister Samaras: We are considering the possibility of U.S.-Greek cooperation in the Balkans. There is extreme turbulence there. We have proposed a non-governmental conference on the Balkans, including the Turks. We are concerned with them

moving to a market economy, their civil-military relations, etc. We will discuss this with Deputy Assistant Secretary Ralph Johnson during his visit. There is an important role for Greece to play in the Balkans. (C)

The President: Inasmuch as you mentioned the Balkans, I'm interested in learning your views. I'll have Larry Eagleburger explain the U.S. position. But we should leave that as the first item to discuss over lunch. (C)

-- End of Conversation --

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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Constantine Mitsotakis of Greece (U)

PARTICIPANTS:
The President
The Vice President
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Lawrence Eagleburger, Deputy Secretary of State
Michael Sotirhos, Ambassador to Greece
Thomas Niles, Assistant Secretary of State for European and Canadian Affairs
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Constantine Lymberopoulos, Director of Political Affairs
Loucas Tsilas, Director of the Diplomatic Office of the Prime Minister
Dora Bakoyiannis, Member of Parliament
Anna Kyrtsou, Interpreter

DATE, TIME AND PLACE: December 12, 1991, 12:15 - 1:30 p.m. Residential Dining Room

The President: I am very anxious to talk to you about the Yugoslavia crisis. I would like to get your views on what our role should be. We have been behind the EC so far.

Prime Minister Mitsotakis: We agree with you on policy. We disagree with most of the other members of the EC. Recognition

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2009-0652-MR
10/26/2010 MM

of Croatia and Slovenia will create problems instead of solving them. It won't solve the problem of the Serbian minority in Croatia but instead make it worse. And Greece has an additional reason. Once recognition starts it will spread to what is known as the Republic of Macedonia, which we call the Republic of Skopje. Civil war will move from north to south. We therefore oppose recognition, and we oppose selective sanctions. What we need is a ceasefire. We need to get United Nations peacekeepers in. It is true that we have good relations with Serbia but we are trying to use those good relations to influence them. I spoke with Milosevic recently. I told him to retain Markovic and to also respect the ceasefire. And I think he might make good on his promises to me. But Kohl says he is going to proceed with recognition and I have to tell you tentatively that Andreani claims that the Pope is pressuring him. (C)

The President: Let me ask Larry Eagleburger to offer our comments on the question of recognition. (C)

Deputy Secretary Eagleburger: The UN Secretary General has sent a letter to the EC appealing not to recognize. They have predicted everything that has happened. Over the last two years we knew when the Soviet Union and Croatia declared independence that it would come to this. Now recognition will create an even worse blood bath. (C)

Prime Minister Mitsotakis: The so-called Republic of Macedonia cannot stay with Serbia. Their constitution is inadmissable to us. It creates a real problem for Greece. Their constitutional forces the expansion of so-called Macedonia. I sent our Ambassador to talk to the leader of Macedonia and I think this was an important gesture on our part. But I don't think we will get any results because nationalism is stronger than the government is in Macedonia. You have to understand that we cannot accept the dispute of our borders or a republic setting a fire within our borders. Therefore the unity of Yugoslavia must be maintained. And, Mr. President, let me comment on other parts of the Balkan situation. (C)

With regard to Bulgaria, their new government is a center-right government. We supported Zhelev, but his party is broken up. We won't intervene. Actually Bulgaria is more stable than the other countries in the Balkans. Albania is facing a political crisis. a void has been created. We have to watch Albania very carefully. The problem there is a great minority, but we have to watch it carefully and we are trying to help. We see Romania in a positive light more than before. The political situation is moving in a positive direction. We need to understand that the former communists must be included. (C)

The President: Thank you very much. (U)

Under Secretary Eagleburger: With regard to Yugoslavia we are not as confident as you in the word of Milosevic and the JNA. Clearly Milosevic wants a greater Serbia. We do not know what to do about Yugoslavia. All we know is what not to do. Perhaps if

there is a ceasefire and the peacekeeping force for them, things could turned around.

The President: Is the political opposition within Germany for or against recognition?

Prime Minster Mitsotakis: All parties in Germany are in favor of recognition.

The President: Does anyone here have any guess on what the situation in Yugoslavia will look like in one year? Will the war continue? Will we see independent Yugoslav states? Will the whole thing be resolved?

Prime Minister Mitsotakis: I think we will see independent republics within one year. The main reason for this is that the Serbs and Croatians cannot co-exist peacefully. But the question is whether they can get from here to there peacefully. It is absolutely important that we try to win time.

Minister Samaras: We should work on the Germans too. They agreed not to provide arms to the conflict.

Prime Minister Mitsotakis: Even if the governments don't provide arms, organizations will. Mr. President, Greece wants to work with the United States and the Balkans. We obviously work with our European partners but this does not exclude working with you too. At the end of the day, the United States will play the key role in this part of the world. The EC is not yet ready to do so. Maybe some day it will. But the United States will have the last word about the region. We want you to know that through all my contacts in Europe it is clear that U.S. prestige is greater than ever. Europe is still a dream and they all look toward the United States.

The President: Well, in a way, that is nice to hear but in another way it really complicates our lives. We are trying to manage change in the Soviet Union carefully. We are under pressure to recognize republics there but we think it is better to let them sort out their relationship between the Center and the Republics. They both look toward the United States. Our position is that we will support the forces of democracy and reform. We will support Kravchuk Yeltsin but we will support Gorbachev too. We don't say that you must absolutely have a Center. My point is that even though they look to us, it is better to leave it to them to sort out their arrangements while we look after our own interests -- such questions as the control of nuclear weapons, the sanctity of borders, CSCE norms, human rights. We will help the situation in the former Soviet Union with humanitarian assistance but we can't sort it out, all we can do is see to it that our interests are protected. That said we are quite apprehensive, above all, we do not want to see military force used so far with regard to the nuclear weapons and the avoidance of force in order to affect change we are getting these assurances we want.

Prime Minister Mitsotakis: There are some similarities between the situation in the Soviet Union and Yugoslavia. We must maintain some unity in both. In a way the Soviet Union is easier than Yugoslavia because it does not have differences as bitter as those between Croatia and Serbia. Humanitarian aid to the Soviet Union is crucial. The U.S. role in providing help is of paramount importance.

Minister Samaras: My prediction for one year from now is that economic matters will have grown in significance and the economic powers of Europe will have great influence. The U.S., Germany, Britain and France will get the inside track. But there are companies both in Eastern Europe and in the former Soviet Union, except for oil, I do not see the American private sector moving very progressively.

The President: Well we are trying to get our business engaged. We don't really want to leave the field to others.

Minister Samaras: Take Albania for example. I could see us doing U.S.-Greece joint ventures. There are some things that could be the basis for business in Albania. We want the United States private sector involved.

Prime Minister Mitsotakis: I think one general conclusion we have Mr. President is that it is very difficult to forecast. Therefore, it is best to concentrate on specific objectives. You are right about humanitarian assistance to the Soviet Union. This is urgent.

The President: That is why we are expediting our effort.

Prime Minister Mitsotakis: EC also agreed to do more in Maastricht. We will not only accelerate our effort but we will also support triangular assistance whereby the East Europeans are able to sell some of there surpluses in food.

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation with Prime Minister Andre Milongo of the Republic of the Congo

PARTICIPANTS:
The President
Brent Scowcroft, Assistant to the President for National Security Affairs
James A. Baker, III, Secretary of State
Herman J. Cohen, Assistant Secretary of State for African Affairs
Walter H. Kansteiner, Director for African Affairs, NSC Staff (notetaker)

Andre Milongo, Prime Minister
Jean-Blaise Kololo, Foreign Minister
Roger Issombo, Congolese Ambassador to the U.S.

DATE, TIME AND PLACE: December 13, 1991, 11:30 - 11:40 a.m.
The Oval Office

The President: I understand you were up at Yale University, that's my alma mater. (U)

First, I want to tell you how respectful we are of the reforms you have undertaken. Tell me what your priorities are now. (U)

Prime Minister Milongo: I want to thank you for this meeting. The Congo now has a transitional government, it was given 12 months -- we have 6 more months to go. We are organizing multi-party elections -- that is our major challenge. (U)

If we fail, then democracy for the region fails. We have municipal elections soon, and then Presidential elections in June. I want to thank you for the shipments of electoral equipment. (C)

We do face a debt problem. We owe the U.S. $9 million, and we would like special treatment. We want to benefit from the Toronto system. We are unfortunately classified as intermediate income, but we really are not. (C)

The President: On that topic, have you made any headway with the IMF? (C)

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Prime Minister Milongo: We did have a program with them but we slipped off. We are now renegotiating the program. We have problems with our salaries for our civil servants. (C)

Regarding U.S. business, we like the U.S. companies, and we are reforming toward free markets. We want to reassure the U.S. oil companies with liberal investment codes. (C)

The President: We feel the answer to economic problems ultimately rests with the private sector. You need to encourage the private sector whenever possible. (C)

I want to thank you for the hospitality you provided for our people from Zaire when we had to get out. The Zaireans ought to take a lesson from you on democracy. You know we've always been friendly with Mobutu, but the sand is running through the glass. (C)

Prime Minister Milongo: We did our maximum to help your people when they arrived from Zaire. (U)

The President: Yes, thank you. (U)

Assistant Secretary Cohen: Perhaps the Congo's economic problems can be helped by receiving more equitable return on your oil production. (C)

Prime Minister Milongo: Our French friends are producing oil and they have -- well, habits -- and they won't turn over their books. (C)

Secretary Baker: Excuse my bluntness, Mr. President, but I am afraid our friend is getting ripped off. They're not paying you what you deserve. (C)

The President: Perhaps you should open up the oil sector. How long is their contract for? (C)

Prime Minister Milongo: I am not sure, it differs. (U)

The President: Are there any American companies producing right now? (U)

Prime Minister Milongo: Yes, Amoco and Conoco. (C)

Secretary Baker: Well Amoco is giving you a fair shake and making a profit. They're not in the charity business. (C)

Prime Minister Milongo: Yes. (U)

I also want to let you know we will be voting in favor of the Zionism resolution. (C)

The President: That's good news. Thank you for stopping by. (U)

-- End of Conversation --

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Carlos Salinas of Mexico (U)

PARTICIPANTS:
The President
James A. Baker III, Secretary of State
Nicholas F. Brady, Secretary of the Treasury
Robert A. Mosbacher, Secretary of Commerce
Carla A. Hills, Ambassador, United States Trade Representative
Brent Scowcroft, Assistant to the President for National Security Affairs
John D. Negroponte, Ambassador to Mexico
Robert Zoellick, Under Secretary of State for Economic & Agricultural Affairs
William T. Pryce, Senior Director, Latin American Affairs, NSC Staff (Notetaker)

Carlos Salinas, President of Mexico
Jose Cordoba, Director, Office of Coordination
Fernando Solana, Foreign Minister
Jaime Serra, Minister of Commerce
Pedro Aspe, Minister of Finance
Herminio Blanco, Principal NAFTA Negotiator
Gustavo Petricioli, Mexican Ambassador to the United States

DATE, TIME AND PLACE: December 14, 1991, 11:20am - 12:20pm EST
Camp David

The President: Well, here we go. I had a chance to visit with President Salinas a little while and would like to go over some of the issues that we discussed. Most important is that we want a NAFTA agreement and we want it as soon as possible. We will make a statement saying that and I will say it when we get down from this place on Monday. There are reports that some political figures think we believe we have political problems with going ahead. I don't know where they come from. Political problems will get worse if we appear to be pulling away from an agreement which is good for the United States. It is in the selfish interest of the United States to get this thing. It will help our people. Having said that, there are political forces who will be out shooting at us. One of the ideas is that there will be slippage of jobs to Mexico as a result of the NAFTA. We have crossed that bridge. I wanted each of you to hear from me that no matter how hot the political pressures become, we will not move an inch back. When we talked about a beneficial agreement we meant just that. You have seen things which give the idea that we are going backwards. We are not going to change because

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in terms of principle this is good for the United States. We are not going to back track. If we have a good agreement, we are going to push as hard as we can. We are pregnant. We are not going to get unpregnant. I want to make it clear that when I told you we can get it, I think we will. I also told President Salinas that there are political problems involved. There are people who are against it now and who will continue to be against it. That will include labor. We have heard some candidates who are opposed to it. But I believe a majority are in favor including the Committee heads. I talked to one of them this morning. (C)

I told you that we have problems. We need to sell it. We can't send up a bad agreement, but we don't mean to have a bad agreement. (C)

I don't know how you want to proceed. There could be a general discussion or we could discuss particulars. (C)

President Salinas: We are fully committed; support is growing. Two-thirds are for it and it is not that the others are all against it. It is surprising that we have so much support that we can look for a way to push through. This can be helpful for both the U.S. and Mexico and Canada. The opposition in Canada thought the bilateral agreement was too good for the U.S. We are convinced this is good for the U.S. and for Mexico and we also know that Mexican-Americans think that this is good because they could get business. This agreement will mean jobs in Mexico for the U.S. We have felt a great deal of their presence here (in Mexico); they think that their country of origin is doing the right thing. The Ambassador has participated in a number of programs with the Mexican-American community. (C)

I had a call last week from Prime Minister Mulroney who said that the longer we wait the greater the risk. They want to do it as soon as possible. They are fully committed at the governmental level. (C)

Minister Serra: I had a very positive meeting with Carla Hills last week. We have also met with Wilson. We believe that we could have an agreed text by February 1st for the text of an agreement. We met last week and made real progress on that. Carla don't you agree? (C)

Ambassador Hills: I agree completely. We are going to get together on Thursday. We should have a bracketed text by January. (C)

President Salinas: What could delay agreement? (U)

Ambassador Hills: I don't see anything delaying a bracketed text, but the content of the agreement will determine if we have a package that has what is necessary so that the Congress will approve it. The worst thing would be to have an agreement voted down. There may be some difficulties, some bad sides, to the agreement that we will need to change. (C)

Minister Serra: As far as a bracketed text is concerned, there should be no problem in arriving at that. The problem is to agree on the difficult issues. We need an early text, then we need to get rid of the brackets or as many brackets as possible. (C)

On the Mexican side there are a few items where we have problems. For us there are a few topics which are very important. One is agriculture, because of the major agricultural reforms (in Mexico). I know this is also politically sensitive in the United States. This is one area where we have not exchanged texts. Hopefully this is one where we can exchange soon. (C)

There are other problems. One is textiles. The textile industry is deeply opposed to having a limit, but I have approached U.S. industry and talked to Roger Milliken. (C)

The President: You have convinced him? (U)

Minister Serra: He is for NAFTA if there is agreement on rules of origin when there is an elimination of quotas. He has talked about a new system which is called a quick response system which calls for a rapid response to input from retailers through producers which will bring about great productive efficiency. If we can get agreement this will make the quick response system work very well. (C)

Then, there is the common problem of the automobile industry. Part of the problem is the recession, but it is also because there is repositioning. We think we can have a common approach which would eliminate distortions over time. We have committed to send a paper on this. (C)

Another subject is duty drawbacks. This is important, because if we eliminate this, many Mexicans would be worse off than others -- if Mexico can't do what others can do. (C)

There is also the question of anti-dumping. We have looked at the U.S. proposal at the Uruguay Round. We believe the idea in the Canadian agreement on sections 18 and 19, which we understand Secretary Baker is the sponsor of, could be a good way to approach things. (C)

The President: Why don't we state some of the areas which are of interest to us. We could start with energy. We certainly respect history and we don't want to infringe on fundamental energy rights in Mexico. We understand Mexico's sensitivity on energy issues. There is interest in exploring areas. Carla, would you like to add anything to what I've said on energy and on other subjects? (C)

Ambassador Hills: Of the five areas that Minister Serra mentioned, they are going to be difficult, but we can deal with them. Import licensing still covers 40% of Mexican products. Mexico could keep it if it was justified, but many people feel it is not justified. This is a very sensitive issue for us. (C)

On textiles we have a deal, but we have to agree on very strict rules of origin. Actually I think Milliken would like to see 100% of origin. (C)

On automobiles it's true that all three countries have difficulties in this area. One of the constricting problems is that the industry is restructuring. We have met at least two times on this subject. We will have to be sensitive. We all have distortions. (C)

On duty drawbacks, Mexico, and even the U.S. grant to countries who import and then export back. But in most common markets there is no agreement which allows duty drawbacks. The EC doesn't permit them. This is a difficult situation because there are people who worry that Mexico would be a gateway and a perception that companies can get into Mexico with no duties and then export to the United States. They will do better than companies which are direct importers in the United States. (C)

On anti-dumping, all of us know how sensitive this is. Some countries have been doing away with anti-dumping, for example Australia and New Zealand. But we would want to tread very lightly in this area because we don't have a consensus to ask for a change in policy. The EC has common anti-dumping provisions. (C)

On our side, the President mentioned energy. In Seattle, I mentioned five areas where we encountered difficulties. This is because we have foreclosed risk sharing. But it is proposed that we would also eliminate retailing and the sale of gas to markets to U.S. and Mexico. Perhaps we could discuss this because there's interest not only in the southwest but also in the northeast. (C)

On investment we have been told that there are a 104 areas off the table. Financial services is one. If there is a lack of parity of opportunity in the financial area this will cause great problems. But with proper approach it is doable. If we get a narrow agreement, we won't get the broad support of people who think that they will get economic benefit from the treaty. We want to be sure we don't have a bad agreement. (C)

The President: We touched on environment and labor -- the question of jobs is very important. It is here that our people are most sensitive. We have assured them that we will stay engaged. (U)

We need to get the fewest number of brackets. Carla is asking for 100%. It is correct that the broader the agreement the more we will be able to win a spirit of consensus in favor of it. (C)

Secretary Brady: May I say something about financial services where there is a wide gulf for us? We want the same treatment for banks as Mexico has in the United States. We also have reasonably large gaps in tax agreements. The interest rate is 10% versus 5%. We have two or three other areas where we feel

strongly and where the banks feel strongly. We don't want discrimination.

Minister Aspe: Well, as you know, you have 15%; we have 5%. We signed with Canada with 10%. The U.S. says 15% is not good enough. You know we have been privatizing the banks. We need time to adjust. Nine out of ten banks still need to be privatized.

The President: Bob (Mosbacher), would you like to say something? (U)

Secretary Mosbacher: I think that what we have from the business community is positive, but anti-dumping is their number one concern. They feel very strongly, and this is something we have to deal with. I do not want to get into fields where Pedro is the expert, but financial services are also important.

The President: Bob (Zoellick), do you want to talk about the environment? (U)

Assistant Secretary Zoellick: If I could. The political danger is that we could get flack from these flank issues. We have explained that there has been progress on the environmental fronts, but we need to work together on this to help both sides support the NAFTA. I know you have committed around $400 million to the environment. This is an area that is very important. As we move ahead on trade, we need to move at an equal pace, and we may need to take additional steps. I don't have anything really specific in mind.

On labor, we need to explain things better. You told President Salinas of the importance of worker adjustments. We also need a stronger approach to workers' rights. If you could make an effort on workers' rights like the environment, this would be very helpful. And I should also mention the dog that didn't bark yet, which is narcotics. We need to keep the progress that we have made in that area and to focus on continued progress.

The President: I think that there is a proper perception of new-found drug cooperation. (U)

President Salinas: On drug trafficking. We will continue to move decisively and devote responses to fight it because it is in our interest. It is for the protection of our own people. We want to thank you for sharing information, which comes from your planes. We seized 40 tons recently. That is double Mexico's previous seizure.

The President: This is important. We are trying hard on the demand side. There are some encouraging signs. Casual use, and use by youngsters is down. The problem area is in the 35 year old and over area. We think that education and community programs are helping and we are trying out new programs.

President Salinas: People say, "why not ask for more aid," and we say "what we need is more cooperation with the United States

and not aid." We need to get better information and we are in this because it is against our people. U.S. has rules about agreements for choppers, but we don't need them because we are going to buy them. Mexico is doing this because drugs are affecting our own families.

The President: You have mentioned the Veracruz incident, and said, "hey, there is going to be no coverup."

President Salinas: This is the first time in Mexican history, that a three-star General will go to jail. Anybody who is caught cooperating with traffickers will go to jail.

The President: I want to know if there have been any problems with border violence. I understand that we have made progress here, and I want to know if there is a problem.

President Salinas: There has been progress, but we need to keep progressing. We need to mention it in the Press Statement. I was told that in Los Angeles, that it was just an incident of a person that was involved in specific violence and not a policy. The situation has improved and could improve more.

The President: Okay. We had a good Attorney General, and we have a new good Attorney General. Barr is a very open person. Our door is open. We don't want to have tensions from that sort of thing.

Can I ask another question? I know that Mexico is sensitive about ownership and risk and the production of energy, but I wonder why there couldn't be more in the area of retailing?

President Salinas: In the case of financial services investments, I believe that we can make adjustments and in anti-dumping as well. On energy, this is a very difficult area, and in basic energy it is impossible to change, but in chemicals we could do something more. This is a very difficult area. Insisting on impossible energy questions could be deal breaking.

The President: Yes, I just was wondering, why there isn't more possibility for progress, on say, marketing and refining. I can understand the feelings on ownership, but don't know why they would pass to retailing. What would be the difference if Shell has a station next to Pennex, or is it all lumped together?

President Salinas: Yes. Exactly. Some areas, although not prohibited by the Constitution, are very sensitive. If we had an Exxon sign next to a Pennex sign, it would indicate to Mexicans that we had sold our national patrimony and would be explosive. However, I believe that it is possible to be more liberal in the chemical area. We are allowing people to build energy plants to produce the energy for their production.

Secretary Baker: Build them and operate them?

Minister Aspe: Yes. Operate them and produce energy for their own enterprises and then if there is energy left over, they can sell it to the national energy network.

Secretary Baker: Is there a minimum percentage?

Secretary Serra: We have found a way to allow investment in this area, but we have to be able to do it within the Constitution. Before coming here, we had signed an agreement. I have talked to Carlos where there is some flexibility, and we can move in this area. It seems we can find some areas for investing in energy, but there are some where it is absolutely impossible.

Secretary Baker: Are there areas where we can have an increase in investment other than energy? In Canada there were cultural exceptions to restrictions on entertainment industry investment.

Secretary Serra: Well, we have some exceptions in the entertainment field, like you do, on TV for example. We have tried to do things with the United States, but have difficulty. This is something that we could talk about.

Ambassador Hills: I would like to point out that we have had some difficulty in arriving at principles, but if you have a long list of exceptions, then the principles don't mean too much. There is a list of 137 product areas where foreign investment is restricted in Mexico.

President Salinas: We want the minimum number of exceptions.

Ambassador Hills: We welcome talks about that. Certainly the list will narrow. This is the basis we want to proceed on.

The President: Carla is right about the need to respond. One hundred and thirty seven exceptions for Mexico only lessens our possibility of areas for support.

President Salinas: In January, we will get three texts.

The President: We will see if we can have some expanded energy considerations.

We met with Perez de Cuellar on a decoration thing. When we met, he mentioned El Salvador. He was going to see you that night. You have done very well in helping on this process. We have been less in the forefront. Where does that stand?

President Salinas: I just got a visit from President Cristiani a week ago. He was worried because he thought his opponents did not want a deal by the end of the year. I told Perez de Cuellar I would talk with President Cristiani. We agreed that it would be good for him to be in New York to show that we want a deal. This is very difficult for Cristiani. He has a lot of pressure from the right. He can only compromise once more. We need to convince him to come so that we can put maximum pressure on the

FMLN. (Foreign Minister) Solana will talk with the FMLN to tell them that they must be serious about these talks. We used to have stronger leverage with the FMLN because we supported them, but now that we support President Cristiani we have lost leverage. We almost sent them out (of Mexico) but didn't because President Cristiani didn't want us to do so. I will pressure the FMLN. (C)

Secretary Baker: This is a critical point. We need to have agreement that there will be a genuine cease-fire. Then Cristiani could come up. (C)

The President: Was there a problem with the police? (C)

President Salinas: Yes, there is trouble with the police but we pushed on that. (C)

The President: With your support for Cristiani, that should tell the FMLN "look your time is up." (C)

Secretary Baker: What about the Parliament? (C)

The President: And others. (U)

Foreign Minister Solana: There were problems with the 14 families. (C)

The President: I didn't realize they had reduced to 14. (C)

Foreign Minister Solana: Yes, 14. We will work with the four friends. I would be optimistic. (C)

The President: I might say that in the UN, given the decline of the Soviet Union and the automatic veto has been much more positive. They were helpful on peacekeeping. The guy put his life at risk. He did a good job. We respect the role, they have symbolized. They can play a more important role. (C)

I want to mention the Zionism Resolution. It is the right thing to do. We appreciate your help. We have respect for Shamir. The Israeli said he thought there was progress on the talks. It is important that they go on. There was progress in some areas. (C)

On the events in the Soviet Union, I talked to Yeltsin. They say don't worry about the nukes. But the system has not yet been worked out. Strains between Gorbachev and Yeltsin are very great. We are not trying to influence. We want democracy. We characterize Gorbachev and Shevardnadze as highly positive people. Yeltsin has played a key role. He is a little flamboyant. We are not sure where he will go. We want to help -- to see a reduction in nuclear arms. We will take one-half and help in the destruction of weapons. We do not want to see proliferation. Gorbachev says people are going back on their word. It is a desperate state. Gorbachev says if you do this, do it constitutionally. I don't have a feeling he is adamantly

struggling to keep his job. (To Secretary Baker) Is there anything else? (C)

Secretary Baker: Only perhaps Cuba. (U)

The President: I mean on this. (U)

Secretary Baker: We want to have a coordinating conference which will be in January. We hope Mexico will be there. We won't put the arm on Mexico. We want to have everybody contribute in the best way they can. We hope that as a leader of Latin America, you will come. (C)

President Salinas: Who will replace the Soviet Union on the Security Council? (C)

The President: Gorbachev said the Center. I suppose Boris will hold it. (C)

The President then suggested the meeting break for lunch. (U)

-- End of Conversation --

Withdrawal/Redaction Sheet
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
26. Memcon	Re: Memorandum of Conversation of Meeting with Israeli Foreign Minister David Levy (3 pp.)	12/17/91	(b)(1)	S

Collection:

Record Group: Bush Presidential Records
Office: Scowcroft, Brent, Files
Series: Presidential Correspondence
Subseries: Presidential Memcons
WHORM Cat.:
File Location: Presidential Meeting - Memorandum of Conversations 10/16/91 - 12/17/91

Date Closed:	1/28/2009	**OA/ID Number:**	91109-004
FOIA/SYS Case #:	2009-0275-S	**Appeal Case #:**	
Re-review Case #:		**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:	1999-0304-F/3 (127)	**MR Case #:**	
AR Disposition:	Released in Part	**MR Disposition:**	
AR Disposition Date:	3/22/2010	**MR Disposition Date:**	

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

P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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THE WHITE HOUSE
WASHINGTON

9415

MEMORANDUM OF CONVERSATION

SUBJECT: Memorandum of Conversation of Meeting with Israeli Foreign Minister David Levy, Tuesday, December 17, 1991 (U)

PARTICIPANTS:
The President
Lawrence S. Eagleburger, Acting Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Edward Djerejian, Assistant Secretary for Near East and South Asian Affairs
Richard N. Haass, Senior Director for Near East and South Asian Affairs
Dina Levine, Interpreter

David Levy, Minister of Foreign Affairs
Zalman Shoval, Israeli Ambassador to the U.S.
Eitan Bentsar, Senior Deputy Director General, Ministry of Foreign Affairs
Yuri Oren, Advisor to the Foreign Minister

The President and Foreign Minister David Levy met in the Oval Office at 11:00 a.m.

Foreign Minister Levy: I am extremely pleased to be here after the vote in the UN. It was glorious and historic for our two democracies who are allies. Previous Presidents had a clear stand on this issue, but it was our good fortune that you were here to lead our efforts to success. For this we are grateful, both in Israel and Jews everywhere. You have helped relieve our darkness. I am proud to bring the gratitude of Israelis and our thanks as well to Secretary Baker, Lawrence Eagleburger and Ambassador Pickering and to all who worked as one beautiful orchestra in this sacred task. It proves that when we work together we can succeed. (U)

The President: That is just what I wanted to talk to you about. (U)

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1999-0304-F/3
03/22/2010 MM

Foreign Minister Levy: What happened yesterday was a continuation of the spirit that helped us win the Gulf war. It has been proven that this attitude changed the world in which we live. It is true that only a great President relegates to second place what others would put first. I know of only a few people in this century who would meet this test. It is for this that I am expressing my gratitude. (U)

With your permission I would also like to raise a few other points. We have been party to the Middle East peace process and the search for peace. Here again, you are the one who promoted it. This was made possible by an open dialogue between our two nations. There were many difficulties but we have overcome most of them. We have paved the way forward as the remaining difficulties are negligible compared to what we've done. At long last Arabs and Israelis are meeting face to face. True, there are still difficulties but they must be overcome directly. I want to express my esteem for the Administration which has said that we ourselves must overcome these difficulties, that it is the responsibility of the parties. If the process continues in this manner, I have no doubt the problems will be resolved. There may be a party that believes that if it stalls the U.S. government will intervene, but this is a mistake and there has been a sobering up thanks to the administration. Israel is determined to promote the peace process. (S)

The President: May I make one key point on this matter? I do appreciate what you've told me on the Zionism resolution. This was a team effort. Secretaries Eagleburger and Baker were actively involved. We in the White House supported whenever we could. For us it was a moral position that was proper. Regarding the peace process, it is our view that the parties involved must get on to substance and past procedure. In the U.S. view it would be a tragedy if it just drags on. We want to see substance addressed. Events could crop up which would throw things off the track. My strong appeal--please take this message back to the Prime Minister--is to get into the substance with as many parties as you can. All this jockeying around over venue and procedure will get us nowhere. I am not just signalling Israel over this--I would say the same to the others--but we feel strongly about this. (S)

Foreign Minister Levy: We are determined to get down to substance. We are interested in the success of the process. One point I'd like to draw to your attention is that in the Biqa valley there are hundreds of Iranian instructors. They are

training and guiding Hizbollah who object to peace. They are planning operations. All this is known by the Syrians. I am fearful of an explosion. This must be monitored closely so that our efforts are not in vain. The Syrians are aware. (b)(1) (b)(1) I hope something can be done. We have done all we can regarding hostages, cooperating with the UN. It would be a humanitarian gesture if you could help us. (S)

The President: I would be glad to say that all those being held hostage should be released. U.N. envoy Picco is in the area working on this. We still want to get back the remains of two of our people. I am sorry to have to rush but I have to take a phone call. (C)

Foreign Minister Levy: I only have one other thing to say. What is happening in the Soviet Union is of big concern to us. We deeply appreciate what you have been doing, but there is the growing problem of the Jews who are still there. We are doing our best to resettle them in Israel; we hope and expect you will have an understanding heart in considering this issue. (C)

The President: We will continue to work with the Soviets. We have not lessened our concerns over freedom to emigrate and anti-semitism there. (S)

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AR Disposition:	Released in Part	**MR Disposition:**	
AR Disposition Date:	5/9/2003	**MR Disposition Date:**	

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