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USA

Part 1: March 1981

Part 4: April 1990

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U.S./SOUTH AFRICA

SUMMARY

1. CHRISTOPHER PUBLICLY RESTATES U.S. COMMITMENT TO HELP SOUTH AFRICA RE-ENTER THE GLOBAL ECONOMY, INCLUDING OBTAINING ACCESS TO THE IFIS, ONCE A TRANSITIONAL EXECUTIVE COUNCIL IS IN PLACE AND AN ELECTION DATE SET. MANDELA AND DE KLERK TO VISIT U.S. IN JULY: BOTH WILL SEE CLINTON.

DETAIL

2. SPEAKING ON U.S. POLICY TOWARDS AFRICA TO THE AFRICAN-AMERICAN INSTITUTE ON 21 MAY, SECRETARY OF STATE CHRISTOPHER TOOK THE OPPORTUNITY TO SET OUT IN PUBLIC THE ADMINISTRATION'S APPROACH TO LIFTING THE REMAINING ECONOMIC SANCTIONS AGAINST SOUTH AFRICA. CHRISTOPHER COMMITTED THE U.S. TO WORK WITH OTHER NATIONS TO HELP SOUTH AFRICA QUOTE RE-ENTER THE GLOBAL ECONOMY UNQUOTE. THE TRIGGER WOULD BE THE ESTABLISHMENT OF A TRANSITIONAL EXECUTIVE COUNCIL AND THE SETTING OF A FIRM DATE FOR NON-RACIAL ELECTIONS.
3. CHRISTOPHER'S REMARKS MADE CLEAR THAT RE-ENTRY TO THE GLOBAL ECONOMY INCLUDED RENEWED SOUTH AFRICAN ACCESS TO THE IFIS. HE NOTED THAT THE U.S. WAS ALREADY URGING THE WORLD BANK AND THE PARTIES IN SOUTH AFRICA TO BEGIN PLANNING FOR PROJECTS TO STIMULATE ECONOMIC GROWTH.
4. IN DESCRIBING THE U.S. EXPECTATION THAT THIS WOULD BE A CO-OPERATIVE INTERNATIONAL EFFORT, CHRISTOPHER HIGHLIGHTED THE ROLE OF THE G-7 (CF MY TELNO 1063).
5. CHRISTOPHER WAS ESPECIALLY WARM IN HIS COMMENTS ABOUT THE PERSONAL ROLES OF MANDELA AND DE KLERK IN BRINGING ABOUT THE END OF APARTHEID. IT HAS BEEN SEPARATELY ANNOUNCED THAT BOTH MANDELA AND

DE KLERK WILL VISIT THE U.S. IN JULY, TO RECEIVE A JOINT AWARD (THE PHILADELPHIA LIBERTY MEDAL). STATE HAVE TOLD US IN CONFIDENCE THAT CONSECUTIVE CALLS HAVE BEEN ARRANGED ON CLINTON ON 2 JULY. IN BETWEEN, CLINTON, MANDELA AND DE KLERK WILL SHARE A JOINT PHOTO-SESSION.

RENWICK

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H.O.M.S. FOR SIR R RENWICK

U.S./CHINA: LORD'S VISIT TO PEKING

SUMMARY

1. CHINESE UNRECEPTIVE TO U.S. REQUESTS FOR ACTION TO HELP THEM WITH MFN. STATE BELIEVE CHINESE MAY HAVE CONCLUDED THAT CONDITIONS ARE INEVITABLE WHATEVER THEY DO. CHINESE DENY THAT THEY HAVE TRANSFERRED M11 MISSILES TO PAKISTAN.

DETAIL

2. ON 14 MAY STATE BRIEFED US ON LORD'S (ASSISTANT SECRETARY, STATE) VISIT TO PEKING (10-12 MAY).

3. LORD HAD SEEN ACTING FOREIGN MINISTER TIEN ZENGPEI, VICE FOREIGN MINISTER LIAO HUAQIU, AND HIS OPPOSITE NUMBER. LORD STRESSED THAT THE U.S. WANTED GOOD RELATIONS WITH CHINA. BOTH SIDES NEEDED TO WORK TOGETHER TO TRY TO RESOLVE THEIR DIFFERENCES. HE GAVE THE CHINESE A LETTER FROM PRESIDENT CLINTON TO ZIANG ZEMIN REINFORCING THIS MESSAGE.

4. LORD TOLD THE CHINESE THAT THE ADMINISTRATION NEEDED THEIR HELP ON MFN. HE GAVE DETAILS OF U.S. CONCERNS IN THE AREAS OF TRADE, HUMAN RIGHTS, AND ARMS PROLIFERATION. CHINESE ACTION TO ADDRESS THESE CONCERNS WOULD HELP AVOID PRESSURE FOR CONGRESSIONAL LEGISLATION.

5. THE CHINESE REACTED ON STANDARD LINES. THEY POINTED OUT THAT THEY HAD RECENTLY SENT BUYING MISSIONS TO THE U.S., AND HAD TAKEN STEPS TO IMPLEMENT THE MARKET ACCESS AGREEMENT. ALTHOUGH THEY INDICATED THAT THEY MIGHT BE PREPARED TO RELEASE A FEW MORE DISSIDENTS, THEY ARGUED THAT EACH COUNTRY HAD ITS OWN APPROACH TO HUMAN RIGHTS AND OTHERS SHOULD NOT INTERFERE. THEY COMPLAINED

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ABOUT THE F16 SALE TO TIAWAN, AND ABOUT U.S. FOOT-DRAGGING OVER CHINA'S ENTRY TO GATT. THEY WARNED THE AMERICANS NOT TO MIDDLE IN HONG KONG. THIS WAS A UK/CHINESE PROBLEM. THEY WERE STRONGLY OPPOSED TO ANY ATTEMPTS TO INTERNATIONALISE IT.

6. LORD PRESSED THE CHINESE ON M11 SALES TO PAKISTAN. THE CHINESE AT FIRST SIMPLY SAID THAT THEY HAD DONE NOTHING WHICH VIOLATED MTCR GUIDELINES. WHEN LORD EXPLICITELY ASKED ABOUT RECENT REPORTS OF M11 DELIVERIES TO PAKISTAN, THE CHINESE DENIED THAT THEY HAD TRANSFERRED ANY MISSILES.

7. STATE (NORRIS, CHINA OFFICE), SAID THAT THEY HAD BEEN DISAPPOINTED BY THE RESULTS OF LORD'S VISIT - EVEN THOUGH THEY HAD NOT EXPECTED MUCH. THE CHINESE MIGHT HAVE CONCLUDED THAT THEY COULD NOT AVOID MFN CONDITIONS, AND HAD THEREFORE DECIDED THAT THERE WAS NOTHING TO BE GAINED BY MAKING FURTHER GESTURES AT THIS STAGE.

8. STATE ARE CURRENTLY WORKING ON THE TEXT OF POSSIBLE CONDITIONS FOR MFN. WE REMINDED THEM OF THE HONG KONG ANGLE. STATE SAID THEY WERE FULLY AWARE OF THIS.

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INFO PRIORITY OTHER EC POSTS, OTTAWA, TOKYO, MOSCOW

U.S./EC SUMMIT, 7 MAY: POLITICAL ISSUES

SUMMARY

1. A REASONABLE EXCHANGE. SATISFACTION ON BOTH SIDES AT COMMON PROGRESS ON GATT/TRADE ISSUES. ON BOSNIA, UNPUBLICISED AGREEMENT TO SET MILOSEVIC A QUICK DEADLINE TO MEET HIS COMMITMENTS. DANISH PRESIDENCY FAILURE ON ITS ONLY SPECIFIC INITIATIVE ON EC/U.S. RELATIONS.

DETAIL

2. NYRUP RASMUSSEN AND DELORS, ACCOMPANIED BY BRITTAN AND VAN DEN BROEK, AMONG OTHERS, HAD TALKS AND A WORKING MEAL ON 7 MAY WITH CLINTON AND THE U.S. TEAM INCLUDING VICE-PRESIDENT GORE AND USTR KANTOR. THE MAIN SUBJECTS COVERED WERE GATT/TRADE ISSUES/WORLD ECONOMIC GROWTH, INCLUDING THE EDINBURGH GROWTH INITIATIVE (MAIN POINTS REPORTED SEPARATELY: MY TELNO 1048, NOT TO MOSCOW) EC/U.S. RELATIONS, BOSNIA, RUSSIA, CENTRAL AND EASTERN EUROPE, ENVIRONMENTAL ISSUES, AND A ROUTINE EXCHANGE ON THE MIDDLE EAST PEACE PROCESS.

3. IF THE 10 MAY EC BRIEFING THROWS UP ANY ADDITIONAL POINTS, WE WILL REPORT.

EC/U.S. RELATIONS

4. NYRUP RASMUSSEN LED OFF BOTH THE PRESS CONFERENCE WITH CLINTON AND HIS JOINT ONE WITH DELORS WITH A REFERENCE TO THE DANISH PRESIDENCY'S INITIATIVE TO STRENGTHEN EC/U.S. RELATIONS. HE SUGGESTED THAT THE TALKS HAD BEEN ENCOURAGING IN THIS RESPECT: THERE WAS A JOINT CONSENSUS ON THE NEED TO STRENGTHEN TRANSATLANTIC COOPERATION IN A LARGE NUMBER OF AREAS.

5. CLINTON HIMSELF PUBLICLY CONFIRMED BRIEF EXCHANGES ON ENVIRONMENTAL ISSUES, JOB TRAINING, AND HEALTHCARE. BUT APART FROM A PASSING PRESS CONFERENCE REFERENCE BY DELORS THAT WAS NOT PICKED UP, NEITHER SIDE PUBLICLY MENTIONED THE PRESIDENCY'S MAIN INITIATIVE: A PROPOSAL TO ESTABLISH AN EC/U.S. WORKING GROUP TO DISCUSS AREAS WHERE COOPERATION COULD BE IMPROVED. THE DANES FLOATED THIS WITH THE NSC A FEW DAYS AGO AND WERE WARNED OFF. NYRUP RASMUSSEN NEVERTHELESS PRESENTED IT AGAIN, WITH NO MORE INDICATION OF STRUCTURE AND CONTENT THAN BEFORE. THE NSC, WHO FAVOUR INTENSIFICATION OF EXCHANGES ON EXISTING CHANNELS RATHER THAN NEW ARCHITECTURE, SAY THE U.S. SIDE POLITELY FAILED TO PICK UP THE IDEA. THEY CLAIM THAT THE COMMISSION TOO DISLIKE IT: CERTAINLY, DELORS IN ANSWER TO A PRESS QUESTION RULED OUT A TRANSATLANTIC DECLARATION MARK II FOR MANY YEARS TO COME.

6. MORE IMPORTANTLY, CLINTON USED HIS PRESS CONFERENCE TO LAY OUT FOR THE FIRST TIME THE ADMINISTRATION'S ATTITUDE TO EUROPEAN UNION. HE STRESSED HIS SUPPORT FOR EUROPEAN UNITY AND THE MAASTRICHT PROCESS AND RENEWED PRESIDENT KENNEDY'S VISION OF EUROPE AS AN EQUAL PARTNER IN GLOBAL TASKS. A STRONG AND UNITED EC WAS VERY MUCH IN THE U.S. INTEREST: FOR AMERICAN JOBS AND ECONOMIC OPPORTUNITIES, FOR DEMOCRATIC VALUES AND HUMAN RIGHTS, AND FOR POLITICAL PARTNERSHIP: THE COMMON GROUND WAS FAR WIDER THAN THE AREAS OF DISAGREEMENT.

BOSNIA

7. THERE WAS EXTENSIVE DISCUSSION BOTH AT THE SUMMIT AND IN A SEPARATE LAKE/VAN DEN BROEK MEETING. BOTH SIDES' ARGUMENTS WERE REHEARSED IN FAMILIAR TERMS, WITH DELORS AND VAN DEN BROEK INTERESTED IN MILITARY ACTION BUT NYRUP RASMUSSEN REGISTERING EUROPEAN VIEWS ON THE DRAWBACKS. THE AGREED PUBLIC LINE, TAKEN BY BOTH SIDES, WAS THAT ALL OPTIONS IN DEALING WITH BOSNIA REMAINED OPEN. PRIVATELY, THERE WAS AGREEMENT TO SET A QUICK DEADLINE FOR MILOSEVIC TO LIVE UP TO HIS COMMITMENTS. AND THE AMERICANS PRESSED FOR MORE RAPID EUROPEAN PROVISION OF ADDITIONAL SAM PERSONNEL.

RUSSIA

8. ACCORDING TO THE NSC, THERE WAS A GOOD EXCHANGE ON AID FOR RUSSIA, BUT WITHOUT FIRM CONCLUSIONS. DELORS SOUGHT CLARIFICATION OF AMERICAN IDEAS ON A G7 PRIVATISATION FUND AND G7 OFFICE IN MOSCOW. HE MADE PLAIN HIS SUPPORT FOR BOTTOM-UP ECONOMIC INITIATIVES FOR RUSSIA, SUCH AS PRIVATISATION, BUT THE NSC FOUND IT

HARD TO TELL WHETHER HE WAS NOW MORE ATTRACTED TO THE IDEA OF A G7 OFFICE.

CENTRAL AND EASTERN EUROPE

9. VAN DEN BROEK DESCRIBED HIS RECENT VISIT TO THE REGION. PROSPECTS FOR MAINTAINING AID FLOWS WERE DISCUSSED. TRADE LIBERALISATION WAS MENTIONED IN PASSING AND DELORS PRODUCED A CHART SEEKING TO DEMONSTRATE THE RAPID INCREASE IN EAST EUROPEAN EXPORTS TO THE EC. BUT BRITTAN DID NOT PRESS THE SUBJECT. THE COMMISSION SIDE MENTIONED THE IDEA OF A REVIEW OF THE STATUS OF CENTRAL AND EASTERN EUROPEAN RELATIONS WITH THE EUROPEAN UNION IN 1995.

ENVIRONMENT

10. THERE WAS A BRIEF DISCUSSION OF ENERGY TAXES, LED BY VICE PRESIDENT GORE. DELORS RAISED THE PROBLEM OF THE EC'S ROLE IN THE COMMISSION ON SUSTAINABLE DEVELOPMENT. CLINTON'S RESPONSE WAS THAT OFFICIALS SHOULD SORT THIS OUT.

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INDIA/PAKISTAN: US VIEWS

SUMMARY

1. SOUTH ASIA NOT A PRIORITY SUBJECT FOR NEW ADMINISTRATION BUT BEGINNING TO MOVE UP THE AGENDA. KASHMIR SEEN BY CHRISTOPHER AS PRIME TARGET FOR PREVENTIVE DIPLOMACY. DWINDLING PAKISTANI SUPPORT FOR TERRORISM, ATTRIBUTED TO AMERICAN REPRESENTATIONS. AGREEMENT TO PERIODIC JOINT REVIEW OF EVIDENCE. AMERICANS WILL CONTINUE TO PROD PARTIES ON A POLITICAL PROCESS IN KASHMIR, BUT WILL AVOID BECOMING MEDIATORS. FOCUS ON PROLIFERATION NO LONGER VIA 5-POWER TALKS.

DETAIL

2. SIR J COLES, VISITING WASHINGTON, SAW MALOTT (ACTING ASSISTANT SECRETARY/STATE) ON 19 APRIL. HE ASKED WHERE SOUTH ASIA FEATURED IN THE NEW ADMINISTRATION'S PRIORITIES. MALOTT AID PUBLIC ATTENTION WAS FOCUSED ELSEWHERE. BUT RECENT INCIDENTS HAD PUT THE REGION ON THE RADAR SCREEN. IT WAS A PRIME TARGET FOR CHRISTOPHER'S POLICY OF PREVENTIVE DIPLOMACY. IT ENCAPSULATED ALL THE POST-COLD WAR GLOBAL AGENDA ISSUES (TERRORISM, PROLIFERATION, NARCOTICS, DEMOCRACY/HUMAN RIGHTS, MARKET ACCESS). AMERICAN SERIOUSNESS ABOUT TACKLING SUCH ISSUES WOULD BE MEASURED BY ITS POLICY ON SOUTH ASIA. BUT THESE SHOULD NOT BE SOLELY AMERICAN CONCERNS. MALOTT HOPED TO PERSUADE HIS SUPERIORS OF THE NEED FOR INCREASED COORDINATION WITH EG BRITAIN, JAPAN, FRANCE AND GERMANY. HE WOULD NEED TO SET OUT AMERICAN POLICY WHEN HE TESTIFIED ON THE HILL (28 APRIL). THE REVIEW OF PAKISTANI INVOLVEMENT IN TERRORISM MIGHT PROVIDE ANOTHER EARLY DEFINITION OF US POLICY (BUT SEE PARAGRAPH 3).

3. ON PAKISTAN/TERRORISM, NO REVIEW WAS REQUIRED BY LAW UNTIL DECEMBER. THE DECISION TO REVIEW IN JUNE RESULTED FROM THE PREVIOUS ADMINISTRATION'S DESIRE NOT TO HAND ON TO THE NEW ADMINISTRATION A BROKEN RELATIONSHIP. IT WAS NOW IN QUESTION WHETHER THE CARETAKER GOVERNMENT IN PAKISTAN COULD OR WOULD DELIVER ON RECENT PAKISTANI ASSURANCES. IT MIGHT BE NECESSARY TO

POSTPONE THE JUNE DEADLINE.

4. MALOTT ADMITTED THAT THERE HAD BEEN AMBIGUOUS EVIDENCE OVER THE PAST YEAR ABOUT THE DEGREE TO WHICH THE PAKISTANIS HAD SCALED DOWN OFFICIAL INVOLVEMENT WITH KASHMIRI MILITANTS, AND WHETHER IT WAS PRIVATISING SUPPORT THROUGH THE JAMAAT-E-ISLAMI. THE AMERICAN INTELLIGENCE COMMUNITY WAS CONFIDENT THAT THERE WAS STILL OFFICIAL MATERIAL AND HUMAN SUPPORT. BUT THIS WAS AT A CONSIDERABLY LOWER LEVEL THAN PREVIOUSLY (THE AMERICANS WERE IN THE PROCESS OF A HISTORICAL REVIEW BETWEEN 1989 AND THE PRESENT). USCINCPAC (LARSON) HAD RECENTLY BEEN TOLD BY THE INDIANS THAT CROSS-BORDER OPERATIONS WERE QUOTE DOWN TO A TRICKLE UNQUOTE IN 1993 (THREE INCIDENTS ON THE LOC, FIVE INFILTRATIONS). MALOTT ATTRIBUTED THE DECLINE DIRECTLY TO THE MESSAGE HAVING GOT THROUGH THAT THE AMERICANS WERE SERIOUS ABOUT PLACING PAKISTAN ON THE LIST. (MALOTT ALSO SAID THAT THE INDIANS WERE DRAWING THEIR OWN CONCLUSIONS FROM THIS EVIDENCE OF SERIOUS AMERICAN INTENT). THERE WAS SOME CONCERN THAT PAKISTANI EFFORTS WERE BEING DIRECTED ELSEWHERE IN INDIA.

5. IN KASHMIR ITSELF, ACTS OF TERRORISM CONTINUED, BUT IT WAS DIFFICULT TO ESTABLISH RESPONSIBILITY. THE MILITANTS HAD CONCLUDED THAT THEY COULD NOT WIN MILITARILY. THEY WERE THEREFORE TARGETING INDIAN SECURITY FORCES FOR POLITICAL REASONS, CALCULATING THAT RETALIATORY INDIAN ACTION WOULD POISON KASHMIRI/INDIAN GOVERNMENT RELATIONS. MALOTT HYPOTHESIZED THAT A CYCLE OF VIOLENCE HAD NOW BEEN ESTABLISHED WHICH WOULD CONTINUE WITHOUT PAKISTANI SUPPORT.

6. MALOTT AGREED TO SIR J COLES' SUGGESTION THAT WE SHOULD COMPARE NOTES PERIODICALLY IN WASHINGTON ON THIS ISSUE TO ENSURE THAT WE WERE WORKING FROM THE SAME MATERIAL.

7. ON KASHMIR IN GENERAL, SIR J COLES REITERATED OUR THREE POINTS. NARASIMHA RAO HAD TOLD THE PRIME MINISTER IN JANUARY THAT NAWAZ SHARIF WAS NOT SUFFICIENTLY STRONG POLITICALLY TO DELIVER PROGRESS ON KASHMIR. THE LATEST EVENTS IN PAKISTAN APPEARED TO BEAR THIS OUT. NAWAZ SHARIF HAD PRESSED FOR BRITISH MEDIATION BUT WE WERE NOT PREPARED TO TAKE ON SUCH A ROLE NOR WOULD INDIA ACCEPT EXTERNAL MEDIATION. HOW DID THE AMERICANS ENVISAGE PURSUING PREVENTIVE DIPLOMACY?

8. MALOTT SAID THERE WERE THREE AREAS IN WHICH PROGRESS WAS POSSIBLE.

DHOAN 172021

- i) INTERNAL INSURGENCY: AN END TO PAKISTANI SUPPORT, IMPROVEMENT BY INDIAN SECURITY FORCES ON HUMAN RIGHTS AND A POLITICAL DIALOGUE BETWEEN KASHMIRIS AND THE INDIAN GOVERNMENT.
- ii) DEFUSING MILITARY FLASHPOINTS: MILITARY CBMS (ON WHICH THE US HAD OFFERED ADVICE) AND THE SIACHEN GLACIER.
- iii) LEGAL STATUS OF KASHMIR: OBVIOUSLY A LONGER TERM ISSUE. MALOTT WAS PESSIMISTIC ABOUT PROGRESS HERE.

9. MALOTT BELIEVED THAT PROGRESS ON THE FIRST TWO COULD BE MADE IRRESPECTIVE OF THE THIRD. THE US WAS BECOMING MORE INVOLVED WHEN TENSIONS ROSE. THEY DID NOT SEE THEMSELVES AS A MEDIATOR: FOR A LASTING SOLUTION, THE TWO COUNTRIES HAD TO WORK IT OUT THEMSELVES. BUT THIRD PARTIES NEEDED TO PUSH THEM. MALOTT BELIEVED THAT RAO WAS SINCERE IN HIS DESIRE TO ESTABLISH A POLITICAL PROCESS IN KASHMIR BUT THERE HAD TO BE SERIOUS DOUBT THAT SUCH A PROCESS WAS POSSIBLE GIVEN THE SITUATION ON THE GROUND. THE AMERICANS HAD, IN THE LAST YEAR, DEVELOPED A DIALOGUE WITH THE INDIANS ON HUMAN RIGHTS. THEY HAD TOLD THE INDIANS THAT THEY WOULD NOT TACKLE THEM IN PUBLIC ON KASHMIR. BUT THERE WAS SOME QUESTION HOW LONG THIS COULD CONTINUE. MALOTT FEARED THAT THE INDIANS MIGHT WRONGLY DRAW THE CONCLUSION FROM THE PUNJAB THAT DRACONIAN MEASURES WORKED.

10. ON PROLIFERATION, MALOTT SAID THAT THE NEW ADMINISTRATION WOULD NOT FOCUS SO CLOSELY ON THE 5-POWER FRAMEWORK. THE INDIANS WOULD GO ON PLAYING GAMES, INSTEAD, THE US WOULD CONCENTRATE ON BILATERAL DISCUSSIONS. THERE HAD BEEN TWO ROUNDS ALREADY WITH THE INDIANS: A THIRD WAS PLANNED. THEY HOPED TO ESTABLISH A SIMILAR FRAMEWORK WITH THE PAKISTANIS. THIS WAS AN AREA WHERE MUTUALLY REINFORCING COORDINATION AMONGST WESTERN POWERS COULD BE USEFUL IN COMBINING BILATERAL AND MULTILATERAL PRESSURE.

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ARAB/ISRAEL: VISIT OF ISRAELI PRIME MINISTER

SUMMARY

1. RABIN DISPLAYS GREATER THAN EXPECTED SENSE OF URGENCY. ACCEPTS NEED TO MOVE ON BOTH PALESTINIAN AND SYRIAN TRACKS. RECEPTIVE TO AMERICAN FULL PARTNERSHIP. UNSPECIFIED AMERICAN REASSURANCES ON SECURITY.

DETAIL

2. RABIN VISITED WASHINGTON 12-18 MARCH, RETURNING TO ISRAEL EARLIER THAN PLANNED FOR DOMESTIC POLITICAL REASONS. WE HAVE SPOKEN TO STATE (ROSS AND MILLER), NSC (INDYK) AND THE PENTAGON.

3. RABIN EXPRESSED A GREATER SENSE OF URGENCY THAN THE AMERICANS EXPECTED ON THE NEED FOR PROGRESS IN THE PEACE PROCESS. HIS CLEAR PREFERENCE WAS STILL TO PUSH ON THE SYRIAN TRACK. BUT THE AMERICANS ARGUED STRONGLY THAT PROGRESS WOULD ALSO BE NECESSARY ON THE PALESTINIAN TRACK. RABIN WAS RECEPTIVE. EVEN IF THIS ONLY REFLECTED A TACTICAL DECISION, THE AMERICANS STILL EXPECT HIM TO BE READY FOR SUBSTANTIVE NEGOTIATIONS DURING THE NEXT ROUND.

4. RABIN ACCEPTED THE AMERICAN NOTION OF FULL PARTNERSHIP AND WAS RECEPTIVE TO WAYS IN WHICH THE AMERICANS COULD ENHANCE THE ISRAELI CONCEPT OF INTERIM SELF-GOVERNMENT TO MAKE IT MORE ATTRACTIVE TO THE PALESTINIANS. NOW THAT THEY HAVE ENUNCIATED THEIR FULL PARTNERSHIP ROLE, THE AMERICANS SAW EVIDENCE IN THEIR DISCUSSIONS WITH RABIN OF A READINESS TO CONSIDER AMERICAN IDEAS AND ATTEMPTS TO DEFINE COMMON GROUND BETWEEN ISRAELIS AND PALESTINIANS ON EG THE NATURE OF AN ELECTED INTERIM SELF-GOVERNING AUTHORITY.

5. IN HIS EXCEPTIONALLY WARM PUBLIC STATEMENT, CLINTON EMPHASISED

THAT RABIN WAS PREPARED TO TAKE RISKS FOR PEACE. THE AMERICAN ROLE WAS TO HELP MINIMISE THOSE RISKS BY ASSURING ISRAEL'S SECURITY. HENCE HE ANNOUNCED THAT HE WOULD RAISE THE BILATERAL RELATIONSHIP TO A QUOTE NEW LEVEL OF STRATEGIC PARTNERSHIP UNQUOTE. THE AMERICANS WOULD NOT BE DRAWN ON WHAT PRECISELY THIS MEANT, BUT ADMITTED THAT DISCUSSIONS HAD COVERED THE AMERICAN ROLE IN FUTURE SECURITY ARRANGEMENTS ON THE GOLAN. CLINTON ALSO REFERRED TO THE NEED, OVER THE NEXT DECADE, TO PAY GREATER ATTENTION TO MISSILE DEFENCES AND THE PROLIFERATION OF WEAPONS OF MASS DESTRUCTION. THE IMPLICATION IS THAT THE STRATEGIC PARTNERSHIP SHOULD BE VIEWED IN THIS WIDER CONTEXT, RATHER THAN IN THE NARROW ONE OF EG NAVAL FACILITIES AT HAIFA (THE PENTAGON MADE CLEAR THAT U.S. NAVY ENTHUSIASM FOR THIS WAS WELL UNDER CONTROL: MOREOVER, IN THE IMMEDIATE AFTERMATH OF THE ANNOUNCEMENT ON BASE CLOSURES, IT WAS DIFFICULT TO CONCEIVE OF OPENING UP A NEW BASE ABROAD).

6. A DECISION TO MAINTAIN THE CURRENT LEVEL OF AID TO ISRAEL WAS ALSO ANNOUNCED (THOUGH IT REMAINS UNCLEAR WHETHER THIS COMMITMENT ONLY RUNS TILL FY94) AND THE ESTABLISHMENT OF A U.S.-ISRAEL SCIENCE AND TECHNOLOGY COMMISSION (CHAired ON THE AMERICAN SIDE BY THE SECRETARY OF COMMERCE). THIS LAST IS LIKELY TO INCREASE THE LEVEL OF SENSITIVE TECHNOLOGY EXCHANGE.

7. THE AMERICANS REMAIN CONFIDENT THAT THE PALESTINIANS WILL TURN UP AT THE NEXT ROUND (PERHAPS WITH A REDUCED DELEGATION), BUT ACCEPT THEIR RESPONSIBILITY TO CREATE THE CONTEXT FOR SUCH A RETURN. THE PROBLEM REMAINS IN AMERICAN EYES NOT WITH THE PALESTINIAN NEGOTIATORS BUT WITH ARAFAT: THEY WILL BE LOOKING FOR ARAB (AND POSSIBLY EC) PRESSURE. ROSS INDICATED THAT THEY MAY ALSO BE PREPARED TO HELP THE PALESTINIANS BY RESTATING THEIR POSITIONS ON SCR 242 AND DEPORTATIONS (BUT THEY EMPHASISE THAT, ON DEPORTATIONS, THE ISRAELIS WILL NOT MOVE BEYOND WHAT RABIN HAS ALREADY SAID).

8. THE AMERICANS SHARE RABIN'S VIEW THAT SIGNIFICANT PROGRESS ON THE PALESTINIAN TRACK MUST BE MADE BY THE SUMMER. THIS OBVIOUSLY REQUIRES PALESTINIAN ATTENDANCE AT THE NEXT ROUND. IT ALSO REQUIRES AN EARLY PALESTINIAN DECISION TO ATTEND THE CONSULTATIONS IN WASHINGTON PRIOR TO THE NEXT ROUND. THE AMERICAN INTENTION IS THAT THEY COULD THEREAFTER ESTABLISH COMMON GROUND DURING THE 9TH ROUND BETWEEN THE ISRAELIS AND PALESTINIANS. BUT THE AMERICAN ABILITY TO BUILD BRIDGES STILL DEPENDS UPON THE PALESTINIANS GIVING THEM SOMETHING TO BUILD TOWARDS.

9. ROSS AND MILLER EMPHASISED THAT CHRISTOPHER HAD NOW GOT HOOKED ON THE PROCESS. HE HAD DEMONSTRATED TO HIMSELF THAT HE COULD EFFECT PROGRESS. THE IDEA OF A SPECIAL ENVOY WAS CONSEQUENTLY ON THE BACK BURNER.

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HONG KONG PERSONAL FOR GOVERNOR

FCO CONCEN PLEASE PASS TO HOMS FOR SIR R RENWICK

U.S./CHINA: MFN

SUMMARY

1. U.S. DEMARCHE IN PEKING EMPHASISES NEED FOR IMPROVEMENT IN CHINESE BEHAVIOUR ON HUMAN RIGHTS/TRADE/ARMS PROLIFERATION IN RUN UP TO THIS YEAR'S MFN DEBATE. CHINESE RESPONSE WILL BE A KEY FACTOR IN ADMINISTRATION'S DECISION ABOUT HOW TO HANDLE MFN.

DETAIL

2. ON 18 MARCH WE DISCUSSED PROSPECTS FOR THE MFN DEBATE WITH WIEDEMANN, THE NEWLY-APPOINTED SPECIAL ASSISTANT TO THE PRESIDENT FOR ASIA, NSC.

3. WIEDEMANN SAID THE PRESIDENT HAD NOT YET FOCUSSED IN DETAIL ON THE MFN ISSUES. BUT HE WAS VERY CONCERNED ABOUT CHINA'S POOR HUMAN RIGHTS PERFORMANCE, THE GROWING U.S./CHINA TRADE DEFICIT - WHICH COST AMERICAN JOBS - AND CHINA'S ARMS PROLIFERATION ACTIVITIES. THE PRESIDENT UNDERSTOOD THE IMPORTANCE OF MFN, AND REALISED THAT, AS A WEAPON, IT COULD ONLY BE USED SPARINGLY. HE WAS ANXIOUS TO WORK WITH CONGRESS IN THE HOPE OF AVOIDING LEGISLATION. BUT IF SUCH LEGISLATION WERE PUT FORWARD IT WOULD BE VERY DIFFICULT FOR HIM TO VETO.

4. WIEDEMANN SAID THAT THE AMERICANS HAD MADE A DEMARCHE TO THE CHINESE AT THE BEGINNING OF THE WEEK EMPHASISING THEIR CONCERNS ABOUT CHINESE BEHAVIOUR IN SPECIFIC AREAS (TRADE, HUMAN RIGHTS, PROLIFERATION). THEY MADE CLEAR THAT CHINA'S PERFORMANCE BETWEEN NOW AND MAY WOULD BE AN IMPORTANT FACTOR IN INFLUENCING THE

ADMINISTRATION'S POLICY ON MFN. THEY HOPED THE CHINESE UNDERSTOOD THAT CLINTON COULD NOT SIMPLY CONTINUE THE BUSH ADMINISTRATION'S POLICY. THE CHINESE HAD SO FAR MADE NO RESPONSE.

5. WIEDEMANN SAID THAT THE ADMINISTRATION WAS BEING CAREFUL NOT TO GIVE THE IMPRESSION THAT MFN RENEWAL THIS YEAR COULD BE TAKEN FOR GRANTED. THE PRESIDENT WANTED TO WORK CLOSELY WITH CONGRESS. IN STRICT CONFIDENCE, WIEDEMANN TOLD US THAT HE PERSONALLY EXPECTED THAT THE PRESIDENT WOULD RENEW MFN THIS YEAR, BUT ATTACH CONDITIONS FOR RENEWAL THEREAFTER. HE WAS NOT SURE EXACTLY WHAT MECHANISM THE PRESIDENT WOULD USE FOR THIS: ONE POSSIBILITY WAS AN EXECUTIVE ORDER TO BE ISSUED AT THE SAME TIME AS THE DECISION TO RENEW MFN. THE KEY QUESTION FACING THE ADMINISTRATION WAS HOW TOUGH ANY CONDITIONS SHOULD BE. CHINESE BEHAVIOUR IN THE NEXT FEW MONTHS, AND THE EXTENT TO WHICH IT HELPED MEET CONGRESSIONAL CONCERNS WOULD BE A KEY FACTOR.

6. WIEDEMANN SAID THAT HE THOUGHT CONGRESS WOULD BE HAPPY TO LET THE ADMINISTRATION MAKE THE RUNNING. CONGRESSWOMAN PELOSI PLANNED TO INTRODUCE LEGISLATION SIMILAR TO LAST YEAR'S AFTER WINSTON LORD'S CONFIRMATION (NOW DUE IN EARLY APRIL). BUT SHE WOULD BE CONTENT TO POSTPONE ANY FURTHER ACTION (I.E. HEARINGS) UNTIL THE ADMINISTRATION HAD WORKED OUT ITS TACTICS.

7. WIEDEMANN ADDED THAT HE FEARED THAT CONGRESS WOULD SEIZE ON PEKING'S RESPONSE TO THE GOVERNOR'S DEMOCRACY PROPOSALS AS AN ADDITIONAL REASON FOR GETTING TOUGH WITH CHINA ON MFN. WE EXPLAINED THAT WE HOPED THAT THE TWO ISSUES COULD BE KEPT SEPARATE: WE APPRECIATED U.S. SUPPORT FOR THE GOVERNOR'S PROPOSALS, BUT WE WOULD NOT WANT THIS TO CUT ACROSS OUR WISH TO SEE MFN CONTINUED.

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F

SIR RODRIC BRAITHWAITE

NZ/US RELATIONS

The Prime Minister has seen your minute of 18 March. He agrees that he should not write at this stage to President Clinton. He prefers the action proposed in paragraph 4 of your minute.

Rodric Lyne

^E
RODRIC LYNE

19 March 1993

CONFIDENTIAL



①

10 DOWNING STREET

Prime Minister

NZ vs. USA

We told Bolger that Rodric B. would take this up in Washington. We did not say you would write. A letter to Clinton would be too formal, and could back him into a corner.

Much better for Rodric to go on a fishing expedition, and then advise the New Zealanders; as proposed in para 4 below.

Agree?

Rodric Lyne
1976

Agree.

Start to
right

MR LYNE

NZ/US RELATIONS

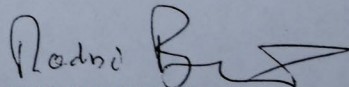
1. During his meeting with Mr Bolger, the Prime Minister offered to send a message to President Clinton, urging him to resume relations with the New Zealanders at Head of Government level. He suggested that I might pass the message to Tony Lake. Mr Bolger welcomed the offer and said that his officials would be in touch.

2. The New Zealand Deputy High Commissioner, Mr Larkindale, has now given me the attached draft of a letter from the Prime Minister to the President. He said that it had been approved by Mr Bolger, but we were welcome to put it into a style which would personally suit the Prime Minister.

3. I commented that the final sentence puts Mr Bolger in an unnecessarily vulnerable position, since it invites the answer Yes or No. A fudge would be better.

X { 4. We discussed, and agreed that even a revised version of the New Zealand text risked producing the wrong answer. It would be better if I spoke, with the Prime Minister's authority, on the lines of the New Zealand draft (supplemented as necessary by background briefing from the Foreign Office). In the light of Lake's response, we could advise the New Zealanders on next steps. This would not necessarily preclude a later written message from the Prime Minister.

5. If the Prime Minister agrees with this approach, I do not think it necessary to go back to Mr Larkindale at this stage: the New Zealanders will accept our judgement on the tactical handling.


RODRIC BRAITHWAITE

18 March 1993

CONFIDENTIAL

DRAFT

UK | NEW ZEALAND EYES ONLY

Dear Bill

I had a good meeting earlier this month with my friend and colleague, Jim Bolger, the Prime Minister of New Zealand, who was visiting London. Among other things, he told me that his Foreign Minister Don McKinnon had met Warren Christopher in Washington in early March and discussed possible ways of establishing more normal arrangements for high level political dialogue with your Administration.

I was encouraged to learn of that meeting. Jim Bolger's Government has made great efforts to return New Zealand to the Western mainstream after the problems that arose over the nuclear issue. They have really pulled their weight, in the Gulf crisis and a number of peacekeeping operations, and are now in a position to be a very useful ally on the UN Security Council. I was a little concerned that the previous Administration never quite seemed to give the New Zealanders the credit they deserved for their efforts. It was made clear to me that this somewhat negative impression tends to dominate public perception of the NZ/US relationship in New Zealand and affects the climate in which Jim Bolger and his Ministers seek to address problems that still need to be resolved. I was very pleased, therefore, to be told that Warren Christopher was able to show some flexibility in meeting Don McKinnon and expressed at the time his real affection for New Zealand.

I think it would be most helpful if you were prepared to meet with Jim Bolger, as he would be able to give you a clear picture of the political framework within which he is working to improve the bilateral relationship between New Zealand and the United States.

Yours sincerely,

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INTO PRIORITY PARIS, UKMIS GENEVA, BONN

PARIS TELNO 210 : CLINTON AND MITTERRAND

1. AS REPORTED, THE WHITE HOUSE ALSO FEEL THAT THE VISIT WENT WELL. BUT WHEN I SAW LAKE (NATIONAL SECURITY ADVISER), HE EXPRESSED CONCERN THAT THE FRENCH MIGHT CONTINUE TO HOLD UP THE AGREEMENT SETTling THE OILSEEDS DISPUTE. CLINTON HAD ACCEPTED SOME POLITICAL PAIN IN ENDORSING THE BLAIR HOUSE AGREEMENT ON AGRICULTURE AND THIS POSITION COULD ONLY BE SUSTAINED IF THE AGREEMENT WERE RATIFIED BY THE EC.

2. I SAID THAT WE WOULD BE DISCUSSING THIS WITH KANTOR IN LONDON AT THE END OF MARCH. IT WOULD TAKE SOME MORE TIME TO GET THE AGREEMENT RATIFIED, BUT WE AND THE COMMISSION WERE DETERMINED TO ACHIEVE THAT. LAKE SAID THAT THIS WAS ESSENTIAL: OTHERWISE THE ADMINISTRATION WOULD START TO COME UNDER PRESSURE TO REACTIVATE THE RETALIATION WHICH HAD BEEN THREATENED BEFORE THE OILSEEDS DISPUTE WAS - AS THEY THOUGHT - SETTLED.

3. SEE MIFT FOR FURTHER USTR AND NEC COMMENTS.

RENWICK

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FCO: PERSONAL FOR PRIVATE SECRETARY

FOLLOWING PERSONAL FOR GOVERNOR

YOUR VISIT TO WASHINGTON

1. THE PRIME MINISTER HAD A WORD WITH PRESIDENT CLINTON ABOUT YOUR VISIT HERE AND, AS WE HOPED, THE PRESIDENT WILL BE GLAD TO SEE YOU. IN THE DISCUSSION ON MFN, HE INDICATED THAT UNCONDITIONAL RENEWAL WAS VERY UNLIKELY, BUT THAT HE IS ANXIOUS TO SAFEGUARD HONG KONG'S INTERESTS AND THAT WE WILL BE FULLY CONSULTED. HE AND AL GORE EXPRESSED SUPPORT FOR YOUR DEMOCRACY PROPOSALS.

2. I UNDERSTAND THAT YOU ARE THINKING OF A VISIT FROM 2-4 MAY. AT PRESENT PATRICK MAYHEW IS DUE HERE AT THE SAME TIME AND WE ARE TRYING TO CHANGE THAT AS, OTHERWISE, IT COULD COMPLICATE CALLS ON CONGRESSIONAL LEADERS WHOM HE TOO WILL BE TRYING TO SEE.

FCO PLEASE ADVANCE TO MR WALL, NO. 10.

RENWICK

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CLINTON: NORTHERN IRELAND

SUMMARY

1. IRISH AMERICAN DELEGATION MEETS CLINTON TRANSITION OFFICIAL TO PRESS IDEA OF NORTHERN IRELAND ENVOY. NO COMMITMENT FROM CLINTON OR HIS TEAM.

DETAIL

2. A DELEGATION OF IRISH AMERICANS LED BY MAYOR RAY FLYNN OF BOSTON, MET CHRIS HYLAND, A JUNIOR CLINTON TRANSITION OFFICIAL IN CHARGE OF OUTREACH TO ETHNIC GROUPS IN LITTLE ROCK YESTERDAY. FORMER CONGRESSMAN BRUCE MORRISON MISSED HIS PLANE BUT PARTICIPATED IN THE MEETING BY TELEPHONE. FLYNN WAS ACCOMPANIED BY PAUL O'DWYER (A PROMINENT, ELDERLY, IRISH AMERICAN ACTIVIST IN NEW YORK), BOB LINNON (IRISH AMERICAN UNITY CONFERENCE) AND OTHERS. THE DELEGATION DID NOT SEE ANY OF CLINTON'S FOREIGN POLICY ADVISERS. WE UNDERSTAND THEY WERE GIVEN NO COMMITMENT WHATSOEVER.

3. AFTER THE MEETING FLYNN ISSUED THE FOLLOWING PRESS STATEMENT:

QUOTE IRISH-AMERICANS FOR CLINTON/GORE WAS CREATED IN 1992 IN AN EFFORT TO MOBILISE THE SUPPORT OF ALL AMERICANS CONCERNED ABOUT ENDING THE SENSELESS VIOLENCE IN NORTHERN IRELAND AND BRINGING PEACE AND JUSTICE. GOVERNOR BILL CLINTON WAS THE CANDIDATE IRISH-AMERICANS BELIEVED WOULD NOT ONLY PROVIDE THE LEADERSHIP AND COMMITMENT FOR THE PEOPLE OF THE UNITED STATES, BUT WOULD PROVIDE THE MORAL LEADERSHIP ACROSS THE WORLD, PARTICULARLY IN NORTHERN IRELAND.

SINCE GOVERNOR CLINTON'S VICTORY IN NOVEMBER, WE HAVE SOLICITED THE INPUT AND EXPERTISE OF LEADING STATESMEN, HUMAN RIGHTS ADVOCATES, ACADEMICIANS, AND IRISH-AMERICAN SPOKESPERSONS ABOUT THE BEST WAY TO ENGAGE THE BRITISH AND IRISH SIDES IN A CONSTRUCTIVE MANNER,

PAGE 1
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RESPECTFUL OF THE EXISTING TALKS WHICH HAVE RECENTLY BEEN CONCLUDED.

OUR INTENTION IS TO HELP RENEW THOSE IMPORTANT NEGOTIATIONS, AND TO SUPPORT A RESOLUTION WHICH MUST ULTIMATELY BE DETERMINED BY THE PEOPLE OF THOSE ISLANDS. TO THAT END, THE UNITED STATES GOVERNMENT MUST EXERT ITS PRESTIGE, INFLUENCE AND GOOD WILL IN A MANNER WHICH HELPS TO BRING ABOUT A PURPOSEFUL SERIES OF NEGOTIATIONS WHICH INCLUDES EVERY POINT OF VIEW.

WORKING WITH THE CLINTON ADMINISTRATION, IRISH-AMERICAN LEADERS IN CONGRESS, THE BRITISH AND IRISH GOVERNMENTS, AND THE SIGNIFICANT BODY OF CITIZENS ACTIVE IN IRISH-AMERICAN ORGANIZATIONS, WE HOPE TO DISTIL AND THEN TRANSFORM THIS ENERGY AND COMMITMENT INTO A HUMANE, PROACTIVE, AND EFFICIENT FORUM FOR PEACE AND JUSTICE IN NORTHERN IRELAND.

TODAY WE DISCUSSED WITH THE TRANSITION TEAM THE CONTENTS OF A LETTER MR CLINTON WROTE TO IRISH-AMERICANS FOR CLINTON/GORE ON OCTOBER 23 1992, WHICH INCLUDED THE FOLLOWING TOPICS:

- OPPOSITION TO VIOLENCE AND TERRORISM, WHETHER BY PARAMILITARY ORGANISATIONS OR GOVERNMENT FORCES:
- FAIR EMPLOYMENT IN NORTHERN IRELAND AND THE MACBRIDE PRINCIPLES:
- THE NOTION OF A SPECIAL U.S. ENVOY AS A CATALYST TO SECURING A LASTING PEACE:
- HUMAN RIGHTS ISSUES:
- THE ROLE OF U.S. COURTS IN POLITICAL ASYLUM CASES.

ENCOURAGED BY THE COMMITMENT OF THE CLINTON ADMINISTRATION TO UNDERTAKE GENUINE, SUBSTANTIAL, AND STEADY PROGRESS IN THE QUEST FOR PEACE IN NORTHERN IRELAND, WE WILL RELY ON THE ENTIRE COMMUNITY FOR INPUT INTO A SERIES OF RECOMMENDATIONS TO SUPPORT PRESIDENT CLINTON'S AGENDA. OUR GOAL AS IRISH-AMERICANS IS TO REPLACE SENSELESS VIOLENCE AND INJUSTICE WITH JOBS AND ECONOMIC DEVELOPMENT IN NORTHERN IRELAND. UNQUOTE

4. WE UNDERSTAND MORRISON HAS ALSO GIVEN AN INTERVIEW TO RTE IN WHICH HE GAVE A GARBLED VERSION OF THIS STATEMENT AND WE HAVE HAD SEVERAL BRITISH PRESS ENQUIRIES.

5. COMMENT: HOWEVER MUCH THE PROPONENTS, AND THE PRESS, MAY TRY TO
HYPE IT UP, THERE IS NOTHING NEW IN THIS STATEMENT. FLYNN AND
OTHER IRISH AMERICANS HAVE BEEN PRESSING CLINTON TO BE ACTIVE ON
NORTHERN IRELAND ISSUES FOR SOME TIME. THEY HAVE RECEIVED NO NEW
ASSURANCES FROM CLINTON OR HIS TEAM. WE KNOW THAT SPEAKER FOLEY
WANTS TO TAKE CONTROL OF THE ISSUE ONCE CLINTON TAKES OFFICE, AND
WE ARE IN CLOSE TOUCH WITH FOLEY TO THAT END.

RENWICK

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NORTHERN IRELAND

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in Hoagland

Clinton's Foreign Policy Cram

The best kept secret of the transition has been President-elect Clinton's quiet but detailed attention to the foreign crises he will inherit on Jan. 20. Clinton has worked hard on the substance of foreign policy—and on keeping his efforts out of public view—as he has prepared his move to Washington.

Behind the scenes in Little Rock, Clinton has conducted several extended exchanges with Boris Yeltsin, including discussion of an aborted get-acquainted meeting in Seattle. The president-elect has listened to British Prime Minister John Major on the escalating tragedy in Bosnia and sought political and psychological assessments of Slobodan Milosevic from those who have met or studied the Serbian leader.

This transition pattern of deep but low-profile personal involvement in foreign affairs is likely to carry over as a distinguishing characteristic of the early months of the Clinton presidency. Clinton's innate caution, and a clear-eyed calculation about the nature of the mandate he received on Nov. 3, shape this style.

The president-elect and his advisers are aware they must make an early, convincing display of delivering on Clinton's promises to focus on economic and social renewal at home. This translates into an unusual initial playing down of his involvement in foreign affairs and a minimum of presidential foreign travel and meetings with world leaders here in 1993.

This low-profile presidential diplomacy will dismay world leaders who want to express their views directly to Clinton this spring, before he sets his administration's priorities and policies in concrete.

But Clinton is determined to operate differently than did the defeated George Bush, who antagonized voters by vaunting his foreign achievements at a time of domestic recession. The contrast will show up early in changes in Rolodex diplomacy as practiced by the Bush White House.

Clinton is a non-stop gatherer of information and suggestions and a master at reaching out to touch (and stroke) anyone in range. He is a strong candidate to spend as much time on the telephone to other members of the global leaders club as did the former dial-prone Bush. But the calls are not likely to be trumpeted by Clinton's aides to the White House press corps if the transition period is a reliable guide.

Clinton has not been able to avoid all public involvement in foreign affairs. He honored the tradition of a meeting with Mexico's president on U.S. soil during the transition, and he has voiced public support for Bush's moves in Iraq and Somalia. Yeltsin's most recent direct bid to Clinton for a summit soon after the inauguration also became public.

But these have been exceptions forced on Clinton rather than opportunities sought by him.

The president-elect is painfully aware that his intentions to walk softly on foreign affairs early in his term could be disrupted by events in Russia, Somalia, Iraq or other hot spots.

The strong possibility that 100,000 people could die from cold, hunger and continued fighting in Bosnia in Clinton's first months in office has weighed heavily in his recent conversations with his advisers and with Major. So has Milosevic's continued flouting of the United Nations' resolutions banning Serbian military flights.



Clinton is known to feel that the Bush administration erred in publicly advertising its unwillingness to act with force to stop Milosevic's brutal grab for power and land in ex-Yugoslavia. This abandonment of ambiguity about American intentions is a mistake Clinton does not intend to repeat.

But finding a political solution to stop the killing now in Bosnia may mean swallowing some of the Serbian military gains there and getting paroled Serb leaders as war criminals. This prospect angers Clinton, but he recognizes that it may be necessary to end the war.

~~The president-elect is expected to meet with Yeltsin in the coming weeks to discuss the START II treaty, which would cut U.S. and Russian nuclear arsenals. Yeltsin evidently became concerned that the treaty would not be politically viable unless the next president took part in its signing. The Russian president pressed Clinton in December to join in the Yeltsin-Bush summit originally scheduled for Alaska in Jan. 4.~~

As he and Bush moved to complete the START II treaty—which dramatically cuts U.S. and Russian nuclear arsenals—Yeltsin evidently became concerned that the treaty would not be politically viable unless the next president took part in its signing. The Russian president pressed Clinton in December to join in the Yeltsin-Bush summit originally scheduled for Alaska in Jan. 4.

To allay Yeltsin's misplaced concern, Clinton reluctantly agreed to meet with Yeltsin immediately after an Alaska summit—if Yeltsin would stop over in Seattle. That plan was scotched when the START II signing was shifted to Moscow, a move that soured Bush sharing the foreign policy lineage with his successor.

That was fine with Clinton, die grinder for the time being to hug the shadows. He knows he will be in the glare of foreign crises to come more often than he would like.

Mr. Well
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Raine Amster

Book reading

14:

WASHINGTON POST
DATE 4/1

Jim Hoagland

Clinton's Foreign Policy Cram

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This low-profile presidential diplomacy will dismay world leaders who want to express their views directly to Clinton this spring, before he sets his administration's priorities and policies in concrete.

But Clinton is determined to operate differently than did the defeated George Bush, who antagonized voters by vaunting his foreign achievements at a time of domestic recession. The contrast will show up early in changes in Rolodex diplomacy as practiced by the Bush White House.

Clinton is a non-stop gatherer of information and suggestions and a master at reaching out to touch (and stroke) anyone in range. He is a strong candidate to spend as much time on the telephone to other members of the global leaders' club as did the famously dial-prone Bush. But the calls are not likely to be trumpeted by Clinton's aides to the White House press corps if the transition period is a reliable guide.

Clinton has not been able to avoid all public involvement in foreign affairs. He honored the tradition of a meeting with Mexico's president on U.S. soil during the transition, and he has voiced public support for Bush's moves in Iraq and Somalia. Yeltsin's most recent direct bid to Clinton for a summit soon after the inauguration also became public.

But these have been exceptions forced on Clinton rather than opportunities sought by him.

The president-elect is painfully aware that his intentions to walk softly on foreign affairs early in his term could be disrupted by events in Russia, Somalia, Iraq or other hot spots.

The strong possibility that 100,000 people could die from cold, hunger and continued fighting in Bosnia in Clinton's first months in office has weighed heavily in his recent conversations with his advisers and with Major. So has Milosevic's continued flouting of the United Nations' resolutions banning Serbian military flights.



Clinton is known to feel that the Bush administration erred in publicly advertising its unwillingness to act with force to stop Milosevic's brutal grab for power and land in ex-Yugoslavia. This shaming of ambiguity about American intentions is a mistake Clinton does not intend to repeat.

But finding a political solution to stop the killing now in Bosnia may mean swallowing some of the Serbian military gains there and not punishing Serb leaders as war criminals. This prospect angers Clinton, but he recognizes that it may be necessary to halt the war.

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To allay Yeltsin's misplaced concern, Clinton reluctantly agreed to meet with Yeltsin immediately after an Alaska summit—if Yeltsin would stop over in Seattle. That plan was snatched when the START II signing was shifted to Moscow, a move that angered Bush, sharing the foreign policy limelight with his successor.

That was fine with Clinton. He prefers for the time being to hug the shadow. He knows he will be in the glare of foreign crises to come more often than he would like.

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Rose Minter

*Book ready
at 14:*

WASHINGTON POST
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Jim Hoagland

Clinton's Foreign Policy Cram

The best kept secret of the transition has been President-elect Clinton's quiet but detailed attention to the foreign crises he will inherit on Jan. 20. Clinton has worked hard on the substance of foreign policy—and on keeping his efforts out of public view—as he has prepared his move to Washington.

Behind the scenes in Little Rock, Clinton has conducted several extended exchanges with Boris Yeltsin, including discussion of an aborted get-acquainted meeting in Seattle. The president-elect has listened to British Prime Minister John Major on the escalating tragedy in Bosnia and sought political and psychological assessments of Slobodan Milosevic from those who have met or studied the Serbian leader.

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BY EDWARD HILL

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But finding a political solution to stop the killing now in Bosnia may mean swallowing some of the Serbian military gains there and not parading Serb leaders as war criminals. This prospect angers Clinton, but he recognizes that it may be necessary to halt the war.

~~The president-elect has also been criticized for not doing more to help the victims of the war in Bosnia. Clinton's aides say he will be sure to step into the breach to provide financial assistance, including to UN troops, to help the victims of the war in Bosnia.~~

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Abuja for the Foreign Secretary's party

SIC

WASHINGTON TELNO 001 (NOT TO ALL): PRESIDENT BUSH'S VISIT TO PARIS,
3 JANUARY

SUMMARY

1. Cordial Bush/Mitterrand summit concentrates on Yugoslavia. Agreement to give time to Geneva negotiations. But no detailed discussion of content or timing of Bosnia no-fly zone enforcement resolution. Bush is reassuring about US concern for European troops. Brief exchange on GATT shows no narrowing of Franco-US differences.

DETAIL

2. On his way back to Washington on 3 January from Moscow, Bush had two hours of talks, followed by dinner, with Mitterrand in Paris. MIFT summarises the press conference given by the two Presidents.

3. US DCM confirmed to me today, 4 January, that Yugoslavia had been the main subject of discussion during the Summit. Mitterrand and Bush had not gone into operational details. Mitterrand had done most of the talking - and largely in historical vein. The main thrust of his remarks had been that (i) military intervention was of limited value (ii) there was a real danger of spillover, eg into Macedonia and (iii) the search had to continue for a negotiated solution.

4. According to Mrs Bohlen, Mitterrand had been particularly pessimistic about Bosnia. He had reaffirmed his support for enforcement of the no-fly zone but with few illusions about what it would solve. The two Presidents had not discussed the draft Security Council Resolution in detail, nor had they gone into the question of targetting. As the press conference showed, Bush had gone out of his way to be reassuring about European troops not being put at risk by US policy. Mitterrand had put in a plug for the Geneva conference, and for Vance and Owen to be allowed "to get on with it". On Macedonia, the Presidents had not talked tactics or recognition.

5. According to Mrs Bohlen, other subjects, covered briefly, were

- GATT: a two-sentence exchange had revealed no new thinking or ideas. (The press conference showed no meeting of minds.)

- Iran: the American side thought that this would soon move up the

agenda again, in particular because of Iran's nuclear research activities

- China. nothing specific
- Haiti: no further information.

6. Mrs Bohlen said that the atmosphere had, as always, been extremely good. Both Presidents had been relaxed. Although Mitterrand had looked like death warmed up, he had been lively, on the ball and more jovial than usual.

COMMENT

7. As a signing off gesture by President Bush, this visit was expected to go well, and it did. There is a good rapport between the two Presidents, which over the years has not been difficult to translate into broad agreement on most issues. But that agreement has nearly always remained at a level of high generality: moving from there to practical working arrangements has tended to bring underlying Franco-US differences to the surface. Dumas' and Baker's cordial distaste for each other has not helped.

8. Mitterrand did not apparently ask questions about US foreign policy under Clinton. But the French are anxious to know more about Clinton's intentions not least towards Yugoslavia, which remains Mitterrand's No 1 preoccupation.

9. See MIFT.

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ABUJA FOR THE FOREIGN SECRETARY'S PARTY

SIC

MIPT: PRESIDENT BUSH'S VISIT TO PARIS, 3 JANUARY: PRESS CONFERENCE

1. Presidents Mitterrand and Bush held a joint press conference after the summit. Following are the main points:

YUGOSLAVIA

2. Bush said "We are very sensitive to the fact that other countries have troops on the ground. The US will do nothing precipitately, on a unilateral basis, which would put them in danger". Both Presidents drew attention to the current Geneva negotiations. Mitterrand said that it would be unwise to act before they had finished. France preferred by a long way a solution through conciliation. Bush added that a diplomatic answer to the Bosnian problem was absolutely essential. We had to encourage the diplomatic offensive. Neither President went into the detail at the press conference of the extent of enforcement measures which might be authorised in the resolution. Both stressed areas of agreement. (This morning's press highlights the large measure of agreement on the modalities of enforcing the Bosnia no-fly zone.)

GATT

3. Mitterrand said that the subject had been raised but "I cannot say that we made much progress". Bush said that he had restated the US position and that the differences between France and the US had not been eliminated.

FRANCO-US RELATIONS

4. Bush and Mitterrand paid warm tributes to each other. Mitterrand said that Bush would always be welcome at the Elysee and would be received "as a friend". None of the difficult discussions they had ever had - from Mitterrand's first days in the Elysee when Bush was Vice President - had altered their relationship. In return, Bush described relations with France as very important for the US. He had always appreciated his exchanges with Mitterrand. He was sure that Clinton would accord the same priority as he had done to Franco-American relations.

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MEETING WITH GENERAL POWELL

SUMMARY

1. GENERAL POWELL'S VIEWS ON SOMALIA, BOSNIA NO-FLY ZONE, EUROPEAN DEFENCE AND THE PRESIDENT-ELECT.

DETAIL

2. I HAD A TALK LAST NIGHT WITH GENERAL POWELL. HE IS LOOKING FORWARD TO HIS MEETING WITH THE CDS IN BRUSSELS. HIS CONFIDENCE MUST, PLEASE, BE PROTECTED.

SOMALIA

3. GENERAL POWELL SAID THAT HE WOULD BE MEETING THE PRESIDENT THIS MORNING TO FINALISE THE PLANS FOR THE U.S. MILITARY INTERVENTION IN SOMALIA. HE HAD BEEN ABLE TO PERSUADE THE BELGIANS AND CANADIANS TO PARTICIPATE. HE REALISED THAT WITH OUR COMMITMENTS IN NORTHERN IRELAND AND BOSNIA, WE WERE THINLY-STRETCHED. THE AMERICANS WERE GRATEFUL FOR THE FULL COOPERATION THEY WERE RECEIVING OVER THE USE OF DIEGO GARCIA.

4. I ASKED WHAT SIZE OF FORCES THE AMERICANS WERE COMMITTING. GENERAL POWELL SAID THAT THE ACTIVE FORCE WOULD BE TWO BRIGADES. WITH ALL SUPPORTING ELEMENTS THAT COULD ADD UP TO 25-30 THOUSAND MEN. IT WOULD TAKE ABOUT FOUR AND A HALF WEEKS TO GET THE FULL FORCE TO SOMALIA. THIS WOULD BE A PEACE-MAKING, NOT A PEACE-KEEPING, OPERATION. HE DID NOT ANTICIPATE ANY SERIOUS RESISTANCE BUT U.S. FORCES WOULD RESPOND VIGOROUSLY TO ANY ATTEMPT TO INTERFERE WITH CONVOYS OR OTHER OPERATIONS.

5. GENERAL POWELL AGREED THAT THE REAL DIFFICULTY WOULD BE WHAT HAPPENED AFTERWARDS. SO FAR AS THE AMERICANS GETTING OUT WAS CONCERNED, HE WAS CLEAR THAT THE OBJECTIVE MUST BE TO HAND OVER TO AN ENHANCED UNOSOM AND FOR U.S. FORCES TO WITHDRAW IN THE NEW

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YEAR. I SAID THAT THERE WAS AN OBVIOUS RISK THAT THE GUERRILLA BANDS WOULD KEEP THEIR HEADS DOWN WHILE THE AMERICANS WERE THERE BUT RESUME THEIR ACTIVITIES ONCE THEY LEFT. GENERAL POWELL AGREED THAT IT WAS UNCLEAR WHETHER IT WOULD BE POSSIBLE TO ESTABLISH A STABLE GOVERNMENT IN SOMALIA. NONETHELESS, HE FELT CONFIDENT ABOUT THE ABILITY OF THE U.S. FORCES TO ACCOMPLISH THE MILITARY TASK THEY WERE BEING ASKED TO PERFORM.

FORMER YUGOSLAVIA

6. GENERAL POWELL SAID THAT ALTHOUGH THERE WERE DAILY VIOLATIONS OF THE NO-FLY ZONE BY THE BOSNIAN SERBS, THEY DID NOT APPEAR TO BE USING THEIR HELICOPTERS OR FIXED-WING AIRCRAFT IN A GROUND ATTACK ROLE. HE FULLY UNDERSTOOD OUR CONCERNS THAT IF THE AMERICANS ACTUALLY HAD TO TAKE ENFORCEMENT ACTION, THAT COULD HAVE SERIOUS CONSEQUENCES FOR THE SAFETY OF OUR FORCES ON THE GROUND. HE SYMPATHISED WITH THE PREDICAMENT IN WHICH THE CHESHIRE FOUND THEMSELVES AND CERTAINLY DID NOT INTEND TO COMPOUND THEIR PROBLEMS. HE WAS URGING CAUTION, THEREFORE, ABOUT ANY ACTUAL ENFORCEMENT ACTION. DID IT REALLY MATTER THAT THE SERBIAN HELICOPTERS CONTINUED TO FLY, IF THEY WERE NOT USED FOR ATTACK PURPOSES QUERY

7. GENERAL POWELL ACKNOWLEDGED, HOWEVER, THAT THE WHITE HOUSE AND STATE DEPARTMENT DID NOT HAVE SO RELAXED A VIEW AND NOR DID THE CLINTON TEAM. (COMMENT : WHILE GENERAL POWELL'S VIEWS WILL CONTINUE TO CARRY A LOT OF WEIGHT, THERE IS AN INCREASING FEELING IN THE REST OF THE ADMINISTRATION THAT A TOUGHER SIGNAL HAS TO BE SENT TO THE SERBS AND THAT WE COULD BE IN AN INCREASINGLY UNTENABLE POSITION AT THE U.N. IF SERBIAN VIOLATIONS ARE SIMPLY PERMITTED TO CONTINUE OR THE SERBS START MORE TROUBLE IN KOSOVO).

EUROPEAN DEFENCE

8. I SAID THAT ALL THE PRESSURE EXERTED BY THE AMERICANS AND OURSELVES ON THE PROPOSALS FOR THE FRANCO-GERMAN CORPS APPEARED TO HAVE HAD AN EFFECT. WHAT WAS NO PROPOSED LOOKED A GOOD DEAL BETTER THAN WHAT WAS EARLIER ENVISAGED. GENERAL POWELL AGREED, BUT SAID THAT SOME IMPORTANT QUESTIONS REMAINED OVER THE RELATIONSHIP WITH THE INTEGRATED MILITARY STRUCTURE. WHAT CONCERNED HIM WAS THAT ONCE AGREEMENT IN NATO WAS REACHED, THE BELGIANS AND SPANIARDS WOULD ASSIGN SOME ELEMENTS TO THE CORPS. AS HE HAD WARNED THE FRENCH AND THE GERMANS, THE IMPRESSION WOULD BE CREATED IN CONGRESS THAT SOME SORT OF EUROPEAN ARMY WAS IN THE MAKING AND THAT THE U.S., THEREFORE, COULD RUN ITS FORCES DOWN TO LEVELS BELOW WHAT CONSTITUTED A VIABLE FORCE.

GENERAL POWELL'S MEETING WITH CLINTON

9. GENERAL POWELL SAID THAT HIS MEETING WITH THE PRESIDENT-ELECT HAD GONE VERY WELL. HE WAS IMPRESSED BY CLINTON. HE CLEARLY DID WANT TO TAKE DEFENCE SERIOUSLY. HE HAD BEEN REASSURING ABOUT HIS COMMITMENT TO THE ALLIANCE AND TO KEEPING REAL FORCES IN EUROPE.

10. ALTHOUGH COLIN POWELL WOULD DISCLAIM ANY INTEREST IN THE POST, HE IS ONE OF THE POSSIBILITIES BEING CONSIDERED BY THE CLINTON TEAM FOR SECRETARY OF STATE.

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WHAT WOULD CLINTON DO : FOREIGN POLICY

SUMMARY

1. CLINTON IS AN INTERNATIONALIST. HE HAS RESISTED PRESSURE TO DECLARE AGAINST NAFTA, BUT IS MORE SUBJECT TO PROTECTIONIST PRESSURES THAN BUSH. THE MORALISTIC TRADITION OF DEMOCRATIC FOREIGN POLICY WOULD RE-SURFACE. HE WOULD MAINTAIN U.S. FORCES IN EUROPE, BUT AT LOWER LEVELS THAN BUSH. ADVOCATES DEEPER CUTS IN DEFENCE SPENDING. POTENTIAL PROBLEMS OVER NUCLEAR TESTING AND MFN FOR CHINA. CLINTON WELL DISPOSED TO BRITAIN, BUT TRANSITION WOULD BE CHOPPY. THE U.S. WOULD LOSE A FIRST CLASS FOREIGN POLICY TEAM.

DETAIL

2. THROUGHOUT THE CAMPAIGN, CLINTON HAS STRESSED THE COMMON GROUND HE SHARES WITH BUSH ON FOREIGN POLICY, AND IT IS TRUE THERE WOULD BE FAR MORE CONTINUITY BETWEEN BUSH AND CLINTON THAN IF DUKAKIS HAD SUCCEEDED REAGAN. NONETHELESS THERE WOULD BE SOME IMPORTANT CHANGES.

3. FOREIGN POLICY WOULD BE LESS OF A PRIORITY FOR CLINTON THAN FOR BUSH AND IT HAS NOT PLAYED A MAJOR PART IN THIS ELECTION CAMPAIGN. A CLINTON ADMINISTRATION WOULD PAY SPECIAL ATTENTION TO JAPAN AND GERMANY, AS THE OTHER LEADING ECONOMIC POWERS. BUT AS BAKER AND ZOEGLICK DISCOVERED, WOOING JAPAN AND GERMANY IS NOT NECESSARILY REWARDING.

4. CLINTON HAS SAID THAT HIS FIRST PRIORITY IN FOREIGN POLICY WILL BE ECONOMIC AND TRADE ISSUES. HE INTENDS TO ESTABLISH AN ECONOMIC SECURITY COUNCIL IN PARALLEL TO THE NSC. ALTHOUGH HE IS A FREE TRADER AT HEART, AS ARE MOST OF HIS ADVISERS, HE WILL BE SUBJECT TO GREATER PROTECTIONIST PRESSURE FROM HIS OWN PARTY IN CONGRESS AND FROM THE UNIONS AND OTHER SPECIAL INTERESTS THAN BUSH. HE HAS SUPPORTED A STRONGER SUPER 301 BILL AND HAS HAVERED OVER THE NORTH AMERICAN FREE TRADE AGREEMENT. HIS ADVISERS HAVE TOLD US THAT THEY

WOULD STILL BE KEEN TO TRY TO MAKE EARLY PROGRESS ON THE URUGUAY ROUND. BUT, IF THERE WERE A CHANGE OF ADMINISTRATION, THE CHANCES OF ACHIEVING AGREEMENT BY THE TIME THE FAST-TRACK NEGOTIATING AUTHORITY EXPIRES ON 1 MARCH INEVITABLY WOULD BE REDUCED.

5. THERE WOULD BE A RETURN TO A MORE MORALISTIC U.S. FOREIGN POLICY. CLINTON HAS BEEN ANXIOUS TO DISTANCE HIMSELF FROM THE MEMORY OF CARTER'S FUMBLING AND HAS MADE CLEAR HIS WILLINGNESS TO USE FORCE IF NECESSARY. HE HAS SUPPORTED THE PRESIDENT OVER IRAQ. BUT MANY OF HIS KEY ADVISERS FIGURED IN THE CARTER ADMINISTRATION. THERE WOULD BE A SHARPER EMPHASIS ON SPREADING HUMAN RIGHTS AND DEMOCRACY AROUND THE WORLD.

6. CLINTON PROPOSES TO CUT 60 BILLION DOLLARS MORE FROM THE DEFENCE BUDGET OVER FOUR YEARS THAN BUSH AND IS COMMITTED TO MAINTAINING LOWER NUMBERS OF U.S. TROOPS IN EUROPE - THOUGH FURTHER CUTS ARE PROBABLE WHOEVER IS IN POWER. SOME OF CLINTON'S ADVISERS WOULD BE MORE RELAXED ABOUT PROPOSALS FOR EUROPEAN DEFENCE STRUCTURES THAN BUSH, AND WOULD SEE THAT AS JUSTIFYING LOWER U.S. FORCE LEVELS.

7. STRATEGIC ISSUES WILL LOOM LESS LARGE UNDER A CLINTON ADMINISTRATION WITH START I AND II NOW AGREED, IF NOT YET RATIFIED OR IMPLEMENTED. CLINTON HAS SAID THAT HE WOULD SUPPORT A PHASED APPROACH TO A COMPREHENSIVE TEST BAN. ON SDI, CLINTON HAS REJECTED SPACE-BASED INTERCEPTORS, BUT IS COMMITTED TO GOING AHEAD WITH A LIMITED MISSILE DEFENCE SYSTEM WITHIN THE FRAMEWORK OF THE ABM TREATY. HE PUTS PARTICULAR EMPHASIS ON NON-PROLIFERATION.

8. CLINTON ENVISAGES A GREATER ROLE FOR THE UN, AND SUPPORTS THE CREATION OF A UN RAPID DEPLOYMENT FORCE. THERE COULD BE A GREATER INTEREST IN SUPPORTING U.N. PEACE-KEEPING OPERATIONS IN YUGOSLAVIA AND CAMBODIA. HE HAS BEEN TALKING OF ADDING JAPAN AND GERMANY TO THE SECURITY COUNCIL, THOUGH THE DIFFICULTIES ARE BECOMING MORE OBVIOUS TO HIS ADVISERS.

9. ON THE MIDDLE EAST, CLINTON HAS SOUGHT TO OUT-BID BUSH IN APPEALING TO JEWISH VOTERS. IF ELECTED, HOWEVER, CLINTON WOULD BE LIKELY TO WANT TO CONTINUE WHERE BUSH LEAVES OFF IN THE PEACE PROCESS. HIS INSISTENCE ON THE NEED FOR THE ARABS TO MAKE CONCESSIONS AND HIS CHAMPIONSHIP OF JERUSALEM AS THE CAPITAL OF ISRAEL WOULD ENCOURAGE ARAB SCEPTICISM ABOUT HIS IMPARTIALITY. HE IS, HOWEVER, SUPPORTING THE SALE OF F15S TO SAUDI ARABIA.

10. CLINTON SUPPORTED THE AID PACKAGE FOR RUSSIA AND CRITICISED BUSH FOR BEING TOO SLOW TO SUPPORT YELTSIN AND THE OTHER FORMER SOVIET REPUBLICS. THERE WOULD NOT BE LIKELY TO BE ANY MAJOR CHANGE IN POLICY TOWARDS THE FORMER SOVIET UNION OR EASTERN EUROPE.

11. CLINTON SAYS THAT HE WOULD MAKE THE EXTENSION OF MFN STATUS TO CHINA CONDITIONAL ON PROGRESS ON HUMAN RIGHTS. WE HAVE POINTED OUT TO HIS ADVISERS THE IMPLICATIONS FOR HONG KONG. THEY CLAIM THAT IN OFFICE HE WOULD TRY TO USE MFN AS A BARGAINING LEVER WITH THE CHINESE - A HIGH RISK STRATEGY.

12. AFRICA WOULD NOT BE A HIGH PRIORITY, BUT THERE WOULD BE A TOUGHER LINE VIS A VIS MOI AND MOBUTU AND, IN SOUTH AFRICA, A TILT TOWARDS THE ANC.

13. CLINTON WENT IN FOR SOME PANDERING TO IRISH AMERICAN VOTERS DURING THE NEW YORK PRIMARY EARLIER THIS YEAR, PROMISING SUPPORT FOR THE MACBRIDE PRINCIPLES AND FOR THE IDEA OF A U.S. PEACE ENVOY. PROMINENT IRISH AMERICAN POLITICIANS LIKE MAYOR FLYNN OF BOSTON WOULD HAVE MORE INFLUENCE. GENERALLY, HOWEVER, WITH PROMPTING FROM US, CLINTON HAS BEEN CAREFUL IN WHAT HE HAS SAID ABOUT IRELAND.

14. A CLINTON ADMINISTRATION WOULD BE WELL DISPOSED TOWARDS THE UK. LIKE CLINTON, MANY OF HIS ADVISERS ARE OXFORD-EDUCATED OR HAVE OTHER CONNECTIONS WITH BRITAIN. WE HAVE KEPT IN CLOSE TOUCH WITH THEM OVER THE LAST YEAR. BUT WE SHOULD EXPECT A BUMPY TRANSITION. THE DEMOCRATS HAVE BEEN OUT OF POWER FOR TWELVE YEARS AND THE LEARNING CURVE WILL BE STEEP. MOST OF THEM HAVE SPENT A DECADE IN THE IVORY TOWERS OF HARVARD AND YALE. WE SUSPECT THAT AFTER THE USUAL PAINFUL LEARNING PROCESS, CLINTON WOULD DISPLAY A MORE REALISTIC APPROACH TO INTERNATIONAL PROBLEMS THAN CARTER AND WE HAVE NO DOUBT THAT WE WOULD BE ABLE TO ESTABLISH AN EFFECTIVE WORKING RELATIONSHIP WITH THE CLINTON TEAM. BUT WE SHOULD HAVE NO ILLUSIONS AS TO THE EXTENT TO WHICH WE SHOULD FIND OURSELVES MISSING THE PERSONAL INVOLVEMENT AND EXPERIENCE OF THE PRESIDENT, THE ENERGY AND SKILL OF BAKER AND THE DEPENDABILITY OF CHENEY AND SCOWCROFT. IF THE PRESIDENT HAD ANYTHING LIKE AS EFFECTIVE A DOMESTIC POLICY TEAM, HE WOULD NOT BE BEHIND IN THE POLLS.

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From the Private Secretary

10 September 1992

US ARMS SALES TO ARGENTINA

Please refer to your letter of 7 September.

The Prime Minister has approved the proposed letter to President Bush but incorporating some amendments proposed by Mr. Rifkind. I enclose a copy of the letter which has been sent direct to the White House on our channels.

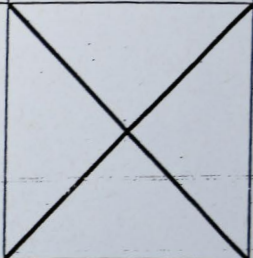
I am copying this letter to John Pitt-Brooke (Ministry of Defence).

J. S. WALL

Stephen Smith, Esq.,
Foreign and Commonwealth Office.

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Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

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This should be an indication of what the extract is,
eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.
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Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.

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MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB
Telephone 071-21 82111/2/3

SECRETARY OF STATE

MO 6/20/4M

8 September 1992

Dear Stephen

US ARMS SALES TO ARGENTINA

- fax with JMW

The Defence Secretary has seen the text of the draft message from the Prime Minister to the President which was attached to Stephen Smith's letter to today's date.

The Defence Secretary believes this will be strengthened if we could give greater emphasis to the point that the Argentinians did not initially request Emerson Radar, so to some extent the difficulties we now face are unnecessary.

This could best be done by adding a new sentence after "multi-mode radar" in the penultimate paragraph as follows:

47 "The Argentines did not originally ask for the radar which it is now proposed should be provided. This makes it even more unnecessary that they should be offered something which will cause the United Kingdom such real difficulties". 1A

The final sentence of that paragraph could then be omitted. I am copying this letter to Stephen Smith at FCO.

(J S PITT-BROOKE)
PS/S of S

J S Wall Esq CMG LVO
10 Downing Street

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Foreign &
Commonwealth
Office

London SW1A 2AH

7 September 1992

Dev Skeggs

US Arms Sales to Argentina

I enclose a draft letter from the Prime Minister to President Bush asking him not to approve the sale to Argentina of Skyhawk A4 aircraft equipped with the latest version of the Emerson Fire Control Radar.

The draft letter is largely self-explanatory. Since the Prime Minister raised the issue with the President at Camp David in June there have been a number of Ministerial representations. A small team of FCO/MOD officials went to Washington in August to argue our case. The final decision to go ahead with the sale of the aircraft may be taken early this week. There is apparently disagreement among officials in Washington over how far to go in meeting our concerns on other aspects. Those sympathetic to our case in the State Department believe that there will be no serious re-think of the American position unless the Prime Minister plays "our last card" by appealing to the President once more.

Both we and the MOD believe that this is worth doing. If the A4s are not supplied with a less capable radar than proposed, the potential threat to the Falkland Islands is likely to increase significantly once the Americans deliver the 36 aircraft they intend to supply (with the offer of a further 18 conditional on 'good behaviour'). These aircraft could overwhelm the 4 Tornado aircraft we maintain on the Islands. A last appeal to the President might persuade the US authorities to propose a less threatening radar. At the same time it may enable us to pocket US offers to help on counter-measures and timing.

The Embassy advise that Eagleburger and Cheney are likely to have discussed the sale informally over the

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Labour Day weekend (which continues today, 7 September). We therefore hope the Prime Minister will agree a message to reach The White House by start of business on Tuesday 8 September.

I am copying this letter and its enclosure to PS/Mr Rifkind.

Yours ever,

Steeve Smith

(J S Smith)
Private Secretary

① J S Wall Esq CMG LVO
10 Downing Street

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Draft message from the Prime Minister

TO: President Bush

US ARMS SALES TO ARGENTINA

When I saw you at Camp David in June I ~~expressed our~~ ^{had said} concern at the possible sale to Argentina of A4 aircraft equipped with the Emerson Fire Control Radar.

In the ~~Context~~ ^{Context} of our agreement to consult over arms sales to Argentina our people have met twice to review the matter.

~~Needless to say we greatly appreciate these opportunities to discuss the question in depth.~~ I remain, however, deeply unhappy about the proposal. Malcolm Rifkind has written to Dick Cheney setting out our misgivings, ~~and~~ Douglas Hurd had a word with Lawrence Eagleburger the week before last ~~and I said to me with Ch~~

^{Parrell the week}
Menem has considerable achievements to his credit. We have been happy to recognise these both politically and in other ways and we understand your desire to support his commitment to political and economic reform. However, I do not believe that it is ~~necessary~~ ^{not} to reward ^{me} in quite the way you propose.

We ourselves have made valuable progress in putting Anglo-Argentine relations on a sound footing in the two years since diplomatic relations were resumed. However, the sale of 36 modernised A4s equipped with a capable multi-mode radar would put at risk the improvement in our bilateral relations with Argentina. This package would provide the Argentine Air Force with a new air-to-air combat capability, and it would significantly enhance the threat to our forces on the Falkland Islands. Our small force of 4 Tornados would be at grave risk, and if the sale goes through we would have to review our defence arrangements. Any strengthening of our defences to meet the enhanced threat could only increase tension in the South

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Atlantic; the very reverse of what we all want. Since 1982 a main aim of our policy has been to reduce tension by progressively scaling down the level of our forces on the Islands to the very minimum. I do not want to have to reverse that.

Public and Parliamentary opinion in the United Kingdom would not understand why our best ally was offering such equipment to a country which at the highest level still actively claims British territory, where our forces are perforce stationed.

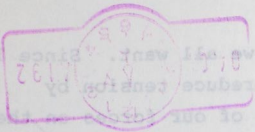
I hope you will feel able to look again at the Argentine deal. Although we could accept the sale of A4s, the large number proposed gives us cause for concern. More important, our main difficulty is with the multi-mode radar. When senior officials met in Washington on 24 August, we were told that your people would see whether a less effective radar could be supplied. I hope you will conclude that it is possible to meet our wishes. ~~After all, the Argentines did not initially request this type of equipment.~~

We were grateful, incidentally, for the assurances we received at the talks in August that we would receive help in devising counter measures to equipment supplied, and over the timing of deliveries. But as we have already explained, counter measures alone would be of limited value. Our major concern rests with the new air-to-air combat capability which the Emerson Radar would give the Argentine Air Force.

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 not want to have to reverse that.

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 at level still actively claims British
 are persons stationed.

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FM WASHINGTON

TO IMMEDIATE FCO

TELNO 1932

OF 032215Z SEPTEMBER 92

INFO IMMEDIATE PEKING, ATTC TAIPEI, ACTOR

INFO ROUTINE HONG KONG, BTC HONG KONG, PARIS, MOSCOW

ATTC TAIPEI TELNO 49: US F16'S FOR TAIWAN

SUMMARY

1. PRESIDENT DECIDES TO REVERSE LONG-STANDING US POLICY AND ALLOW SALE OF F16'S TO TAIWAN. ADMINISTRATION ARGUE THAT DECISION WILL HELP MAINTAIN REGIONAL SECURITY BALANCE, BUT DOMESTIC US ELECTORAL FACTORS PLAYED A LARGE PART. AMERICANS HAVE OFFERED TO SEND AN ENVOY TO PEKING NEXT WEEK TO EXPLAIN THEIR DECISION. COULD HELP MFN DEBATE - IF CHINESE DO NOT OVER REACT.

DETAIL

2. AS FORECAST (PATTISON'S TELELETTER OF 13 AUGUST) PRESIDENT BUSH USED THE OPPORTUNITY OF A VISIT TO A GENERAL DYNAMICS PLANT IN TEXAS ON 2 SEPTEMBER TO ANNOUNCE THAT HE HAD APPROVED THE SALE OF UP TO 150 F16 FIGHTERS TO TAIWAN. THIS FOLLOWS 10 YEARS OF RESTRAINT IN US ARMS SALES TO TAIWAN, SINCE THE US/CHINA COMMUNIQUE OF 1982. ADMINISTRATION SPOKESMEN HAVE, HOWEVER, ARGUED THAT THE SALE IS IN KEEPING WITH THE GOAL OF THE 1982 COMMUNIQUE, BY HELPING TO PROMOTE PEACE AND STABILITY IN THE REGION. THEY HAVE STRESSED THE NEED TO REPLACE TAIWAN'S NEAR OBSOLETE F5'S AND F104'S, AND TO MAINTAIN THE REGIONAL BALANCE FOLLOWING CHINA'S PURCHASE OF RUSSIAN SU27'S.

3. STATE HAVE TOLD US THAT THEY TIPPED OFF THE CHINESE IN ADVANCE, AND THE CHINESE TOLD THEM BEFORE THE PRESIDENT'S ANNOUNCEMENT THAT THEY WOULD WITHDRAW FROM THE FIVE POWER MIDDLE EAST ARMS CONTROL TALKS (ACME). STATE HAVE OFFERED TO SEND CLARK (ASSISTANT SECRETARY, FAR EAST AFFAIRS) TO PEKING NEXT WEEK TO EXPLAIN THE PRESIDENT'S DECISION MORE FULLY. IF THE CHINESE AGREE TO HIS VISIT, HE WILL DEFEND THE SALE ON THE LINES ABOVE (PARA 2). ACCORDING TO OUR CONTACTS IN STATE, CLARK WILL ADD THAT IF TAIWAN HAD NOT GOT F16'S, THEY WOULD PROBABLY HAVE BOUGHT FRENCH MIRAGES, AND THAT IT IS BETTER FOR ALL CONCERNED THAT THE TAIWANESE CONTINUE

TO DEAL WITH THE US. HE WILL POINT OUT THAT CHINA'S DECISION TO WITHDRAW FROM THE MIDDLE EAST TALKS - IN WHICH CHINA PARTICIPATED AS A MEMBER OF THE P5 - SEEMS AN INAPPROPRIATE RESPONSE TO WHAT IS ESSENTIALLY A BILATERAL MATTER BETWEEN THE US AND CHINA.

4. ACCORDING TO STATE, THE F16'S TO BE SUPPLIED WILL BE A AND D MODELS - (PARA 6 OF TAIPEI TUR). THEY WERE UNABLE TO CONFIRM DETAILS OF RADAR OR THE AVIONICS.

COMMENT

5. ALTHOUGH THE ADMINISTRATION HAVE BEEN AT PAINS TO JUSTIFY THE PRESIDENT'S DECISION AS AN ATTEMPT TO MAINTAIN THE MILITARY BALANCE IN THE REGION, IT SEEMS CLEAR THAT THE PRESIDENT'S MAIN MOTIVE FOR PROCEEDING NOW WAS DOMESTIC. TEXAS IS A KEY ELECTORAL STATE AND GENERAL DYNAMICS HAD MADE KNOWN THAT THEY WOULD HAVE TO LAY OFF NEARLY 6,000 EMPLOYEES IF F16 ORDERS DID NOT PICK UP. THE DECISION IS ALSO IN LINE WITH OTHER RECENT REVERSALS OF DECISIONS TO CUT THE V22 OSPREY, AND THE UPGRADED M1 MAIN BATTLE TANKS - BOTH OF WHICH, LIKE THE F16, ARE MANUFACTURED IN KEY ELECTORAL STATES.

6. SINCE A NUMBER OF SENATORS ARE WELL KNOWN SUPPORTERS OF TAIWAN - THE PRESIDENT'S DECISION IS LIKELY TO STRENGTHEN HIS SUPPORT IN THE SENATE FOR MFN FOR CHINA. BUT THIS COULD EASILY BE UNDONE IF THE CHINESE OVER REACT.

7. ON ACME, THE CHINESE HAD ALREADY WARNED OF A LINKAGE WITH TAIWAN ARMS SALES (BUCHANAN'S TELELETTER OF 18 AUGUST TO ARKWRIGHT, NPDD). IT WAS ALSO CLEAR AT THE P5 PLENARY IN MAY THAT THEY INTENDED TO BLOCK SERIOUS PROGRESS. IF THEY NOW FORMALLY WITHDRAW, THAT WILL NARROW THE CURRENT OPTIONS FACING THE P4: TO CONTINUE AGAINST THE HOPE THAT CHINA MADE CONCESSIONS, TO GO ON AT P4, OR TO GIVE UP ENTIRELY.

MEYER

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CONVENTIONAL ARMS TRANSFERS

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PS/MR HOGG

PS/PUS

MR LANKESTER

MR APPELYARD

~~SIR BAUMT~~

MR BONE

MR GORE-BOOTH

MR LEVER

MR IRETON

NPDD//HD

MED//HD

ECD(E)//HD

Z NEWS D//HD

SECPOL D//HD

LEGAL ADVISERS//~~MR BERMAN~~ *Anderson*

MODUK//PS/S OF S DEFENCE

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MODUK//HD/SEC(O)(C)

MODUK//HD/DESS

CAB OFFICE//MISS NEVILLE-JONES

CABINET OFFICE//MR BEVAN

CABINET OFFICE//MR J SIBSON

CABINET OFFICE//DIO

PS/PM

NO 10//SIR R BRAITHWAITE ✓

NNNN



FILE
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From the Private Secretary

Dear Richard

RELATIONS

When I talked to you that we were trying to get cooperation over matters about President Mitterrand. General described how the situation was quite a different one than that the US believed in Europe.

General Scowcroft surprisingly, said that the American organisations and Dumas would meet with General Scowcroft and Secretary Baker.

I am copying this to you and Sonia Phippard.

Richard Gozney, Esq.
Foreign and Commonwealth Office

FILE
COM



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

7 July 1992

Dear Richard

RELATIONS BETWEEN FRANCE AND THE UNITED STATES

When I talked to General Scowcroft this afternoon, I told him that we were trying to sort out a sensible solution for NATO/WEU cooperation over sanctions monitoring of Yugoslavia. I asked him about President Bush's meeting in Munich with President Mitterrand. General Scowcroft said it had been a good meeting in that the President had spoken frankly about US concerns. He had described how the Americans got one story from the Germans and quite a different one from the French. The President had said that the US believed that France's agenda was to get the US out of Europe.

General Scowcroft said that President Mitterrand had, not surprisingly, disclaimed any such intention. President Bush had said that the Americans wanted complementarity between organisations and it had been agreed that Secretary Baker and M. Dumas would meet to try to sort out the misunderstandings. General Scowcroft did not, however, have high expectations that Secretary Baker would be able to pin Dumas down.

I am copying this letter to Simon Webb (Ministry of Defence) and Sonia Phippard (Cabinet Office).

Jan
Scowcroft

J. S. WALL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

TUE 07 JUL 92 20:41

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

7 July 1992

See below

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J. B. Wall
J. B. WALL

Richard Gozney, Esq.
Foreign and Commonwealth Office.

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FM WASHINGTON

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TELNO 1336

OF 122335Z JUNE 92

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YUGOSLAVIA: US POLICY ✓

SUMMARY

1. THE PRESIDENT UNDERLINES HIS DETERMINATION TO AVOID MILITARY INVOLVEMENT IN YUGOSLAVIA. STATE ARE, HOWEVER, THINKING OF OFFERING MORE SUPPORT (PRIMARILY LOGISTIC) TO UNPROFOR. SOME CONCERN ABOUT WHAT MIGHT HAPPEN IF UNPROFOR IS UNABLE TO OPERATE EFFECTIVELY, AND THE HUMANITARIAN CRISIS PERSISTS. IN THESE CIRCUMSTANCES STATE DO NOT EXCLUDE GROWING PRESSURE FOR FURTHER US INVOLVEMENT, AND ARE STUDYING CONTINGENCY PLANS.

DETAIL

2. WE SAW JOHNSON (PRINCIPAL DAS, EURA) AND BURNS (POLICY PLANNERS) AT STATE ON 12 JUNE TO DISCUSS US THINKING ON YUGOSLAVIA. JOHNSON IS THE PRINCIPAL UNDER SECRETARY INVOLVED WITH YUGOSLAV POLICY: BURNS IS ONE OF BAKER'S INNER CIRCLE.

3. WE SAID OUR IMPRESSION WAS THAT THE US WAS ANXIOUS TO AVOID A MILITARY ENTANGLEMENT. JOHNSON AGREED. PRESIDENT BUSH HAD TOLD A PRESS CONFERENCE YESTERDAY (11 JUNE) THAT QUOTE THAT WE ARE NOT THE WORLD'S POLICEMEN UNQUOTE. JOHNSON SAID THE ADMINISTRATION REMAINED FIRMLY OPPOSED TO UNILATERAL MILITARY INVOLVEMENT. WHILE HE HAD TOLD THE SENATE FOREIGN RELATIONS COMMITTEE YESTERDAY THAT THE ADMINISTRATION WERE PREPARED TO COOPERATE WITH FUTURE MULTILATERAL EFFORTS TO KEEP THE PEACE, HE HAD EMPHASISED THAT THE FOCUS ON CURRENT EFFORTS WOULD BE ON POLITICAL, ECONOMIC AND DIPLOMATIC MEASURES.

4. JOHNSON, HOWEVER, CONFIRMED THAT - ASSUMING A BENIGN SECURITY ENVIRONMENT - THE ADMINISTRATION WERE PREPARED TO GIVE UNPROFOR MORE SUPPORT. BURNS TOLD US THAT BAKER WOULD BE TELEPHONING THE SECRETARY-GENERAL FROM LONDON TODAY TO STRESS THIS POINT. MEANWHILE THE ADMINISTRATION ARE AWAITING MACKENZIE'S REPORT. IF

HE ARGUES THAT THE CONDITIONS ARE SUCH THAT UNPROFOR CAN BE DEPLOYED, THE AMERICANS WILL HELP WITH LOGISTICS, PLANNING, COMMUNICATIONS, AND INTELLIGENCE SUPPORT. THE PENTAGON HAVE ALREADY BEEN INSTRUCTED TO START BEEFING UP THE UN'S PRESENT CONCEPT OF OPERATIONS FOR UNPROFOR. JOHNSON TOLD US THAT MUCH OF THE UN'S CURRENT THINKING ABOUT UNPROFOR'S DEPLOYMENT HAD BEEN BACK OF THE ENVELOPE CALCULATIONS. THERE WERE MANY GAPS TO BE FILLED IN, AND THE AMERICANS WERE PREPARED TO MAKE AVAILABLE THEIR EXPERTISE. BUT THE DEPLOYMENT OF US GROUND TROOPS FOR UNPROFOR WAS NOT ON THE CARDS.

5. THE CONCERN HERE, HOWEVER, IS EITHER THAT MACKENZIE WILL DECIDE THAT CIRCUMSTANCES DO NOT ALLOW FOR UNPROFOR DEPLOYMENT - LEAVING A HUMANITARIAN CRISIS IN SARAJEVO - OR THAT DEPLOYMENT GOES AHEAD, BUT THE CEASEFIRE THEN BREAKS DOWN - LEAVING 900 CANADIANS AT RISK IN SARAJEVO. IN THE FIRST CASE, STATE BELIEVE THAT SEVERE PRESSURES WILL MOUNT FOR THE ADMINISTRATION TO DO SOMETHING TO HELP THE HUMANITARIAN SITUATION. IN THE SECOND, THE PRESSURE ON THE AMERICANS FROM THE CANADIANS TO HELP WILL BE IMPOSSIBLE TO IGNORE.

6. BURNS TOLD US THAT THE PENTAGON WERE, THEREFORE, ENGAGED IN FAIRLY DETAILED CONTINGENCY PLANNING. THE PROBLEMS WERE OBVIOUS. HOW SHOULD ONE DEFINE THE PURPOSE OF ANY MILITARY INTERVENTION. (THE US INVOLVEMENT IN BEIRUT IN THE EARLY 1980'S HAD SHOWN THE DANGER OF EMBARKING ON A MILITARY OPERATION WITHOUT A CLEAR IDEA OF THE OBJECTIVE). HOW WOULD ONE DEFINE SUCCESS. (WOULD IT BE AFTER SO MANY TONS OF SUPPLIES HAD BEEN PROVIDED, OR WOULD IT BE THE ESTABLISHMENT OF A STABLE POLITICAL ENVIRONMENT, WHICH WAS ALMOST CERTAINLY AN UNREALISTIC OBJECTIVE). HOW MANY ASSETS SHOULD BE INVOLVED AND FOR HOW LONG. (THE PENTAGON ESTIMATE THAT AS MANY AS 30,000 TROOPS MAY BE NEEDED.) BURNS SAID THAT BOTH CHENEY AND POWELL WERE CLEAR THAT THE ADMINISTRATION HAD TO HAVE DETAILED ANSWERS TO THESE QUESTIONS.

7. WE PROBED WHETHER - IN THE EVENT OF NO UNPROFOR DEPLOYMENT AND A CONTINUING HUMANITARIAN CRISIS - THE PRESSURES ON THE ADMINISTRATION TO DO SOMETHING REALLY WOULD BE ALL THAT GREAT. BOTH JOHNSON AND BURNS THOUGHT IT WOULD BE VERY DIFFICULT FOR THE ADMINISTRATION TO STAND IDLY BY. THEY POINTED TO SENATOR LUGAR'S PROPOSAL - FIRST TABLED A COUPLE OF DAYS AGO - WHICH CALLS ON THE SECURITY COUNCIL TO AUTHORISE THE USE OF FORCE AGAINST SERBIA UNLESS IT HALTS ITS AGGRESSION BY A SET DEADLINE. JOHNSON SAID THAT, WHEN HE TESTIFIED TO THE SENATE FOREIGN AFFAIRS COMMITTEE

YESTERDAY, HE HAD FOUND LITTLE SUPPORT FOR LUGAR'S IDEAS. BUT THEY HAD RECEIVED WIDESPREAD PUBLICITY, AND LUGAR WAS A HIGHLY SUSPECTED REPUBLICAN. IF HIS IDEAS WERE TO GATHER MOMENTUM, THAT WOULD HAVE CONSIDERABLE IMPACT ON ADMINISTRATION THINKING.

8. WE ASKED ABOUT OTHER - NON-MILITARY - PRESSURES ON MILOSEVIC. STATE BELIEVE THE SANCTIONS ARE BEGINNING TO HAVE AN EFFECT. BUT THEY ARE CONCERNED ABOUT CHEATING BY THE GREEKS AND THE ROMANIANS. THE VIEW HERE IS THAT SANCTIONS WILL NOT MODERATE MILOSEVIC'S BEHAVIOUR, NOR AFFECT UNDULY THE ABILITY OF THE SERBS TO CARRY ON THE WAR, AT LEAST IN THE MEDIUM-TERM. WE ASKED WHETHER THEY MIGHT UNDERMINE SUPPORT FOR MILOSEVIC. STATE DO NOT BELIEVE THE PRESSURES ON HIM SUCH THAT HE IS LIKELY TO BE OUSTED OR STEP DOWN. AS TO DIPLOMATIC MEASURES, SUCH AS ISOLATION OF THE FRY IN INTERNATIONAL FORA, THESE MIGHT HAVE SOME SYMBOLIC VALUE. BUT, AGAIN, THEY WOULD HAVE NO REAL IMPACT ON SERBIAN BEHAVIOUR. THE LAST 18 MONTHS HAD SHOWN THAT THE SERBS ONLY RESPONDED TO THE THREAT OF FORCE AGAINST THEM.

9. STATE CONCLUDED BY SAYING THAT THE CHANCES OF THE CURRENT CEASEFIRE BREAKING DOWN WERE HIGH, AS WERE THE CHANCES THAT UNPROFOR - EVEN IF IT DEPLOYED - WOULD SUBSEQUENTLY GET INTO DIFFICULTIES. IT WOULD THEREFORE BE FOOLISH TO IGNORE THE LIKELIHOOD OF GROWING PRESSURE ON THE ADMINISTRATION TO INVOLVE ITSELF MILITARILY - HOWEVER UNWILLINGLY IT MIGHT CURRENTLY BE TO DO SO. STATE ARE NOT PREDICTING THAT THIS WILL HAPPEN. BUT THEY ARE BEGINNING TO THINK ABOUT HOW TO REACT IF SUCH PRESSURES DEVELOP.

RENWICK

YYYY

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

7 February 1992

Dear Sir,

VISIT OF PRESIDENT YELTSIN TO THE SOVIET UNION
MESSAGE FROM PRESIDENT BUSH

I enclose the text of a message from President Bush to the Prime Minister reporting on the President's talks with Mr Yeltsin.

Although it does not call for a reply, if there are any points on which you think we should respond perhaps you could let me know.

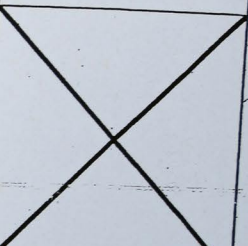
I am copying this letter and enclosure to Jeremy Heywood (HM Treasury), Simon Webb (Ministry of Defence) and Sonia Phippard (Cabinet Office).

Jas
J S Wall

J S WALL

S L Gass Esq
Foreign and Commonwealth Office

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Use black or blue pen to complete form.

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Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
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YELTSIN'S VISIT TO WASHINGTON

Results:

- Affirm new relationship between Russia and USA.
- Joint Declaration signed. Similar to but less detailed than UK/Russia document.
- Arms control discussed, but no new agreements. Defense Secretary Cheney has since said in public that US Government sticking to position on reductions put forward last week by President Bush.
- No new announcements/agreements on US aid. (Yeltsin did not make specific new requests. Some surprise in Washington that he implied later in Canada that response to his aid requests was tardy.)

Line to Take:

- Very useful that President Yeltsin has made personal contact with so many other leaders during his visits to London, the United Nations, Washington and Ottawa.
- Has clearly established a good personal relationship with President Bush at Camp David. Welcome this. Much important work to be done by Russia and United States in carrying through arms reductions. US also has a major role to play in economic and political support for reform in Russia: demonstrated by American initiative in convening Washington Aid Conference.
- Anticipate close cooperation/coordination between UK, USA and other allies/partners in carrying out proposals for new forms of help to Russia, including safe disposal of nuclear weapons.

Background

- /
- US documents attached.

BUSH, YELTSIN DECLARE "NEW ERA" OF PEACE, FRIENDSHIP

(Text - Camp David Declaration)

Camp David, Maryland -- President Bush and Russian President Yeltsin February 1 formally declared a "new era" in relations between their two countries, one they said would be characterized by friendship, partnership and peace.

Issued after a meeting between the two leaders at Bush's mountain retreat, the declaration pledged the two nations to work to reduce their strategic weapons arsenals, to promote free trade, investment, and economic cooperation; to promote democracy, the rule of law, and respect for human rights; and to prevent nuclear proliferation and the spread of advanced conventional arms.

Following is the text of the declaration.

**CAMP DAVID DECLARATION ON NEW RELATIONS
BY PRESIDENT BUSH AND PRESIDENT YELTSIN**

February 1, 1992

At the conclusion of this historic meeting between an American president and the president of a new and democratic Russia, we -- the leaders of two great peoples and nations -- are agreed that a number of principles should guide relations between Russia and America:

First, that Russia and the United States do not regard each other as potential adversaries. From now on, their relationship will be characterized by friendship and partnership, founded on mutual trust and respect and a common commitment to democracy and economic freedom.

Second, that we will work to remove any remnants of Cold War hostility, including taking steps to reduce our strategic arsenals.

Third, that we will do all we can to promote the mutual well-being of our peoples and to expand as widely as possible the ties that now bind our peoples. Openness and tolerance should be the hallmark of relations between our peoples and governments.

Fourth, that we will actively promote free trade, investment, and economic cooperation between our two countries.

Fifth, that we will make every effort to support the promotion of our shared values of democracy; the rule of law; respect for human rights, including minority rights; respect for borders; and peaceful change around the globe.

Sixth, that we will work actively together to:

- prevent the proliferation of weapons of mass destruction and associated technologies and curb the spread of advanced conventional arms on the basis of principles to be agreed upon.
- settle regional conflicts peacefully; and
- counter terrorism, halt drug trafficking, and forestall environmental degradation.

BUSH, YELTSIN DECLARE "NEW ERA" OF PEACE, FRIENDSHIP

(Text: Camp David Declaration)

Camp David, Maryland -- President Bush and Russian President Yeltsin February 1 formally declared a "new era" in relations between their two countries, one they said would be characterized by friendship, partnership and peace.

Issued after a meeting between the two leaders at Bush's mountain retreat, the declaration pledged the two nations to work to reduce their strategic weapons arsenals; to promote free trade, investment, and economic cooperation; to promote democracy, the rule of law, and respect for human rights; and to prevent nuclear proliferation and the spread of advanced conventional arms.

Following is the text of the declaration.

**CAMP DAVID DECLARATION ON NEW RELATIONS
BY PRESIDENT BUSH AND PRESIDENT YELTSIN**

February 1, 1992

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In adopting these principles, the United States and Russia today launch a new era in our relations. In this new era, we seek a peace, an enduring peace that rests on lasting common values. This can be an era of peace and friendship that offers hope not only to our peoples but to the peoples of the world. For while our conflict helped divide the world for a generation, now, working with others and with each other, we can help unite the globe through our friendship — a new alliance of partners working against the common dangers we face.

U.S. RUSSIA "CHARTING A NEW RELATIONSHIP"

(Transcript: Bush-Yeltsin news conference)

Camp David, Maryland - The United States and Russia are charting "a new relationship" based on trust, commitment to freedom, and "a strong hope for true partnership," President Bush said in a February 1 joint news conference with Russian President Yeltsin, following a morning of talks between the two leaders at Bush's Camp David mountain retreat.

Following is a transcript of the joint news conference:

PRESIDENT BUSH: well, today, for the first time, an American president and the democratically-elected president of an independent Russia have met; and we did so not as adversaries, but as friends.

This historic meeting is yet another confirmation of the end of the Cold War and the dawn of a new era. Russia and the United States are charting a new relationship; and it's based on trust, it's based on a commitment to economic and political freedom, it's based on a strong hope for true partnership. So we agreed here that we're going to pull closer together, economically and politically.

I invited President Yeltsin to come to the States for a state visit; he accepted. He, in turn, asked me to come to the Soviet Union (Russia) and I accepted. That will be later in the year. And he will be coming in the first half of the year, the date to be determined later on.

We agreed to cooperate in the safe handling of nuclear weapons, arms reductions and a wide array of other subjects. So from my standpoint and the standpoint of the United States, our first team here, we felt it was a very good visit. The only problem was it was very short. But we'll have a chance to follow up at the state visit.

And, Mr. President, the floor is yours, and welcome once again, even though you're heading off now down to the Hill to see some of the members of Congress.

PRESIDENT YELTSIN: Mr. President Bush, ladies and gentlemen, I am very grateful to my friend, George, for the words which he has just spoken, in terms of our meeting and aimed at Russia and towards me. I feel that the meeting was exceptionally positive, necessary and historic.

We discussed a whole range of issues. As a matter of fact, those kinds of issues that have never been exposed and opened many, years and many, decades - issues of economic reform in Russia as well as cooperation and assistance so that this reform not die on the vine, and issues having to do with the Commonwealth of Independent Nations, economic issues having to do with the military condition now, the condition of the military.

And on the initiative of President Bush, and Russia, also we talked about reduction of strategic and technical arsenals, down to the minimal of, say, two and a half thousand warheads for either side, and in this issue we will now begin very specific and concrete negotiations.

The issue of arms sales, of nonproliferation of nuclear weapons, issues of the so-called "brain-drain" - well, then, and a whole series of others. Now maybe some very specific and

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personal issues, but I think having to do with a relationship which really has a great importance. I'm very satisfied that today one might say that there has been written and drawn a new line and crossed out all of the things that have been associated with the Cold War.

Today we are going to sign a statement or a declaration on the new nature or character of the relationship between the United States of America and Russia. From now on, we do not consider ourselves to be potential enemies as it had been previously in our military doctrine. This is a historic value of this meeting.

And another very important factor in our relationship right away today it's already been pointed out that in the future there will be full frankness, full openness, full honesty in our relationship -- and we, both of us value very, very much.

Thank you very much.

BUSH: Now, we'll be glad to take a few questions before the President has to leave.

QUESTION: Mr. Yeltsin seems to have gone a long way towards meeting you halfway on land-based MIRVs. Are you prepared to deal your half of the deck on sea-based missiles?

BUSH: He's gone a long way. We agreed that all these subjects would be discussed in more detail when Secretary Baker goes back to Moscow. I think he'll be there within the next two weeks. We didn't go into any agreements on categories or numbers, but we decided that we would let the experts talk about this in much more detail. But, we saluted his very broad proposals.

Q: Concerning the a declaration that Russia and United States do not regard each other as potential adversaries. Does that mean you followed Mr. Yeltsin's -- President -- Yeltsin's example, so that retargeting of American nuclear weapons are not targeted on Russian targets anymore?

BUSH: We agreed all these matters will be discussed in Moscow. But, certainly, I agree with his objectives, and that is to turn former enemies not only into friends but allies. And it's that that we're starting down that road, and I am quite optimistic about it. We both realize that there's some negotiation that has to take place in terms of the specifics.

Q: President Yeltsin, if both sides are now friends, then why not call for a total elimination of nuclear weapons?

YELTSIN: The thing is that there are still adventurers, terrorists and irresponsible politicians in some countries of the world against whom we have to a certain arsenal of nuclear weapons for restraining them.

Q: (In Russian, through interpreter.) Have you discussed with the President some sort of overall initiative which would defend?

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YELTSIN: Yes, we did discuss this issue of a global shield, if you would. We considered that it's a very interesting topic. And George Bush confirmed that yes, this is an exceptionally necessary topic, it would be interesting to utilize these systems on a mutual basis, maybe even

with the participation of some other nuclear club countries -- nuclear countries -- but this requires a very careful, very detailed study at the level of specialists.

Q: Mr. President (Bush), your thoughts on President Yeltsin's proposal for a global shield, is this something that we're working together on this...?

BUSH: It is something that we talked about at lunch with Secretary Cheney. As I said, we didn't reach no decision on these matters. The Soviet Union has a lot of expertise in space, for example. Perhaps one area of real cooperation can be in future space adventures. Another could be in this area of defense, but we reach no conclusion, except to say, that we felt it was worth discussing it in much more detail.

Q: Mr. President, this morning you said that the United States is willing to participate in the process that is going on in Russia. What part of economic assistance was discussed today? I mean, assistance for economic reform.

BUSH: Well, largely, today President Yeltsin had a chance to expand on the reforms he has undertaken. His finance expert, Mr. Gaydar, is meeting right now with our Secretary of the Treasury, we agreed that they would talk about the details of the reform. So I would leave any -- any substance to hear from those two.

But there are many areas where we are already beginning to work with the Soviet Union, not only in these private delegations. We feel it would be very important that they be full members in these international financial organizations. I have pledged the United States' full efforts and support to -- for early entry into the IMF and into the World Bank. We expanded a little bit on the programs we already have working in terms of additional support for the Soviet Union, financial and food.

Jim Baker had an opportunity to discuss, to some degree, the follow-on from the conference that we had, the cooperation conference that was held in Washington last week. We didn't get into too many specifics on that, but I was very interested in hearing from him about the reforms in place, and I did, in a general sense, say that the United States would like to assist in any way possible.

Q: President Yeltsin, in your opinion, do you consider that you are getting sufficient assistance from the United States, economic assistance? And you heard a lot about it today.

YELTSIN: Well, I would somewhat differently approach this question. After all, what's important here is not just aid. We were looking at the question of support for the reform, cooperation in a lot of different areas, a lot of directions, accomplishing a whole series of programs in order to be supportive of reform. We didn't come here -- I didn't come here -- just to stretch out my hand and ask for help.

No. We're calling for cooperation, cooperation for the whole world, because if the reform in Russia goes under, that means there will be a Cold War -- the Cold War is going to turn into a hot war. This is, again, going to be an arms race. Again, this would be the same regime that we have just recently rid ourselves. We cannot allow this to happen, because in this reform the whole world community has to participate, not just the United States, and not just some sort of financial help but political support, cooperation and the accomplishment of overall programs by everybody in order to help -- also humanitarian aid.

We have agreed on this from December 10th. There will be a massive assistance on the part of the United States and others, and I'm very appreciate to George Bush for this.

Q: You...were talking about nonproliferation of nuclear technology outside of the former Soviet Union. Is there a possibility of leaking of this technology?

YELTSIN: Yes. First is the moving of tactical weapons out of Kazakhstan, Ukraine and Byelorussia on to the territory of Russia. All of the tactical weapons have been taken out of Kazakhstan from Byelorussia. We are now finishing up that process, and in the Ukraine, we will be done on July 1.

Now, as far as strategic weapons, this is a more difficult question, but there will be a transport, first of all, to Russia of those MIRV warheads on to the territory of Russia, so that they can be eliminated or so they can be turned to fuel for power plants -- atomic power plants and peaceful purposes. That's the one direction.

Secondly, how to take that 2,000 nuclear specialists who were working many decades -- what to do with them and how to give them jobs. I looked at this issue in Moscow and took the decision to help them in a social sense, in a big way, to give them material support and radically change up to 5,000 rubles per month to give them a pay raise, so that they would not flee to the West.

Secondly, today we agreed on a whole series of joint programs, where these scientists will be brought in and so that they can participate and work, and there was a proposal by President Bush to create a center -- a research center where they could work together fruitfully, and that will attract them.

Q: I just wondered, did you all agree on any sort of time table for your arms negotiations? For example, to be coinciding with President Yeltsin's visit in the springtime and your visit, I guess, to Moscow later in the year.

BUSH: We agreed that the very next step will be a much more detailed discussion of this matter when Secretary Baker goes, in but two weeks, back to Russia.

Q: Do you have a goal for finishing these negotiations?

YELTSIN: Yes. Namely, in two weeks, this schedule will be prepared by Mr. Baker, together with our representatives. They'll put it together.

Q: The whole thing will be done in two weeks?

YELTSIN: No, no, no.

BUSH: No, no. Just the beginning of the negotiations.

YELTSIN: No, no. The schedule will be put together. The schedule.

Q: Are you convinced that President Yeltsin is committed to democratic and economic reform? Do you believe he will succeed?

BUSH: I am convinced that he is totally committed to democratic reform, and I am convinced that the problems he faces are enormous, but I am also convinced that he will succeed if he gets the proper support from around the world for these worthy objectives, and we are pledging him support from the United States, but I think he himself recognizes the problems they face are enormous.

He put into effect economic reforms. Before he did it, he told me -- but, much more important, he told the people of Russia he was going to do it. He told them it would not be easy. He told them what he was going to have to do in terms of raising prices, which is not a popular thing to do, and he's done that.

And I think it's very hard to predict how this will go. I will leave that for him to comment on. But I will say this, that the experts that give me advice feel that, because of the way in which he handled it and the commitment that is so obvious to democratic reform, that it is going, in spite of hardship, better than they would have predicted. So there is no question that this President, President Yeltsin, is committed to democratic reform.

He laid his life on the line on top of a tank to make that message loud and clear, and the whole world rejoiced in it when they saw his courage. He's applying that same courage, and I'm not saying that just because he's standing here. He's applying that same courage now to this concept of economic reform. And one certainly cannot doubt his full commitment to this subject.

Q: Would either of you care to tell us about the personal relationship you've developed, is the Commonwealth working the way you wanted it to work, and how long is it going to exist?

YELTSIN: Today, I explained to Mr. Bush about our relationship with the other states within our commonwealth. Yes, we have difficulties, especially in terms of the armed forces issues. We're going to be discussing that on 14 February in Minsk, where all the heads of the independent states will gather.

There are difficulties. Nonetheless, after all, for every time we meet -- and we meet once every month -- there is each time a step forward. You can't forget that the commonwealth is only two months old. This is still a baby in diapers. You've got to take care of it. You've got to handle it carefully, so you don't drop it. That's why we're trying together, all of us, to sit and have a dialogue. We have good relations with all the heads of states of all these countries. I believe that this Commonwealth will be stronger and stronger.

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BUSH: Marlin tells me we have time just for one more question because President Yeltsin has an appointment with leaders from Congress at the Russian Embassy. And so we really do have to go.

Q: I'm just wondering if you gentlemen would care to share the personal relationship that you've developed. You've worked closely, certainly, with Mr. Gorbachev.

BUSH: It's well-known that I had a very close relationship with Mr. Gorbachev. It was built on respect. It became a friendship. And I can only speak for myself, one half of the equation. But the visits that I've had with President Yeltsin before this have always been very pleasant.

I think that we have a good understanding. I have a very warm feeling in my heart about what he has done and is trying to do, and I consider him my friend.

YELTSIN: I consider that I was very lucky in life both as a political person and just as a man to have met George Bush. We have contacted each other and have been in contact, now for about two years at least. And even in the days when I was in the opposition we used to meet. Then, even then I already felt this wide-ranging talent, his mind and his qualities a person.

I'm just tremendously impressed by his wisdom. I think he has incredible qualities not only as a political person but also as a person, as a really great political figure of the United States. Today our relations have now been formed as friends and we talk quite frequently to each other. We call each other on the telephone. We say "Boris" and say "George." And already this says a lot.

BUSH, YELTSIN TO HOLD TWO MORE SUMMITS THIS YEAR

(Say U.S., Russia see each other as friends)

By Dian McDonald

USIA White House Correspondent

Camp David, Maryland - President Bush and Russian President Yeltsin agreed February 1 to hold summit talks this year in both of their respective nations, to cooperate on arms control matters and other issues, and to pursue a bilateral relationship based on friendship and partnership.

The two leaders signed an historic declaration stating that Russia and the United States "do not regard each other as potential adversaries." It charts a future course for bilateral relations to be characterized by "friendship and partnership, founded on mutual trust and respect and a common commitment to democracy and economic freedom."

At a news conference following their first summit meeting since the breakup of the Soviet Union, Bush and Yeltsin discussed prospects for a strengthened U.S.-Russian relationship.

Bush called their talks at the presidential retreat at Camp David "another confirmation of the end of the Cold War and the dawn of a new era." He said he and Yeltsin had not reached any specific decisions on arms control matters, but he said Yeltsin's proposal for a global anti-missile defense system and other issues would be discussed in more detail when Secretary of State Baker goes to Moscow within the next two weeks for talks with Russian leaders.

Russia and the United States are "charting a new relationship, and it's based on trust; it's based on a commitment to economic and political freedom; it's based on a strong hope for a true partnership," Bush said, adding that "we agreed here that we're going to pull closer together economically and politically."

He said Yeltsin had agreed to come to the United States during the first half of this year, at a date to be determined, and that he would travel to Russia "later in the year."

Following their three and one-half hour meeting, Bush said they had agreed "to cooperate in the safe handling of nuclear weapons, arms reductions and a wide array of other subjects."

Yeltsin said the Camp David talks had been "exceptionally positive, necessary and historic" and had covered a wide range of issues, including reduction of strategic and tactical arsenals, non-proliferation of nuclear weapons, the military situation in the Commonwealth of Independent States (CIS), and economic reform in Russia.

"From now on," Yeltsin said, "we do not consider ourselves to be potential enemies, as it had been previously in our military doctrine. This is the historic value of this meeting." In the future bilateral relationship, Yeltsin said, there will be "full frankness, full openness, full honesty."

Asked about agreement on arms control matters, Bush said, "We agreed that all these subjects would be discussed in more detail when Secretary Baker goes back to Moscow; I think he'll be there within the next two weeks. We didn't go into any agreements on categories or numbers,

but we decided that we would let the experts talk about this in much more detail. But we saluted his (Yeltsin's) very broad proposals."

Bush said he agreed with Yeltsin's objectives to turn former enemies "not only into to friends but allies...We both realize that there is some negotiation that has to take place in terms of the specifics" related to arms control issues.

Unilateral arms control proposals made by both leaders in recent days envision cuts of more than half the long-range nuclear weapons on both sides.

In his January 28 State of the Union address, Bush announced unprecedented reductions in strategic nuclear weapons and said he had told Yeltsin that if Moscow eliminated multiple warheads on land-based intercontinental ballistic missiles, Washington would be willing eliminate the U.S. force of 50 MX ICBMs, reduce from three to one the number of warheads on Minuteman ICBMs, and reduce the number of nuclear warheads to be deployed on submarines by about a third.

Bush also announced that the United States would halt the B-2 "Stealth" bomber program after the production of 20 aircraft and cancel the Midgetman missile. Purchases of advanced cruise missiles would be stopped and the production of new warheads for sea-based ballistic missiles would be halted, he said.

Yeltsin on January 29 also called for sweeping cuts in nuclear arsenals and announced that he had halted production of several long-range nuclear weapons systems. He proposed that Moscow could join Washington in creating and jointly operating a global defense system against nuclear attack in place of the Strategic Defense Initiative.

Asked at Camp David why not call for a total elimination of nuclear weapons, Yeltsin said there are still adventurers, terrorists and irresponsible politicians in some countries of the world and a "certain arsenal of nuclear weapons" is needed to restrain them.

Asked about Yeltsin's proposal for a global defense shield, Bush said the matter had been discussed during their lunch with Defense Secretary Cheney. While no decision had been reached, he said, it was worth discussing in "much more detail."

Asked if he believed Russia is receiving sufficient aid from the United States, Yeltsin said he did not come here to ask for help but rather to seek cooperation.

BUSH, YELTSIN DECLARE "NEW ERA" OF PEACE, FRIENDSHIP

(Text: Camp David Declaration)

Camp David, Maryland -- President Bush and Russian President Yeltsin February 1 formally declared a "new era" in relations between their two countries, one they said would be characterized by friendship, partnership and peace.

Issued after a meeting between the two leaders at Bush's mountain retreat, the declaration pledged the two nations to work to reduce their strategic weapons arsenals; to promote free trade, investment, and economic cooperation; to promote democracy, the rule of law, and respect for human rights; and to prevent nuclear proliferation and the spread of advanced conventional arms.

Following is the text of the declaration:

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BY PRESIDENT BUSH AND PRESIDENT YELTSIN
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U.S., RUSSIA "CHARTING A NEW RELATIONSHIP"

(Transcript: Bush-Yeltsin news conference)

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And, Mr. President, the floor is yours, and welcome once again, even though you're heading off now down to the Hill to see some of the members of Congress.

PRESIDENT YELTSIN; Mr. President Bush, ladies and gentlemen, I am very grateful to my friend, George, for the words which he has just spoken, in terms of our meeting and aimed at Russia and towards me. I feel that the meeting was exceptionally positive, necessary and historic.

We discussed a whole range of issues. As a matter of fact, those kinds of issues that have never been exposed and opened many, years and many, decades - issues of economic reform in Russia as well as cooperation and assistance so that this reform not die on the vine, and issues having to do with the Commonwealth of Independent Nations, economic issues having to do with the military condition now, the condition of the military.

And on the initiative of President Bush, and Russia, also we talked about reduction of strategic and technical arsenals, down to the minimal of, say, two and a half thousand warheads for either side, and in this issue we will now begin very specific and concrete negotiations.

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personal issues, but I think having to do with a relationship which really has a great importance. I'm very satisfied that today one might say that there has been written and drawn a new line and crossed out all of the things that have been associated with the Cold War.

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Q: Concerning the a declaration that Russia and United States do not regard each other as potential adversaries. Does that mean you followed Mr. Yeltsin's -- President -- Yeltsin's example, so that retargeting of American nuclear weapons are not targeted on Russian targets anymore?

BUSH: We agreed all these matters will be discussed in Moscow. But, certainly, I agree with his objectives, and that is to turn former enemies not only into friends but allies. And it's that that we're starting down that road, and I am quite optimistic about it. We both realize that there's some negotiation that has to take place in terms of the specifics.

Q: President Yeltsin, if both sides are now friends, then why not call for a total elimination of nuclear weapons?

YELTSIN: The thing is that there are still adventurers, terrorists and irresponsible politicians in some countries of the world against whom we have to a certain arsenal of nuclear weapons for restraining them.

Q: (In Russian, through interpreter.) Have you discussed with the President some sort of overall initiative which would defend?

YELTSIN: Yes, we did discuss this issue of a global shield, if you would. We considered that it's a very interesting topic. And George Bush confirmed that yes, this is an exceptionally necessary topic, it would be interesting to utilize these systems on a mutual basis, maybe even

with the participation of some other nuclear club countries -- nuclear countries -- but this requires a very careful, very detailed study at the level of specialists.

Q: Mr. President (Bush), your thoughts on President Yeltsin's proposal for a global shield, is this something that we're working together on this...?

BUSH: It is something that we talked about at lunch with Secretary Cheney. As I said, we didn't reach no decision on these matters. The Soviet Union has a lot of expertise in space, for example. Perhaps one area of real cooperation can be in future space adventures. Another could be in this area of defense, but we reach no conclusion, except to say, that we felt it was worth discussing it in much more detail.

Q: Mr. President, this morning you said that the United States is willing to participate in the process that is going on in Russia. What part of economic assistance was discussed today? I mean, assistance for economic reform.

BUSH: Well, largely, today President Yeltsin had a chance to expand on the reforms he has undertaken. His finance expert, Mr. Gaydar, is meeting right now with our Secretary of the Treasury, we agreed that they would talk about the details of the reform. So I would leave any -- any substance to hear from those two.

But there are many areas where we are already beginning to work with the Soviet Union, not only in these private delegations. We feel it would be very important that they be full members in these international financial organizations. I have pledged the United States' full efforts and support to -- for early entry into the IMF and into the World Bank. We expanded a little bit on the programs we already have working in terms of additional support for the Soviet Union, financial and food.

Jim Baker had an opportunity to discuss, to some degree, the follow-on from the conference that we had, the cooperation conference that was held in Washington last week. We didn't get into too many specifics on that, but I was very interested in hearing from him about the reforms in place, and I did, in a general sense, say that the United States would like to assist in any way possible.

Q: President Yeltsin, in your opinion, do you consider that you are getting sufficient assistance from the United States, economic assistance? And you heard a lot about it today.

YELTSIN: Well, I would somewhat differently approach this question. After all, what's important here is not just aid. We were looking at the question of support for the reform, cooperation in a lot of different areas, a lot of directions, accomplishing a whole series of programs in order to be supportive of reform. We didn't come here -- I didn't come here -- just to stretch out my hand and ask for help.

No. We're calling for cooperation, cooperation for the whole world, because if the reform in Russia goes under, that means there will be a Cold War -- the Cold War is going to turn into a hot war. This is, again, going to be an arms race. Again, this would be the same regime that we have just recently rid ourselves. We cannot allow this to happen, because in this reform the whole world community has to participate, not just the United States, and not just some sort of financial help but political support, cooperation and the accomplishment of overall programs by everybody in order to help -- also humanitarian aid.

We have agreed on this from December 10th. There will be a massive assistance on the part of the United States and others, and I'm very appreciate to George Bush for this.

Q: You...were talking about nonproliferation of nuclear technology outside of the former Soviet Union. Is there a possibility of leaking of this technology?

YELTSIN: Yes. First is the moving of tactical weapons out of Kazakhstan, Ukraine and Byelorussia on to the territory of Russia. All of the tactical weapons have been taken out of Kazakhstan from Byelorussia. We are now finishing up that process, and in the Ukraine; we will be done on July 1.

Now, as far as strategic weapons, this is a more difficult question, but there will be a transport, first of all, to Russia of those MIRV warheads on to the territory of Russia, so that they can be eliminated or so they can be turned to fuel for power plants -- atomic power plants and peaceful purposes. That's the one direction.

Secondly, how to take that 2,000 nuclear specialists who were working many decades -- what to do with them and how to give them jobs. I looked at this issue in Moscow and took the decision to help them in a social sense, in a big way, to give them material support and radically change up to 5,000 rubles per month to give them a pay raise, so that they would not flee to the West.

Secondly, today we agreed on a whole series of joint programs, where these scientists will be brought in and so that they can participate and work, and there was a proposal by President Bush to create a center -- a research center where they could work together fruitfully, and that will attract them.

Q: I just wondered, did you all agree on any sort of time table for your arms negotiations? For example, to be coinciding with President Yeltsin's visit in the springtime and your visit, I guess, to Moscow later in the year.

BUSH: We agreed that the very next step will be a much more detailed discussion of this matter when Secretary Baker goes, in but two weeks, back to Russia.

Q: Do you have a goal for finishing these negotiations?

YELTSIN: Yes. Namely, in two weeks, this schedule will be prepared by Mr. Baker, together with our representatives. They'll put it together.

Q: The whole thing will be done in two weeks?

YELTSIN: No, no, no.

BUSH: No, no. Just the beginning of the negotiations.

YELTSIN: No, no. The schedule will be put together. The schedule.

Q: Are you convinced that President Yeltsin is committed to democratic and economic reform? Do you believe he will succeed?

BUSH: I am convinced that he is totally committed to democratic reform, and I am convinced that the problems he faces are enormous, but I am also convinced that he will succeed if he gets the proper support from around the world for these worthy objectives, and we are pledging him support from the United States, but I think he himself recognizes the problems they face are enormous.

He put into effect economic reforms. Before he did it, he told me -- but, much more important, he told the people of Russia he was going to do it. He told them it would not be easy. He told them what he was going to have to do in terms of raising prices, which is not a popular thing to do, and he's done that.

And I think it's very hard to predict how this will go. I will leave that for him to comment on. But I will say this, that the experts that give me advice feel that, because of the way in which he handled it and the commitment that is so obvious to democratic reform, that it is going, in spite of hardship, better than they would have predicted. So there is no question that this President, President Yeltsin, is committed to democratic reform.

He laid his life on the line on top of a tank to make that message loud and clear, and the whole world rejoiced in it when they saw his courage. He's applying that same courage, and I'm not saying that just because he's standing here. He's applying that same courage now to this concept of economic reform. And one certainly cannot doubt his full commitment to this subject.

Q: Would either of you care to tell us about the personal relationship you've developed, is the Commonwealth working the way you wanted it to work, and how long is it going to exist?

YELTSIN: Today, I explained to Mr. Bush about our relationship with the other states within our commonwealth. Yes, we have difficulties, especially in terms of the armed forces issues. We're going to be discussing that on 14 February in Minsk, where all the heads of the independent states will gather.

There are difficulties. Nonetheless, after all, for every time we meet -- and we meet once every month -- there is each time a step forward. You can't forget that the commonwealth is only two months old. This is still a baby in diapers. You've got to take care of it. You've got to handle it carefully, so you don't drop it. That's why we're trying together, all of us, to sit and have a dialogue. We have good relations with all the heads of states of all these countries. I believe that this Commonwealth will be stronger and stronger.

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BUSH: Marlin tells me we have time just for one more question because President Yeltsin has an appointment with leaders from Congress at the Russian Embassy. And so we really do have to go.

Q: I'm just wondering if you gentlemen would care to share the personal relationship that you've developed. You've worked closely, certainly, with Mr. Gorbachev.

BUSH: It's well-known that I had a very close relationship with Mr. Gorbachev. It was built on respect. It became a friendship. And I can only speak for myself, one half of the equation. But the visits that I've had with President Yeltsin before this have always been very pleasant.

I think that we have a good understanding. I have a very warm feeling in my heart about what he has done and is trying to do, and I consider him my friend.

YELTSIN: I consider that I was very lucky in life both as a political person and just as a man to have met George Bush. We have contacted each other and have been in contact, now for about two years at least. And even in the days when I was in the opposition we used to meet. Then, even then I already felt this wide-ranging talent, his mind and his qualities a person.

I'm just tremendously impressed by his wisdom. I think he has incredible qualities not only as a political person but also as a person, as a really great political figure of the United States. Today our relations have now been formed as friends and we talk quite frequently to each other. We call each other on the telephone. We say "Boris" and say "George." And already this says a lot.

BUSH, YELTSIN TO HOLD TWO MORE SUMMITS THIS YEAR

(Say U.S., Russia see each other as friends)

By Dian McDonald

USIA White House Correspondent

Camp David, Maryland – President Bush and Russian President Yeltsin agreed February 1 to hold summit talks this year in both of their respective nations, to cooperate on arms control matters and other issues, and to pursue a bilateral relationship based on friendship and partnership.

The two leaders signed an historic declaration stating that Russia and the United States "do not regard each other as potential adversaries." It charts a future course for bilateral relations to be characterized by "friendship and partnership, founded on mutual trust and respect and a common commitment to democracy and economic freedom."

At a news conference following their first summit meeting since the breakup of the Soviet Union, Bush and Yeltsin discussed prospects for a strengthened U.S.-Russian relationship.

Bush called their talks at the presidential retreat at Camp David "another confirmation of the end of the Cold War and the dawn of a new era." He said he and Yeltsin had not reached any specific decisions on arms control matters, but he said Yeltsin's proposal for a global anti-missile defense system and other issues would be discussed in more detail when Secretary of State Baker goes to Moscow within the next two weeks for talks with Russian leaders.

Russia and the United States are "charting a new relationship, and it's based on trust; it's based on a commitment to economic and political freedom; it's based on a strong hope for a true partnership," Bush said, adding that "we agreed here that we're going to pull closer together economically and politically."

He said Yeltsin had agreed to come to the United States during the first half of this year, at a date to be determined, and that he would travel to Russia "later in the year."

Following their three and one-half hour meeting, Bush said they had agreed "to cooperate in the safe handling of nuclear weapons, arms reductions and a wide array of other subjects."

Yeltsin said the Camp David talks had been "exceptionally positive, necessary and historic" and had covered a wide range of issues, including reduction of strategic and tactical arsenals, non-proliferation of nuclear weapons, the military situation in the Commonwealth of Independent States (CIS), and economic reform in Russia.

"From now on," Yeltsin said, "we do not consider ourselves to be potential enemies, as it had been previously in our military doctrine. This is the historic value of this meeting." In the future bilateral relationship, Yeltsin said, there will be "full frankness, full openness, full honesty."

Asked about agreement on arms control matters, Bush said, "We agreed that all these subjects would be discussed in more detail when Secretary Baker goes back to Moscow; I think he'll be there within the next two weeks. We didn't go into any agreements on categories or numbers,

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but we decided that we would let the experts talk about this in much more detail. But we saluted his (Yeltsin's) very broad proposals."

Bush said he agreed with Yeltsin's objectives to turn former enemies "not only into friends but allies....We both realize that there is some negotiation that has to take place in terms of the specifics" related to arms control issues.

Unilateral arms control proposals made by both leaders in recent days envision cuts of more than half the long-range nuclear weapons on both sides.

In his January 28 State of the Union address, Bush announced unprecedented reductions in strategic nuclear weapons and said he had told Yeltsin that if Moscow eliminated multiple warheads on land-based intercontinental ballistic missiles, Washington would be willing eliminate the U.S. force of 50 MX ICBMs, reduce from three to one the number of warheads on Minuteman ICBMs, and reduce the number of nuclear warheads to be deployed on submarines by about a third.

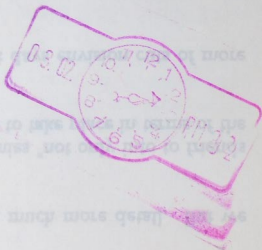
Bush also announced that the United States would halt the B-2 "Stealth" bomber program after the production of 20 aircraft and cancel the Midgetman missile. Purchases of advanced cruise missiles would be stopped and the production of new warheads for sea-based ballistic missiles would be halted, he said.

Yeltsin on January 29 also called for sweeping cuts in nuclear arsenals and announced that he had halted production of several long-range nuclear weapons systems. He proposed that Moscow could join Washington in creating and jointly operating a global defense system against nuclear attack in place of the Strategic Defense Initiative.

Asked at Camp David why not call for a total elimination of nuclear weapons, Yeltsin said there are still adventurers, terrorists and irresponsible politicians in some countries of the world and a "certain arsenal of nuclear weapons" is needed to restrain them.

Asked about Yeltsin's proposal for a global defense shield, Bush said the matter had been discussed during their lunch with Defense Secretary Cheney. While no decision had been reached, he said, it was worth discussing in "much more detail."

Asked if he believed Russia is receiving sufficient aid from the United States, Yeltsin said he did not come here to ask for help but rather to seek cooperation.



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PRESIDENT BUSH'S ASIAN TOUR

SUMMARY

1. PRESIDENT BUSH PRESENTS HIS VISIT TO ASIA AS A SUCCESS BUT PRESS AND PUBLIC DISMISSIVE.

DETAIL

2. PRESIDENT BUSH'S LONG PLANNED TRIP TO ASIA, WITH THE VISIT TO JAPAN AS ITS FOCAL POINT, WAS JINXED FROM THE START. IT FIRST HAD TO BE POSTPONED BECAUSE OF THE GULF WAR. IN DECEMBER BUSH CANCELLED THE RE-SCHEDULED VISIT AT THE LAST MINUTE IN A PANICKY REACTION TO THE DEMOCRATIC VICTORY IN PENNSYLVANIA AND CRITICISM THAT HE WAS DEVOTING TOO MUCH ATTENTION TO FOREIGN POLICY AND NOT ENOUGH TO DOMESTIC AFFAIRS. WHEN THE VISIT EVENTUALLY TOOK PLACE IT LACKED THE NATURAL FOCUS THAT WOULD HAVE BEEN PROVIDED BY THE PEARL HARBOUR ANNIVERSARY AND THE ADVENT OF A NEW JAPANESE PRIME MINISTER. THE PRESIDENT MADE MATTERS WORSE, IN MISTAKEN PURSUIT OF SHORT TERM DOMESTIC ECONOMIC AND POLITICAL ADVANTAGE, BY PRESENTING IT AS A TOUR ABOUT QUOTE JOBS, AND JOBS AND JOBS. UNQUOTE.

3. THE IMMEDIATE RESULT HAS BEEN A PUBLIC RELATIONS DEBACLE, DESPITE WHITE HOUSE ATTEMPTS TO PRESENT THE VISIT TO JAPAN AS HIGHLY PRODUCTIVE, WITH USEFUL COMMERCIAL BENEFITS FLOWING FROM IT. THE BUSINESSMEN WHO ACCOMPANIED THE PRESIDENT, PERHAPS PARTLY IN IRRITATION AT THE FREQUENT PORTRAYAL OF THEM IN THE US MEDIA AS VASTLY OVERPAID AS WELL AS INCOMPETENT, HAVE ALMOST TO A MAN INDICATED THAT JAPANESE UNDERTAKINGS FALL WELL SHORT OF WHAT WILL MAKE ANY REAL DIFFERENCE TO THE IMBALANCE. COVERAGE IN THE US PRESS, ON THE RADIO AND ON TV HAS BEEN EXTENSIVE, AND CRITICAL. COLUMNIST GEORGE WILL REFERRED TO QUOTE GEORGE BUSH AND HIS EQUALLY WHINEY ENTOURAGE REPRESENTING AMERICA AS THE CRY-BABY OF THE WESTERN WORLD UNQUOTE. JIM HOAGLAND IN AN OP-ED PIECE HEADED QUOTE

THE TRIP FROM HELL UNQUOTE SAID BUSH'S TEN DAY JAUNT HAD BECOME A SYMBOL OF EVERYTHING THAT HAS GONE WRONG IN A STUMBLING PRESIDENCY OVER THE PAST THREE MONTHS.

4. THE PRESIDENT'S COLLAPSE AT DINNER IN TOKYO, HOWEVER UNFAIRLY, MADE MATTERS WORSE. ONE, NOT UNTYPICAL COMMENT WAS, ALMOST A METAPHOR FOR A SICK, WOBBLY AMERICAN ECONOMY. THE WASHINGTON POST EDITORIAL OF 10 JANUARY SAID THAT BUSH IS USUALLY AT HIS BEST IN AN INTERNATIONAL SETTING. BUT QUOTE THE ASIA TRIP, BY THE STANDARDS THE PRESIDENT HIMSELF ALLOWED TO BE SET FOR IT, WAS A FLOP UNQUOTE.

5. THE VISIT WILL NOT HELP THE PRESIDENT IN THE FIRST EVENT OF THE 1992 CAMPAIGN, THE NEW HAMPSHIRE PRIMARY ON 18 FEBRUARY. BUSH WILL VISIT THE STATE NEXT WEEK. THE SEVERE EFFECT OF THE RECESSION THERE MAKES JAPAN BASHING POPULAR. ON THE OTHER HAND, THE PERFORMANCE OF US INDUSTRY HAS BEEN CRITICISED AT LEAST AS MUCH AS THE PRESUMED LACK OF GENEROSITY OF THE JAPANESE, AND PERHAPS EVEN MORE SO.

6. THE ADMINISTRATION WILL SEEK TO REPAIR THE DAMAGE ON THE PRESIDENT'S RETURN, AND WILL NO DOUBT STRESS THE POSITIVE IN THEIR ACCOUNTS TO US AS WELL AS IN BACKGROUND BRIEFING FOR THE MEDIA. BUT PRESIDENTIAL AIDES WHO HAVE REMAINED BEHIND HAVE NOT ATTEMPTED TO DISGUISE THEIR DISMAY AT THE WAY MATTERS WENT, OR TO PRETEND OTHERWISE THAN THAT A CHANCE TO EMPHASIZE THE ESSENTIAL IMPORTANCE OF JAPANESE-AMERICAN PARTNERSHIP HAS BEEN MISSED. BAKER HAS STEERED CLEAR OF THE EVENT. EVEN ON THE NARROW FRONT THE PRESIDENT SELECTED, UNKIND CRITICS HAVE POINTED OUT THAT THE ADMINISTRATION WILL FIND IT DIFFICULT TO SQUARE THE AUTO DEAL WITH BUSH'S COMMITMENT TO FREE TRADE. PART OF THE TROUBLE MAY HAVE BEEN THAT NO ONE IN THE PRESIDENT'S CLOSE CIRCLE HAS ANY REAL EXPERIENCE OF JAPAN, OR FEEL FOR IT. BUT DESPITE EVERYTHING, MUCH OF THE COMMENT WILL PROVE TO BE EPHEMERAL UNLESS THE ADMINISTRATION CHOOSES TO COMPOUND ITS ERRORS OR THE JAPANESE DRAW TOO MANY WRONG CONCLUSIONS. IF SO THE TRIP MAY WELL BE SEEN IN RETROSPECT AS ONE MORE OPPORTUNITY MISSED, ONE MORE IRRITANT IN A SOMETIMES TROUBLED BUT NONETHELESS MUTUALLY ESSENTIAL RELATIONSHIP, RATHER THAN AS AN EVENT WHICH CHANGED MUCH EITHER WAY.

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VISIT OF PRESIDENT BUSH TO AUSTRALIA

SUMMARY

1. FIRST VISIT BY A US PRESIDENT TO AUSTRALIA FOR 25 YEARS. INTENDED AS A GOODWILL VISIT BUT DOMINATED IN PUBLIC AT LEAST BY AGRICULTURAL ISSUES AND THE EFFECTS FOR AUSTRALIA OF THE EXPORT ENHANCEMENT PROGRAMME (EEP). PRESIDENT BUSH ACKNOWLEDGES THE STRENGTH OF FEELING IN AUSTRALIA ON THIS ISSUE BUT LITTLE SIGN OF ANY CONCESSIONS ON EEP. PRESIDENT BUSH AFFIRMS US INTENTION TO REMAIN ENGAGED IN THE ASIA-PACIFIC REGION.

DETAIL

2. PRESIDENT BUSH, ACCOMPANIED BY MRS BUSH AND HIS NATIONAL SECURITY ADVISER, VISITED AUSTRALIA FROM 31 DECEMBER TO 3 JANUARY ON THE FIRST LEG OF HIS ASIA-PACIFIC TOUR. THE VISIT, ORIGINALLY SCHEDULED FOR EARLY DECEMBER BUT POSTPONED FOR DOMESTIC POLITICAL REASONS, WAS INTENDED TO BE ESSENTIALLY A GOODWILL VISIT TO REAFFIRM THE STRONG TIES THAT BIND AUSTRALIA AND THE US AND TO REPAY MR HAWKE FOR HIS STEADFAST SUPPORT OF THE ALLIANCE RELATIONSHIP.

BECAUSE OF THE POSTPONEMENT PRESIDENT BUSH WAS RECEIVED BY THE NEW PRIME MINISTER, MR KEATING, RATHER THAN HIS OLD FRIEND MR HAWKE.

3. IN SYDNEY ON 31 AND 1 JANUARY THE PRESIDENT HAD INITIAL DISCUSSIONS WITH MR KEATING, DEDICATED THE AMERICAN GALLERY AT THE AUSTRALIAN MARITIME MUSEUM (A BICENTENNIAL GIFT TO AUSTRALIA) AND ANNOUNCED THE OPENING OF THE AUSTRALIAN CENTRE FOR AMERICAN STUDIES. IN CANBERRA ON 2 JANUARY PRESIDENT BUSH HAD A SEPARATE MEETING WITH MR KEATING FOLLOWED BY A MEETING WITH THE AUSTRALIAN CABINET. HE HELD TALKS WITH OPPOSITION LEADERS AND MET AUSTRALIAN FARMERS' REPRESENTATIVES.

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UKREP BRUSSELS TELNO 3517 TO FCO: YUGOSLAVIA

SUMMARY

1. SCOWCROFT AND EAGLEBURGER REACT STRONGLY TO THE EC DECISION, BUT WILL AVOID PUBLIC CRITICISM.

DETAIL

2. SCOWCROFT AND EAGLEBURGER SPOKE TO ME RATHER BITTERLY ABOUT THE EC DECISION TO RECOGNISE THE YUGOSLAV REPUBLICS. THEY SAID THAT THEY FOUND IT EXTRAORDINARY THAT THIS DECISION HAD BEEN TAKEN DESPITE THE CLEARLY EXPRESSED VIEWS OF THE U.S., THE UN SECRETARY-GENERAL, VANCE AND CARRINGTON. THE EC HAD TAKEN IT WITHOUT HAVING ANY IDEA WHAT TO DO IF THE FIGHTING THEN INTENSIFIED AND SPREAD TO BOSNIA. AS A FIRST MANIFESTATION OF EC FOREIGN POLICY-MAKING POST-MAASTRICHT, IT WAS VERY DISTURBING TO THEM. THE GERMANS SEEMED TO HAVE ACQUIRED A DOMINANT ROLE (A THEME EMPHASIZED ALSO IN THE U.S. PRESS).

3. I SAID THAT, AS THEY WERE WELL AWARE, IT WAS LARGELY AT YOUR INSISTENCE THAT RECOGNITION HAD BEEN DELAYED FOR A MONTH AND VARIOUS CONDITIONS IMPOSED. THAT WAS INTENDED TO GIVE TIME FOR VANCE TO MAKE A FURTHER EFFORT. WE HAD NOT BEEN HELPED BY THE FACT THAT THE FRENCH HAD COLLAPSED TOWARDS THE GERMAN POSITION. IT WAS DIFFICULT TO SEE WHAT A SPLIT IN THE EC ON THIS SUBJECT WOULD HAVE ACHIEVED. THERE ALSO WAS A DOMESTIC DIMENSION. IT WAS HARD, GIVEN THE CONDUCT OF THE JNA AND THE SERBS, FOR ANY GOVERNMENT IN EUROPE TO APPEAR TO BE PROTECTING THEM IN ANY WAY. WE UNDERSTOOD U.S. VIEWS, BUT HOPED THAT THEY WOULD AVOID PUBLIC CRITICISM (IN AN EFFORT TO MAKE THE BEST OF THINGS THE STATE DEPARTMENT YESTERDAY WELCOMED THE ONE MONTH DELAY).

COMMENT

4. SCOWCROFT AND EAGLEBURGER HAVE STRONG FEELINGS ABOUT YUGOSLAVIA, BECAUSE BOTH OF THEM HAVE SERVED THERE. THE PRESIDENT IS A GREAT DEAL MORE CONCERNED ABOUT THE GATT. THESE REACTIONS DO, HOWEVER, UNDERLINE THE NEED FOR US TO PROCEED VERY CAUTIOUSLY WITH OUR IDEAS FOR EUROPEAN DEFENCE STRUCTURES POST-MAASTRICHT, ABOUT WHICH I SHALL BE TELEGRAPHING SEPARATELY.

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EUROPEAN DEFENCE AND EUROPEAN UNION: U.S. VIEWS

1. AS WELL AS SPEAKING TO SCOWCROFT (MY TELNO 3164 - NOT TO ALL), I WENT THROUGH THE MAIN POINTS OF THE AGREEMENT REACHED AT MAASTRICHT WITH EAGLEBURGER, KANTER AND MARGARET TUTWILER (STATE DEPARTMENT), WOLFOWITZ (PENTAGON) AND THE NSC STAFF. ON DEFENCE, I EXPLAINED IN DETAIL WHAT HAD BEEN ACHIEVED IN THE ARTICLE D TEXT AND THE WEU DECLARATION. ALL RESPONDED POSITIVELY. THE WHITE HOUSE COMMENTED THAT THE OUTCOME APPEARED TO BE A CONSIDERABLE TRIUMPH FOR THE PRIME MINISTER AND THAT THEY WOULD BE SHOWING STRONG SUPPORT FOR THE AGREEMENT (THE PRESIDENT SUBSEQUENTLY ISSUED THE STATEMENT IN MY TELNO 3181.)

2. WOLFOWITZ AND THE PENTAGON ARE CONCERNED THAT THE FOLLOW-UP WORK IN THE WEU SHOULD BE UNDERTAKEN IN SUCH A WAY AS TO EMPHASIZE COMPATIBILITY WITH NATO STRUCTURES. I SAID THAT THIS WAS LIKELY TO BE DISCUSSED BY THE DEFENCE SECRETARY AND CHENEY IN THE MARGINS OF THE DPC MEETING. EAGLEBURGER SAID THAT THE AMERICANS ARE CONCERNED ABOUT THE AMBIVALENCE IN THE GERMAN POSITION ON EUROPEAN DEFENCE, REFLECTED IN THE TENDENCY TO SAY DIFFERENT THINGS IN WASHINGTON AND PARIS. AN APPARENT DRIFT TOWARDS FRENCH CONCEPTIONS OF THE WAY DEFENCE IN EUROPE SHOULD BE ORGANISED WOULD BE VERY DANGEROUS IN THE PRESENT STATE OF U.S. OPINION.

3. THE OTHER U.S. CONCERN IS WITH THE EFFECT ON THE TURKS OF THE DECISION TO ADMIT GREECE TO THE WEU. I EXPLAINED THAT THE PASSAGE INVITING NON-EC EUROPEAN ALLIES TO BECOME ASSOCIATE MEMBERS OF WEU WITH FULL PARTICIPATION WAS INCLUDED AT OUR INSISTENCE.

4. THE TREASURY SECRETARY, BRADY, COMMENTED TO ME THAT WE HAD GOT A GOOD OUTCOME FOR BRITAIN ON MONETARY UNION, ABOUT THE VIABILITY OF WHICH HE REMAINS SCEPTICAL.

5. WE ALSO HAVE SPOKEN TO KEY COLUMNISTS ON THE MAIN U.S. NEWSPAPERS. THOSE WITH A KNOWLEDGE OF EUROPEAN ISSUES HAVE REACTED POSITIVELY TO WHAT WAS ACHIEVED, WITH APPROVING EDITORIALS IN THE

WASHINGTON POST AND NEW YORK TIMES. THE LEAD FOR THE WASHINGTON POST STORY ON MAASTRICHT WAS: QUOTE STALEMATE AVOIDED BY GRANTING BRITAIN KEY CONCESSIONS UNQUOTE.

6. FOR ALL THE KEY FIGURES IN THE ADMINISTRATION, THE MAIN PRE-OCCUPATION NOW IS WITH THE SUCCESS OR FAILURE OF THE URUGUAY ROUND.

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US/FAR EAST RELATIONS: VISITS TO THE REGION

SUMMARY

1. IMPORTANT US VISITS TO THE REGION IN NOVEMBER PROVIDE AN OPPORTUNITY FOR THE ADMINISTRATION TO HIGHLIGHT ITS POST-COLD WAR APPROACH TO THE FAR EAST. EMPHASIS WILL BE ON TRADE, REGIONAL SECURITY AND, WITH JAPAN, GLOBAL PARTNERSHIP. NO SURPRISES, BUT THE PACKAGING WILL BE IMPORTANT TO REASSURE FAR EASTERN GOVERNMENTS OF AMERICANS CONTINUED INTEREST, AND TO DEFLECT DOMESTIC CRITICISM.

DETAIL

2. MUCH OF THE ADMINISTRATION'S ATTENTION IN NOVEMBER WILL BE FOCUSED ON THE FAR EAST. SECRETARY BAKER WILL VISIT TOKYO AND ATTEND THE APEC MEETING IN SEOUL (12-14 NOVEMBER). PRESIDENT BUSH WILL VISIT JAPAN, SOUTH KOREA, SINGAPORE AND AUSTRALIA AT THE END OF THE MONTH, BEFORE GOING TO PEARL HARBOUR FOR THE ANNIVERSARY CELEBRATIONS ON 7 DECEMBER. BETWEEN BAKER AND THE PRESIDENT, SECRETARY CHENEY WILL VISIT TOKYO FOR REGULAR SECURITY CONSULTATIONS. THE PRESIDENT IS ALSO EXPECTED TO GIVE A MAJOR SPEECH ON ASIAN ISSUES TO THE ASIA SOCIETY IN NEW YORK, AND BAKER WILL PUBLISH AN ARTICLE ON ASIA IN THE NOVEMBER ISSUE OF FOREIGN AFFAIRS QUARTERLY.

3. THE FOCUS OF THE VISITS AND SPEECHES WILL BE ON WHAT OFFICIALS ARE CALLING THE QUOTE NEW ARCHITECTURE UNQUOTE OF US/FAR EAST RELATIONS. BAKER IS ANXIOUS TO ESTABLISH THE SAME SORT OF FRAMEWORK FOR POST-COLD WAR RELATIONS WITH ASIA, AS HE DID FOR EASTERN EUROPE IN HIS 1989 BERLIN SPEECH. IN DEVELOPING THEIR NEW APPROACH, THE ADMINISTRATION HAS IN MIND TWO OBJECTIVES: FIRST, TO REASSURE ASIAN GOVERNMENTS, WHO FEEL NEGLECTED BY AN ADMINISTRATION WHICH HAS DEVOTED SO MUCH OF ITS RECENT ENERGY TO EUROPE AND THE MIDDLE EAST. SECOND - AND EQUALLY IMPORTANT - THE ADMINISTRATION NEEDS TO CONVINCE ITS DOMESTIC AUDIENCE THAT AMERICAN RELATIONS

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Thank you - All include the Bush message in the Bush letter for...

WITH THE REGION - BOTH MILITARY AND ECONOMIC - ARE IN US INTERESTS.

4. THE NEW ARCHITECTURE'S MAIN THEMES WILL BE TRADE AND SECURITY. THE ADMINISTRATION ARE ANXIOUS TO EMPHASISE THE IMPORTANCE TO AMERICA'S PROSPERITY OF ITS ECONOMIC TIES TO THE REGION (US/PACIFIC TRADE IS CURRENTLY ONE THIRD LARGER THAN TRANS-ATLANTIC TRADE). THEY WILL STRESS THEIR SUPPORT FOR APEC AS A USEFUL FORUM FOR CONTINUED ECONOMIC COOPERATION, AND WHICH THEY HOPE WILL SUBSUME MAHATHIR'S UNWELCOME PROPOSAL FOR AN EXCLUSIVE EAST ASIAN ECONOMIC GROUP.
5. THE OTHER MAIN THEME WILL BE THE NEW RATIONALE FOR THE CONTINUED AMERICAN SECURITY PRESENCE IN THE REGION. THE ADMINISTRATION WILL EMPHASISE THAT, WITH THE COLLAPSE OF THE SOVIET THREAT, THE AMERICANS' PRIMARY ROLE IN THE REGION IS TO SAFEGUARD REGIONAL STABILITY - A PRECONDITION FOR REGIONAL PROSPERITY. THEY WILL POINT OUT THAT THERE ARE STILL UNCERTAINTIES: UNRESOLVED TERRITORIAL DISPUTES (EG THE SPRATLEY ISLANDS), HISTORICAL SUSPICIONS AMONG ASIAN STATES, THE UNCERTAIN FATE OF THE SOVIET UNION, AND OF COMMUNIST REGIMES IN THE REGION. THERE ARE ALSO IMPORTANT TRANS-NATIONAL PROBLEMS, SUCH AS WEAPONS PROLIFERATION, NARCOTICS, TRAFFICKING AND THE ENVIRONMENT. AN IMMEDIATE PREOCCUPATION IS KOREA, WHERE THE ADMINISTRATION IS WORKING ON HOW TO GENERATE MORE DIPLOMATIC PRESSURE TO EXPOSE NORTH KOREA'S NUCLEAR ACTIVITIES, AND TO HELP PROMOTE A SETTLEMENT.
6. THE ADMINISTRATION WILL HIGHLIGHT THE FACT THAT (WITH THE EXCEPTION OF THE PHILIPPINES) ASIAN COUNTRIES WELCOME THE CURRENT ARRANGEMENTS FOR US MILITARY INVOLVEMENT. THE ROLE PLAYED BY JAPAN (AND TO A LESSER EXTENT SOUTH KOREA) IN MEETING THE COSTS OF FORWARD DEPLOYED US TROOPS HAS BEEN VERY IMPORTANT IN HELPING THE ADMINISTRATION STAVE OFF CONGRESSIONAL CRITICISM. THEY ARE CONFIDENT THAT THEY WILL BE ABLE TO KEEP TO THEIR 1990 EAST ASIA STRATEGY INITIATIVE (EASI) PROPOSALS FOR LIMITED AND PHASED WITHDRAWALS OVER THE NEXT 3-5 YEARS. (EASI OUTLINED DETAILED REDUCTIONS FOR THE NEXT 3 YEARS, WITH FURTHER REDUCTIONS THEREAFTER, WHICH WOULD NOT, HOWEVER, AFFECT THE OVERALL AMERICAN SECURITY ROLE IN THE REGION.) BUT, IN DUE COURSE, THE ADMINISTRATION ANTICIPATE DOMESTIC - IF NOT FOREIGN - PRESSURE TO ACCELERATE WITHDRAWALS. THEY ARE THEREFORE BEGINNING TO EXPLORE NEW ARRANGEMENTS WHICH ARE LIKELY TO FOCUS ON WIDER ACCESS FOR TROOPS IN THE REGION RATHER THAN PERMANENT BASES (CF SINGAPORE WHERE AN AGREEMENT WAS SIGNED EARLIER THIS YEAR, AND MALAYSIA, WHERE PRELIMINARY CONTACTS HAVE JUST STARTED).

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7. THE KEYSTONE OF US INVOLVEMENT WITH THE REGION IS THE US/JAPAN RELATIONSHIP. THE BAKER AND BUSH VISITS WILL TAKE PLACE AGAINST THE PROSPECT OF A GROWING US/JAPAN TRADE IMBALANCE THIS YEAR, AND CONTINUED, ALTHOUGH NOT AT PRESENT PUBLICLY DEMONSTRATED, POPULAR AMERICAN RESENTMENT OF JAPAN. THE PRESIDENT WILL BE ANXIOUS TO HIGHLIGHT THE BENEFITS OF THE RELATIONSHIP TO AMERICA, AND THE NEED TO CONTINUE TO WORK TOGETHER. THIS WILL BE ENSHRINED IN A US/JAPAN CHARTER TO BE SIGNED DURING THE VISIT. THE CHARTER WILL REAFFIRM BOTH COUNTRIES' COMMITMENT TO FREE TRADE, AND TO CONTINUED SECURITY COOPERATION. IT WILL ALSO BOOST THE CONCEPT OF GLOBAL PARTNERSHIP, WHICH WAS BADLY BRUISED FOLLOWING JAPAN'S SLOW RESPONSE TO THE KUWAIT CRISIS. THE AMERICANS WILL EMPHASISE THAT JAPANESE MONEY HAS HELPED FURTHER AMERICAN INTERESTS (IN THE GULF, PHILIPPINES, AND SOUTH AMERICA). BOTH SIDES WILL EXPRESS THEIR WISH FOR CLOSER COOPERATION ON ASIAN ISSUES AND TRANS-NATIONAL ISSUES. IN PRIVATE, OFFICIALS WILL PRESS THE JAPANESE TO REINVIGORATE THE SII INITIATIVE AND WILL PRESS THE JAPANESE ON OUTSTANDING URUGUAY ROUND ISSUES - PARTICULARLY RICE TARIFFICATION.

8. US/CHINA RELATIONS REMAIN A MAJOR HEADACHE FOR THE ADMINISTRATION. OFFICIALS HAVE LONG BEEN DISAPPOINTED WITH CHINA'S INADEQUATE RESPONSE TO AMERICAN OVERTURES. BUT THE PRESIDENT IS DETERMINED - IN AN ELECTION YEAR - THAT HIS POLICY OF MAINTAINING MFN FOR CHINA WILL NOT BE OVERTURNED BY THE SENATE. THE KEY TO THIS IS TO SATISFY THE SENATE THAT HE IS PREPARED TO GET TOUGH WITH THE CHINESE ON A RANGE OF SPECIFIC ISSUES, SUCH AS TRADE POLICY, FORCED LABOUR, AND PROLIFERATION.

9. THE CHINESE ARE, HOWEVER, ANXIOUS TO GET BAKER TO VISIT PEKING WHILE HE IS IN THE REGION. BAKER HAS MADE CLEAR THAT THERE MUST BE PROGRESS ON NON-PROLIFERATION, AND ON HUMAN RIGHTS BEFORE HE WOULD ACCEPT AN INVITATION. THE ADMINISTRATION HOPES THAT THE CHINESE WILL MEET THE FIRST BY AFFIRMING SUPPORT FOR MTCR GUIDELINES. BUT THEY ARE SCEPTICAL OF ANY REAL PROGRESS ON HUMAN RIGHTS, ALTHOUGH THE CHINESE MIGHT PERHAPS AGREE TO ICRC INSPECTION OF THEIR PRISONS. BAKER IS UNLIKELY TO TAKE A DECISION UNTIL THE LAST MINUTE, AND MUCH WILL DEPEND ON THE CONGRESSIONAL MOOD. CONGRESS SEEMS DETERMINED TO KEEP UP THE HEAT ON CHINA POLICY, MOST RECENTLY BY PROBING ALLEGATIONS THAT CHINA HAS SUPPLIED IRAN WITH NUCLEAR-RELATED TECHNOLOGY.

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US/YUGOSLAVIA

SUMMARY

1. NSC CONSCIOUS THAT THE ADMINISTRATION MAY HAVE BEEN TOO QUIET ON YUGOSLAVIA RECENTLY. THEY WOULD BE PREPARED TO TAKE A MORE POSITIVE PUBLIC STANCE IN SUPPORT OF EC EFFORTS IF THE PRIME MINISTER OR OTHER SENIOR EUROPEAN LEADERS THOUGHT IT USEFUL. CONCERN THAT THEIR STANCE SHOULD NOT BE MISINTERPRETED AS IMPLYING THAT EUROPEAN ISSUES WERE SOLELY OF CONCERN TO EUROPEANS.

DETAIL

2. THE MINISTER CALLED ON HUTCHINGS (DIRECTOR FOR EASTERN EUROPE, NSC) ON 1 NOVEMBER TO DISCUSS US VIEWS ON YUGOSLAVIA. WOOD SAID THAT ONE FIRM IMPRESSION OF US THINKING THAT LORD CARRINGTON HAD TAKEN AWAY FROM HIS RECENT MEETING WITH EAGLEBURGER WAS THAT THE US WOULD ONLY IMPOSE SANCTIONS AGAINST YUGOSLAVIA AS A WHOLE AND NOT SELECTIVELY AGAINST INDIVIDUAL REPUBLICS. HUTCHINGS SAID THAT THIS WAS STILL TRUE, BUT SOMEWHAT AT ODDS WITH THE STRONG US TILT AGAINST SERBIA IN THE ADMINISTRATION'S PUBLIC PRONOUNCEMENTS. THE ONLY FIXED US POSITION WAS THEIR CONTINUING SUPPORT FOR THE EC. HE THOUGHT THAT THE US WOULD ULTIMATELY FOLLOW THE EC LINE ON SANCTIONS. IT WAS IMPORTANT IN THIS CONTEXT TO MAINTAIN A CLOSE US/EC DIALOGUE, TO ENSURE THAT THERE WERE NO CROSSED WIRES.

3. HUTCHINGS SAID HE THOUGHT THAT THE US HAD BEEN TOO QUIET RECENTLY ON YUGOSLAVIA. THE PRESIDENT WAS NOW GETTING CONSIDERABLE CRITICISM FROM REPUBLICANS IN CONGRESS FOR HIS FAILURE TO SPEAK OUT AGAINST SERBIAN AGGRESSION. THE US MIGHT NOW IN PRINCIPLE BE PREPARED TO TAKE A MORE ACTIVE STANCE IN SUPPORT OF THE EC. IF THE PRIME MINISTER OR OTHER EUROPEAN LEADERS LIKE CHANCELLOR KOHL THOUGHT THAT A STATEMENT OF SUPPORT BY THE PRESIDENT WOULD BE HELPFUL TO CONTINUING EC EFFORTS, THE PRESIDENT WOULD MAKE SUCH A

STATEMENT. HUTCHINGS EMPHASISED, HOWEVER, THAT THIS DID NOT/NOT MEAN THAT THE US WOULD BE PREPARED TO TAKE THE LEAD ON YUGOSLAVIA. THIS REMAINED AN EC RESPONSIBILITY.

4. HUTCHINGS SAID THE US HOPED THAT RECOGNITION WAS STILL SOME WAY DOWN THE ROAD. WASHINGTON WOULD PREFER INCREASING THE PRESSURE ON MILOSEVIC BEFORE MOVING TO RECOGNITION OF INDIVIDUAL REPUBLICS. THERE WAS EVIDENCE THAT MILOSEVIC WAS BEGINNING TO FEEL THE PRESSURE. HUTCHINGS AGREED THAT A PEACE KEEPING FORCE COULD NOT BE TAKEN SERIOUSLY IN CURRENT CIRCUMSTANCES. EVEN IF THE SITUATION EVOLVED FAVOURABLY, A PEACE KEEPING FORCE WOULD REQUIRE VERY PRECISE RULES OF ENGAGEMENT ON THE GROUND AND A VERY CLEARLY DEFINED POLITICAL MISSION. IF, HOWEVER, IT WAS EVER CONSIDERED FEASIBLE TO INSERT SUCH A FORCE IN SUPPORT OF A POLITICAL SETTLEMENT, THE ADMINISTRATION WOULD WELCOME DISCUSSING WHAT CONTRIBUTION THE US MIGHT MAKE. AGAIN, THEY WOULD WANT TO BE HELPFUL.

5. HUTCHINGS REPEATED A POINT MADE IN A NUMBER OF OTHER RECENT CONVERSATIONS WITH THE NSC, AND WITH STATE, THAT THE AMERICANS WOULD NOT WANT THEIR RELATIVELY PASSIVE ATTITUDE TOWARDS YUGOSLAVIA TO BE MISINTERPRETED. HE REFERRED TO A RECENT STATEMENT BY THE SECRETARY-GENERAL OF THE WEU WHICH APPEARED TO CLAIM THAT EUROPEAN PROBLEMS WOULD BE DEALT WITH BY THE EUROPEANS, AND THAT THE US WOULD TAKE A BACK SEAT. YUGOSLAVIA, HE SAID, WAS ONE SITUATION - AND EVEN THERE IT COULD BE THAT THE AMERICANS WOULD HAVE IN DUE COURSE TO PLAY A MORE ACTIVE ROLE. IN OTHER POSSIBLE ORISES, WE MIGHT WANT TO USE CSCE MECHANISMS OR THE US MIGHT HAVE TO BE DIRECTLY INVOLVED FROM THE OUTSET. WOOD SAID HE WOULD REPORT THESE REMARKS, BUT THAT THERE SHOULD BE NO MISUNDERSTANDING IN WASHINGTON OF THE BRITISH POSITION. WE WOULD CONTINUE TO REGARD NATO AS AN ESSENTIAL FORUM FOR CONSULTATION AND IF NEED BE DECISION AS TO WHO DID WHAT WHEN IN EUROPEAN SITUATIONS WHICH MIGHT AFFECT THE INTERESTS ON NON-WEU MEMBERS OF THE ALLIANCE.

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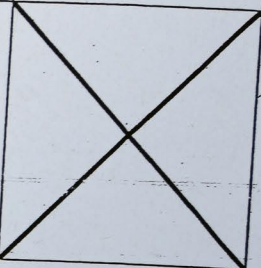
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TRINIDAD TERMS: US POSITION

SUMMARY

1. U.S. TREASURY TRYING TO MAKE PROGRESS ON TRINIDAD TERMS. BUT STILL FACING DIFFICULTIES WITHIN THE ADMINISTRATION AND IN CONGRESS.

DETAIL

2. WHEN I SAW MULFORD (TREASURY) THIS MORNING, I EMPHASISED THE IMPORTANCE WE ATTACHED TO THE U.S. GETTING ITSELF IN A POSITION TO ENDORSE THE TRINIDAD TERMS FOR DEBT RELIEF FOR THE MOST IMPOVERISHED COUNTRIES. MULFORD SAID THAT THEY WERE TRYING HARD TO DO THIS. TO INCREASE THE CHANCES OF GETTING THIS THROUGH CONGRESS, THE TREASURY HAD SOUGHT TO MAKE A MODERATE CALCULATION AS TO THE AMOUNT OF DEBT THAT WOULD HAVE, IN EFFECT, TO BE WRITTEN OFF. THIS WOULD HAVE TO BE REFLECTED IN THE BUDGET. THE TREASURY ESTIMATE WAS REGARDED BY THE OFFICE FOR MANAGEMENT AND THE BUDGET AS INDEFENSIBLY LOW, PARTICULARLY AS THE CALCULATIONS WOULD BE REVIEWED BY THE CONGRESSIONAL BUDGET OFFICE. BUT IF VERY HIGH FIGURES WERE PUT BEFORE CONGRESS, IT WOULD BE EXTREMELY DIFFICULT TO GET LEGISLATIVE APPROVAL. THE PRESIDENT HIMSELF WOULD PROBABLY HAVE TO DECIDE THE ADMINISTRATION'S POSITION. IT WAS VERY HELPFUL THAT THE PRIME MINISTER HAD MENTIONED THE ISSUE TO HIM. MULFORD HOPED THAT I WOULD ALSO SPEAK TO DARMAN (HEAD OF OMB), WHICH I SHALL DO.

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MR. WALL

cc Sir Robin Butler
Mr Appleyard
Sir Patrick Wright

MEETING WITH KIMMITT

1 Bob Kimmitt called to see me this afternoon on his way to the meeting of Political Directors/Sherpas.

China

2 On his visit to Peking last month, he had had a very tough meeting in which he had stressed trade, human rights and proliferation issues. On MFN, the Chinese had affected nonchalance, which only revealed their intense interest. On human rights, he expected a long slog. On proliferation, he was optimistic. China might be ready to join the angels. The President had recently had a message from Yang Shangkun indicating Chinese readiness to join Permanent Five discussions on limiting arms sales. Once inside a suitable framework they might prove cooperative. The difficulty with MTCR had been that it was set up with them on the outside. He also thought the Chinese would come to realise that the money to be made from arms exports was small compared with actual/potential earnings in the non-military sector. Admittedly, the difficulty was that the Chinese dealt with these matters in a compartmentalised way; the Ministry of Defence in Peking looked only at its own earnings. But Solomons would be returning to the charge on a visit at the end of next week and would try to talk with the Chinese Defence Ministry as well as the Foreign Ministry and obtain assurances valid across the board.

Hong Kong

3 He had received a valuable briefing from David Wilson and in the light of that had gently indicated to the Chinese US interest in the airport issue.

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Vietnamese Boat People

4 I thanked him for the help the Administration had given us in the recent discussions in Washington. There was still a very long way to go but we recognised that a critical step had been taken. We assumed that if Vietnam asked us about the American attitude, we would refer them to the Americans who would confirm our understanding. He said this was the case. He expected the Vietnamese to go to the Americans soon in any case; there were plenty of contacts these days. The Administration would not try to set out with the Vietnamese a series of detailed steps they would have to take; they would merely confirm the nihil obstat. Details would be for us to settle with the Vietnamese, keeping the Americans informed as we did so.

G7

5 I referred him to the message from the Prime Minister to the President and to the Prime Minister's message to G7 partners. Given the uncertainty of Soviet economic plans, Soviet constitutional changes and Gorbachev's own economic commitment, it seemed to us essential to take a very cautious line. I asked how US/Soviet summit dates were likely to relate to the G7 meeting. He said that much work needed to be done on START, first to settle divisions within the Administration. The President would also want a gap between a Moscow summit and G7. The third week in June was just possible for Moscow but late July was more likely. He was interested in our references in our message to "a different venue" for the meeting with Gorbachev. The Americans entirely agreed on the need for a fire-break, but how did this affect dates? The President had thought of going from London to Greece and Turkey. We agreed our two sides would be in touch on details.

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6 I pressed him on the US attitude to financial assistance for Gorbachev. He was firm. Meaningful reforms had to be begun and make progress first. There was in any case no money available at present. Congress would have to

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be satisfied also about the general political context (Soviet military spending, aid to Cuba and Afghanistan, the Baltic States). Several millions might be available for some technical assistance in accordance with the Houston summit and the US saw merit in the Soviet Union being brought into closer association with international financial institutions. But real financial assistance - no. The statements by senators about a few billions up-front were for the record only, to preserve the speakers' positions in future controversy.

Iraq

7 I referred to the problems we all faced in northern Iraq as we tried to disengage and to Colin Powell's reported remarks that the Americans would be out early in July. I believed a message might be on its way to us from Washington. He said that a message would be coming in the next few days. The Americans wanted to get out sooner rather than later and in any event, before the end of July. They did not see a Kurdish/Iraqi agreement as a pre-condition. They would like a phased, low-key withdrawal as contingents completed their tasks. They would also like to leave as much ambiguity in Saddam's mind as possible. It might be possible to leave some forces in Turkey, or on ships. But Saddam was likely to be cautious, avoiding military operations against the Kurds if possible and confining himself to action against individuals. In answer to my question, he said we would need to leave the impression, or indeed state, that Iraq remained under Security Council scrutiny. But it would probably not be wise to proclaim beforehand that, in the event of misbehaviour, we would seek a UK Security Council resolution. That might only antagonise the Russians and Chinese. In any event we probably had justification under existing resolutions (678, 687 and 688) for going back in if there was gross misbehaviour. He added that he saw a danger in the Kurds trying to provoke incidents with a view to locking us in.

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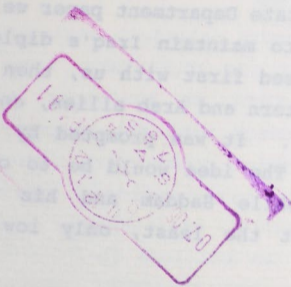
8 Finally, he mentioned a State Department paper we would be receiving soon on measures to maintain Iraq's diplomatic isolation. It would be discussed first with us, then tried out on "core countries", ie Western and Arab allies, and then if possible spread more widely. It was prompted by Ozal's plans to receive Tariq Aziz. The idea would be to confirm the pariah status of Iraq while Saddam and his regime survived and ensure no, or at the least, only low level diplomatic representation.

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PERCY CRADOCK

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US DEFENCE SECRETARY'S VISIT TO PARIS, 27 MAY

SUMMARY

1. US EMBASSY ACCOUNT OF CHENEY'S TALKS WITH MITTERRAND AND SENIOR FRENCH MINISTERS, WHICH FOCUSED ON EUROPEAN SECURITY, DEFENCE COOPERATION AND MIDDLE EAST/ARMS CONTROL. ALL FRENCH INTERLOCUTORS MAKE REASSURING NOISES (IN PRIVATE AND PUBLIC) ABOUT NOT UNDERMINING NATO, BUT NO DEVELOPMENTS ON SUBSTANCE. FRENCH WELCOME (WITH CAVEATS) US MIDDLE EAST ARMS INITIATIVE, AND AGREE THAT FIRST P5 MEETING TO BE HELD IN PARIS. ONLY PASSING REFERENCE TO CFE.

DETAIL

2. US SECRETARY OF DEFENCE CHENEY VISITED PARIS ON 27 MAY EN ROUTE TO THE DPC MINISTERIAL IN BRUSSELS, TEL AVIV AND CAIRO. HE HAD SEPARATE TALKS WITH MITTERRAND, CRESSON, JOXE AND DUMAS. I MET HIM FOR A BRIEF DRINK AND CHAT AT THE US EMBASSY. THEY HAVE GIVEN US THE FOLLOWING READOUT. THE THREE MAIN TOPICS WERE EUROPEAN SECURITY, MIDDLE EAST/ARMS CONTROL AND BILATERAL DEFENCE COOPERATION.

3. THE 45 MINUTE CALL ON MITTERRAND WAS VIRTUALLY A PRESIDENTIAL MONOLOGUE. CHENEY TOLD ME THAT MITTERRAND WAS STILL KEEN TO SECURE A REFERENCE IN THE POLITICAL UNION TREATY TO A COMMON DEFENCE POLICY, BUT RECOGNISED THAT THIS COULD ONLY BE IMPLEMENTED IN THE DISTANT FUTURE. MEANWHILE HE HAD BEEN AT PAINS TO EMPHASISE HIS DESIRE THAT US FORCES SHOULD STAY IN EUROPE AND THAT NOTHING SHOULD BE DONE TO UNDERMINE THE ALLIANCE.

4. THE US EMBASSY ADDED THAT MITTERRAND HAD DESCRIBED NATO AND CFSP AS 'TWO FACTS OF LIFE', WHICH SHOULD BE COMPLEMENTARY RATHER THAN

COMPETITIVE. FRANCE HAD NO OBJECTION TO NATO DEVELOPING A POLITICAL ROLE, BUT URGED THE US TO SPELL OUT MORE CLEARLY EXACTLY WHAT IT WANTED. THERE WAS NO QUESTION OF THE WEU OR POLITICAL UNION REPLACING NATO: THE FRENCH WERE SEEKING APPROPRIATE ROLES THAT WOULD BE COMPLEMENTARY TO NATO'S FUNCTIONS.

5. CHENEY RECEIVED THE SAME REASSURING MESSAGE FROM HIS OTHER INTERLOCUTORS, BUT THERE WAS LITTLE DISCUSSION OF SUBSTANCE (REFLECTING, IN THE EMBASSY'S WORDS, THAT CHENEY IS NOT THE WASHINGTON 'POINT MAN' ON THIS ISSUE). IN ANSWER TO OUR QUESTIONS, THE EMBASSY CONFIRMED THAT, IN LINE WITH US POLICY, CHENEY HAD NOT OBJECTED TO A TREATY REFERENCE TO A COMMON DEFENCE POLICY, NOR HAD HE AT ANY TIME RAISED FUTURE FRANCE/NATO RELATIONS.

6. IN THEIR PUBLIC COMMENTS, CRESSON, DUMAS, VEDRINE (ELYSEE) AND JOXE (IN A JOINT PRESS CONFERENCE WITH CHENEY), ALL STRESSED THAT THERE WAS NO US/FRENCH DISAGREEMENT. FOR HIS PART, CHENEY EXPRESSED HIMSELF REASSURED IN THE SENSE THAT THE US AND FRANCE HAD THE SAME GOALS AND OBJECTIVES, ALTHOUGH THERE WAS NOT AGREEMENT ON ALL POINTS: 'WE HAD A FRANK DISCUSSION'.

7. THE EMBASSY CONFIRM THAT CHENEY WAS INDEED SATISFIED BY THE WEIGHT AND CONSISTENCY OF FRENCH REASSURANCES. (BUT THE US EMBASSY MINISTER TOLD US IN CONFIDENCE THAT HE HAD WARNED AGAINST PUTTING TOO MUCH FAITH IN THEM. SIMILAR ASSURANCES IN THE PAST HAD NOT ALWAYS BEEN BORNE OUT BY SUBSEQUENT DEVELOPMENTS IN THE DETAIL OF THE FRENCH POSITION.)

MIDDLE EAST/ARMS CONTROL

8. IN THE COURSE OF HIS MONOLOGUE, MITTERRAND SAID (WITHOUT FURTHER ELABORATION) THAT HE SAW 4 CURRENT PROBLEMS IN THE MIDDLE EAST:

- SADDAM HUSSEIN'S CONTINUED PRESENCE
- RISK OF A FURTHER IRAQI ASSAULT ON THE KURDS ('SADDAM IS NOT A MAN OF HIS WORD')
- ARAB/ISRAEL STATUS QUO
- SYRIA'S TAKE-OVER OF LEBANON.

9. BOTH CRESSON AND JOXE WELCOMED THE PROPOSED US MIDDLE EAST ARMS CONTROL INITIATIVE, THOUGH CRESSON SAID THAT FRANCE FAVOURED A GLOBAL, RATHER THAN REGIONAL, APPROACH TO NON-PROLIFERATION, AND WAS WARY OF UNDUE EMPHASIS ON A UN SECURITY COUNCIL ROLE. (THE US EMBASSY, HOWEVER, HAS SECURED FRENCH AGREEMENT TO HOSTING THE FIRST P5 MEETING IN PARIS, AND THIS WILL BE INCLUDED IN THE US

ANNOUNCEMENT - NOW SCHEDULED FOR LATER THIS WEEK. THEY THOUGHT THAT BARTHOLOMEW WOULD LEAD THE US TEAM, AND THAT IT WOULD NOT BE HELD 'FOR AT LEAST A MONTH'.) JOXE URGED MORE REGULAR US/FRENCH CONSULTATION ON PROLIFERATION, AND SUGGESTED THAT LANXADE FOLLOW-UP THE US INITIATIVE WITH POWELL AND SCOWCROFT WHEN HE VISITED WASHINGTON IN JUNE. THERE WAS NO MENTION OF ANY SEPARATE FRENCH INITIATIVE ON ARMS SALES/PROLIFERATION.

DEFENCE COOPERATION

10. CRESSON SAID THAT SHE WAS KEEN TO IDENTIFY AREAS WHERE FRANCE AND THE US COULD COOPERATE ON DEFENCE EQUIPMENT. FRANCE COULD NOT AFFORD TO MAINTAIN AN ENTIRELY INDEPENDENT DEFENCE INDUSTRY (SHE HAS ALREADY HINTED AT CUTTING THE DEFENCE BUDGET). SURPRISINGLY, IT WAS CHENEY WHO CAUTIOUSLY POINTED TO THE DIFFICULTIES OF TAKING WORK AWAY FROM US DEFENCE INDUSTRY AT A TIME OF SHRINKING DEFENCE BUDGETS. BUT HE DID MENTION ONE POTENTIAL AREA OF INTEREST POST-GULF: 'FRIEND OR FOE' IDENTIFICATION TECHNOLOGY.

11. IN A MORE DETAILED EXCHANGE, JOXE ASSURED CHENEY THAT THE MOMENTUM GENERATED BY RENON'S (JUNIOR MINISTER FOR DEFENCE COOPERATION) RECENT VISIT TO WASHINGTON WOULD NOT BE LOST AFTER THE LATTER'S DEPARTURE FROM GOVERNMENT. AFTER REFERRING TO TWO RECENT SUCCESS STORIES (AWACS AND RITA), SILLARD (DELEGUE GENERAL D'ARMEMENT) RAISED TWO IMPEDIMENTS WHICH THE FRENCH HAD ENCOUNTERED IN THE US, THE FACT THAT CONGRESS SOMETIMES CUT FUNDING FOR PROGRAMMES AFTER THE ADMINISTRATION HAD AGREED OVERSEAS COLLABORATION ON THEM, AND THE RELATIVE RELUCTANCE OF THE THREE ARMED SERVICES TO CONSIDER OVERSEAS COOPERATION (BOTH JUSTIFIED COMPLAINTS, ACCORDING TO THE US EMBASSY).

12. ON NUCLEAR DETERRENCE, JOXE ARGUED THAT THE US AND FRANCE SHOULD BE ABLE TO RECONCILE THEIR DIFFERENT DOCTRINES (CHENEY WELCOMED THIS). BUT HE ADDED THAT THE FRENCH GOVERNMENT'S OVERRIDING CONCERN WAS TO PREVENT NUCLEAR DETERRENCE BECOMING A POLITICAL ISSUE IN FRANCE. THERE WAS APPARENTLY FURTHER DISCUSSION OF THE PRACTICAL/TECHNICAL ASPECTS OF NUCLEAR COOPERATION IN A SHORT TETE A TETE AND AT PRIVATE DINNER BETWEEN THE TWO DEFENCE MINISTERS, BUT THE EMBASSY WAS UNABLE TO GIVE US A READOUT.

13. CFE AND CONFEDERATION WERE RAISED ONLY BRIEFLY. ON CONFEDERATION, MITTERRAND EMPHASISED THAT THE CONCEPT WAS EVOLVING ONLY GRADUALLY. IT WAS A 'LONG-TERM' PROJECT WHOSE PRECISE

DEFINITION REMAINED TO BE WORKED OUT. BUT HE REPEATED FRANCE'S VIEW THAT ENLARGEMENT OF THE COMMUNITY WOULD HAVE TO BE DELAYED UNTIL AFTER THE 12 HAD SORTED OUT THEIR CURRENT 'ORGANISATIONAL PROBLEMS'. WHEN THE TIME WAS RIPE, THE NEUTRALS AND SCANDINAVIANS WOULD HAVE PRIORITY OVER CEE COUNTRIES.

14. DUMAS RAISED FRENCH CONCERN THAT THE OUTSTANDING CFE PROBLEMS BE RESOLVED AS QUICKLY AS POSSIBLE. CHENEY (WHO DOES NOT LEAD ON THIS TOPIC) SAID SIMPLY THAT HE THOUGHT PROGRESS HAD BEEN MADE DURING MOISEYEV'S VISIT TO WASHINGTON. BUT THE AMERICANS REMAINED CONCERNED ABOUT THE OVERALL SOVIET APPROACH TO ARMS CONTROL, NOT LEAST THE BACKSLIDING ON START SINCE HOUSTON.

FERGUSSON

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VISIT OF CHANCELLOR KOHL: 19-21 MAY

SUMMARY

1. FIRST VISIT AS CHANCELLOR OF UNITED GERMANY A SOLID, RATHER THAN SPECTACULAR, SUCCESS. DESIGNED TO SHOW THE CONTINUING STRENGTH OF THE RELATIONSHIP RATHER THAN TRANSACTING BUSINESS. EUROPEAN ISSUES THE PRIMARY FOCUS OF DISCUSSIONS, BUT WITH EXCHANGES ALSO ON THE SOVIET UNION, GATT, MIDDLE EAST, G-7 (INCLUDING THE POSSIBILITY OF ATTENDANCE BY GORBACHEV) AND THE GERMANY ECONOMY (INTEREST RATES).

DETAIL

2. CHANCELLOR KOHL VISITED WASHINGTON FROM 19-21 MAY. ACCOMPANIED BY GENSCHER, HE HAD MEETINGS ON 20 MAY WITH BAKER, BRADY AND THE PRESIDENT (BOTH TETE A TETE AND WITH DELEGATIONS), FOLLOWED BY A FAMILY DINNER WITH THE PRESIDENT. ON 21 MAY HE SAW THE SENATE AND HOUSE LEADERSHIP ON THE HILL AND GAVE A PRESS CONFERENCE. WHILE VERY MUCH A DEMONSTRATION OF THE CONTINUING STRENGTH OF THE BILATERAL RELATIONSHIP, AS OPPOSED TO BEING GEARED TO THE TRANSACTION OF BUSINESS, THE SUBSTANTIVE MESSAGES FOR HIS AMERICAN INTERLOCUTORS WERE ENCAPSULATED IN A SPEECH ENTITLED QUOTE THE AGENDA OF GERMAN POLITICS FOR THE NINETIES UNQUOTE WHICH THE CHANCELLOR GAVE AT A LUNCH ON 20 MAY JOINTLY ORGANISED BY FOUR US ACADEMIC INSTITUTIONS (COPY BY BAG TO FCO AND BONN).

3. THE VISIT, THE FIRST BY KOHL AS CHANCELLOR OF A UNITED GERMANY, CAME AT A TIME WHEN A GOOD DEAL OF THE ILL-FEELING GENERATED BY THE GERMAN ATTITUDES TOWARDS THE GULF CONFLICT AND ITS FUNDING HAD DIED DOWN. THAT THOSE DIFFERENCES OF POLICY AND PERCEPTION HAD SOME LASTING EFFECT, HOWEVER, WAS CLEARLY IN EVIDENCE, NOT ONLY IN THE US PRESS REPORTING IN THE RUN UP TO AND DURING THE VISIT (MAINLY VARIATIONS ON THE THEME QUOTE BUSH AND KOHL MEND TIES UNQUOTE) BUT ALSO IN

THE CAREFUL PUBLIC HANDLING OF THE VISIT BOTH BY THE WHITE HOUSE AND ON CAPITOL HILL. THE JOINT PRESS CONFERENCE IN THE ROSE GARDEN ON 20 MAY WAS PERHAPS THE BEST EXAMPLE OF THE WAY THE VISIT WAS PRESENTED IN TERMS OF CONSOLIDATION AFTER A PERIOD OF UNCERTAINTY, WITH THE PRESIDENT GOING OUT OF HIS WAY TO THANK GERMANY FOR ITS SUPPORT DURING THE GULF CONFLICT AND PAYING TRIBUTE TO CHANCELLOR KOHL'S QUOTE LEADERSHIP UNQUOTE IN PROVIDING HUMANITARIAN AID TO IRAQI KURDS.

4. MUTUAL REASSURANCE ASIDE, THE CENTRAL THEMES OF THE MESSAGES BROUGHT BY THE CHANCELLOR TO WASHINGTON WERE ESSENTIALLY EUROPEAN. AT THE BRIEFING FOR EC COLLEAGUES ON 22 MAY, THE GERMAN AMBASSADOR SUMMARISED THESE AS A COMMITMENT TO THE CONTINUING PROCESS OF EUROPEAN INTEGRATION, THE EMBEDDING OF A UNIFIED GERMANY IN A UNITED EUROPE, AND THE POSITING OF THIS OVERALL PROCESS ON A SUSTAINED EFFORT TO STRENGTHEN TRANSATLANTIC TIES (INCLUDING THE CONTINUED PRESENCE OF US TROOPS IN EUROPE). THIS LATTER POINT, WHICH FOCUSED ON THE COMBINATION OF THE PROCESSES OF EUROPEAN INTEGRATION AND THE CHANGING FACE OF NATO WAS, IN THE VIEW OF OUR ADMINISTRATION CONTACTS, PUT ACROSS WITH CONVICTION BY KOHL, LEAVING NO DOUBT THAT HE UNDERSTOOD WHAT WAS AT STAKE, AND REASSURING THE PRESIDENT OF HIS CONTINUING COMMITMENT TO NATO (QUOTE AN ABSOLUTE REQUIREMENT FOR GERMANY UNQUOTE). GOMPERT (NSC) TOLD THE MINISTER ON 21 MAY THAT PRESIDENT BUSH, FOR HIS PART, HAD SET OUT THE US POSITION IN CLEAR AND FORTHRIGHT TERMS, TAKING THE CORE PRINCIPLES AS HIS BASIC TEXT, AND WHILE THE TWO LEADERS DID NOT ATTEMPT TO GO INTO DETAIL ON, FOR EXAMPLE, THE RELATIONSHIP BETWEEN NATO AND THE WEU, THEY APPEARED TO UNDERSTAND EACH OTHER'S POSITION.

5. THE REST OF THE MEETING WITH THE PRESIDENT WAS, ACCORDING TO GOMPERT, TAKEN UP WITH THE URUGUAY ROUND AND WITH THE FORTHCOMING LONDON (G-7) SUMMIT. ON THE FORMER, THE CHANCELLOR HAD REPEATED IN PRIVATE WHAT HE HAD SAID IN PUBLIC, REFLECTING A PREOCCUPATION, IN GOMPERT'S VIEW, WITH HOW BEST TO MANAGE THEIR PROBLEM NEIGHBOUR (FRANCE). KOHL SAID THAT THE GERMANS HAD A VITAL INTEREST IN SECURING THE SUCCESS OF THE ROUND, CONCEDED THAT THE CAP NEEDED FIXING, BOTH MESSAGES THAT THE PRESIDENT HAD WANTED TO HEAR. THE TWO LEADERS HAD NOT, HOWEVER, DISCUSSED THE TIMETABLE FOR COMPLETING THE ROUND. ON G-7, GOMPERT SAID THAT KOHL DID NOT PRESS FOR GORBACHEV'S ATTENDANCE AT THE SUMMIT, THOUGH HE HAD LEFT THE IMPRESSION THAT HE WOULD NOT OPPOSE IT EITHER

SLIGHTLY SOFTER VERSION OF THE LINE HE TOOK IN PUBLIC). THE CHANCELLOR DREW A DISTINCTION ON THE ONE HAND BETWEEN GERMAN FINANCIAL CONTRIBUTIONS TO THE SOVIET UNION WHICH WERE EXPLICITLY LINKED TO SOVIET WITHDRAWAL FROM EAST GERMANY AND EASTERN EUROPE (A PROCESS WHICH HE IMPLIED MIGHT BE SPED UP BY A YEAR OR SO) AND ON THE OTHER HAND, FINANCIAL ASSISTANCE OVER AND ABOVE SUCH NECESSARY ARRANGEMENTS. HE WARMED TO THIS THEME DURING THE JOINT PRESS CONFERENCE IN THE ROSE GARDEN ON 20 MAY WHEN HE TALKED IN TERMS OF GIVING ONLY QUOTE HELP FOR SELF-HELP UNQUOTE TO THE SOVIET UNION.

6. THE SESSION WITH BAKER ON 20 MAY WAS LARGELY TAKEN UP WITH THE MIDDLE EAST. ZOELICK TOLD THE MINISTER THAT THE CHANCELLOR HAD STRESSED THE IMPORTANCE OF THE AMERICANS EXERCISING INFLUENCE ON ISRAEL, AS WELL AS THE IMPORTANCE OF AN EC ROLE IN ANY CONFERENCE. BAKER HAD RESPONDED THAT THE AMERICANS RECOGNISED THE IMPORTANCE OF A EUROPEAN ROLE BUT WENT ON TO SAY THAT THE EC SHOULD BE SEEKING TO INFLUENCE BOTH SIDES, UNDERSCORING THE NEED TO GET SYRIA AND ISRAEL TO MOVE TOGETHER. (ZOELICK COMMENTED THAT THE CHANCELLOR MAY NOT HAVE HOISTED THE LATTER POINT ON BOARD, GIVEN THE RELATIVE INTENSITY OF GERMAN/ISRAELI CONTACTS). BAKER HAD ALSO OUTLINED THE US APPROACH TO THE CONTROL OF WEAPONS OF MASS DESTRUCTION AND CONVENTION ARMS, SAYING THAT THEIR NEW POSITION ON PROLIFERATION WOULD BE MADE PUBLIC SHORTLY. BAKER HAD GONE ON TO UNDERLINE THE IMPORTANCE OF CO-ORDINATING THESE IDEAS WITH PROPOSALS EMANATING FROM THE EC AND G-7 SUMMIT PROCESS.

7. ON EASTERN EUROPE, THE GERMANS HAD APPEARED MORE BULLISH, IN ZOELICK'S VIEW, ON CZECHOSLOVAKIA AND HUNGARY THAN ON POLAND. ON YUGOSLAVIA, BAKER HAD EXPRESSED US HOPES FOR THE SANTER/DELORS VISIT TO YUGOSLAVIA, WHEN IT EVENTUALLY TOOK PLACE. DURING DISCUSSION ON THE SOVIET UNION, KOHL HAD EMPHASISED THE NEED TO ESTABLISH A POLITICAL FRAMEWORK TO DEAL WITH THE PROBLEMS OF FEDERATION, WHICH, IN HIS VIEW, WAS THE KEY TO ANY SIGNIFICANT FUTURE SUCCESS ON THE ECONOMIC FRONT. IN GENERAL THE MESSAGE ON GORBACHEV, AS WITH THE PRESIDENT, HAD BEEN ONE OF CONTINUING SUPPORT, TEMPERED WITH A RECOGNITION THAT PART AT LEAST OF THEIR EFFORTS WOULD BE WASTED UNTIL GORBACHEV COULD GET HIS POLITICAL HOUSE IN ORDER.

8. DISCUSSIONS WITH BRADY (AND ON THE HILL) LARGELY

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FOCUSSED ON THE GERMAN ECONOMY (MAINLY INTEREST RATES) ON WHICH KOHL APPARENTLY PROVIDED SCANT COMFORT.

COMMENT

9. ALL IN ALL, THIS VISIT PROVIDED MUTUAL REASSURANCE. IF NOT THE QUOTE PARTICULAR SUCCESS UNQUOTE THAT THE CHANCELLOR CLAIMED FOR IT AT HIS DEPARTURE PRESS CONFERENCE, IT HAD THE EFFECT OF PUBLICLY DEMONSTRATING THE RESTORATION OF THE RELATIONSHIP TO SOMETHING CLOSE TO THE PRE-GULF CONFLICT LEVEL.

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YOUR VISIT TO WASHINGTON: 14-17 MAY: FOREIGN POLICY
SCENE-SETTER
SUMMARY

1. GULF SECURITY AND ARAB/ISRAEL THE MAIN PREOCCUPATIONS. BUT ADMINISTRATION HAS NOT LOST SIGHT OF OTHER ISSUES.
DETAIL
2. YOU MAY FIND THE FOLLOWING SNAPSHOT OF THE ADMINISTRATION'S CURRENT PRIORITIES USEFUL IN ADVANCE OF YOUR VISIT HERE.
IRAQ
3. THE WAY AHEAD ON IRAQ IS LIKELY TO BE THE MAIN FOCUS OF YOUR TALKS. THE ADMINISTRATION BELIEVE THAT SADDAM IS REASSERTING HIMSELF AND WANT HIM OUT. THEY HAVE NOW PUBLICLY SAID THAT SANCTIONS WILL REMAIN WHILE HE IS IN POWER. THEY WILL BE LOOKING TO US (AND OTHERS) FOR SUPPORT. THEIR HOPE IS THAT WHEN THE IRAQIS REALISE THAT THERE IS NO FUTURE FOR IRAQ WHILE SADDAM IS AROUND THEY WILL REMOVE HIM.
4. MEANWHILE, THE ADMINISTRATION REMAIN FIRMLY COMMITTED TO PROVIDING RELIEF AND PROTECTION TO THE KURDS THROUGH SAFE HAVENS. THEY ARE ANXIOUS TO HAND OVER TO THE UN. BUT THEY REALISE ALL TO BE WELL THAT THIS WILL NOT BE EASY AND THAT US FORCES MAY HAVE TO IN NORTHERN IRAQ FOR A LONG WHILE YET. IN THE SOUTH, US FORCES ARE IN THE FINAL STAGES OF WITHDRAWAL. BUT, IN RESPONSE TO KUWAITI PRESSURE, THE US WILL PROBABLY LEAVE A SMALL GROUND FORCE IN KUWAIT UNTIL THE AUTUMN.
ARAB/ISRAEL
5. BAKER AND HIS IMMEDIATE CIRCLE ARE PREOCCUPIED WITH ARAB/ISRAEL. THEY HAVE NOT GOT BEYOND THE MODALITIES OF A REGIONAL CONFERENCE, WHERE THERE ARE STILL SERIOUS PROBLEMS TO BE RESOLVED - PARTICULARLY ON PALESTINIAN REPRESENTATION. IF THEY MANAGE TO CONVENE A REGIONAL CONFERENCE (EAGLEBURGER TOLD ME THIS WEEK THAT THE ODDS WERE 60/40 IN FAVOUR), THEY WILL THEN FACE THE HARD PART. THE ADMINISTRATION HAVE NOT YET BEGUN TO ADDRESS THE MAJOR PROBLEMS OF SUBSTANCE TO BE RESOLVED.

NONETHELESS BAKER IS DETERMINED TO KEEP UP THE DIPLOMATIC PRESSURE, AND IS SUFFICIENTLY OPTIMISTIC TO BE PAYING HIS FOURTH VISIT TO THE REGION BEGINNING 10 MAY. YOUR MEETING WITH BAKER ON HIS RETURN FROM THE MIDDLE EAST IS WELL TIMED.

6. ANOTHER KEY ELEMENT IN THE ADMINISTRATION'S POST-WAR STRATEGY IS NON-PROLIFERATION AND MIDDLE EAST ARMS CONTROL. AN INITIATIVE IS LIKELY TO FEATURE IN A PRESIDENTIAL SPEECH AROUND THE END OF NEXT WEEK. THE ADMINISTRATION WANT TO ENSURE THAT THIS FITS IN WITH THE PRIME MINISTER'S OWN INITIATIVE AND OUR IDEAS FOR A GLOBAL CONVENTIONAL ARMS REGISTER UNDER THE UN. THE INDICATIONS ARE THAT IT WILL, AND THAT BOTH SETS OF PROPOSALS CAN BE TAKEN FURTHER AT THE G7 SUMMIT. BUT WE NEED TO KEEP IN CLOSE TOUCH AT ALL LEVELS.

7. PREOCCUPATION WITH THE GULF HAS NOT MEANT THAT OTHER ISSUES HAVE BEEN IGNORED. THESE INCLUDE:

(A) TRADE. THE CONGRESS MUST DECIDE THIS MONTH WHETHER TO RENEW THE ADMINISTRATION'S QUOTE FAST-TRACK UNQUOTE AUTHORITY TO NEGOTIATE INTERNATIONAL TRADE AGREEMENTS, WHICH LIMITS CONGRESS TO APPROVING WITHOUT AMENDMENT, OR DISAPPROVING, AGREEMENTS REACHED BY THE ADMINISTRATION. RENEWED AUTHORITY IS ESSENTIAL IF OTHERS ARE TO NEGOTIATE WITH THE US WHETHER IN THE GATT URUGUAY ROUND OR BILATERALLY. OPPOSITION IS FOCUSED NOT ON THE GATT ROUND BUT ON THE PRESIDENT'S PLAN FOR A NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) WITH MEXICO AND CANADA. TRADE UNIONISTS AND ENVIRONMENTALISTS FEAR A LOSS OF AMERICAN JOBS IF US BUSINESSES MOVE TO MEXICO TO TAKE ADVANTAGE OF LOWER WAGE RATES AND LOOSER ENVIRONMENTAL STANDARDS. THE ADMINISTRATION HAS PROMISED TO DEAL WITH THESE ISSUES. WHILE THE OUTCOME CANNOT BE GUARANTEED, THE CHANCES ARE THAT THE AUTHORITY WILL BE RENEWED.

(B) SOVIET UNION. DESPITE THE PRESIDENT'S PERSONAL SYMPATHY FOR GORBACHEV, THERE ARE GROWING UNCERTAINTIES ABOUT HIS PROSPECTS AND HIS ABILITY TO CONTROL EVENTS. THE ADMINISTRATION ARE ANXIOUS TO COMPLETE UNFINISHED BUSINESS WITH GORBACHEV (CFE/START) AND TO PROBE THE POSSIBILITY OF WORKING WITH GORBACHEV IN NEW AREAS (EG ARAB/ISRAEL). EVEN IF THE REMAINING PROBLEMS IN START CAN BE IRONED OUT, THE ADMINISTRATION WILL CONTINUE TO WITHHOLD AGREEMENT TO A FORMAL BUSH/GORBACHEV SUMMIT IN MOSCOW WHILE CFE PROBLEMS CAUSED BY SOVIET BACKTRACKING REMAIN UNRESOLVED. A MAJOR CONCERN IS GORBACHEV'S FAILURE TO IMPLEMENT ECONOMIC REFORM. THIS HAS MADE THE ADMINISTRATION WARY OF INVITING GORBACHEV TO THE G7 SUMMIT. THEY THINK THAT THIS WOULD DISTRACT ATTENTION FROM

OTHER IMPORTANT ISSUES TO BE ADDRESSED AND THEY DO NOT WANT TO BE DRAWN INTO PROVIDING DIRECT FINANCIAL ASSISTANCE. THEY ARE, HOWEVER, PREPARED TO OFFER MORE ADVICE ON THE LINES OF THE IMF STUDY.

(C) EUROPEAN SECURITY. HAVING BEEN OVER-RELAXED AND THEN OVER-REACTIVE, THE ADMINISTRATION ARE NOW BETTER POSITIONED IN THE EUROPEAN SECURITY DEBATE. THEY LIKE OUR IDEAS FOR DEVELOPING THE WEU, AS CONSISTENT WITH THEIR OWN OBJECTIVE OF SUPPORTING EUROPEAN UNION, WHILE PRESERVING NATO AS THE PRINCIPAL PERMANENT INSTITUTION FOR EUROPEAN DEFENCE. THEY ARE BEGINNING TO LOBBY MORE EFFECTIVELY ON THEIR OWN ACCOUNT. BUT ATTITUDES REMAIN POTENTIALLY VOLATILE. THERE IS SOME SCEPTICISM THAT OUR APPROACH MIGHT NOT BE SUFFICIENT TO MEET EUROPEAN ASPIRATIONS, OR PREVENT A WEAKENING OF THE ALLIANCE. MAJOR STRAINS IN TRANSATLANTIC RELATIONS COULD OCCUR IF THE EUROPEAN DEBATES RESULT IN A COMMITMENT, ALBEIT LONG TERM, TO BRING DEFENCE INTO THE TWELVE OR IF A DISTINCTIVE EUROPEAN MILITARY CAPABILITY WITHOUT US INVOLVEMENT IS DEVELOPED FOR USE INSIDE EUROPE (WEST OR EAST) AS OPPOSED TO OUT-OF-AREA. THE NEED FOR THE AMERICANS TO PUT THEIR VIEWS DIRECTLY TO KOHL AND MITTERAND ARE WELL UNDERSTOOD BUT IT WOULD BE USEFUL TO REINFORCE THE POINT. (KOHL VISITS WASHINGTON 20/21 MAY).

(D) EASTERN EUROPE. LIKE US, THE ADMINISTRATION BELIEVE IT IMPORTANT TO MAINTAIN THE IMPETUS OF REFORM IN EASTERN EUROPE AND HAVE CONDITIONED AID ACCORDINGLY (CF POLISH DEBT RELIEF). THEY ARE ALSO CONCERNED TO MEET THE REGION'S SECURITY CONCERNS IN A WAY WHICH DOES NOT ANTAGONISE THE SOVIET UNION. YUGOSLAVIA IS A MAJOR WORRY. THE AMERICANS ACKNOWLEDGE THAT THE INFLUENCE OF OUTSIDERS IS LIMITED, BUT THEY WOULD LIKE TO SEE THE EUROPEANS DO MORE AND WILL BE INTERESTED IN OUR IDEAS. THEY WILL ALSO BE INTERESTED IN COMPARING NOTES ON ROMANIA (FOLLOWING NASTASE'S VISIT TO LONDON), WHERE THEIR ASSESSMENT HAS GENERALLY BEEN MORE PESSIMISTIC THAN THAT OF THE EUROPEANS.

(E) CHINA/MFN. THERE IS WIDESPREAD IRRITATION - IN THE ADMINISTRATION AND ON THE HILL - WITH CHINA'S RECORD ON A RANGE OF ISSUES (HUMAN RIGHTS, THE TRADE IMBALANCE, PROLIFERATION). THE CONGRESSIONAL BATTLE FOR MFN IS LIKELY TO BE EVEN TOUGHER THIS YEAR. THE PRESIDENT IS PROBABLY STILL IN FAVOUR OF RENEWAL, BUT CONGRESSIONAL OPPOSITION HAS GROWN. KINMITT WILL BRIEF THE PRESIDENT NEXT WEEK ON HIS VISIT TO PEKING, WHICH DOES NOT SEEM TO HAVE GONE WELL. THE IMPLICATIONS FOR HONG KONG ARE WELL UNDERSTOOD, BUT IT WOULD BE USEFUL TO REITERATE THEM.

(F) VIETNAM/CAMBODIA. NORMALISATION OF US/VIETNAM RELATIONS REMAINS CONDITIONAL UPON A CAMBODIA SETTLEMENT, AND CONTINUED

PROGRESS ON POW/MIA'S. THE ADMINISTRATION HAVE RECENTLY MADE SOME IMPORTANT GESTURES (EG THE POW/MIA LIAISON OFFICE IN HANOI, AND THE 1 MILLION PROSTHETICS ASSISTANCE) WHICH ARE DESIGNED TO CONVINCING HANOI THAT THEY ARE SERIOUS ABOUT BETTER RELATIONS. SO FAR THE VIETNAMESE RESPONSE HAS BEEN DISAPPOINTING AND PROSPECTS FOR EARLY PROGRESS ARE NOT GOOD. THERE ARE OBVIOUS IMPLICATIONS FOR BOAT PEOPLE.

(G) VBP'S. THE AMERICANS WANT TO FIND A MUTUALLY ACCEPTABLE WAY FORWARD, BUT WE SHOULD NOT EXPECT ANY CHANGE IN THE PRESIDENT'S POSITION ON MANDATORY REPATRIATION. TALKS BETWEEN EXPERTS NEXT MONTH MAY SHOW THAT PROGRESS CAN BE MADE ON THE IDEA OF AN INTERNATIONALLY MANAGED HOLDING CENTRE IN VIETNAM. OTHERWISE THE BEST WE CAN HOPE FOR IS AN AMERICAN BLIND EYE TO ANY BILATERAL ARRANGEMENTS WHICH WE CAN AGREE WITH THE VIETNAMESE. EVEN THAT MAY NOT BE EASY.

(H) SOUTH AFRICA. ON SANCTIONS, THE ADMINISTRATION REMAIN CONCERNED THAT THE RELEASE OF POLITICAL PRISONERS AND RETURN OF EXILES IS GOING MORE SLOWLY THAN ENVISAGED. BUT THEY ARE SATISFIED THAT THE TREND IS IN THE RIGHT DIRECTION AND THE PRESIDENT REMAINS DETERMINED TO LIFT WHATEVER MEASURES THE LAW PERMITS AS SOON AS POSSIBLE. THE AMERICANS CONTINUE TO PRESS ALL SIDES, BUT ESPECIALLY THE SAG, TO DO MORE TO REDUCE VIOLENCE AND ARE CONCERNED AT THE ANC'S CONTINUING INCOHERENCE ON MAJOR ISSUES. THEY WOULD VALUE OUR THOUGHTS ON THE WAY AHEAD.

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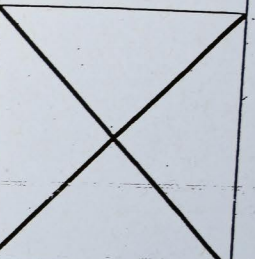
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US/ISRAEL

SUMMARY

1. US/ISRAEL RELATIONSHIP UNDER STRAIN EVEN BEFORE THE GULF CRISIS. TEMPLE MOUNT BROUGHT UNDERLYING WORRIES BACK TO THE SURFACE. THE AMERICANS HAVE PROVIDED REASSURANCE BUT THE RELATIONSHIP IS BOUND TO REMAIN TROUBLED.
DETAIL
2. YOU MAY FIND IT USEFUL TO HAVE AN UP-TO-DATE ASSESSMENT OF THE STATE OF US/ISRAEL RELATIONS ON THE EVE OF SECRETARY BAKER'S VISIT TO LONDON.
3. VARIOUS CROSS-CURRENTS ARE AT WORK. EVEN BEFORE THE GULF CRISIS, THE ADMINISTRATION AND THE SHAMIR GOVERNMENT WERE AT LOGGER-HEADS. THE PRESIDENT AND BAKER CAME INTO OFFICE WITH NO MARKED TRACK RECORD OF FRIENDSHIP AND SYMPATHY TOWARDS ISRAEL AND- UNLIKE THEIR PREDECESSORS - ARE SEEN AS HAVING KEPT ISRAELI LEADERS (AND AMERICAN JEWISH LEADERS) AT ARM'S LENGTH. THIS LACK OF WARMTH HAS BEEN COMPOUNDED BY THE MANNER IN WHICH THE BAKER-LED PEACE PROCESS BROKE DOWN, WITH SHAMIR WALKING AWAY FROM HIS OWN PEACE INITIATIVE DESPITE STRENUOUS US ATTEMPTS TO ACCOMMODATE HIS DOMESTIC POLITICAL NEEDS, AND SHARP DISAGREEMENTS OVER SETTLEMENT POLICY. BAKER HAS MADE NO SECRET OF HIS VIEW THAT SHAMIR HAS NOT DEALT WITH THE ADMINISTRATION IN GOOD FAITH.
4. THE IRAQI INVASION OF KUWAIT, AND THE US RESPONSE, HAVE HEIGHTENED THE AMERICAN INTEREST OVER THE LONGER TERM IN MAKING PROGRESS OVER THE ARAB/ISRAEL PROBLEM. THE FIRST TWO MONTHS OF THE GULF CRISIS WERE NONETHELESS A RELATIVELY CALM PERIOD IN THE US/ISRAEL RELATIONSHIP. ISRAEL'S ACQUIESCENCE IN THE ADMINISTRATION'S REQUEST THAT IT MAINTAIN A LOW PROFILE EARNED SHAMIR CREDIT IN WASHINGTON AND WENT SOME WAY TOWARDS RELIEVING THE TENSIONS OF THE PREVIOUS MONTHS. BUT THE TEMPLE MOUNT INCIDENT AND ITS AFTERMATH BROUGHT UNDERLYING WORRIES BACK TO THE SURFACE. THE ADMINISTRATION'S FOCUS ON MAINTAINING THE

ITY OF THE ANTI-SADDAM COALITION HAS APPARENTLY RAISED ISRAELI FEARS ABOUT THE DEGREE OF THE ADMINISTRATION'S COMMITMENT TO ISRAEL, AND RAISED THE SPECTRE OF ISRAELI INTERESTS BEING SACRIFICED TO APPEASE THE US'S NEWFOUND ARAB ALLIES. THIS NEEDS TO BE SEEN AGAINST THE BACKGROUND OF CONCERN, AT LEAST AMONG US JEWISH LEADERS, ABOUT THE IMPLICATIONS FOR THE US/ISRAELI STRATEGIC RELATIONSHIP OF THE END OF THE COLD WAR. FOR THE ADMINISTRATION, ISRAELI GOVERNMENT BEHAVIOUR DURING OCTOBER HAS FED EXISTING CONCERNS ABOUT THE EXTENT TO WHICH IT WILL PURSUE ITS OWN NARROW INTERESTS EVEN WHERE THIS CAUSES SERIOUS PROBLEMS FOR US FOREIGN POLICY. AS ONE US JEWISH LEADER HAS PUT IT, BUSH AND HIS POLICY MAKERS SEEM TO REGARD ISRAEL AS AN UNRULY PARTNER AND A NUISANCE THAT TENDS TO INTERFERE WITH BROADER AMERICAN INTERESTS.

5. FOR THE MOMENT, AT LEAST, THE AMERICANS WOULD PREFER TO KEEP THE US-ISRAEL RELATIONSHIP ON AN EVEN KEEL. NEITHER WASHINGTON NOR JERUSALEM HAVE ANY INTEREST IN BEING DRAWN INTO ARGUMENT AT THE UN, IF AT ALL POSSIBLE, AND ESPECIALLY OVER THE NEXT SEVERAL MONTHS. THE ADMINISTRATION HAS SOUGHT TO PROVIDE ISRAEL WITH REASSURANCE. BAKER HAS REPEATED THE US COMMITMENT TO ISRAEL'S SECURITY AND TO THE MAINTENANCE OF ITS STRATEGIC EDGE IN THE REGION. THE ADMINISTRATION HAS ALSO PROVIDED FURTHER, IMMEDIATE MILITARY ASSISTANCE - PATRIOT AIR DEFENCE UNITS, ADDITIONAL F-15S AND APACHE HELICOPTERS - AND NOT ATTEMPTED TO BLOCK ADDITIONAL, MOSTLY MILITARY ASSISTANCE TO ISRAEL WORTH BETWEEN US DOLLARS 1.5 AND 2 BILLION PROPOSED BY CONGRESS FOR FY 1991 IN ADDITION TO THE US DOLLARS 3 BILLION REQUESTED BY THE ADMINISTRATION.

6. BUT WHATEVER THE AMERICANS MAY WISH, THE RELATIONSHIP IS BOUND TO REMAIN TROUBLED IN BOTH THE SHORT AND THE LONG TERM. THE VERY FACT THAT THE AMERICANS WANT AS LITTLE AS POSSIBLE TO DO WITH ISRAEL DURING A MAJOR CRISIS IN THE MIDDLE EAST TELLS ITS OWN STORY. EVEN IF ISRAEL CAN BE KEPT OUT OF DIRECT INVOLVEMENT IN THE GULF CRISIS, THERE ARE ENOUGH PARTIES AROUND WHO WISH TO PLAY ON US VULNERABILITY BEFORE THE ARABS BECAUSE OF AMERICAN TIES TO ISRAEL TO MAKE IT UNLIKELY THAT FURTHER DIFFICULTIES ON THIS SCORE AT THE UN CAN BE AVOIDED. AND AT THE LEAST, THE AMERICANS ARE ALREADY CLOCKING UP A MORAL I.O.U. IN TERMS OF EVENTUAL PROGRESS TOWARDS AN ARAB-ISRAEL SETTLEMENT. THEY HAVE THEIR HOPES, BUT THESE WILL BE DIFFICULT TO REALISE AT A TIME WHEN IT APPEARS LIKELY TO BECOME MORE AND MORE DIFFICULT TO PERSUADE THE ISRAELIS THAT THEY SHOULD MAKE A SERIOUS CONTRIBUTION TOWARDS MAKING SUCH PROGRESS POSSIBLE.

7. OUR CONTACTS IN STATE DEPARTMENT, WHILE CLAIMING THAT THE

RELATIONSHIP IS BASICALLY SOUND, ADMIT TO A LOSS OF COMMUNICATION AT THE SENIOR POLITICAL LEVEL. THEY SEE A NEED TO TRY TO MEND FENCES, PARTICULARLY BETWEEN BUSH AND SHAMIR. OFFICIALS HAVE PROPOSED THAT THE PRESIDENT MIGHT TAKE THE INITIATIVE AND INVITE SHAMIR TO THE WHITE HOUSE WHEN HE COMES TO NEW YORK ON A PRIVATE VISIT NEXT MONTH. THEY ARE ALSO ACUTELY AWARE THAT BAKER HAS NOW MADE TWO MIDDLE EAST TOURS WITHOUT SETTING FOOT IN ISRAEL. THEY HAVE RECOMMENDED THAT HE SHOULD MAKE A BRIEF TRIP WHEN HE TRAVELS TO PARIS FOR THE CSCE SUMMIT, BUT THEY ARE NOT OPTIMISTIC THAT HE WILL AGREE.

8. EVEN IF THERE WERE A SLIGHT THAW IN PERSONAL RELATIONS, IT IS DIFFICULT TO ENVISAGE MUCH IMPROVEMENT FOR NOW IN THE SUBSTANCE OF THE POLITICAL RELATIONSHIP. THE ADMINISTRATION'S ATTENTION WILL REMAIN FOCUSED UPON THE GULF CRISIS, TO WHICH PROBLEMS OVER ISRAEL CAN ONLY BE A DISTRACTION. THERE IS NO LIKELIHOOD THAT THE ADMINISTRATION WOULD BE PREPARED TO CONSIDER THE SORT OF CLOSE COOPERATION OVER THAT WHICH THE ISRAELIS ARE APPARENTLY SEEKING. THE BEST HOPE MUST BE THAT THE OUTCOME OF THE GULF CRISIS WILL BE SUCH AS TO PRODUCE A FRESH ALIGNMENT OF FORCES IN THE REGION WHICH WILL MAKE IT POSSIBLE ONCE MORE TO RESUME THE SEARCH FOR A MECHANISM THAT WILL ALLOW SOME FORM OF PEACE PROCESS TO GET UNDER WAY. BUT IT WOULD TAKE A BRAVE PROPHET TO PREDICT THAT JUST YET.

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Jp 01193

MR POWELLCDP
7/xiUS/German Relations

David Gompert of the NSC (Blackwell's successor), who called briefly today to talk about NATO, said that President Bush on his way to Paris later this month planned to stop in Bonn to see Kohl. One of his objectives would be to establish, and influence, Kohl's priorities after the December election. The implication was that the Administration was concerned about the drift of German policy both in the NATO and in the Gulf context.

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PERCY CRADOCK

6 November 1990

CRK

CR244.

Mr Jones Parry ECD(-)

Copy as chain at end
and PS of minute

Handwritten initials and date: 26/9

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Mr Weston

US/EC

The following is based on the Secretary of State's account of the discussion at dinner of EC Foreign Ministers and Secretary Baker on 25 September.

US/EC Declaration

It was agreed that Heads of State and Government should sign the declaration at the Paris Summit.

CSCE

M. Dumas referred to the declaration which, he said, was to issue from the Paris Summit without specifying which one he was referring to. It should be prepared by a working group of international personalities.

CFE

Jim Baker, turning to the Secretary of State, said he had not heard from the UK whether the time had come to abandon aircraft. The Secretary of State said it was too soon to do so. We were now in the final negotiating stage. The Germans had put forward some ideas on handling land-based naval aircraft outside the main treaty and we should pursue that line. Genscher and Baker agreed. Baker said that the Russians had talked about re-examining the issues but Baker had opposed this.

South Africa

De Michelis asked Baker about US policy. Mr Baker said that de Klerk's visit had gone well. He had found de Klerk genuine and believed that South Africa was on an irreversible course towards a non-racial democracy. The American government's hands were tied by US laws but they did want to look at South Africa's position vis-a-vis the international financial institutions. This did seem to be possible within US legislation, but Baker said that the US would not move alone. Zoellick, who was sitting next to the Secretary of State, asked the Secretary of

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state to give particular thought to the handling of South Africa and the IFIs.

M. Dumas asked about de Klerk's position vis-a-vis the whites. The Secretary of State described his recent meeting with Professor Heyns of the Dutch Reformed Church and the latter's fears of civil war based on white right-wing reactions. This should be a factor in the Twelve's thinking. Mr Eyskens commented that we did indeed seem to be helping everybody except de Klerk. The situation was urgent. The Secretary of State and the Portuguese Foreign Minister agreed. Mr de Michelis said that Foreign Ministers should discuss the issue at their informal weekend meeting in October. The Secretary of State intends to have a further word with Mr de Michelis before he leaves New York. We need to work up some ideas between now and the informal meeting on 6/7 October.

Baltic States

The Danish Foreign Minister spoke at some length about the Baltic States. He said that the representatives of the three republics were feeling desperate. The ending of the Cold War seemed to mean that nobody could help them or befriend them. Denmark was allowing them to set up a joint information office in Copenhagen. Mr Baker said he did not disagree with Mr Elleman-Jensen's analysis. The United States had played a hidden part in resolving the Lithuanian problem insofar as it had been resolved. M. Dumas said that we must be prudent. We should wait for the adoption of the loi fondamentale. Mr Elleman-Jensen concluded this part of the discussion by saying that the Baltic States needed to feel that they had friends.

China

Mr Baker said that the US was constrained by law in what it could do. It was agreed among those present that we should retain the consensus against soft loans for a while longer, except for human needs. Mr Baker said he was encouraged by the Chinese policy on the Gulf and by their cooperation over Cambodia. But US public opinion remained hostile and the US Government had to proceed carefully. Mr Baker thought the Chinese wanted to move more towards the West, though they were still repressive at home. We should take one step at a time. The US would be prepared to move towards relaxing bank lending.

The Secretary of State briefed the Foreign Ministers on Mr Maude's visit to Hong Kong and some of the

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entrenched positions beneath the welcome which Mr Maude had received. The Chinese remained stiff and reserved. It was right to encourage those who were moving for reform.

Cambodia

M. Dumas said that, after official preparation, he hoped to reconvene the Paris Conference in December. The UN operation would be very expensive. Mr de Michelis commented that the new international order was going to prove very expensive on lots of fronts.

EC

Mr Zoellick said to the Secretary of State that he had been following closely what the Prime Minister had said about the EC. He was concerned that, if we encouraged Swiss and Austrian membership of the Community, that might have an adverse impact on the formation of European foreign policy. The Secretary of State said that he thought that, if those countries did come into the Community, they would have to follow the line of the existing members.

Uruguay Round

At the end of the meeting, Mr Baker appealed to everybody to work hard to make a success of the concluding stages.

26 September 1990

(J S Wall)

cc: PS/All Ministers
PS/PUS
Mr Broomfield
Mr Fairweather
Mr McLaren
Mr Bayne
Mr Goulden
Mr Jay
Mr Burns
Mr Tait
ERD
SAFD
Sec Pol Dept
ECD(E)
SEAD
FED
NAD
Soviet Dept
CSCE Unit

Mr Powell, No 10



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28/7

25th July 1990

CJP
29/7

Charles Powell Esq
10 Downing St
London
S W 1

Dear Mr. Powell

Hugh Thomas has asked me to send you a copy
of Georgi Arbatov's speech, which he gave at
a conference in Miami.

Yours sincerely
Jennifer Nicholson

Jennifer Nicholson
Secretary to the Centre

CONFERENCE OF GEORGI ARBATOV -
MIAMI, FLA.

PERESTROIKA, GLASNOST AND SOVIET-AMERICAN RELATIONS

Even though the words "perestroika" and "glasnost" have long since transcended the bounds of the Russian language and become international terms, they are still interpreted in many different ways. Therefore, I would like to begin with some explanations.

Perestroika is a return to reality, common sense, basic human values. I expect a question: return from what? From dogmas, messianic illusions, lazy and inert thinking. Of course, our life and politics before 1985 had not consisted of those things only. But we did pay those vices a huge tribute - bigger than the more clear-sighted of us realized back then, and bigger than was acceptable and normal for a country.

I think the reason Soviet perestroika has so captured the world's imagination is not only because radical, truly revolutionary changes are taking place in the biggest world power. Another important reason is that the changes themselves, the return from false ideas and idols to genuine values and truths reflect a global, rather than just a national, need. Of course, we are not imposing our perestroika on others. But I do think that the very fact of perestroika in our country, while giving others an example, also introduces a palpable element of normalization into the international situation. And a normal situation helps everyone treat oneself more soberly and pay more attention to one's own real problems, rather than pseudoproblems.

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Glasnost means openness and truth - first and foremost, about one's own affairs, about oneself, one's past and present. It possible that truth should be full, even if it were bitter and politically "uncomfortable" - medicine is seldom sweet and surgery pleasant.

Glasnost started with home affairs, naturally, but it entered international issues, too, as our foreign and defense policies became subject of debates. In recent years, we have learned many unpleasant things about ourselves and have had to revise our attitudes to a whole range of issues - from the Soviet- German treaty and protocols of 1939 to armed intervention in Czechoslovakia and sending Soviet troops to Afghanistan. We have also found out that we did not fully observe the principle of parity in our defense policy and that in some cases our military power went beyond reasonable sufficiency. I think that such an unsparing official revision by a great power and its parliament of its foreign policy and historic experience is without precedent.

But let me warn Western observers and politicians against gloating in this regard, for one already hears a lot of statements like "we have always said this", "we have known it long ago", and so on. The West has not yet done an honest official appraisal of its actions, like Vietnam or Grenada, a number of steps in the arms race, etc. The fact that the Soviet Union today is recognizing its share of responsibility for the Cold War and even World War 2, does not absolve the West of its share of responsibility for both.

Those approaches have found their expression in a concept of foreign policy known in the Soviet Union as new political thinking. Let me touch upon some of its basic ideas.

One of them embodies the new fact that the role of military power as a tool of policy is becoming ever more limited. War has actually become a luxury we can no longer afford. This truth has been officially recognized in 1985 with regard to nuclear war - I have in mind the statement signed at the Soviet-American Summit in Geneva that nuclear war can never be won and should never be fought. And Europe is coming to a recognition that even a conventional war on its ancient soil would be tantamount to the death of the European civilization, for the continent is a veritable powderkeg, saturated with nuclear power stations, chemical plants, fuel tanks, etc.

In addition, the historical experience of the recent decades has revealed that, rational political goals can no longer be reached by military means, as least in conflicts above the level of Grenada, Panama and the Falklands. Political influence obtained through military power has invariably turned out to be transitory, while ideological fruits of victories have more and more often turned out to be illusory. The interconnection between real interests of states and their military power is becoming increasingly complex and contradictory. Too much military power becomes more often than not a liability, rather than an asset to national security. Therefore, proposals to banish the use and threat of force from foreign policy no longer sound naive. One hopes that tomorrow they will be accepted as the only realistic approach.

Another basic idea of new political thinking involves changed notions of security. First, in the sense that security is not only and even not so much a military problem and thus requires largely political, not military solutions. Second, security in our time cannot be assured to the detriment or at the expense of the other side: the two sides have or not have it only together. Thirdly, security has in addition to the military dimension other dimensions, too: economic, ecological, humanitarian (including human rights). And all of them must be objects of international cooperation.

The third basic idea of new political thinking is a recognition of the principle that each country, each people has a right to its own social, economic, political and ideological choice. Even if you disagree with that choice, considering it contrary to your convictions and values. Again, it is not just a matter of good will, but also simple realism, for attempts to impose one's will on others are in the final analysis usually unsuccessful and too costly. We started talking about our readiness to recognize this principle in January of 1983, when the Warsaw Pact offered NATO to conclude a treaty on non-use of force. In 1989, when serious political changes began in Eastern Europe, our adherence to this principle was subjected to a hard political test. The results are obvious to everyone.

The last element of new thinking I would like to mention is full recognition of interdependence of all nations. It has demanded from us a profound revision of our old perceptions. We have had to abandon our old dogmatic notion that the most

fundamental issue in world politics is the underlying irreconcilable struggle between the two systems, capitalist and socialist.

The real picture has turned out to be far more complex. We are witnessing increasing diversity and multipolarity in both East and West. The so-called East-West military-political competition recedes in importance. For every American who considers the USSR the main threat there are several now who see the main threat coming from the economic might of Japan, the drugs epidemic or the ecological crisis. Meanwhile, across the old barriers between East and West, cooperative ties are multiplying to the benefit of both sides. East-West confrontation is giving way to global interdependence between countries, irrespective of their social and economic systems.

Some traditional-minded people are uneasy about the explosion in the number of independent participants in international politics, that has taken place in the past three decades. Of course, the business of diplomacy in such a crowded world is very complex. But the messiness of democracy compared to the "order" of foreign-policy authoritarianism, expressed not only in the existence of empires, but also in the "bipolar" structure of international relations, cannot be regarded as an argument against democracy. There is no way anybody can rule the modern world through empires or bipolar arrangements. Order can be only democratic, based on recognition of equal rights and sovereignty of all nations, large or small. And such an order can be constructed only on the basis of international law, multilateral diplomacy and multilateral institutions.

This is especially so because this diverse, crowded and interdependent world is faced with growing global problems. The rapid deterioration of the natural environment, the increasingly apparent shortage of energy resources, the problems of food supply, and the gap between the developed countries and the Third World threatening the future of civilization, demand a new level of political realism and wisdom and a new level of international cooperation.

Mikhail Gorbachev is one world leader who saw the acute need for bringing political thinking in line with these new realities and actually started such a revision. In a very short time, the whole image of the Soviet Union has seriously changed. And this may mean that a whole era of international politics is receding into the past.

A couple of years ago, I wrote in a debate with a very conservative American journalist, conducted in the pages of the New York Times: we will do the most terrible thing to you - we will deprive you of the enemy. It only sounded as a joke. For without an enemy, there is no Cold War, and the arms race is threatened with a stoppage.

First, perestroika, glasnost, new political thinking and Soviet foreign policy initiatives have really combined to destroy the habitual hostile image of "the empire of evil". In recent years, the world has discovered a new and unusual Soviet Union - a society in turmoil, free of messianic arrogance, searching for new ways, deeply immersed in its domestic reforms and open to new, unorthodox approaches to defense and foreign policy

problems. Not to mention the rapidly rising intellectual level of Soviet policy, which, I hope, will give a good boost to the general world levels.

Secondly, the erosion of "the Soviet threat" is a truly historic change, since the whole postwar international system was based on the existence of the enemy. The military-political alliances, the ideological crusades, the national security doctrines of the past 40 or so years, the Cold War itself and the arms race - all those things were impaled, like pieces of meat in a shish-kebab, on the single skewer of "the Soviet threat", justified and excused by the existence of the enemy. And now that the enemy image is eroding, falling apart, disappearing like the Cheshire cat from Lewis Carroll's tale, the whole postwar international system becomes an endangered species. Surely, today it would be much too early to celebrate the triumph of new thinking. The Cold War has come to an end, but many of its hangovers are still with us. The sorely needed demilitarization of international relations, of economic, political and even spiritual life of most of the existing societies is only beginning.

I myself was long under the impression that positive changes on the American side were more of the emotional nature, not finding an adequate, rational and, as it were, conceptual expression which would involve a change in ideas and doctrines.

In this sense the Malta summit became a landmark. A shared conceptual foundation of Soviet American relations going "beyond the Cold War" and thus becoming a "normal" relationship began to take shape right in front of our eyes. At long last the concept of realism began to take root in Soviet-American relations.

gaining an upper hand over illusions that formerly reigned supreme, and over ideological stereotypes and perceptions of the other sides's interests, one's own interests, of oneself and the outside world.

Naturally realism and common sense require an accurate and sober assessment of one's own and the other side's interests. Once the fumes, smoke and dust of the Cold War dissipate, one's vision and perspective become much clearer.

I would dare to assert that there are hardly many more states in the world whose joint and parallel interests outweigh any real causes for conflict, tension and confrontation between them to such a considerable extent.

There are no territorial problems that divide our two nations ever since we sold Alaska to Americans (even if at a discount price) and gave up our property in California (where incidentally, Russians began to settle long before Yankees).

Economically, the USSR and the US complement rather than oppose each other. Both may be faulted only for lack of readiness and inability to take full advantage of the potential for cooperation. No economic dangers that may exist for the US come from the USSR. However, no one should remind of this to Californians whose state full is open to the Pacific and the new "power centers" of the Asia-Pacific region.

As far as ideological differences go, I have never thought of them as an imperative source of divisions and collisions between the two nations. Ideology may play such a role only at the primitive levels of societal development, when fanaticism and prejudice get the upper hand. It is not to forget, however, that

ideology was frequently used as casus belli for conflicts and wars to cover up for other, much more fundamental and deep-rooted, causes.

Under the present circumstances we are much better equipped to rid our relations of tensions and even mistrust that are predicated on ideological differences. The idea of "deideologizing" international relations and overcoming dogmatic stereotypes and prejudices in world politics has already been introduced into official Soviet foreign policy doctrine and become a key element of Gorbachev's New Thinking. By the same token it appears that fascination with ideology and ideological "crusades" is falling out of fashion in the US, while pragmatism begins to play a more important role in foreign policy.

However, there still exists an area of Soviet-American relations which during the postwar period was a constant and often highly dangerous source of conflicts and tensions. I have in mind our relations with third parties and our positions in controversies and conflicts that would flare up in various regions of the world. It is on this ground that worst crises in Soviet-American relations took place, it is here that the foundations for mutual trust were undermined. But looking at world politics of the last four years, we may observe that the number of arenas for Soviet-American confrontation has dwindled considerably. Humanity got tired of conflicts, civil wars, right and left extremism. Ideas of national reconciliation are gaining momentum in Central America, Afghanistan, South Africa and Indochina. To my mind reduction of world tensions is a natural process closely linked to the overcoming of the bipolar system of the Cold War.

Political changes in the Soviet Union have played a major role here. Frank and critical public discussion of all the aspects of foreign and domestic policies of the Soviet Union, has allowed us to diagnose many mistakes and assess tremendous political and financial costs of the past policies and political illusions that led to them, to realistically appraise the results of Soviet policies in the Third World, its achievements and failures.

While generally the Soviet Union's help to the genuine national-liberation movements has been considered absolutely justified, quite a few of the concrete actions have been subjected to sharp criticism and reevaluation. Too often the lip service to socialism paid by this or that dictatorial ruler has been considered enough of a reason for us to get involved, although the only positive sides of "socialism" for that type of a ruler were a one-party system and totalitarian government allegedly legitimized by "socialist" model. The idea that feudal or tribal societies can jump overnight into "socialism" proved to be illusory, especially so since the Soviet Union itself has not yet built the socialism its founding fathers dreamt about, despite many decades of hard toil of its own people. The help that has been lavishly showered upon Soviet allies and clients in the Third World has been excessive in many cases and in many more cases has been squandered by inefficient applications imitating the bureaucratic style of management in the donor-country itself. The majority of people in the Soviet Union feel now that the bulk of almost 90 billion rubles that the Third World countries owe nowadays to the Soviet Union would have been better spent for the improvement of living conditions.

The occasional petty "victories" on the Cold War battlefield of the Third World have been incomparable in their significance with the tremendous damage to the cause of world peace and international understanding such heightened battles caused. At the same time all those battles have not helped one bit in alleviating the misery and impoverishment of many Third World countries, only postponing into an indefinite future the tackling of the real causes of all those miseries: inadequate food production, overpopulation, the wide spread of infectious diseases, bad living conditions etc. These causes ought to be tackled not in confrontation of industrial East against the industrial West but in their peaceful cooperation for the betterment of life on our planet.

Therefore, the Soviet leadership discarded the so-called Brezhnev doctrine and shifted to the principle of freedom of choice.

One could only hope that the United States will follow suit and will on its own part discard the Reagan doctrine which is a mirror-image of the Brezhnev doctrine, though the roots of American hegemonism go much deeper into history, starting with the Monroe doctrine. The positive developments in recent months vividly illustrate the extent to which many of the conflicts in the Third World were in a way outgrowths and byproducts of East-West confrontations. The moment tensions between the Soviet Union and the United States decreased and both countries really started to look into the possibility of cooperational policies regarding conflicts in Asia, Africa, Middle East, Central and South America many of those conflicts that lasted for years appeared manageable of arbitration and solution, especially when

the authority of the United Nations was also brought into play. Afghanistan, Namibia, Nicaragua, Angola, Ethiopia, Cambodia, Salvador, Sahara - these are the countries in which the decades' old strife has been successfully mediated or is being brought to resolution. The good offices of the United Nations' Secretary-General who has been strongly supported by the members of the U.N. Security Council brought to an end the gory Iran-Iraq war. There appear some openings for positive developments in the solution of other Middle East conflicts if the Soviet Union, the United States and other parties concerned will continue their efforts for the peaceful resolution of conflicts between Israel and the Palestinian state and the fratricidal strife in Lebanon.

All these developments open the road to joint efforts of major industrial countries in the common search of the ways to mitigate and help solve the many difficult social and economic problems of the Third World.

By rejecting blind confrontation and "zero-sum game" approaches to policy-making, by reassessing the need to respond in kind to any action of the opposite side, we may take a more realistic look at our own interests in this world and understand them better. Thus we may come to the understanding that the era of empires is over, that the cost of maintaining empires is rising while the benefits are diminishing. We may also realize that acute Soviet-American confrontation creates a situation when both powers may be dragged into local conflicts even against their will, or when third countries may use these circumstances in their egotistic interests, creating situations where the tail wags the dog. And finally we may realize that the Third World would rather be neither Soviet nor American, that it develops for

its own sake and in its own interests, according to its own laws, and any attempts to interfere in this development and shape it according to the wishes of a great power are usually counterproductive.

Of course, events in Panama cannot but make us more cautious in our expectations. In my view, the American intervention has shown once again that traditional approaches to foreign policy problems are still in existence. I am not a fan of Noriega but neither his background nor methods of leadership can justify military intervention. Nations and peoples do not change their habits very fast. And that is why I would like to warn that dramatic improvement in Soviet-American relations are not yet irreversible.

We should avoid this new, modern kind of provincialism, which is expressed in a belief that the regional policies of the US can be separated from its global policies. This is not possible in our interdependent world and the use of force even at low level, can have an undesirable echo elsewhere.

An important shift in international relations has occurred as a result of the growing understanding that nowadays main concerns and main priorities lie in the area of domestic affairs and internal societal problems. This is also true practically for all countries - big and small, rich and poor, developed and developing. This is true for the Soviet Union which experiences serious economic difficulties and problems in relations between nationalities. This is also true for the United States where in my opinion there is an accumulation of serious economic, social and other domestic problems. It seems that in this sphere the USSR and the USA as well as other

important common interests. Our countries must use the opening new opportunities that present themselves, if we want to prevent the Soviet union from becoming a developing country and the United States - a colony or semi-colony of South Korea and Japan in the 21 century.

The main feature of our present day existence is that in effect a whole chapter of post-war Soviet-American relations if not of international relations as a whole, has been completed. Whatever your attitude, the Cold War is at its deathbed, if only for the reason that it takes two adversaries to play it, as in a tango, and the Soviet Union adopted a firm decision to opt out of this dangerous and ruinous game. That brings about tremendous overall changes - in traditional political perceptions, institutions that serve this policy by trying, for example, to substantiate the rationale of the arms race and of military alliances. Very many things lose the very foundation of their existence.

However, no one should forget that the Cold War lasted for over four decades. Cumbersome structures were erected, huge mechanisms of confrontation were set in motion. We cannot avoid dismantling these structures and mechanisms and defusing the time bombs scattered all over the world. This can be done more efficiently if the US and the USSR act together, naturally with participation of allies and friends of both countries. This is especially important for dismantling such a dangerous and complex mechanism as the arms race.

But solution of this task remains a hard thing to do. Negotiations are slow and difficult. Their results remain very modest. For instance, our negotiations with the US on strategic

offensive weapons started over 20 years ago. There have been important achievements to that undertaking - SALT-1, SALT-2, the double zero on the INF. But still the fact is that both sides have more weapons today than 20 years ago.

One reason for this is that the very process of talks has turned out to be very inefficient, overbureaucratized and in some respects, perhaps, even deeply misguided. But it is quite conceivable that this process could not have been any different, for the talks devised and developed in the thicket of the Cold War, in the atmosphere of almost total mutual distrust, could not be aimed at disarmament by definition, and had to be viewed from the start as a tool for just managing the arms race. And it is just as conceivable that those talks actually began to be used in the interests of the arms race as a political tranquilizer designed to lull the public and the parliaments. In some countries nowadays, you can't get your defense spending approved, unless you conduct arms control negotiations.

Does this type of talks respond to the new realities when the Cold War is over, mutual trust is growing, and everyone is interested in freeing means and resources for the solution of domestic problems? I think not.

Therefore, the very institution of talks needs modernization. A discussion on this subject is going on in our country.

One should not underestimate the importance of negotiations, but I do believe that really substantial arms reduction and disarmament will come not from a more perfect mechanism of talks, but from changes in the national security policies of the USSR and the USA, the NATO and Warsaw Treaty countries. I, for one,

have repeatedly put forward in the Soviet Union the idea that the transition from Cold War confrontation to new thinking has given us a much greater freedom of action and independence from the Americans. This independence, which includes setting priorities of our national security policy, is, of course, not absolute, but there are many things which we can do by ourselves, on the base of our own choice, without linking it with actions of the United States.

In recent years, I have unequivocally spoken in favor of unilateral steps to reduce armed forces and armaments (without counterpoising such steps to negotiations, of course). And I was very happy when Mikhail Gorbachev declared on December 7, 1988 in his address to the United Nations a whole program of such measures concerning Europe. I think we still have a considerable freedom for unilateral actions in the military sphere today. So do the Americans, by the way.

But is everyone ready to use this newly won freedom? Alas, no. Frankly, I am struck by the absurdity of the situation which has developed recently. Rational policies have always been based on realities. Realities have changed radically in the past few years. Events in the Soviet Union and Eastern Europe leave no doubt about it. But I would be saying less than the truth, if I failed to point out that the positions and defense policies of the United States are lagging behind these changes.

I have an impression that they are continuing to act in the military sphere as if nothing substantial had happened in recent years. I don't think they will be able to hold this position for long. But the attempts to do so are cause for concern, for they are putting brakes on it.

international politics and creating additional problems for both the Soviet Union and other countries. Unheard - of opportunities are opening up, but they cannot be saved: it is very hard to regain an opportunity which has been lost.

Having noted the very serious obstacles on the way to overcoming the heritage of the Cold War, I would venture a conclusion that the main work to demolish the old Cold War-type world order and the bipolar military rivalry has been done in the second half of the 1980's. In this decade, the logic of history should help finish the job. To do so, political leaders are unlikely to have to apply any extraordinary efforts, take risky steps or be ready to put their political reputations at stake. The world is not going to be what it was 5 years ago - too many irrevocable changes have taken place. Even if a START treaty is not signed this year (though there are good chances that it can), both Soviet and American defense budgets will be going down. Even if unforeseen problems emerge in Vienna, the erosion of East-West military confrontation in Europe will proceed apace. And even if, God forbid, we should witness another Grenada or Falklands in the 1990's, "the enemy image" will not determine public opinion either in the East or in the West.

As for the work on creating "positive" international relations beyond the Cold War, it is only beginning. This work may in some respects be more painstaking and complex than the work to demolish the old. And I am most concerned here about the prospect that the demolition period may become unduly protracted, and that thinking about the 1990's we may be continuing to see the ghosts of the past.

The new concept of security is breaking through the dogmas with difficulty. It has not yet transformed the world or the existing system of international relations. But something very important has happened in recent years, A real alternative has appeared in the world, a promise of something better than what it has in the decades since World War 2. Only life, only political praxis will show whether that promise and that alternative are real.

But I would like to believe, and I do believe that the triumph of the new approach to security is possible and even inevitable - unless we should commit some fatal folly which would prevent humanity from living to see the day of that triumph. My optimism is based not just on the conviction that the old road would have led to disaster sooner or later and that following it would have been a fatal mistake and a delusion. This is an argument for a debate, but, not a guarantee from trouble. History offers many examples of how the worst possible mistakes can be committed not only by individuals but by whole nations and states.

The source of my measured optimism is the realistic nature of the new security concept, which stems from life itself and which demands nothing impossible from anyone, nothing which would imply compromising or neglecting one's vital interests.

As for perestroika, it is not just a national but an international undertaking, too. It is international in the sense that its failure would be a failure not only for us. And in the sense that the fruits of its success will be available not only to the Soviet Union but to the other countries, as well.

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TELECON SYNNOTT/RALPH OF 23 JULY: US/GERMAN RELATIONS

1. I SHALL BE TAKING A WIDER LOOK AT THE US/GERMAN RELATIONSHIP IN A TELEGRAM THAT I INTEND TO SEND ON 30 JULY, JUST BEFORE THE PRIME MINISTER'S MEETING WITH PRESIDENT BUSH IN ASPEN. IN THE MEANTIME, I UNDERSTAND THAT YOU WOULD LIKE MY VIEWS ON THE SUGGESTION WIDELY CANVASSED IN THE PRESS THAT THE AMERICANS ARE, OR HAVE BEEN, PUT OUT BY KOHL AND GORBACHEV'S ANNOUNCEMENT ON NATO AND GERMANY BEING MADE AT STAVROPOL RATHER THAN AT AN OCCASION AT WHICH THE AMERICANS, TOO, WOULD HAVE BEEN SEEN TO BE DIRECTLY INVOLVED.
2. IN SUM, I THINK THERE IS VERY LITTLE IN THIS. THE ADMINISTRATION WOULD, OF COURSE, HAVE WELCOMED IT IF THEY HAD BEEN ABLE TO TAKE IMMEDIATE PUBLIC CREDIT FOR SOVIET ACCEPTANCE OF GERMAN MEMBERSHIP OF NATO. COMMENTATORS HERE HAVE RECENTLY BEEN WORKING THE THEME THAT THE END OF THE COLD WAR WILL MAKE FOR LESS US INFLUENCE. PRESIDENT BUSH HAS BEEN CRITICISED BY SOME FOR SEVERAL MONTHS (UNFAIRLY IN MY VIEW) FOR NOT GIVING A GREATER LEAD IN EUROPE, BUT FOR FOLLOWING ON EVENTS. IN RETROSPECT, IT MAY HAVE BEEN A MISTAKE FOR HIM TO HAVE ANSWERED PRESS QUERIES IMMEDIATELY AFTER STAVROPOL BY EMPHASISING THAT HE HAD NO QUALMS ABOUT THE AMERICANS BEING ABSENT ON THIS OCCASION. ONE RESULT WAS THAT PRESS COMMENT FED UPON ITSELF.
3. BUT THE BULL POINT FOR THE AMERICANS IS THAT THE RUSSIANS HAVE NOW ACCEPTED GERMAN MEMBERSHIP OF NATO. THEY HAVE BEEN PURSUING THIS OBJECTIVE FOR ALMOST A YEAR. THE PROXIMATE CAUSE WAS THE LONDON DECLARATION, TO WHICH THEY CONTRIBUTED SO HEAVILY. THE BREAKTHROUGH AT STAVROPOL WAS AN UNEXPECTED BONUS FOR BOTH THE AMERICANS AND THE GERMANS - AS WELL OF COURSE AS FOR US AND THE CULMINATION OF A PERIOD OF CAREFUL DIPLOMACY LED BY BUSH. ACCORDING TO THE NSC, KOHL HAD NOT EXPECTED TO BE ABLE TO CUT THE DEAL WHEN HE SAT DOWN WITH GORBACHEV. THE FACT THAT IT HAS HAPPENED MEANS THERE IS NOW A GOOD CHANCE OF REALISING ALL THAT WE AND THE AMERICANS HAVE WANTED TO ACHIEVE BY THE END OF THE YEAR, RATHER THAN FACE A PERIOD OF PERHAPS INCREASING,

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ELECTORALLY DRIVEN, UNCERTAINTY IN GERMANY ITSELF. US SATISFACTION AT THAT PROSPECT (AT LEAST WITHIN THE ADMINISTRATION) OUTWEIGHS ANY REGRET THAT THEY WERE NOT THERE AT THE CRITICAL MOMENT. IT IS ALSO OF COURSE NATURAL THAT, BECAUSE STAVROPOL MARKED THE CULMINATION OF A PROCESS, ATTENTION SHOULD BEGIN TO SHIFT TO THE NEXT PHASE, WHEN THE CONSIDERATIONS GOVERNING THE US-GERMAN RELATIONSHIP ARE LIKELY TO BECOME MORE COMPLICATED.

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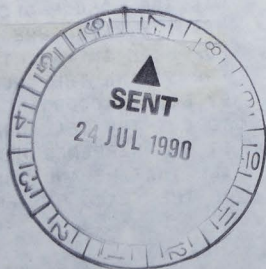
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MY TELNO 536: US/JAPAN SII TALKS

SUMMARY

1. MFA PROVIDE DETAILED BRIEFING AND TEXTS OF FINAL SII REPORT. DETAILS BELOW. AN INTERNATIONALLY UNPRECEDENTED AGREEMENT WHICH SHOWS THE IMPORTANCE THAT THE JAPANESE LEADERSHIP STILL PLACES ON THE US/JAPAN RELATIONSHIP AS WELL AS THE JAPANESE PUBLIC'S SUPPORT FOR THE GOALS OF STRUCTURAL REFORM. HOWEVER IT IS NO LONG TERM PANACEA FOR THE US-JAPAN TRADE RELATIONSHIP.

DETAIL

2. THE FINAL SET OF DOCUMENTS (SUMMARY BY FAX TO FED, REMAINDER BY TODAY'S BAG) CONSISTS OF THE REPORT WITH ITS JAPANESE AND US SECTIONS TOGETHER WITH STATEMENTS BY KAIFU AND NAKAYAMA AND A JAPANESE PUBLIC DECLARATION ON ENCOURAGING FOREIGN INVESTMENT. THE MAIN JAPANESE UNDERTAKINGS ARE AS FOLLOWS:

SAVINGS INVESTMENT

3. JAPAN WILL INCREASE ITS AGGREGATE PUBLIC INVESTMENT OVER THE NEXT DECADE TO ABOUT YEN 430 TRILLION (FROM YEN 263 TRILLION IN THE PREVIOUS DECADE). THE SHARE OF KEY AREAS LIKE HOUSING, SEWAGE, PARKS ETC WILL BE RAISED FROM 50% TO ABOUT 60%, AND SPECIFIC QUALITATIVE TARGETS HAVE BEEN SET FOR THESE SECTORS. IN ADDITION JAPAN RAILWAYS AND NTT WILL INVEST YEN 25 TRILLION.

LAND

4. LITTLE NEW FROM THE INTERIM REPORT. JAPANESE GOVERNMENT TO CONSIDER COMPREHENSIVE REVIEW OF LAND TAX SYSTEM INCLUDING INHERITANCE TAX, FIXED ASSETS TAX AND IDLE LAND. NEW

LEGISLATION TO GO TO THE DIET BY APRIL 1991.

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5. A NEW FIVE YEAR PLAN FOR AIRPORT IMPROVEMENT. LISTING OF MEASURES TAKEN SINCE APRIL TO DEREGULATE THE LARGE STORES LAW. NEW LEGISLATION IN NEXT DIET SESSION TO SHORTEN APPROVAL PERIOD TO ONE YEAR. FTC TO FORMULATE GUIDELINES ON BUSINESS PRACTICES BY APRIL 1991 (INCLUDING ON SOLE AGENCIES). ESTABLISHMENT OF AN IMPORT/BOARD WITH FOREIGN REPRESENTATION.

EXCLUSIONARY BUSINESS PRACTICES

6. NEW BILL IN NEXT DIET SESSION TO RAISE SURCHARGES TO EFFECTIVELY DETER VIOLATIONS OF THE ANTI-TRUST ACT (NO AMOUNTS SPECIFIED). FTC ACTIVELY TO ENFORCE CRIMINAL PENALTIES AND ASSIST IN PRIVATE SUITS. MORE TRANSPARENCY IN ADMINISTRATIVE GUIDANCE BY JAPANESE MINISTRIES. SUPPORT FOR KEIDANREN'S 24 APRIL GUIDELINES ON PROCUREMENT PRACTICES. BEST EFFORTS TO REDUCE AVERAGE PATENT EXAMINATIONS TIMES FROM THE CURRENT 37 MONTHS TO 24 MONTHS WITHIN FIVE YEARS. (US AVERAGE IS 18 MONTHS AND EC AVERAGE - ON WHICH THE JAPANESE INITIALLY INSISTED - IS 30 MONTHS).

KEIRETSU RELATIONSHIPS

7. FTC TO ISSUE GUIDELINES BY APRIL 1992 AND CONDUCT REGULAR STUDIES. JAPANESE GOVERNMENT TO ISSUE STATEMENT (NO TIMING GIVEN) ON PREVENTING KEIRETSU OBSTRUCTION OF COMPETITION AND FOREIGN MARKET ENTRY. DISCLOSURE REQUIREMENTS TO BE ENHANCED.

8. PUBLIC JAPANESE GOVERNMENT STATEMENT RELEASED WELCOMING FOREIGN INVESTMENT IN JAPAN AND LISTING MEASURES TO ASSIST THIS, INCLUDING FUTURE AMENDMENT OF THE FOREIGN EXCHANGE CONTROL LAW: PROVISION OF INFORMATION: FINANCIAL SUPPORT TO BUSINESS OPERATIONS BY FOREIGN FIRMS: AND GREATER TRANSPARENCY OF JAPANESE BUSINESS PRACTICES.

PRICING MECHANISMS

9. GOVERNMENT AGENCIES TO IMPLEMENT 52 MEASURES ANNOUNCED IN JANUARY.

US UNDERTAKINGS

10. THE MFA ADMIT THAT THE RECIPROCAL US UNDERTAKINGS CONTAIN LITTLE THAT IS NEW. JAPAN HAD STRESSED THE NEED FOR THE US TO REDUCE ITS BUDGET DEFICIT AND CONSEQUENTLY WELCOMED

PRESIDENT BUSH'S 26 JUNE STATEMENT (QUOTED IN THE FINAL SII REPORT), IN PARTICULAR ITS REFERENCE TO TAX REVENUE INCREASES.

FOLLOW-UP

11. THE TWO SIDES WILL CONTINUE TO HOLD MEETINGS FOR THREE YEARS (AT LEAST) ON AN INTER-AGENCY BASIS, MEETING THREE TIMES IN THE FIRST YEAR AND TWICE A YEAR THEREAFTER IN ORDER TO:

- I) REVIEW PROGRESS ON THE ISSUES IDENTIFIED IN THE FINAL REPORT.
- II) 'DISCUSS MATTERS RELEVANT TO PROBLEM AREAS ALREADY IDENTIFIED IN THE SII AND THE NEED FOR ACTIONS TO ADDRESS THESE'.
- III) PRODUCE A WRITTEN REPORT EACH SPRING.

12. THE ABILITY OF THE US SIDE TO INTRODUCE NEW ISSUES IN FUTURE WILL DEPEND ON BOTH SIDES' INTERPRETATION OF (II) ABOVE, THE WORDING OF WHICH REPRESENTS A DELICATE COMPROMISE (AND ON WHICH THE MFA DECLINED TO ENLARGE).

KAIFU'S STATEMENT

13. IN A PUBLIC STATEMENT OF 28 JUNE, KAIFU WELCOMED THE FINAL AGREEMENT. HE SAID IT WOULD BENEFIT JAPAN, DESPITE 'PAINFUL' ASPECTS, AND WOULD CONTRIBUTE BOTH TO THE JAPAN/US GLOBAL PARTNERSHIP AND MORE WIDELY TO THE INTERNATIONAL COMMUNITY. HE ALSO WELCOMED PRESIDENT BUSH'S STATEMENT ON REDUCING THE US BUDGET DEFICIT AND EXPRESSED SUPPORT FOR FOREIGN INVESTMENT IN JAPAN.

COMMENT

14. THE KEY DEVELOPMENT IN THE FINAL REPORT WAS THE JAPANESE COMMITMENT ON FUTURE PUBLIC INVESTMENT. THE AGGREGATE FIGURE SPECIFIED IS 60% UP ON THAT OF THE LAST DECADE AND OBSERVERS HAVE CALCULATED THAT AT 4.75% NOMINAL GNP GROWTH OVER THE PERIOD IT WOULD REPRESENT AN INCREASE FROM 6.3% OF GNP TO 8.4%. HOWEVER ALL THIS IS SUBJECT TO INFLATION AND THE JAPANESE HAVE GIVEN NO COMMITMENT ON THE DISTRIBUTION OF THE INCREASE OVER THE PERIOD OTHER THAN THAT THE AGGREGATE FOR THE FIRST 5 YEARS IS EXPECTED TO BE ABOUT YEN 182 TRILLION.

15. THE JAPANESE PRESS IN EDITORIAL COMMENT HAS GENERALLY WELCOMED THE FINAL AGREEMENT WHILE CRITICISING THE LACK OF RECIPROCAL US COMMITMENTS. ON PUBLIC INVESTMENT THEY CONSIDER THAT MANY OF THE NEW COMMITMENTS ARE LONG OVERDUE AND SHOULD HAVE BEEN CHAMPIONED EARLIER BY JAPANESE POLITICIANS.

16. THE SII PROCESS HAS REPRESENTED AN UNPRECEDENTED PEACETIME INTERVENTION BY ONE MAJOR NATION IN THE MANAGEMENT OF ANOTHER'S INTERNAL AFFAIRS. ON PAPER A TWO-WAY PROCESS, IN PRACTICE IT HAS BEEN ALMOST ENTIRELY THE US SEEKING STRUCTURAL REFORMS OF JAPAN. UNSUBTLE AND DIRECT, THE US PRESSURE HAS LEFT SECTIONS OF THE JAPANESE ESTABLISHMENT BADLY BRUISED. ANOTHER LAYER OF RESENTMENT HAS BEEN ADDED AT THE WAY IN WHICH THE AMERICANS SEEM TO BLAME THE JAPANESE FOR THEIR OWN FAILINGS. NEVERTHELESS THE SURPRISE IS STILL HOW RELATIVELY LITTLE APPARENT NATIONAL RESENTMENT IT HAS CAUSED. THERE SEEM TO BE TWO REASONS FOR THIS. FIRST, THE JAPANESE POLITICAL LEADERSHIP, INCLUDING KAIFU, OZAWA AND TAKESHITA, SAW - AND STILL SEE - THE MAINTENANCE OF THE US/JAPAN RELATIONSHIP AS A FUNDAMENTAL JAPANESE INTEREST FOR WHICH THEY WERE PREPARED TO PAY A HIGH PRICE. SECONDLY, THE JAPANESE PUBLIC, ENCOURAGED BY THE MEDIA, APPROVED OF THE STRUCTURAL REFORMS PROPOSED BECAUSE OF THEIR EVIDENT BENEFIT TO CONSUMERS AND GAVE THE POLITICIANS THE TACIT POLITICAL SUPPORT THEY NEEDED TO OVERRIDE SPECIAL INTERESTS AND ENTRENCHED ELEMENTS OF THE BUREAUCRACY. THE PRESS HAVE WRITTEN OF THE NEED FOR JAPAN TO ACCEPT THE "GLOBALISATION" OF ITS INTERNAL AFFAIRS.

17. ONE OF THE REVELATIONS OF THE PROCESS HAS BEEN THE MANNER IN WHICH THE LDP LEADERSHIP HAS SEIZED THE INITIATIVE AND FORCED THROUGH POLITICAL DECISIONS ON THE MAJOR MINISTRIES AND ON SPECIAL INTERESTS. (A BRUISED SENIOR MOF OFFICIAL RUEFULLY REMARKED TO US THAT IT WAS LIKE A GROUP OF ELEPHANTS DANCING OVER THE BUGS.) WE MUST NOW WAIT TO SEE WHAT EFFECTS THE NUMEROUS JAPANESE UNDERTAKINGS WILL HAVE IN PRACTICE. IT WOULD BE WRONG TO BE TOO CYNICAL. IN MOST CASES THE REFORMS PROPOSED ACCORD WITH THE PROGRESSIVE DOMESTIC GRAIN. THIS APPEARS TRUE OF DISTRIBUTION, LAND REFORM AND PUBLIC INFRASTRUCTURE, PERHAPS LESS SO OF KEIRETSU RELATIONS. THE NET EFFECT SHOULD BE HELPFUL TO FOREIGN BUSINESS INTERESTS.

18. WHETHER SUCH REFORMS WILL CONTRIBUTE GREATLY TO REDUCING JAPAN'S CURRENT ACCOUNT SURPLUS IS MORE DEBATABLE (THE JAPANESE PRESS CERTAINLY HAVE THEIR DOUBTS). IN ANY CASE IT WILL BE DIFFICULT TO DISENTANGLE THEIR IMPACT FROM THAT OF OTHER SECULAR TRENDS SUCH AS THE GROWTH OF JAPANESE MANUFACTURING INVESTMENT OVERSEAS. IRONICALLY, THE MOST LASTING IMPACT OF THE US INTERVENTION COULD BE TO REDUCE THE REMAINING INEFFICIENCIES OF THE JAPANESE ECONOMY IN SUCH A WAY AS TO

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STRENGTHEN YET FURTHER JAPAN'S GROWING ECONOMIC CHALLENGE TO UNITED STATES' PREDOMIANCE. HOWEVER THE SII PROCESS IS NOT OVER AT LEAST AS FAR AS THE US IS CONCERNED, AND IF THE BILATERAL CURRENT ACCOUNT SURPLUS STILL FAILS TO SHRINK THE UNDERLYING FRICTION WILL RESURFACE. IT REMAINS THEN TO BE SEEN WHAT LONG TERM EFFECTS THESE BRUSING ENCOUNTERS WILL HAVE ON THE BILATERAL RELATIONSHIP.

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US INITIATIVE ON THE AMERICAS

SUMMARY

1. THE PRESIDENT ANNOUNCED ON 27 JUNE AN INITIATIVE ON TRADE, INVESTMENT AND DEBT IN LATIN AMERICAN AND THE CARIBBEAN.

DETAIL

2. THE ANNOUNCEMENTS INCLUDE THE FOLLOWING MAIN ELEMENTS:

A. TRADE

ENDORSEMENT OF A FREE TRADE AGREEMENT FOR LATIN AMERICA AS A LONG-TERM US GOAL. A STATEMENT OF READINESS MEANWHILE TO CONCLUDE BILATERAL FRAMEWORK AGREEMENTS ON COOPERATION ON TRADE ISSUES.

A PROMISE OF SPECIAL ATTENTION TO THE CONCERNS OF LATIN AMERICAN COUNTRIES IN THE URUGUAY ROUND. HINT OF SPECIALLY FAVOURABLE TARIFF CUTS ON ITEMS OF INTEREST TO THEM.

B. INVESTMENT

A NEW LOAN PROGRAMME FOR THE INTER-AMERICAN DEVELOPMENT BANK, POSSIBLY IN CONJUNCTION WITH THE WORLD BANK, PROVIDING TECHNICAL ADVICE AND FINANCIAL SUPPORT TO ENCOURAGE PRIVATISATION AND MORE LIBERAL INVESTMENT REGIMES.

A MULTILATERAL INVESTMENT FUND, GRANTING UP TO DOLLARS 300 MILLION ANNUALLY, ADMINISTERED BY THE IADB, TO REWARD INVESTMENT REFORMS IN LATIN AMERICA AND THE CARIBBEAN AND TO SUPPORT PRIVATISATION, WORKER TRAINING, EDUCATION AND HEALTH.

C. DEBT

THE IADB TO BECOME AN ADDITIONAL SOURCE OF FUNDS, UNDER THE EXISTING STRATEGY, TO SUPPORT COMMERCIAL BANK LENDING TO

LATIN AMERICAN AND CARIBBEAN COUNTRIES. AVAILABILITY OF FUNDS TO BE CONDITIONAL ON ECONOMIC REFORMS. PROPOSED NEW US LEGISLATION TO PERMIT RESTRUCTURING OF EXISTING OFFICIAL US LOANS TO AMERICA AND CARIBBEAN COUNTRIES WITH DEBT SERVICE PROBLEMS, AGAIN CONDITIONAL ON ECONOMIC REFORMS. INTEREST PAYMENTS ON RESTRUCTURED CONCESSIONAL LOANS TO BE ACCEPTED IN LOCAL CURRENCY AND RECYCLED TO SUPPORT ENVIRONMENTAL PROJECTS.

THE SALE OF EXISTING EXIMBANK AND COMMODITY CREDIT CORPORATION CREDITS TO FUND DEBT/EQUITY AND DEBT-FOR-NATURE ENVIRONMENTAL PROGRAMMES.

COMMENT

3. THE INITIATIVE IS SEEN BY US CONTACTS AS SEPARATE FROM BUT COMPLEMENTARY TO US PROPOSALS FOR G24 ACTION ON LATIN AMERICA. (NSC HAVE TOLD US THAT THE G24 PROPOSALS ORIGINALLY FORMED PART OF THE PACKAGE BUT DROPPED OUT AT A LATE STAGE). IT DERIVES FROM A POLICY REVIEW, LED BY TREASURY, OVER THE LAST MONTH, STIMULATED BY THE PERCEPTIONS

(A) THAT THE BRADY PLAN WAS NOT PROVING ADEQUATE TO DEAL WITH PROBLEMS OF CERTAIN LATIN AMERICAN COUNTRIES, AND (B) THAT COUNTRIES OTHER THAN MEXICO HAD BEEN UNSETTLED BY MOVES TOWARDS A US-MEXICO FTA. A NUMBER HAD ASKED THE US WHAT THE IMPLICATIONS WERE FOR THEIR OWN RELATIONS WITH THE US, AND WHETHER AN FTA WAS AVAILABLE TO THEM.

4. THE TIMING IS RELATED TO A PLANNED TOUR BY PRESIDENT BUSH OF LATIN AMERICAN COUNTRIES IN SEPTEMBER. ALSO, THE ANNOUNCEMENTS ARE INTENDED TO INFLUENCE DISCUSSIONS AT HOUSTON OF US PROPOSALS FOR MULTILATERAL ACTION, BY DEMONSTRATING US RESOLVE TO TAKE SUCH ACTIONS AS LIE WITHIN ITS OWN POWER. HOWEVER FOR THE IABD LENDING PROGRAMME, OUR CONTACTS SAY, THE US IS LOOKING TO THE EC AND JAPAN FOR DOLLARS 100 MILLION EACH TO MATCH A US COMMITMENT OF DOLLARS 100 MILLION.

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MR MAUDE'S VISIT: EUROPEAN ARCHITECTURE

SUMMARY

1. MR MAUDE COVERED WIDE RANGE OF EUROPEAN ARCHITECTURE ISSUES IN MEETING WITH ZOELICK (STATE) ON 18 JUNE.

DETAIL

US/EC RELATIONS

2. ZOELICK THOUGHT THAT THE RELATIONSHIP WAS DEVELOPING REASONABLY WELL. HE WONDERED, HOWEVER, WHETHER A MORE UNIFIED RESPONSE (LIKE A TREATY) WAS BEING CONTEMPLATED. DELORS AND GENSCHER WERE HINTING AT THIS. IN DOMESTIC US TERMS IT WAS IMPORTANT THAT THE AMERICAN PEOPLE SHOULD UNDERSTAND THAT, AS US TROOPS LEFT EUROPE, POLITICAL AND ECONOMIC TIES REMAINED STRONG. MR MAUDE SAID THAT THE UK WAS NOT OPPOSED TO A TREATY, BUT THE IMPORTANT THING WAS TO MAKE THE RELATIONSHIP WORK. NATO'S POLITICAL ROLE

3. IN ANSWER TO QUESTIONS AS TO HOW HE DEFINED INCREASING POLITICAL ACTIVITY ON THE PART OF NATO, ZOELICK SUGGESTED
I) AN EXTENSION OF THE ISSUES DISCUSSED AT RECENT NACS (THE BALTIC STATES, CHANGES IN THE SOVIET UNION AND EASTERN EUROPE, GERMAN UNIFICATION AND SO ON)
II) AN EVOLUTION FROM THE DEFENCE ROLE TO ARMS CONTROL AND VERIFICATION. THE CSCE WOULD PLAY A COMPLEMENTARY ROLE TO THAT OF NATO
III) WE SHOULD NOT FORECLOSE ON THE POSSIBILITY OF DEALING WITH OUT OF AREA ISSUES, FOR EXAMPLE, DISRUPTION OF OIL SUPPLIES OR

PROLIFERATION OF NUCLEAR WEAPONS OR CW. DISCUSSIONS IN NATO MIGHT LEAD TO IMPLEMENTATION BY OTHERS (CF. US AND WEU IN THE PERSIAN GULF).

EC ENLARGEMENT

4. MR MAUDE SAID THAT THERE WOULD BE NO FORMAL ENLARGEMENT NEGOTIATIONS BEFORE 1992. A SWEDISH APPLICATION WAS POSSIBLE IN 1991. THE EASTERN EUROPEAN ECONOMIES WERE NOT YET READY FOR MEMBERSHIP. HE DID NOT EXPECT TURKEY TO BECOME A MEMBER DURING THIS CENTURY. ZOELICK SUGGESTED THAT THE INCLUSION OF NEUTRALS WOULD BE A STRAIN ON POLITICAL AND POSSIBLY SECURITY CONSULTATIONS. MR MAUDE AGREED THAT THERE MIGHT BE A PROBLEM HERE. HE ENVISAGED A NETWORK OF RELATIONSHIPS BETWEEN EC AND US, EC AND EFTA, EC AND EASTERN EUROPE, AND OTHERS BEYOND THAT. EACH RELATIONSHIP WOULD BE SOMEWHAT DIFFERENT. WHAT THE COMMUNITY LOST IN COHESIVENESS ON ONE ASPECT OF FOREIGN POLICY, NATO COULD GAIN.

USSR/EC

5. ZOELICK ASKED WHETHER THE COMMISSION WANTED TO ADD THE USSR TO THE G24. MR MAUDE SAID WE HAD SUGGESTED BRINGING TOGETHER THE OECD AND BASKET II OF THE CSCE TO PROVIDE EXPERTISE TO EASTERN EUROPE AND THE USSR IN THE FIRST INSTANCE ABOUT THE LABOUR MARKET. ZOELICK AGREED THAT THIS WAS USEFUL LINKAGE.

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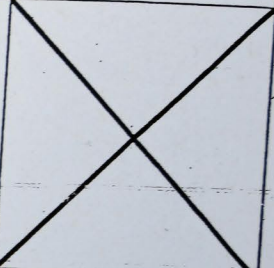
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SECRET



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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

26 April 1990

2(a)

**PRESIDENT BUSH'S MEETING
WITH PRESIDENT MITTERRAND**

I enclose a copy of a message to the Prime Minister from President Bush about his talks at Key Largo with President Mitterrand. It should receive only a very limited distribution.

I am copying this letter and enclosure to Simon Webb (Ministry of Defence) and to Sonia Phippard (Cabinet Office).

(CHARLES POWELL)

J.S. Wall, Esq., L.V.O.,
Foreign and Commonwealth Office.

SECRET

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T84190

(276)

Prime Minister

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TO CABINET OFFICE

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SECTION 01 OF 02

PLEASE DELIVER THE FOLLOWING MESSAGE TO PRIME MINISTER
THATCHER FROM PRESIDENT BUSH.

BEGIN TEXT

APRIL 25, 1990

DEAR MARGARET,

I WANT TO SHARE WITH YOU PROMPTLY, AND OF COURSE IN THE STRICTEST
CONFIDENCE, THE RESULTS OF MY POSITIVE DISCUSSIONS AT KEY LARGO
WITH FRANCOIS MITTERRAND.

AS YOU WILL HAVE SEEN FROM OUR RESPECTIVE STATEMENTS TO THE PRESS
AT KEY LARGO, FRANCOIS AND I AGREED IN GENERAL ON THE NEED TO
KEEP NATO STRONG, ON THE CONTINUING REQUIREMENT FOR U.S. FORCES
IN EUROPE, ON THE IMPORTANCE OF MAINTAINING A TRANSATLANTIC
DIALOGUE ON ALL OF THE SECURITY ISSUES FACING EUROPE, AND ON THE
DESIRABILITY OF CLOSER TIES BETWEEN THE U.S. AND THE EC.

FRANCOIS SAID THAT, ALTHOUGH THE RISK OF WAR HAS DECREASED AND
THE EASTERN EUROPEANS ARE NO LONGER ENEMIES, THE SOVIET UNION
POSES A POTENTIAL THREAT AND WE MUST RETAIN OUR CURRENT NATO
SECURITY ARRANGEMENTS. HE BELIEVES THAT U.S. TROOPS SHOULD REMAIN
IN EUROPE AND AGREES WITH YOUR POSITION THAT GERMANY
SHOULD REMAIN FULLY IN NATO.

FRANCOIS ALSO STATED THAT NATO SHOULD CONSIDER THE WHOLE RANGE OF
EUROPEAN SECURITY CONCERNS THAT AFFECT THE POLITICAL EQUILIBRIUM
OF EUROPE. HE RECOMMENDED A NATO SUMMIT TO DISCUSS NATOS
EVOLVING ROLE AND THE ISSUES OF EUROPEAN EQUILIBRIUM ALTHOUGH
UNLIKE YOURSELF HE DID NOT SUGGEST A SPECIFIC TIME OR PLACE FOR
SUCH A MEETING. HE ALSO SUGGESTED THAT NATO SHOULD DISCUSS THE
CSCE AND THAT, IF THERE IS TO BE A CSCE SUMMIT, THE NATO SUMMIT
SHOULD DISCUSS IT BEFOREHAND. FRANCOIS STATED THAT, UNLIKE SOME
OF HIS PREDECESSORS, HE DID NOT WISH TO SHUT HIMSELF OFF FROM
NATO.

HE PRESSED ME FOR SPECIFIC IDEAS CONCERNING HOW NATOS POLITICAL
ROLE MIGHT BE ENHANCED. IN RESPONSE, I TOLD HIM THAT WE HAD
ALREADY PROPOSED A NATO ARMS CONTROL VERIFICATION STAFF, HANDLING
OF CSCE ISSUES IN NATO, AND ENHANCED ALLIANCE DISCUSSIONS ON
PROLIFERATION PROBLEMS -- ALL OF WHICH FRANCE HAD OPPOSED.
FRANCOIS THANKED ME FOR BEING SO SPECIFIC AND SEEMED RESPONSIVE
BUT HE DID NOT EXPLICITLY AGREE TO ANY OF THESE THREE U.S.
INITIATIVES. WE WILL NOW PRESS OUR CASE WITHIN NATO ON THESE
MATTERS AND GO BACK TO THE ELYSEE PROMPTLY IF THERE IS A
CONTINUING PROBLEM.

I SENT A LETTER TO FRANCOIS JUST BEFORE WE MET IN WHICH I MENTIONED HOW IMPORTANT IT WAS TO BE CLEAR ABOUT THE OBJECTIVES OF THE TWO PLUS FOUR DISCUSSIONS ON GERMANY. IT IS ESSENTIAL FOR THE FOUR WESTERN ALLIES WHO PARTICIPATE IN THE TWO PLUS FOUR MEETINGS TO MEET PRIVATELY AND DEVELOP COMMON POSITIONS ON THE KEY ISSUES. I INDICATED, AS YOU AND I HAVE AGREED, THAT THE TWO PLUS FOUR SHOULD NOT NEGOTIATE OVER GERMANY'S RIGHT TO REMAIN A FULL MEMBER OF NATO= SHOULD NOT DECIDE THE FATE OF ALLIED CONVENTIONAL OR NUCLEAR FORCES ON THE TERRITORY OF THE CURRENT FRG= AND SHOULD NOT AGREE ON THE FUTURE SIZE OF A UNITED GERMANY'S ARMED FORCES.

I EMPHASIZED TO FRANCOIS THAT, AS THE SOVIET MILITARY THREAT BECOMES LESS ACUTE, AMERICANS MUST BE PERSUADED THAT THE U.S. MILITARY PRESENCE IN EUROPE IS PART OF A BROAD POLITICAL AND ECONOMIC LINKAGE BETWEEN THE UNITED STATES AND THE CONTINENT. I SAID THAT NOTHING WOULD UNDERMINE U.S. PUBLIC SUPPORT FOR OUR TROOP DEPLOYMENT IN EUROPE MORE THAN FOR THE PEOPLE OF THE UNITED STATES TO COME TO REGARD AMERICAN SOLDIERS IN EUROPE AS MERCENARIES, DIVORCED FROM A LARGER AND INTENSE U.S. POLITICAL AND ECONOMIC RELATIONSHIP WITH ITS WESTERN ALLIES. AT KEY LARGO, FRANCOIS APPEARED TO ACKNOWLEDGE THIS POINT, AND HE SPOKE REPEATEDLY OF KEEPING THE U.S. ACTIVELY INVOLVED WITH EUROPE.

REGARDING U.S. RELATIONS WITH THE EC, FRANCOIS TOOK A POSITIVE APPROACH TOWARD THE IDEA OF AN EXPANDED DIALOGUE. HE WAS CONCERNED THAT ECONOMIC COOPERATION BETWEEN THE UNITED STATES AND THE EC WAS WEAK, AND HE BELIEVED THAT U.S.-EC POLITICAL DIALOGUE SHOULD ALSO BE STRENGTHENED. HE ENDORSED THE IDEA OF PERIODIC U.S. MEETINGS WITH EC FOREIGN MINISTERS, AND HE SPOKE OF INSTITUTIONALIZING U.S.-EC LINKS, SPECIFICALLY MENTIONING THE IDEA OF A PERMANENT CONSULTATIVE MECHANISM AND THE POSSIBILITY OF A U.S.-EC TREATY AS EUROPEAN UNITY PROGRESSES. *An Atlantic Free Trade Area*

IN SPEAKING OF U.S.-FRENCH RELATIONS FRANCOIS STRESSED THAT WE WERE CLOSE ALLIES AND THAT NOTHING SIGNIFICANT DIVIDES US. INTERESTINGLY, HE ALSO UNDERLINED THAT THE NORTH ATLANTIC ALLIANCE WAS A FRAMEWORK FOR THIS CLOSE BILATERAL RELATIONSHIP.

WE ALSO DISCUSSED LITHUANIA AND THE SERIOUS DILEMMA THAT WE FACE IN VIEW OF OUR DESIRE TO SEE GORBACHEV CONTINUE IN POWER AND CARRY ON WITH HIS REFORMS, AND OUR CONFLICTING NEED TO SIGNAL THAT SOVIET USE OF FORCE OR OF EXCESSIVE ECONOMIC PRESSURE CANNOT BE CONDONED.

IN SUM, I FOUND MY DISCUSSIONS WITH FRANCOIS QUITE ENCOURAGING. I AM ESPECIALLY GRATEFUL TO YOU, MARGARET, FOR YOUR EFFORTS IN RECENT WEEKS TO HELP BRING THE FRENCH AROUND ON THE VITAL ISSUE OF NATOS FUTURE. WE WILL HAVE TO SEE HOW THINGS WORK OUT IN PRACTICE, BUT I HOPE FRANCOIS UNIFORMLY POSITIVE COMMENTS IN KEY

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FINAL SECTION OF O2

LARGO WILL BE REFLECTED IN THE SPECIFIC ELEMENTS OF FRENCH POLICY
ON THESE ISSUES IN THE PERIOD AHEAD.

•
SINCERELY,

•
GEORGE

•
END TEXT
£0077

NNNN

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