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THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Brian Mulroney of
Canada (U)

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Robert D. Blackwill, Special Assistant to the
President for European and Soviet Affairs
Edward Ney, Ambassador to Canada

Brian Mulroney, Prime Minister
Joseph Clark, Secretary of State for External
Affairs
Paul Tellier, Secretary to the Cabinet
Stanley Hartt, Chief of Staff, Prime
Minister's Office
Derek Burney, Ambassador to the U.S.

DATE, TIME: April 10, 1990, 4:11 - 5:05pm EST
AND PLACE: Toronto, Canada

Following their private discussions, the President and Prime Minister Mulroney had an expanded meeting at the Toronto Sky Dome, followed by a working dinner and attendance at the ballgame. (U)

Prime Minister Mulroney: Well George, I enjoyed signing that Mexico trade agreement! (Laughter) Welcome all of you to Canada. The President and I have had a nice chat. We value your presence very much. I appreciate this opportunity to speak before what we hope will be a NATO Summit and before the Houston Summit. On the subject of European architecture, we do not like structures that do not include the U.S. and North America. We would be grateful for an opportunity to discuss that architecture as well as the possibility of a NATO Summit and prospects for the Houston Summit. Not all leaders in Europe want to include North America in the new European architecture. (S)

The President: It is hard to say what issues will dominate the Houston Summit until we see how Lithuania will turn out. It has the potential to foul our relationship with the Soviet Union. That will be the effect in the United States. Our short-run goal is to convince the Soviets to stick with their expressed desire to seek a peaceful resolution. We have already tried to talk with the Lithuanians, although we did not have much influence.

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We are now getting criticism that we are not tough enough on the Soviets. I am worried that Gorbachev is under increasing pressure from the Soviet military. We saw that during the Shevardnadze/Baker ministerial. Gorbachev is on the horns of an historic dilemma. He says that he has a constitutional process to deal with the problem, but the world wants to help poor little Lithuania. However, he sees the possibility of an unraveling of the Soviet Union. This cloud will hang over the preparations for our Summit. We have emotional ethnic communities in the U.S. who lobby on Lithuania. (S)

On the Summit, I would like to talk about the U.S. and Canadian role in Europe. We need you, even if there is pressure here to the contrary, perhaps worse than we feel. But in the U.S. too, there is talk of a peace dividend. I, and Jim Baker, have tried to convince the Soviets that the U.S. military presence in Europe is a stabilizing factor, but they are concerned, as Thatcher and Mitterrand are concerned, about the future of Germany. We made some progress with Havel who came around a bit on the value of NATO when he visited Washington. We are trying to finish CFE, and I don't believe that Soviet troops should stay anywhere in Eastern Europe. Margaret (Thatcher) has a somewhat different view, namely, that the Soviets should stay in Poland until the border issue is settled. I told Mazowiecki that the Soviets should leave. We want to move START and CFE down the road by the time of the Summit. Regarding the Summit date, we did not move it because of Lithuania; rather it was arranged because of Gorbachev's schedule. (S)

Prime Minister Mulroney: Regarding activities abroad which make a politician unpopular, nothing, but nothing, would make me more unpopular. (S)

Secretary Baker: The Soviets showed a night and day difference when they were in Washington as compared to the Moscow ministerial. They were defensive and under pressure by their military regarding arms control. They walked back from some of the Moscow agreements concerning Cruise Missiles. Shevardnadze and Gorbachev are being criticized at home for losing Eastern Europe and Germany, and they are now facing the possible breakup of the Soviet Union. In addition, there is continued ethnic strife; there were 200,000 demonstrators in Georgia last night. The Soviets also have a basket-case economy. Regarding German unification, they were defensive about having a unified Germany in NATO. Moscow didn't want Germany out there roaming around. In Washington, they said that nothing could be done regarding Germany without their agreement. (S)

Regarding Lithuania, we made it clear that we could not sustain progress in U.S.-Soviet relations if they continued to crack down on Lithuania, even without tanks. We said that our pain threshold was lower regarding Lithuanian than Azerbaijan. I am pessimistic about Lithuania unless the Lithuanians suspend their declaration of independence. (S)

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The President: If they said they would accept a referendum under the Soviet constitution, perhaps this would solve the problem. (S)

Secretary Baker: However, this is an onerous process, with five years of waiting, the requirement for a two-thirds approval by the legislature and the possibility of a second referendum if 10 percent of the population calls for it. (S)

The President: It's a real dilemma. We have discussed arms control during much less encouraging times in U.S.-Soviet relations, but the U.S. is caught in a dilemma on this because of our general commitment to self-determination and freedom. That would prevent us from moving forward briskly on the U.S.-Soviet agenda. It worries me enormously. (S)

Regarding the Two Plus Four, it should not be used as a mechanism for solving a lot of European security problems. Rather, it should focus on Four Power rights: on devolving to the Germans the rights of the four occupying powers. (S)

As to an expanded role for NATO, I know you agree it is desirable. However, there is a brewing problem with the French. We do not want to turn over European security to an amorphous CSCE process. (S)

On Polish borders, we think that Kohl has come a long way. The difficulty is the degree of suspicion regarding the Germans, and Helmut Kohl is getting sensitive as to how long the Germans must pay penance. We must come out of that Summit discussing all of these issues. I think that the U.S. and Canada are close on these matters. (S)

Prime Minister Mulroney: I get the impression that Helmut was a fullback for the Chicago Bears. (S)

The President: Yes, "The Refrigerator." (S)

Prime Minister Mulroney: The Germans spooked the hell out of people. Genscher arrived in Ottawa with the most cavalier attitude: "the big boys will settle this." Jesus Christ, with all those Canadian boys buried in Europe. If you (the Two Plus Four) don't touch base with NATO, Helmut Kohl will be in trouble.

Mitterrand has said since July that the nationalities issue would be the downfall of Gorbachev. It seems to me to be happening. Is the U.S.-Soviet Summit going to take place? (S)

The President: Yes, it will take place barring really bad developments in Lithuania. We can talk even with mounting tension. I would be reluctant to cancel. The whole world would suffer: Afghanistan, Angolan, and a host of regional issues. Economic relations would also be set back. Some actions would cause us to postpone the Summit, and we have told the Soviets this. It could be put off because of developments in the Soviet Union. Then we would have to figure out how to get things back

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on track afterwards. However, we cannot overlook the extensive use of force. But a cancellation of the U.S.-Soviet Summit would make the Houston Summit more urgent -- a real wake-up call for the West. (S)

Secretary Baker: Our negative reactions would be in the area of trade rather than in arms control. But a cancellation of the Summit might make it harder to conclude an arms control agreement. (S)

Prime Minister Mulroney: What bothers you about NATO's situation? (S)

The President: I don't see any common approach emerging toward European security in the context of a post-unification Germany. The French have a special approach. I worry about how everyone is looking at Germany's security arrangements. I don't see how that will work out. Regarding an expanded role for NATO, we have a hell of a selling job to do with the Europeans --especially the French, but also the Eastern Europeans. However, I think we can do it. (S)

Prime Minister Mulroney: On the trade side, you have been bloody tough with the Japanese. Regarding U.S.-EC relations, how is that going? (S)

Secretary Baker: So far, what we have only gotten agreement to is additional formal contacts. More meetings with me, with the President, and with the EC Commission. That's it so far. (S)

The President: I feel a little bit uneasy about the emerging EC. I am not sure that we will not see EC protectionism toward North America. They always want to talk about agriculture at some other time. We are kidding ourselves if we don't think that's a problem. (S)

Secretary Baker: I agree that the EC would stick it to us, if they got a chance. However, the closer we are to them, the more we can influence them. (S)

Prime Minister Mulroney: Jim is right. We have major fishing problems with the EC. We don't know what door to knock on. We go from Margaret, to Helmut, to Francois, and to the EC Commission, and we get nothing. (S)

Secretary Clark: Jim is correct, but only because we press so hard. (S)

Secretary Baker: On the EBRD, they cut their own deal without us. (S)

Prime Minister Mulroney: Do you see any value in the idea of an EFTA type of agreement between North America and the EC? (S)

Secretary Baker: I think so. (U)

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The President: I don't mean to say that it would necessarily turn out to be the worst case, but I am worried. (S)

Prime Minister Mulroney: If you are thinking of another NATO Summit at any early moment, I hope it will be in North America, indeed in Halifax. I am delighted that the G-7 Summit is in Houston. We can get frozen out by Europe in the next few years. I am delighted at how you got the Japanese to move, even though you had to be brutal. I am afraid this is coming with the Europeans. (S)

The President: Yes, but I am not sure that the American people think that we made progress; things were getting ugly with Japan. We had a good team effort. (S)

Governor Sununu: We got all our agencies on a single track. There was no weak underbelly in the Administration, as has been the case in the past. We had a united block of solid granite. (S)

Secretary Baker: It was really difficult. As I said in our Cabinet meeting yesterday, never in nine years have I seen such solidarity within the U.S. Government.

Prime Minister Mulroney: I told my colleagues that I was astonished. In all my G-7 Summits, everybody said that Japan's blood would be on the floor, but it never happened. I am astonished at how well you did. (S)

Secretary Baker: The Soviets do not see German unification going as fast as we think it will. Now they want to slow it down, delaying it through the Two Plus Four mechanism. (S)

Secretary Clark: Where are France and the U.K.? (S)

The President: They want an expanded agenda for the Two Plus Four. (S)

Secretary Baker: Down deep, they don't want German unification, but I don't know if they want to slow it down through the Two Plus Four. (S)

Prime Minister Mulroney: I want to tell you about my visit to Mexico. President Salinas is a going concern. He sees all these changes culminating in a larger FTA between Mexico and the U.S. Then, at some later time, he would see a larger continental agreement. Brazil is also intrigued about the U.S.-Canada Free Trade Agreement and about U.S.-Canada-Mexico discussions. They think that 140 million Brazilians would be a great add-on. Salinas knows who's cutting the mustard and who is not. (S)

The President: Did he mention a three-way street? (S)

Prime Minister Mulroney: No, but he said that the U.S.-Canada Free Trade Agreement is marvelous. Latin leaders think that it

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is tremendous, and he wants to do a deal. I said I had a barrel of political problems with FTA and that he would have to face the same thing. But I told him that it was a good deal in the long run, especially for job creation. He likes this, and the political impact and drama -- but I told him it was lucky that he only has one term as President. When he comes up to see you during the first week in June, he wants to make a deal. He understands the domestic problems that an FTA would cause him, but he is hot to trot. He sees a U.S.-Mexican FTA as a great advantage. (S)

The President: We are high on this fellow. We have problems with his Foreign Minister, but that is always the case. Salinas is a whole new breed. He was hurt by a TV program saying that the Mexicans were not cooperating. (S)

Prime Minister Mulroney: He told me about that. (S)

The President: We have convinced him that we want to move ahead. He took on some water as a result of the FTA leak that came from the Mexican side. (S)

Regarding the environment, John Sununu deserves great credit for moving our legislation forward. What should we say at the press conference about an acid rain treaty? (S)

Prime Minister Mulroney: I would like to be able to say that we could enter into discussions this summer regarding an accord. (S)

Governor Sununu: This would not be a problem, but please don't create a deadline just in case we get a bad bill and have to veto it. (S)

Prime Minister Mulroney: The idea of a U.S.-Canada-Mexico Heads of Government meeting on the environment came up with Salinas. Perhaps it could be in 1991. He said that if Brian Mulroney and George Bush go, then he too will go to such a summit. (S)

The President: Why only on the environment? You and I must show we are not neglecting this hemisphere. In principle, we are for a meeting, but we are not sure it should be issue-specific. (S)

Prime Minister Mulroney: Can I leave it with you? (S)

The President: Should I raise it in June? In principle, we are enthusiastic. We need to show the hemisphere that we are concerned. (S)

Prime Minister Mulroney: We joined the OAS not because of its effectiveness, but rather to show Canadian commitment to the hemisphere. We supported you in Panama, but we both need to be involved in the hemisphere in a more noble way, if I can put it that way. (S)

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Secretary Baker: It would be hard to have such a meeting without discussing narcotics. It would cause a hue and cry. (S)

Prime Minister Mulroney: George Shultz would be in ecstasy, if it could be held at Stanford. (S)

During the dinner discussion which followed the press conference, there was discussion of the fact that the MPLA had agreed to direct talks with UNITA, although not to a ceasefire. There was also further mention of how much was at stake in Lithuania and why the President was so worried about it. Also discussed was ex-President Nixon's new book and the way Mr. Nixon describes the infirmity of Brezhnev.

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