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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Telephone Call from the President to
Chancellor Helmut Kohl of West Germany (U)

PARTICIPANTS: The President
Helmut Kohl, Chancellor
Interpreter: Gisela Marcuse
Notetaker: Robert Hutchings

DATE, TIME June 23, 1989, 7:26 - 7:42am EDT
AND PLACE: The Oval Office

The President said he was calling back, as he promised he would do during the previous week's telephone conversation. The President mentioned that he had a very pleasant visit with Foreign Minister Genscher (on June 21). (U)

Chancellor Kohl said he would be talking with Genscher in two days. They would be going to Madrid for a European Community meeting and had a lot of work ahead of them. The Chancellor also noted that this was the last week before the parliament took its summer break. In this context, the Chancellor wanted to reassure the President about the results of the June 18 elections to the European Parliament. These are unusual elections, he said. There is no European government, no European opposition, and none of the normal give and take of politics. The Christian Democratic Union and Christian Social Union once again emerged in the strongest position. The Chancellor also assured the President that the Republikaner were not Nazis. Their top leaders were nationalists, but not National Socialists, and those who voted for them were expressing anger rather than real support for the Republikaner. The Chancellor was confident that these voters could be won back. This would not be easy, but it could be done. (C)

The President noted that experts here concluded that the Chancellor's party came out better than had been predicted a couple of months ago, before the NATO Summit. The President said he was pleased with that. (C)

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The President said he wanted to raise two other subjects: follow-up to the NATO Summit and preparations for the Paris Economic Summit. As he had told Foreign Minister Genscher, the President said it would be a big mistake to divide the Vienna talks into phases. This would undermine the Alliance's CFE initiative. The Alliance's first priority must be an agreement at Vienna on conventional reductions. For that reason, the US does not want to see discussions within NATO on SNF negotiations. The Alliance has a good formula, the President said, and should stick with it. (Ø)

Chancellor Kohl agreed, saying he was very much against taking up the SNF issue again. The Alliance should continue with what was agreed to at Brussels. (Ø)

The President then turned to the Economic Summit, saying that U.S. priorities would be to discuss the international debt situation and macro-economic policy coordination. The Summit Seven need to get back to the level of policy coordination they had in the past. This pattern produced good results and should be followed once again. On the Polish situation, the President noted that he would be going to Poland soon and would welcome any suggestions the Chancellor might have. The President observed that President Mitterrand had called for the Paris Club to be more "imaginative" and "flexible" on the Polish debt. This will be discussed at the Economic Summit, but the President also welcomed Chancellor Kohl's personal views on what the West should do to help on the economic side and also on facilitating the transition the democracy in Eastern Europe, especially in Poland and Hungary. The President added that he would be arriving in Poland on July 9 and would go to Budapest the following Tuesday. (Ø)

Chancellor Kohl said he would send a letter to the President laying out his views on Poland and Hungary. He would prepare the letter by the middle of the next week, following his return from Madrid. (Ø)

The President said he would look forward to receiving the letter, which he would treat with strict confidence. He noted that emotions run high regarding Poland. While the President shared those emotions, he also felt it important to act carefully and to avoid pouring money down a rat-hole. (Ø)

The President said he wanted to raise two additional points regarding the Economic Summit. He felt it important to work hard to complete the Uruguay Round by the end of next year. This is essential to stave off protectionist pressures everywhere. The President also wanted to have intensive discussions on the environment, urging that the Summit participants be realistic in their approaches. (Ø)

Chancellor Kohl said that raising those issues was his intention as well. He saw no problems between the U.S. and the Federal Republic at the Uruguay Round, but felt that other countries would be more difficult. The Chancellor agreed that the environment and rain forests were among the most important issues that needed to be discussed at the Summit. (Ø)

The President, before concluding the conversation, said that he might have specifics to propose to Poland bilaterally and would keep the Chancellor informed. (Ø)