

THE WHITE HOUSE

WASHINGTON

MEMCON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting With President Turgut Ozal of Turkey
(U)

PARTICIPANTS: The President
James A. Baker, Secretary of State
Richard Cheney, Secretary of Defense
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Robert M. Gates, Assistant to the President
and Deputy for National Security Affairs
James F. Dobbins, Jr., Principal Deputy
Assistant Secretary of State for European
and Canadian Affairs
Morton Abramowitz, Ambassador to Turkey
Robert L. Hutchings, Director for European
Political Affairs, NSC Staff (Notetaker)

Turgut Ozal, President
Gunes Taner, State Minister for the Economy
Nuzhet Kandemir, Ambassador to the U.S.
Nabi Sensoy, Diplomatic Adviser to the
President

DATE, TIME January 18, 1990, 12:00 - 12:32pm EST
AND PLACE: Oval Office (U)

The President: We are so glad to see you. You are among friends here. We have some contentious issues between us, but enormous common ground. Your adherence to the West is unshakable. Everywhere we look, there are changes underway. I would like to hear your views. (U)

President Ozal: I was here just over a year ago. We had lunch. I heartily supported your candidacy and prayed for your election. I thought you would be a very good President. The last year has proved that. Change is coming very fast; a rapid brain is required. I am sure you can do it. I especially admired your stand on Panama. (U)

The President: You were one of the few to support us. Thank you very much. (U)

President Ozal: I follow these events on CNN, but it comes seven hours later than here. (U)

The President: Does CNN carry subtitles in Turkish? (U)

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President Ozal: No. In this area -- and I have talked with our newspapers about it -- your media are the best. Ours must work harder. (U)

The Soviet Union is really in trouble, in light of this fast evolution in Eastern Europe. Gorbachev probably saw what was coming but didn't want to stop it. So he has just let it go. On the other side, our economic relations are good. Many Turkish people go to Moscow, and we have extended \$650 million in credit. But they have big shortages. (U)

The President: What are your major exports? (U)

President Ozal: Foodstuffs, computers, and also consumer goods. (U)

Secretary Baker: Are these for hard currency? (U)

President Ozal: No, we get gas. (U)

Secretary Baker: On a barter basis? (U)

President Ozal: Not exactly. We get dollars, but we have a trade agreement whereby we must buy raw materials. It is hard to find finished goods. They also press us to have relations with the republics -- the Ukraine, Georgia, Azerbaijan, and also Armenia. With Armenia we also have a big border. But on Armenian problems with Azerbaijan, we don't want to get involved in Soviet internal affairs. We have only a small border with Azerbaijan. (U)

When I look around, the situation in Lebanon is still very bad. Syria and Iraq have problems. They closed the Euphrates Dam for one month, but the Syrians have a dam built by the Russians and don't let water into Iraq. I have talked with the Iraqis, who tell me this is only a temporary situation. The Iranian situation is not good, either. Iraq is still getting arms, including air-to-ground missiles with ranges of up to 1000 km. (U)

The President: Do you feel there has been a shift? Are the hardliners pushing Rafsanjani, diminishing his power? (U)

President Ozal: In the recent election, the hard-line faction won, but I analyzed the results and concluded there was a kind of agreement between the Rafsanjani faction and the hard-line faction. The problems will be less and less. I invited Rafsanjani to visit. The new Ambassador came to Turkey and for the first time visited Ataturk's mausoleum. There has been a change of attitude. In my opinion, we must have good relations with Iran. (U)

The President: I wish we could improve ours. I would welcome any suggestions, in confidence, but the price cannot be our leaning on Kuwait. If we do, we would put other Americans at risk all over the world. We are trying: we have moved on

financial problems and have worked some problems out, but we haven't sensed any reciprocity. (S)

President Ozal: We will be sending more of our ministers. Mr. Taner is going soon, and our foreign minister may go as well. Maybe some of theirs could come here. It could help. The Iranians want better relations, and they want educational opportunities in the U.S. On the other side, their economic minister, who was head of the Arab Bank, favors a market-type economy. The hard-liners may be increasing, but the balance has not shifted. Rafsanjani is a clever man. In the Balkans -- in Bulgaria and Romania -- there are also problems. (S)

The President: Because of continued resistance by the old guard? (S)

President Ozal: Who will fill the vacuum? There is much distance to cover in Romania and Bulgaria -- and also in Yugoslavia, Hungary, and Poland. In all of them, there is no private enterprise. We have had a similar experience, which may be relevant for them. But we had a democratic system and some private enterprise. It will take much more time. We should help them on the technical side. (S)

The President: That is the same approach we are trying to take - - the idea of helping develop the infrastructure of capitalism. We are thinking on the same wavelength. (S)

Secretary Baker: Mr. President, could you look at the political side? What are the prospects for free elections in Poland, Hungary, and Czechoslovakia? We hear talk in the GDR, Bulgaria, and Romania. Will they go forward? (S)

President Ozal: Yes, but not fast. When they say May, that is too early for the opposition. But if it is done, none of the Communist parties will have any majority. Maybe the GDR has it easier because of West Germany. Maybe Czechoslovakia is second. (S)

The President: How do you handle questions about German reunification? (S)

President Ozal: It is no problem for Turkey. No one could stop it. Economically, they will do it. (S)

The President: It is very emotional. We have tried to be restrained. NATO has a position, but we don't want to appear to be pushing it. (S)

President Ozal: Let them do it. I have a story that shows the difference between a socialist and a market system. Forty years ago there was a big laboratory test. In Germany, there was one socialist system and one market system, and they put a wall between them. Then they took down the wall after forty years. What happened? It was not the people, but the system. (S)

The President: Do you worry about the border question -- the Polish border? (S)

President Ozal: No. With the economic system, a liberal constitution, and a democratic system, they will handle it better than in the past. The Germans in Poland may leave for Germany, and probably Germany will take them. (S)

The President: Another question: if one of the Baltic states pushed for immediate release, would Gorbachev let it go? I'm thinking of Lithuania. (S)

President Ozal: Gorbachev is in trouble. He is famous outside, but he has a low rating inside. He is begging Lithuania not to do it. Some day it will happen, but not now. The objective that would be advisable for him is to consider the Russian-speaking group as a unit -- Russia, the Ukraine, and Byelorussia. The others should have more independence, but they are not viable states. (S)

Secretary Baker: What happens to you if, for example, they cut loose Azerbaijan and Armenia? Would that mean a big war? (S)

President Ozal: It is Soviet business to make sure there is no war between them. But those states are not viable. We have quite a few people -- contractors and others -- in the Soviet Union. They are amazed. They said they would let the factory managers decide, but they are used to getting Gosplan orders and don't know what to do. It is not easy. We must help. So for Turkey, the Soviet Union has problems, our southern brothers have problems. To the west, Greece is going now to its third election. Only Turkey is an island of stability. (S)

-- End of Conversation --