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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Plenary Meeting with President Ben Ali of Tunisia (U)

PARTICIPANTS: The President
The Vice President
Lawrence S. Eagleburger, Acting Secretary of State
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Ambassador Robert Pelletreau, U.S. Ambassador to Tunisia
John Kelly, Assistant Secretary of State, Near East Affairs
C. David Welch, NSC, Notetaker
Shuckran Kamal, Interpreter

President Ben Ali
Mohamed El Jari, Minister and Director of the President's Office
Ismail Khelil, Minister of Foreign Affairs
Mouldi Zouaoui, Secretary of State for Industry and Commerce
Abdelaziz Hamzaoui, Tunisian Ambassador to the U.S.
Salah Baccari, Advisor to the President
Jamaledine Chichti, Advisor to the President
Afif Garbouj, Interpreter

DATE, TIME AND PLACE: May 15, 1990, 11:00 - 11:45 a.m. EST
Cabinet Room

The President: This is a pleasant opportunity to renew the dialogue we started last November. We touched upon one or two matters in the Oval Office. We will have a little time before dinner to talk further. I have great respect for what you are doing in the area of democracy and economic reform. This will benefit Tunisia. So, welcome again. The floor is yours. Let me say that your statement outside was well-considered and well-received. (U)

President Ben Ali: Thank you, Mr. President. I thank you once again for this opportunity. I would also like to express Tunisia's gratitude for U.S. support -- direct and indirect, through international institutions. We have mentioned the positive cooperation between our nations. It is possible to expand this cooperation. Tunisia is embarked on important reforms. Tunisia meets its debt obligations on time, despite the difficulty, to preserve our credibility. The U.S. financial support is important, but it has its drawbacks. We need resources to back our reforms. I can give examples of drawbacks for our balance of trade and balance of payments, with respect to our growing debt. We have a few solutions to suggest. (Ø)

President Ben Ali: First, there is the possibility of using debt service to finance development -- the "recycling" idea. Second, there is the possibility of raising the level of U.S. assistance. Third, we can encourage more private investment in Tunisia, especially by allowing U.S. oil companies to explore in the continental shelf. In the trade area, after Tunisia has joined GATT, we can look at getting your assistance on textile imports. Fourth, in the area of agriculture, despite a good rain, we still have a drought. We want the financing of easy term loans, not commercial ones. Fifth, in the social area, we want continued support for family planning, so that Tunisia can reduce its average family size to 2.8 children per family. (Ø)

The President: May I comment on a couple of these points. We have the highest level of assistance for international family planning for the U.S. government. As for the details of our program in Tunisia, I would like to ask our Ambassador to say something. Bob? (U)

Ambassador Pelletreau: We have had a long program, which is now being phased out in favor of private efforts. (U)

The President: We will take a look at it, Mr. President. About the offshore drilling, I don't know what the constraints may be here... (Ø)

Ambassador Pelletreau: The joint venture that is contemplated, Mr. President, is with Libya. (Ø)

The President: Perhaps we could look at separating out the Tunisian part. I told President Ben Ali about our continuing concern about Qadhafi -- our view has not changed. There are things that he can do as convincing evidence of a change, but he has not done those things. He is still involved in terrorism and Rabta is what we say it is. That's a very dangerous plant. We will take a look at whether there is some way we can separate out Tunisia's involvement in terms of our sanctions, since we want to encourage economic cooperation. (Ø)

Ambassador Pelletreau: The most promising area for exploration would involve a joint Tunisian-Libyan effort. We would need to separate out Tunisia. (S)

Acting Secretary Eagleburger: We will take a look at it. (S)

President Ben Ali: According to our information, the oil is in their area, so Tunisia would stand to benefit more from this joint effort. (S)

The President: We will look at it again. We want to see our companies cooperate more with foreign nations. We'll review it, but it sounds complicated. Qadhafi is a problem. The Europeans think that we are too hard on him; I don't think so. Mubarak thinks that he can tame this wildcat -- I say to him that watch out, this cat will scratch you. I don't want to mislead you -- we have no flexibility regarding Qadhafi, but we will look at the possibility of separating out Tunisia. (S)

President Ben Ali: Qadhafi is in fact an unstable man. We want to do this joint exploration before he changes his mind. Another issue is the students at the Ariana Institute. These students cannot get English instruction in our universities, so we want the scholarship program expanded to include college education. (S)

Ambassador Pelletreau: I can explain a bit. There are secondary schools in Tunisia that have English instruction but the universities do not teach in English. Our program provides only for graduate students. Tunisia wants the flexibility to extend this program to the college level. (S)

The President: Are there undergraduate scholarships for Tunisian kids? How many are we talking about? (S)

President Ben Ali: From 50 to 120 annually. (S)

The President: We will look again at this. I salute your interest in education. We believe it is in our interest to have Tunisia's best and brightest in our universities. You also raised debt; Secretary Brady, whom you will see later in your visit, can explain some of the constraints there to you. We are convinced you are on the right track for attracting foreign investment. Regarding agriculture, if you aren't meeting someone from the Agriculture Department, then Secretary Brady will bring someone from Agriculture into his meeting with you. Do you have another item on your agenda, or should I move to the Middle East peace process? (S)

President Ben Ali: I have mentioned the most important points, except in the defense area, which I will discuss with Secretary Cheney. (S)

The President: Let me salute Tunisia's moderate and reasonable approach. The facilitation of the dialogue we have with the PLO is also appreciated. There was progress in getting to an Israeli-Palestinian dialogue, but, frankly, we're frustrated. There is no government now in Israel, which adds to our frustration. The Secretary of State will continue to look for opportunities to move ahead, and I sense a concern among some in Israel that we should move ahead. The problem is that Shamir is attacked from the right, and has pulled back from his own ideas. We have been working closely with Mubarak, and we won't give up. I'm not sure how much leverage we have, contrary to the impression that is popular in the Arab world that we control Israel. Some say our relations with Israel are not as good as they used to be. Whatever is said, our policy has not changed. We oppose settlement activity in the territories occupied since 1967. Some statements have caused charges that that policy has changed -- it has not. We may differ with you, however, on the issue of Soviet Jewish immigration. We favor it, but not to the Occupied Territories. We think the PLO's recognition of Israel is positive. We encourage others to the degree they can to do what the PLO has done in this regard. We continue to believe that the Zionism as Racism resolution does not contribute to peace and should be stricken from the books. We want to be a catalyst. Not everything is in our hands -- you know the realities in Congress, I don't of course hide behind Congress, but it is a fact in our system, and we know these realities. I would, Mr. President, welcome your comments. (S)

President Ben Ali: Thank you. Tunisia's position on the Palestinian issue is well known, steady, and moderate. It can be summarized as the establishment of two states according to international law. Many of our friends, including the United States, asked us to accept the PLO in Tunisia. It is a pleasure to host the U.S.-PLO dialogue. We are, of course, in contact with the PLO. From these contacts, we are convinced that they are serious in their desire to achieve peace. (S)

The President: Does Arafat have the extremists under control? (S)

President Ben Ali: Arafat does not control all extremists, but he does control most of them. We believe that advantage should be taken of this opportunity to make peace with the current leadership. The PLO has made many concessions. I talked with Arafat before I came out here. He made three suggestions: (1) they want an international conference sponsored by the five permanent members of the Security Council and with the participation of the Palestinians; (2) a Palestinian-Israeli dialogue under U.S. and USSR supervision, or under United Nations supervision; or (3) a resumption of the Geneva Conference, suspended in 1974. Any of these three would be acceptable. (S)

The President: Could you elaborate on the second of these? Especially regarding the UN or Soviet roles. (S)

President Ben Ali: The second point is a dialogue between Palestinians and Israel. Secretary Baker suggested this dialogue take place between the two parties in the presence of the United States and Egypt. Arafat's suggestion is a dialogue in the presence of either the United Nations or the Soviet Union and the United States. I note that Egypt was not mentioned in this point. (S)

The President: Which of the three options does he prefer? (S)

President Ben Ali: The three are in order of preference. (S)

The President: Does he think that an international conference would have some authority to decide or power to impose or does he think that it would serve to facilitate understandings between the parties? (S)

President Ben Ali: Arafat believes he made many concessions without any return. Any solution or any dialogue would be a step toward a comprehensive solution. He is now apprehensive. Many concessions have been made without any return; the extremists say that he has not even been able to produce a simple dialogue in return for all these concessions. Arafat seeks encouragement because of this pressure. He says that he has given up almost everything except for a fig leaf. (S)

The President: What does he think about the Baker proposals? We want to get talks started, not with the PLO but with Palestinians. You have to crawl before you can run. Does he think this leads nowhere? (S)

President Ben Ali: He accepts Baker's plan. Mubarak's proposals to Arafat were actually your proposals. He accepts in principle a dialogue between Israelis and Palestinians. (S)

Ambassador Pelletreau: What we have said to the PLO about Soviet participation is that we have told the Soviets this is something the Soviets and Israel have to work out. (S)

The President: I don't quite see how the Soviets could play a useful part under the Baker proposals. We talk to them, of course, about their role, and fortunately their mission in the Third World generally has changed. Their support for radicals is down. But still, I can't see how they could play a useful role. (S)

President Ben Ali: I don't believe that he is all that interested in the Soviet role; he is really more interested in moving the peace process forward. (S)

The President: Well, we share the sense of frustration in the region over the lack of movement in the peace process. (S)

President Ben Ali: Whenever I see Arafat I have the feeling that they are drowning and looking for any straw to hang on to. He has accepted all that he was asked to accept: recognition of Israel; renunciation of terrorism. Yet, there is nothing to show the extremists, not even a simple dialogue. (S)

The President: Do you believe he has really renounced terror? (S)

President Ben Ali: I believe he has renounced terrorism. We live with these people and from our knowledge of them, we are convinced that they have given up terrorism. Arafat asked me to convey his great hope in the United States; I share this hope. (S)

The President: That is a heavy burden, but we'll try. The first step is to get a new government in Israel, and then we will try to persuade them. I look forward to seeing you this evening. Let me say that I have great respect for what you have been doing. (S)

The meeting concluded at 11:45 a.m. (U)