

THE WHITE HOUSE
WASHINGTON

MEMCON

MEMORANDUM OF CONVERSATION

SUBJECT: Bilateral Meeting with German Chancellor
Helmut Kohl

PARTICIPANTS: The President
James A. Baker, III, Secretary of State
Nicholas F. Brady, Secretary of the Treasury
Brent Scowcroft, Assistant to the President
for National Security Affairs
Robert M. Kimmitt, Under Secretary of State
for Political Affairs
Robert Blackwill, Senior Director for
European and Soviet Affairs, NSC
Timothy E. Deal, Senior Director for
International Economic Affairs, NSC
(notetaker)

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Helmut Kohl, Chancellor of the Federal
Republic of Germany
Hans Dietrich Genscher, Minister of Foreign
Affairs
Theo Waiger, Minister of Finance
Horst Teltschik, Chancellery National
Security Advisor
Walter Newur, Chancellery Chief of Staff

DATE, TIME
AND PLACE: July 9, 1990, 10:50 a.m.-11:30 a.m.
Manor House, Houstonian Hotel, Houston

The President: I want to inform you what you are walking into here in terms of the press. The press will magnify any differences. They never write about the banks that weren't robbed. (U)

On China, Kaifu told me that he intends to go ahead with the third yen loan to China. He will get no flack from the U.S. We should, however, try to stay together to restrict MDB loans for a while. G-7 positions are close on this issue. I urge that we stay together. I also urge that we take account of Chinese human rights programs. We do not wish to isolate China. (P)

Regarding support for the Soviet Union, Gorbachev's letter describes what he thinks is needed. There are some things that the U.S. can do and others we can't. Germany has offered the

USSR credits. That is a matter for the Chancellor of Germany. For our part, we cannot under our law give money to the Soviet Union. Gorbachev should stop putting \$5 billion into Cuba to facilitate revolution. We may have differences over money for the USSR, but we want to help Gorbachev. There will be no criticism from us concerning your loans to the USSR. (S)

On the environment, I am optimistic we can find a common position. (U)

On trade, people charge that we have big differences, but I believe that we will find some agreement on this issue. We are for a more ambitious outcome. (U)

Mitterrand brought up his favorite subject: North/South affairs. If he wants to discuss this, it's okay with us. I want to get into frank discussions and come up with solutions. We should seek a meeting of the minds and common purposes. We should try to guard against the idea of a failure because of differences over specifics. (S)

Chancellor Kohl: First, George, let me assure you that we all want a successful Summit. I would repeat what I have said already that the personal success of the President and the Secretary of State in London has created a good mood in NATO and in Europe. (U)

Regarding the USSR, we can't expect the Soviets to endorse all aspects of the NATO Declaration. It was well received in Poland, Czechoslovakia, and Hungary. (U)

We are not far apart on China, although I do not share Japan's enthusiasm given the Chinese opposition to economic reform and the memories of Tiananmen Square. Of course, we want reform to succeed. But it's not logical to say that we must help China despite the lack of economic reform while denying assistance to the USSR because Gorbachev is dragging his feet on perestroika. (S)

I have one problem, the German Parliament, which has begun to imitate the U.S. Senate. As a result, it has become more difficult to deal with sensitive issues such as these. (S)

In the case of the USSR, I believe that we will come to a reasonable solution. I don't see a problem. Real decisions on aid will not come before December. That's not such a bad time. The Soviets do not expect any final settlement of the aid question before then. Presently, the Soviets lack a reform concept. Until they develop one, we can help with food aid. (S)

While we talk about the USSR, we must also keep in mind the situation in Poland, Czechoslovakia, and Hungary. It would not be correct to look only at the USSR and ignore these three. (S)

catastrophe. We should wait and find out what will happen before making any commitments. 150,000 Germans have left Romania; 4-5,000 leave each month. But the 2 million Hungarians do not want to leave; they want to take the land. (Ø)

I ask then that when we talk about the USSR we keep Poland, Hungary, and Czechoslovakia in mind. (Ø)

We talked briefly about the Uruguay Round. I hope that we can find common ground that strikes a reasonable balance among the U.S., EC, and the FRG. I have made a major effort on trade since becoming Chancellor eight years ago. Under my EC chairmanship, we made an important move on agriculture. The Uruguay Round must be a success. (U)

On the environment, I understand what you cannot do regarding CO₂ emissions. We need to find a formula to get out of our bind. I have one urgent request relating to Brazil. If we don't act now, Brazil's tropical forest will not survive. If we wait eight years to act, there will be no problem because there will be no trees. Some people say that you can always start a reforestation program, but experts who are not some crazy Greens say that's not possible. We have only one chance to give the right signal. Collor is a good man. He needs our assistance. Together with the EC, we should invite other countries to offer a real program to Brazil with results in 12 months. This could deal with the CO₂ problem. The destruction of tropical rain forests is a symbol of modernization. (U)

On the domestic side, this should be easy for you. I was at the Harvard commencement ceremony, and all three speakers raised tropical rain forests. You too have elections. You don't want to let the successors of Dukakis exploit the situation. (U)

The President: My problem is with CO₂ emissions. My Latin American initiative included environmental set-asides. I favor strong forward movement on forests. Regarding CO₂, only 4% of the CO₂ in the atmosphere comes from human sources; the other 96% comes from natural sources. On global warming, there still are questions about the data, as our NASA studies have shown. I don't want to ask you to go against your domestic pressures. I have no regard for Petra Kelly and her ilk. (U)

Chancellor Kohl: She still has a lot of power. She is married to a two-star general now. They live comfortably together even though she's green as grass. (U)

The President: She is not still in politics? (U)

Chancellor Kohl: Yes, but not as a candidate. (U)

The President: I worry about the Uruguay Round. If we don't move forward in some way, they will laugh at us too. There's a big agricultural lobby here. Francois Mitterrand talks a lot about aid to LDCs, but access to market is more important. We

about aid to LDCs, but access to market is more important. We must find some language for the communique. (U)

Chancellor Kohl: This is a difficult problem. One thing though: the Germans are not the champions of the support of agriculture. When I was President of the EC Council, support payments went down. The EC does, however, have a completely different agricultural structure. In the FRG, the average farm is 17 hectares; in the UK, it's 140. The GDR is still more different with enormous cooperatives. (U)

I see very clearly the need to be successful in the Uruguay Round, for free trade is essential for prosperity. (U)

The President: Does Delors have flexibility? (U)

Chancellor Kohl: Yes, although he is bound by EC decisions. (U)

The President: I want to raise a procedural matter. I would like to summarize the communique at our final press session, rather than read the full text. It's a waste of time reading the entire document. (U)

Chancellor Kohl: I urge you to do it. It's embarrassing when the other leaders have to stifle yawns. At Venice, the situation was absurd with most Heads asleep. Fanfani delivered his address like a Cardinal. (U)

The President: Fine. Get some rest now. I will see you at the arrival ceremony. (U)

-- END OF CONVERSATION --