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THE WHITE HOUSE

MEMORANDUM OF CONVERSATION WASHINGTON

SUBJECT: Meeting with President Jovic of Yugoslavia
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PARTICIPANTS: The President
James A. Baker, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Raymond G.H. Seitz, Assistant Secretary
of State for European and Canadian
Affairs
Robert L. Hutchings, Director for European
Political Affairs
Interpreter

Borisav Jovic, President
Budimir Loncar, Foreign Minister
Dzevad Mujezinovic, Ambassador to the U.S.
Pavle Jevremovic, Foreign Policy Advisor to
the President of the Presidency
Interpreter

DATE, TIME October 1, 1990, 4:03 - 4:05 p.m.
AND PLACE: Waldorf Astoria Hotel, New York City

The President: I might start and then turn the floor over to you. The place to start, after saying welcome, is to underscore that we support a united Yugoslavia. We support the government's political and economic reform. The visit of the new president of Croatia in no way changes U.S. policy. I am anxious to hear from you. As I told Foreign Minister Loncar, I know it is a difficult period. I hope the Yugoslav people will agree on the future direction of your country. Our position is for free elections and democracy in the republics and autonomous regions as well as at the federal level. You are familiar with our human rights concerns, especially in Kosovo, so I won't dwell on those. But there is increasing concern about the violations of individual human rights. We are not talking about one group over another; that is not the business of the U.S. Before turning the floor over to you, let me say that I am grateful for the common stand against Iraq. I am impressed again at the U.N. and how united the world is against Iraq. Please, be frank and tell us the problems you have, and we will see where we go from here. (Ø)

President Jovic: Thank you very much Mr. President, especially for your time, which is precious. Thank you for your staunch stand in support of Yugoslavia. Let me spell out Yugoslavia's main problems and how we are dealing with them. First, the economic reform is going well. We have stabilized our balance of

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payments, stabilized our currency, and are paying our debts. So our foreign economic relations are going well -- so well, that the Paris Club won't consider a rescheduling of our debts. It is true that we have \$10 billion in foreign exchange reserve, but Iraq and the drought have had a serious effect on our economy.
(C)

The President: May I interrupt? In Iraq, is the negative balance because of oil alone or other trade? (Ø)

President Jovic: Our \$1.2 billion in losses excludes oil, which we are still evaluating. The key problem is because of the economic reform. Production is down 10% because we opened the gates to the world market. The economy cannot adjust so fast. On the key issues of reconstructing our economy and finding additional resources, we also need understanding from the international community. Also, among all the Socialist countries, Yugoslavia's economy is the only one almost to have reached a market economy. So we are at the critical point. We need another year or two, but I believe that we can overcome these problems. On political issues, we have a multiparty system with more than 100 parties. In two republics multiparty elections have already been held. Four more are expected to be held before the end of the year. One difficulty is that most parties are organized on a national basis, leading to disintegrative tendencies. There are secessionist tendencies not only in Kosovo but also in the republics. During the elections people were carrying slogans about seceding, establishing a confederation, etc. Now there is pressure for them to live up to these promises. In essence, the constitution needs to be changed. I am confident we can find the best way of living together, but disintegrative tendencies are creating problems. I must say that your stand in support of a united Yugoslavia carries great weight, even among those opposed. At this point that is the best help you can give. On Kosovo, Yugoslavia accepts and advocates human rights for all. The problem of Albanians in Kosovo is the issue of separatism. This is not likely to be resolved easily. On September 7 they proclaimed a republic and said they would secede from Serbia. (Ø)

The President: Is this related to changes in Albania? (U)

President Jovic: Not really. It has been going on for hundreds of years. This is the second time this century. (U)

The President: On Albania, we don't know much, but will it emerge into a country that wants improved relations? Will it move swiftly now? (Ø)

President Jovic: They are changing, but very slowly. (U)

The President: I saw the Albanian ambassador today. He was very pleasant. In the old days, they wouldn't have spoken to us. (U)

President Jovic: Their ambassador is nice and outgoing. (U)

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The President: Is there more you would like us to do in supporting a united Yugoslavia? Have we been too quiet? (Ø)

President Jovic: Let me answer very sincerely and openly. The U.S. spoke clearly about a unified Yugoslavia but didn't distinguish democratic processes and disintegrative processes. For example, in Kosovo, there is a distinction between human rights and secession. We say yes to human rights, no to secession. In Slovenia, we say yes for democracy but not secession. (Ø)

The President: I wanted to give you the opportunity to be frank. I don't want you to think we are riding two different horses. (U)

President Jovic: One more thing: we do not believe in Yugoslavia's disintegration, because national groups are intermingled and it would be virtually impossible to delineate borders. It could lead to civil war in the Balkans, which no one wants. This is not in the interest of the Balkans, Europe, or the world. (Ø)

The President: I appreciate what you have said. We want to try to be helpful, and we wish you well. (U)

President Jovic: One final point, one complaint: there are too few high level visitors. Let me ask you to visit or have Mr. Baker come on one of his many visits to Europe. Also, the Secretary of Defense was to have come, but he cancelled. We were very sorry. (Ø)

The President: I appreciate your raising this. I recall my visit as Vice President with great fondness. (U)

Secretary Baker: Let me mention one thing. I will meet with your minister tomorrow. We are very concerned about your contract to repair Iraqi MIGS. Can we talk about this tomorrow? (Ø)

Foreign Minister Loncar: Yes, of course. (U)

President Jovic: Let me give you a very straightforward answer. We did have a contract for 16 MIGS. When we halted work the MIGS had to be moved. Now everything is frozen and nothing will happen on this contract. (Ø)

- End of Conversation -

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