

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Brian Mulroney, Prime Minister of
Canada on May 27, 1991

PARTICIPANTS: The President
Brian Mulroney, Prime Minister
Adrian Basora, NSC Staff (Notetaker)
Daniel Poneman, NSC Staff

DATE, TIME: May 27, 1991, 7:58 - 8:15 p.m.
AND PLACE: Kennebunkport

The President: Brian, how are you? (U)

Prime Minister Mulroney: You're looking fine, George. I've been seeing you on television golfing and fishing, etc. (U)

The President: I understand that you are in Japan. What time is it there? (U)

Prime Minister Mulroney: It's just about 9 a.m. (U)

The President: Just checking in on nonproliferation, but how is your trip going? (S)

Prime Minister Mulroney: It's going well. I've just opened a new embassy here, and I met with your friend Prime Minister Kaifu. Takeshita, Uno and other prominent Japanese leaders were also there. I don't know who's where come October. (S)

The President: It sounds like you got a good turn-out! (U)

Let's talk a little about nonproliferation. I know from your proposals as well as our own guys that we have a historic opportunity to do something. I want to come out soon with an initiative, to try to propose something soon, maybe in a week or so. I want your views. I'll tell you what we are doing. It would include conventional arms, export of components for missiles, and chemical and biological weapons. What is your view, Brian? (S)

Prime Minister Mulroney: During the Gulf crisis, we found that the five members of the Security Council were practically the exclusive suppliers of arms to Saddam Hussein. This is not the

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kind of business that anyone needs, and not a good situation. We thought there would be a good opportunity when the war wound down for the U.S. to take the lead. When you were in Ottawa, we suggested that it would be a good idea to take such an initiative. This is an opportunity to do something, because the blame or responsibility is shared by all. Your idea is bang on. (S)

The President: We are talking about a freeze on surface-to-surface missiles, including acquisition, testing and production. That can get complicated, however, because one of them has them and the others don't. (S)

Prime Minister Mulroney: I watched Jim Baker testify the other day about his Middle East peace efforts and I must say I sympathize with the beating he has been taking. (S)

The President: Shamir called me just recently to thank me for U.S. assistance in getting the Falasha Jews out of Ethiopia, but he also asked that I have Jim Baker continue to hang in there in his Middle East peace efforts. We did not discuss the issue of settlements on the West Bank on the open line. However, we have to stick with our policy on this issue. They keep sticking it in our eyes on that. (S)

Prime Minister Mulroney: The U.S. does deserve congratulations on the release of the Falashas. (S)

I am simply astonished on the settlements issue. I have watched each time Jim Baker has gone to Israel and been presented with more settlements on the West Bank. This is not fair to the U.S. and not helpful in the peace process. (S)

The President: That's right, but I took Shamir's words as a modest sign of encouragement. Shamir's got enough of a political problem, but that's no reason to stick it in our eye. (S)

Prime Minister Mulroney: If Jim Baker does stay engaged, does it seem to you that Shamir will be offering something? (S)

The President: Maybe, but I'm not sure. I should add that I'm disappointed in King Hussein. He had told us he would be at a peace conference. Then he told us he was going to Syria just to check in with Assad. When he returned from Damascus, however, he said he could no longer attend a peace conference. I must say that his waffling again on this issue bothers me. So I am sore at him again, but there's no reason to despair. (S)

On arms control, I think the world is in a rush to see something done and now is the right time to take the initiative. (S)

Prime Minister Mulroney: The arms control thing follows up what we discussed in Canada. I made a speech on February 8th on this subject, and from what Brent has told me, your initiative contains some of the same ideas. The timing is bang on. (S)

The President: Yes, your proposals were excellent and we are borrowing from you. (S)

Prime Minister Mulroney: You think the arms initiative could boost the Middle East peace process? And could it be a question for the London Economic Summit? (S)

The President: I think it can be part of one big package. It's not directly related to the peace process, but it ought to help indirectly. (S)

Prime Minister Mulroney: When would you announce it? (U)

The President: I'm hoping to do it next week, probably in a speech. I am not sure about this week. There is ~~one~~ Air Force Academy speech. (S) *Can*

Prime Minister Mulroney: In a university setting? (S)

The President: I am hoping so, but it's not pinned down yet. (U)

Prime Minister Mulroney: What do you expect from the Five? (S)

The President: I am not sure. (U)

Prime Minister Mulroney: Have you heard anything more from Gorbachev about the London Summit? (S)

The President: I just got off the phone from a long talk with him a couple of hours ago. He did not mention the Summit. The call was on CFE. Gorbachev told me that we were very close and he was prepared to be helpful. We did not get into specifics because he was so forward leaning. (S)

Primakov and Yavlinskiy will be in this week. He wants CFE and START, and very much wants a meeting in Moscow. We are working on it. (S)

Gorbachev did raise the issue of credits for grain, however. We still have some distance to go. We have a law that requires such credits to be based on creditworthiness and it is hard to certify this for the Soviet Union right now. But I want to find a way to do it. Gorbachev was irritated. He said that the Soviet Union had never defaulted on an agricultural credit. (S)

Prime Minister Mulroney: I would like to help you there. (S)

The President: I am a little more optimistic on arms control than I was one month ago. I am now more optimistic about Gorbachev's survival and I want to stick with him. (S)

Prime Minister Mulroney: Have you talked to John Major about it? (S)

The President: Yes, I have. John Major has reservations. He is worried with the G-7 that, if Gorbachev comes and then fails, that the whole Summit will fail. (S)

Prime Minister Mulroney: Major is going into an election campaign. It may seem crass to raise the issue, but I remember when I chaired the Summit in 1988 it was helpful with an election coming up. If Major is in the chair for the G-7 Summit and everything goes well, this could help him. If Gorbachev comes to the Summit, things could get out of control, and that may not be good for John Major. (S)

The President: We ought to keep that in mind. If it helps to have Gorbachev there, then let's lean a bit in favor of it. If not, then let's lean against it. (S)

Prime Minister Mulroney: From my experience, a well-run Summit can actually be a major benefit. Will you be seeing Gorbachev before the Summit? (S)

The President: No, I don't think so, although when Moiseyev was here, he said that we were very close on CFE. I didn't have to use my talking points because he was so forward leaning. (S)

When do you come home? (U)

Prime Minister Mulroney: On Saturday. I will call you once I get turned around. In the meantime, if anyone hits you in the ear while you are fishing, it's not me! And thank you for the call and the heads up. (S)

The President: Thank you. We are building on your initiative so, if we get off track, weigh in. We'll try to mention that we are not in this thing alone. Is Mila there? (S)

Prime Minister Mulroney: She is out, but we are having a good visit. When I was in Hong Kong, I was struck by how badly they want MFN for China. They also want moral support from you. Your Consul General gave a good speech when I was there, by the way. (S)

The 6 million people of Hong Kong are panic-stricken as to what China will do if MFN is denied. They fear they will be in a blind alley after 1997. (S)

The President: I'm in an uphill fight with Congress on MFN for China. If there's anyone you know in Congress, and if it can be done appropriately, it might be helpful if you would share your Hong Kong experience with them. I just gave a speech down at Yale where I announced we'd continue MFN. (S)

Prime Minister Mulroney: If Brent could give Derek Burney a couple of key names on the Hill, I would be happy to call them. (S)

The people in Hong Kong think that denial of MFN would be the kiss of death. Two-thirds of foreign investment in China goes in via Hong Kong. (S)

The President: I will talk to Brent about it. Some of our guys naively think that you can hit them over the head and then think you'll get something from them. (S)

Prime Minister Mulroney: On that again you are on the right track. I am sure your announcement of a Middle East non-proliferation initiative will go over well. (S)

The President: Thanks. Good talking to you. (U)

Prime Minister Mulroney: Thanks for calling. God Bless. (U)

-- End of Conversation --