

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Third Plenary, London Economic Summit

PARTICIPANTS: George Bush, President of the United States
 James A. Baker, Secretary of State
 Nicholas F. Brady, Secretary of the Treasury

Francois Mitterrand, President of the French Republic
 Roland Dumas, Minister of State for Foreign Affairs
 Pierre Bérégovoy, Minister of State for Economy, Finance and the Budget

Helmut Kohl, Chancellor of the Federal Republic Germany
 Hans-Dietrich Genscher, Vice Chancellor and Minister of Foreign Affairs
 Theo Waigel, Minister of Finance
 Jurgen Moellemann, Minister for Economics

Brian Mulroney, Prime Minister of Canada
 Barbara Jean McDougall, Secretary of State for External Affairs
 Donald Frank Mazankowski, Minister of Finance

Guilio Andreotti, Prime Minister of Italy
 Gianni De Michelis, Minister of Foreign Affairs
 Guido Carli, Minister of the Treasury

Toshiki Kaifu, Prime Minister of Japan
 Taro Nakayama, Minister of Foreign Affairs
 Ryutaro Hashimoto, Minister of Finance
 Eiichi Nakao, Minister of International Trade and Industry

Jacques Delors, President of the Commission of the European Communities
 Frans Andriessen, Vice President

John Major, Prime Minister of the United Kingdom
 Douglas Hurd, Secretary of State for Foreign and Commonwealth Affairs
 Norman Stewart Hughson Lamont, Chancellor of the Exchequer

Ruud Lubbers, Prime Minister of the Kingdom
of the Netherlands
Hans van den Broek, Minister of Foreign
Affairs

DATE, TIME Wednesday, July 17, 1991, 9:15-10:20 A.M.
AND PLACE: Long Gallery, Lancaster House, London,
England

Prime Minister Major: (He opened by addressing errata in the
Economic Declaration draft text made available the previous
night.)

-- Paragraph 9, second sentence: insert after "stimulate":
"non-inflationary growth by bolstering confidence, . . ."

-- Paragraph 12, second sentence: "improve" should read
"improved."

-- Paragraph 17, second sentence: insert after "welcome
increase in": "supplies by certain oil-exporting countries and
by the actions . . ."

-- Paragraph 32, first sentence: delete "the" before
"Soviet foreign policy." (U)

Chancellor Kohl: Re paragraph 54, this doesn't reflect the
content of our discussions. I don't like, "seek financial
support for the successful implementation of the preliminary
stage" We should change this to "we will support the
first phase." (U)

Secretary Baker: How about, "We will support the implementation
of the preliminary stage of the pilot program." (U)

Chancellor Kohl: Financing is needed. (U)

Chancellor Kohl/The President: Agree: "We will financially
support the implementation of the preliminary stage of the pilot
programme utilizing all potential sources. . ." (e.g., adds
"utilizing" to make it consistent). (U)

(Discussion of Economic Declaration completed.) (U)

President Mitterrand: We're getting through the agenda more
quickly. This is good. Now we should move toward the extended
part of our agenda. We only come together again with President
Gorbachev. I met him, as will others. I'd like to ask the
Chairman how you intend to proceed. There won't be a concluding
plenary. How do we draw lessons from this visit? How do we
disperse without informing world opinion? How will Prime
Minister Major proceed? I feel we're leaving the process hanging
in the air. We should explain what needs to be done. We might
try to move the process forward. (Ø)

Prime Minister Major: On the basis of yesterday's discussions, we had a general agreement on some points. When we meet with President Gorbachev, I will open; then Gorbachev and then the Heads will talk, and then we'll throw the discussion open. At the conclusion, I would, as we do in the EC, summarize the views expressed and seek concordance for the summary. There won't be a formal statement, but at the press conference with Gorbachev I would sum up. (Ø)

On follow-up, we've talked about several elements: (1) Special Association with the IFIs. (2) As President Mitterrand suggested, the G-7 Chairman would visit the USSR before Christmas and report to his colleagues. (Ø)

(There was silence; e.g., everyone agreed.) (Ø)

The President: As a wrap-up note, I'd like to express sincere appreciation to Prime Minister Major for his leadership. And thanks to Her Majesty for a splendid evening. (U)

Chancellor Kohl: There is a problem. We have been talking about the Soviet issue before we meet with President Gorbachev. We can't predict what will happen. We don't know what he'll propose. We should have a moment to reflect after we meet with him. I'm concerned we'll echo different views. I'm all for pluralism, but What about a little time to put our heads together after meeting with President Gorbachev? There's nothing planned now. I don't find it good to have different versions (of a meeting) given. This has been a well-prepared Summit. We need a meeting where we can discuss these questions. On the U.S. side, they will also have things to say. (Ø)

Prime Minister Andreotti: This is a very good idea. We're called upon to approve a document. Those of us in the EC approved a very precise view on the USSR last December. We were unanimous on encouraging Soviet participation in the IFIs. I understand that there are limits; the EC doesn't commit all of us. But if we compare this with what we have hereWe shouldn't fail to give a politically valid message. (Ø)

Prime Minister Lubbers: I fully see the problem. Re paragraphs 28-33, the text is OK, but less specific than the lists we discussed yesterday. There is a risk the public will see this as vague. We might ask the Sherpas to continue work by looking into the list presented by Chancellor Kohl and President Delors. We will be more specific at the end of the day. (Ø)

Prime Minister Major: The language is bland in the Declaration because we cannot preempt the Gorbachev meeting. But we can be much warmer after we meet. Later we will work on some conclusions and circulate them. (Ø)

Prime Minister Lubbers: That's what I suggested: a list of specific points. (U)

Prime Minister Mulroney: If Prime Minister Major makes his presentation to the media afterward as skillfully as he has here, then we'll do fine. But it's hard to do in advance. We have an idea of our package; Helmut laid it out yesterday. The Chairman can lay it out. My concern is that we need to find out what Gorbachev will say before we leave. We need to know what he'll say before we put forward our line. We need to know he'll respond constructively. If he were critical of what we're saying, the press will be on his side. President Walesa did this to us once after we forgave Poland's debt. We need to nail down Gorbachev's reaction. (Ø)

Prime Minister Kaifu: There are points we need to be careful on, e.g., the Asia-Pacific, LDCs, etc., that we don't want to have overshadowed. With President Gorbachev, we want to find out if there is progress in key areas and leave it to the Chairman to represent a common understanding. (Ø)

Prime Minister Major: Prime Minister Mulroney's point is compelling. That's why I proposed that we agree on the basis of yesterday's discussion (note: he said he'll circulate a text). Then I will summarize what I'll say, and then ask Gorbachev what he'll say. I hope to reach a concordat. I will circulate language with the warmest tone, according precisely with what was agreed yesterday. I will seek to summarize this at 5:30, to give us time to handle it before the 6:00 p.m. break. There won't be a formal communique. I'm doing it this way because of Prime Minister Mulroney's point. But I also wanted to avoid a sense of sitting in judgment without Gorbachev after we meet. This is a proud man and nation. But I can see why you'll want to know the line we're taking. So I'll circulate later this morning a text of points on what I'd like to say. I'll be open to suggestions. (Ø)

Chancellor Kohl: Perhaps we might talk during a coffee break. This will allow us to act with tact. (Ø)

Prime Minister Major: OK. We'll have a paper to look at (e.g., talking points for PM Major). There won't be formal communique. We may want to move up the 10:45 reading of the Economic Declaration. (Ø)

BREAK FOR COFFEE

-- End of Meeting --