

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: President's Meeting with President Ozal of Turkey (U)

PARTICIPANTS: The President
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Marlin Fitzwater, Assistant to the President and Press Secretary
Morton Abramowitz, Ambassador
James F. Dobbins, Acting Assistant Secretary of State for European and Canadian Affairs
David C. Gompert, Senior Director for European and Soviet Affairs, NSC
Marc Grossman, Deputy Chief of Mission, U.S. Embassy, Turkey
Nicholas Burns, Director for Soviet and European Affairs
David Ransom, Director, Office of Southern European Affairs, Department of State (Notetaker)

Turgut Ozal, President
Mesut Yilmaz, Prime Minister
Safa Giray, Foreign Minister
Ozdem Sanberk, MFA Under Secretary
Nuzdet Kandemir, Ambassador to the U.S.
Barlas Dogu, Defense Minister
Engin Guner
Mithat Balkan, Presidential Advisor

DATE, TIME July 22, 1991; 8:00 a.m. - 9:00 a.m.
AND PLACE: Ciragan Palace, Istanbul, Turkey

The President: Let me begin by underscoring our view that Turkish ties to Europe are not competitive with U.S. ties. In fact we want to see Turkey in the EC. Second, we don't want to see U.S. troops go back into combat in Iraq. We have no big target list, as claimed by some UK papers. But we can't sit back if Iraq goes against UN resolutions and tries to reconstruct its nuclear capability. We have weapons with pinpoint accuracy, so I hope Iraq stops its lying and cheating on nuclear issues. (P)

President Ozal: What was that big gun Iraq had? (P)

The President: A gun with a very long barrel to project shells great distances. (P)

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President Ozal: We got a piece being shipped through Turkey and sent it back. Iraqis were angry. (Ø)

The President: Saddam Hussein says one thing, does another. Hard to believe him. Hope his army acts against him. Then: I want to give Iraq a chance. I'm not against Iraqi people. Even if it's some army man who takes over, if he lives up to the UN resolutions, I want him to know that Iraq has a future and won't have to live as a pariah. (Ø)

President Ozal: Baker is with Israelis today. Any report? (Ø)

The President: Yes, we're getting mixed Israeli responses. It's not totally negative. The Israelis are beginning to see reason to give the Baker initiatives a chance. (Ø)

General Scowcroft: King Hussein has agreed to lift the boycott in exchange for a settlement end. (Ø)

The President: Hussein fortunately has company for this position. Previously, he agreed with me to come to a peace conference -- but after a visit to Syria he came back with conditions. Now he's working on a joint delegation. (Ø)

General Scowcroft: That's not a firm commitment. (Ø)

The President: Let me say that in my talks with Gorbachev there seems to be nothing which will be negative for Turkey. Arms control will help lift the cloud of fear. And Gorbachev understands now that the huge deals he wants in oil and agriculture there has to be, first, a union treaty with the republics. (Ø)

General Scowcroft: That might be in August, although the Ukraine says that is too early. The Ukraine is working on tax and other matters. They've voted to belong. (Ø)

The President: Gorbachev told me he was confident the Ukraine would come along. I want to go to Kiev. Gorbachev does not want me to go. If they persist, I won't go. (Ø)

President Ozal: What about the Balkans? (U)

The President: I should ask you. We joined the world in calling for the unity of Yugoslavia but shifted our position later to say we could accept changes but wanted to see the peace kept. (U)

General Scowcroft: All parties seem to agree with Slovenian independence. Now they are trying to negotiate a stand-down of all militias and the withdrawal of the Army from Croatia. It's very hard to separate the populations there. (Ø)

President Ozal: The only solution is a loose federation, but Yugoslavia is going to lose a lot of income if Slovenia is out. (Ø)

The President: Do you have much trade with Yugoslavia? (U)

President Ozal: Not so much but there are many Muslims there who look to Turkey -- six or seven million, mostly Bosnians. Then there are some Turks. I'm thinking of a Balkan tour. I'll go to Romania too. (Ø)

The President: Romania has been lagging but is coming on now. We don't want to drag our feet. What about Albania? Baker had an amazing reception there. It shows where the hearts of people are in communist countries. (Ø)

President Ozal: And it will be the same in Iraq if there is an election. Everyone wants to get rid of communist parties. (Ø)

The President: Yeltsin was well-behaved in the States this time: not demanding and defensive. The last time he held out in the White House basement, insisting that General Scowcroft agree to see an aide as well as him. Yeltsin backed down, but this time, with a big vote under his belt, he seemed confident. He seems reasonable now. For instance, I've told Gorbachev that it's hard for us to consider aid to the Soviet Union when the Soviets are still supplying Cuba with large amounts of aid. We have a hemisphere of democracies now, less one, and that's no small matter. Yeltsin is against aid to Cuba, and to Afghanistan, and he wants to see the Baltics go. Gorbachev keeps saying he has to find constitutional ways of doing that. So Yeltsin gets our strong support. I don't know what will happen with him in Moscow. When Baker invited him to our Embassy in Moscow, he refused to come. We'll treat him like any other elected official. What about Armenians, in this regard? (Ø)

President Ozal: They want independence -- but they have old enemies in Georgia and Azerbaijan. Their only way out is through Turkey. We are giving it to them. (Ø)

General Scowcroft: Wouldn't they be safer staying in the Soviet Union? (Ø)

President Ozal: Maybe, but they want out. They are an old nation. (Ø)

Prime Minister Yilmaz: The solution for both Yugoslavia and the USSR is the same: loose federation. (Ø)

General Scowcroft: You're negotiating with the southern republics. (Ø)

Prime Minister Yilmaz: We have agreements with five republics. Nothing political, but with specific economic, cultural and trade matters. (Ø)

President Ozal: The Yugoslavian outcome will reflect history. In the fight between the Austro-Hungarian Empire and the Ottomans, the former got Slovenia and Croatia. Then the Russians entered, siding with the Serbs, and made it a three power area.

In the end, the Ottomans lost everything. Slovenia and Croatia may separate, but the others are more inclined to this side, because there are more Muslims. (Ø)

General Scowcroft: What about Macedonia? (U)

President Ozal: The language is like Bulgarian, not Greek. Macedonia is new, created after WW II. The Greeks say there is no Macedonian nation. I think, in the end, Albania will benefit. There are three million Muslims in Yugoslavia. This will be a problem for the Greeks. (Ø)

The President: What is your political time-table? (U)

President Ozal: We must have elections by next November but Parliament could decide by majority vote to do so earlier. It will probably be sooner. Who will win in Britain? (Ø)

The President: Tories aren't doing so well -- economic problems, the Thatcher-Heath arguments from the left and the right of the party. But Major does better personally than Kinnock in the polls, so he thinks that will help his lagging party in the elections. It's hard to say, but I'd bet on the Conservatives. (Ø)

President Ozal: They've been too long in power. What about France? (U)

General Scowcroft: There's a lot of candidates: Chirac, Barre, Giscard. Rocard is a good man. (Ø)

President Ozal: We agree. (U)

The Bush: Mulroney is down in the polls but doing better. Separatism is a problem there too, and he is criticised for Meech Lake, and he is also criticised for his strong support of the U.S. Elections could be tough. (Ø)

President Ozal: Which is worse in an election: recession or inflation? (U)

The President: Jobs are most important, by a wide margin, unless inflation is very high. We have some differences with the Central Bank on this. In the U.S. the question is whether we have a robust recovery or slip back to a recession. People are hurting in the U.S. although the recession isn't deep. Fortunately, there is not much pressure for new spending programs. People don't want them. The people are ahead of the Congress on this. (Ø)

Mr. Sununu: The Congress is confused politically on this.

The President: You have to understand that, in America, we control nothing. Look at MFN for China. I think it's good for us, for the G-7 and for Hong Kong, but some of my strongest supporters in Congress, who campaigned hard for me, are leading

the fight against MFN due to human rights. We have to deal with their motion, and defeat it with veto tactics -- one third plus one, including Republicans. It's very hard to govern this way. Because we must always deal with legislation from Congress, the Times and the Post say we have no domestic program. It's not true. Now, to add to all this, we have election year posturing -- the four year dance. Senator Bradley attacked me. I don't think this will spill over on US-Turkish relations, but who knows. At least there is no Armenian relation. (S)

Mr. Sununu: There could be spill-over in the textile area. (S)

The President: That's true. We almost lost a big vote last year. Another vote could come during the Mexico or Uruguay rounds -- which might help -- and although it's going to be an election year, we're so committed to openness that most Republicans won't leave us. I'm not worried about running against quotas. I did so in the primaries in 1980, even in the south, which is important to us. The problem is that the quota crowd is well funded, and retailers, who might reflect the public's desire for lower prices, are not much of a counter-weight. (S)

President Ozal: Our problem is different, George. We have become a consumer society. Even ten years ago there was still only one black and white TV channel; now there are six, in color, and with satellites you can get 30. All of our channels have ads, so even remote villages have refrigerators and now everyone wants cars. The consumer drive is fueled by salaries. Ten years ago 1.3 million Turks had government jobs, and it cost us \$300 million dollars. Today 1.4 million have such jobs, but it costs us \$11 billion. To keep up, we need growth. I've been telling the Prime Minister to worry about this more than inflation. We did well last year -- 10.2% real growth, despite the Gulf crisis -- but growth in the last quarter, when the Gulf business slowdown caught up with us, was actually negative. So I'm telling the Prime Minister to get the economy going. (S)

The President: Turgut, we're running out of time, so let me turn to another subject. We had a small flap here when Mitsotakis had his Ambassador in Ankara call Ambassador Abramowitz to say that my press conference statement made it appear that he had accepted a quadripartite conference. Now, I'm sometimes unclear, though it is better than Dana Carver makes out on Saturday Night Live. So we got back to Mitsotakis to say he was wrong in this interpretation, and yesterday I told the press that there was no agreement on the part of all the parties. But now I find out that, after working on Mitsotakis, he is ready to come to a meeting. So maybe we can issue a statement at the end of my visit. This statement seems to be what Turkey wants. (The President hands the statement to President Ozal.) (S)

General Scowcroft: Mitsotakis based his decision on what you said: "I am prepared to be flexible." (S)

President Ozal: Yilmaz will go to this meeting, not me. I'll work on it, of course. (Ø)

Prime Minister Yilmaz: We can't agree with the statement in this form. There's nothing here about a quadripartite meeting, and the Greek Cypriots just yesterday said they would turn down such a meeting. This statement should mention that four parties are coming -- and not others, though we accept the UNSYG in the chair. (Ø)

The President: The statement talks about the SYG, and his approach is for four parties. Let's not lose this opportunity. We have turned the Greeks around. We can't be helpful if we lose this chance. (Ø)

Prime Minister Yilmaz: I'm afraid some other countries might want to come to the meeting. I don't like the phrase international. (Ø)

The President: But we've got to get something. Otherwise, to heck with it. But we've got to try. (U)

Prime Minister Yilmaz: Look, we are sincere in our desire to solve this problem. We want to work with you. We will be forthcoming and flexible. But, the Greeks must give up the hope that the USG will put pressure on Turkey. (Ø)

The President: I put pressure on Greece, and now I don't want to see matters set back. (Ø)

Mr. Gompert: The Greeks went to Vassiliou to get agreement on this statement. (Ø)

Prime Minister Yilmaz: All we want is for the Turkish Cypriot side to be treated as equals. The key word is quadripartite. (Ø)

(Various drafting changes were passed back and forth across the table.)

The President: We're running out of time. (U)

President Ozal: This matter is very simple. These two communities have repeatedly met. I have now proposed to add Turkey and Greece. This is helpful. Why should the Greeks reject this? (Ø)

(Note for the record: the meeting adjourned, and both sides embarked for the airport, where agreement was reached on a text.)

-- End of Conversation --