

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Franz Vranitzky, Chancellor of Austria

PARTICIPANTS: The President
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Roy Huffington, Ambassador to Austria
Ralph Johnson, Principal Deputy Assistant
Secretary of State for European and
Canadian Affairs
Tony Wayne, Director for Western European
Affairs, NSC Staff (Notetaker)

Franz Vranitzky, Chancellor
Thomas Klestil, Deputy Foreign Minister
Friedrich Hoess, Ambassador to the U.S.
Ewa Novotny, Foreign Policy Advisor to the
Chancellor

DATE, TIME October 10, 1991, 3:00 - 3:30 p.m.
AND PLACE: The Oval Office

The President: I'm anxious to get your views on Europe and especially the situation in Yugoslavia. This is a difficult situation, and we need to exercise restraint. The quest for independence is commendable and we must respect those desires, but we have tried to resist premature recognition. I'd like to get your views. (S)

Chancellor Vranitzky: First, on behalf of my government and the people of Austria, I want to say how pleased we are with what you said the other day on nuclear matters. On Yugoslavia, we've arrived at a situation where the central government no longer controls the army. We're now in our third or fourth cease-fire and none of them have held. So this is the situation where all of the international efforts so far have been unsuccessful. We can't, however, stop these international efforts. We must continue. We've been discussing with our EC friends further measures, financial and economic. What we are talking about are possible sanctions and an embargo. Senior officials were meeting today to put together a list of possible steps. I know that an embargo won't stop the fighting right away, but it will increase the pressure. And then we still have the vital question of whom we are dealing with in Yugoslavia. There is no central government, and authority is now widely dispersed. We have said that we are prepared to recognize Slovenia and Croatia if others

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join us. But so far there is no sign that others are willing. I have been in regular contact with the Germans and others on this question. In sum, I do not see a quick and smooth solution to this problem. (S)

The President: We think that premature recognition could leave us in a very difficult situation. We could have an entity without any way of protecting itself. We could also find a Serbian rump state that would create problems for years to come. We don't want to turn our back on the people, but neither do we want to move to a situation which would just generate further instability. (S)

Chancellor Vranitzky: Yes, we have also heard reports that premature recognition could lead the Serbs to undertake even more attacks. (S)

The President: Yes. I am reminded of the precedent in Hungary where they thought in 1956 that the West would come to their rescue, but nobody did. (S)

Chancellor Vranitzky: I also think that we could be leaving ourselves open to future problems if we do not respect the CSCE principles in this case. There could be a number of situations where accords signed by central governments are repudiated and disregarded by regional authorities. This could be a problem elsewhere in Yugoslavia, in Macedonia for example, and it could be a serious problem in the Soviet Union. (S)

Secretary Baker: Yes. That is exactly the heart of the problem. We can expect to be faced with this type of situation in a number of areas around the world. If we allow change of borders by force or unilateral actions, it could cost us all in the long run. (S)

The President: Yes. We are worried about the Soviet Union. The Ukraine, for example. (S)

Secretary Baker: Yes. What would we do if the Ukraine unilaterally declared its independence. Would we recognize it? Now, of course, it is a different thing if Moscow were to approve and this move were done through negotiations. (S)

Chancellor Vranitzky: Yes. I agree fully. I was in Moscow recently and met with Gorbachev. I also traveled to Kazakhstan and met with Nazarbayev. Yeltsin was not there, however. He was recovering from his heart attack. But Gorbachev, Nazarbayev and the others said they were agreed to form the nucleus of a union and that they hoped the others would follow. If the other republics chose not to, they said they still felt strong enough to survive. (S)

The President: Was Gorbachev optimistic on the signing of the union treaty? (S)

Chancellor Vranitzky: No. He said they needed to have a union treaty. (C)

The President: I don't think I'm talking out of school here, but Yeltsin said that he would sign the treaty. However, there are a number of others in Russia who don't like it. I think the jury is still out on whether or not this treaty will be signed. (S)

Chancellor Vranitzky: I have another issue that I'd like to raise with you, Mr. President. You know there is a debate going on in Europe about whether this problem or that problem should be solved by the Europeans or by the Americans or if we want America to work with us. This applies to Yugoslavia and to other problems. I hope that this will not be seen as a choice between the U.S. or Europe, but that the result will be the U.S. and Europe working together to find solutions. (C)

The President: Yes. We want to be involved. Now in the case of Yugoslavia, I think it is good that the EC is taking the lead in trying to sort things out. But on the bigger picture, yes, we want to be involved. We want to be involved on the security front and the economic front. Certainly there are some isolationist pressures in the United States, but I think they are manageable. Those of us in the government are certainly not in the mode of pulling back. The only thing that could turn around public opinion in the United States would be if the people in France or Germany became hostile to a continued U.S. presence. Certainly, we are reducing our defense expenditures, but that does not mean that we will neglect security problems. (S)

Chancellor Vranitzky: You know that we have applied to join the EC. We now wish to do that as soon as possible, and we will be trying to speed up the negotiations. Right now, the EC tells us that those negotiations can only begin in 1993. We will be urging them to move that date up, and I think it will be of value to them to have us join given our geographic location. (C)

The President: Is there any domestic opposition to joining? (U)

Chancellor Vranitzky: There are opposition voices, especially from the Freedom Party. But we will get a majority in the referendum which will be required to approve membership. If we don't get it in the first referendum, we will get it in the second. (C)

The President: I was wondering, since it seems a very logical step for Austria to join. Of course, your economy is doing well, I believe. What is the growth rate? (U)

Chancellor Vranitzky: The economy grew at 4.3% last year. (U)

The President: I wish I could say the same thing about the U.S. economy. But you know the forecasts are looking good, and these aren't just government forecasts. I think we are out of the recession, but, of course, it would be difficult for some people in Detroit to believe that if you told them right now. There are

still weak spots, and we have some big economic problems. But I think it is coming along. (C)

Chancellor Vranitzky: When I visited Houston yesterday, I met with many American businessmen so we did discuss the economy. We also discussed the fact that Vienna is becoming a meeting place for U.S. and European businesses. (C)

Ambassador Huffington: Yes. I think there are some very promising developments. I have been encouraging Houston businessmen to consider all the facilities available in Vienna. (U)

Chancellor Vranitzky: I have one other issue to raise with you. As you know, Vienna is one of the three sites which hosts the United Nations. At the request of the United Nations, we will be expanding these sites and the current facilities. I would like you to consider giving your support for us in two areas. First, we would like any future headquarters established under the chemical weapons treaty to be located in Vienna. And, second, we would like support for expanding the IAEA. (C)

The President: I better get some advice on this. But in principle we have certainly always supported Vienna as one of the three sites for UN offices. What are the specifics here? (C)

Chancellor Vranitzky: Specifically, we believe that any new office related to the control of chemical weapons should be based in Vienna. (C)

Secretary Baker: Yes, certainly, we are moving toward completion of the treaty, and we will have to look for a site. (C)

The President: Well, I do want to say that we certainly don't believe that the United Nations should be spread out too far. That is just too expensive and inefficient. I also think that the IAEA is doing a very good job today with Iraq. But I also want to note that, as a general principle, I think we need to keep the UN bureaucracy in line. In general, I think what you are asking is compatible with our thinking, but I want to be sure that we haven't promised someone else the site for the chemical weapons office. (C)

Deputy Foreign Minister Klestil: The idea is that since the role of the new chemical weapons office would be similar to that of the IAEA, it would make sense to have them based near each other. (C)

(closing pleasantries)

-- End of Conversation --