

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Dimitrov of Bulgaria

PARTICIPANTS: The President
The Vice President
James A. Baker III, Secretary of State
Samuel K. Skinner, Chief of Staff
Kenneth Hill, Ambassador to Bulgaria
Robert Hutchings, Director, European Affairs, NSC Staff

Philip Dimitrov, Prime Minister
Ognian Pishev, Ambassador to the U.S.
Alex Alexiev, Advisor to the Prime Minister

DATE, TIME March 3, 1992, 4:05 to 4:35 p.m.
AND PLACE: Oval Office

The President: Tell me how things are going back home. We are pulling for you and admire all you have accomplished. I hope we can find a way of working together. (U)

Prime Minister Dimitrov: First, let me take this opportunity to deliver a letter from President Zhelev who sends his regards. (U)

The President: Let me ask how he is doing. (U)

Prime Minister Dimitrov: He is doing very well. As for how things are going, the democratic process is evolving, we had elections in October and I became Prime Minister of the first democratic government in our country. At the same time we are moving toward economic reform. We have laws in our parliament concerning foreign investment, banking, and privatization. Bulgaria is proud to be a country which has managed to go through this process without violence, even though there were lots of problems inherited from the previous regime, such as bitterness between ethnic groups. Now there is cooperation with the Movement of Rights and Freedom, which represents our Muslim minority, in our parliament. Our people recognize the need for sacrifice. (U)

The President: Yes that is a big challenge. I don't want to sound like I'm lecturing, but it seems to us that it is better to move quickly on these reforms. Are you doing that? (U)

~~CONFIDENTIAL~~

Declassify on: OADR

DECLASSIFIED
PER E.O. 13526

2009-0651-MR

32 12/17/10

Prime Minister Dimitrov: That's precisely what we are trying to do. Bulgaria is a country that very much believes in America. This can be observed, as you may have heard from Vice President Quayle. (Ø)

The President: He told me about his visit. It was thrilling. You were there Jim. (U)

Secretary Baker: I was there in February 1990 just after the revolution. There were 1500 people in the square in front of our hotel chanting "democracy and freedom." (U)

Prime Minister Dimitrov: We highly appreciate your support. Ambassador Hill can vouch for that. (U)

The President: We get good reports from him on the spirit there. Quayle too was very pleased. Someday I would love to go. I have never been although I've been to neighboring countries. (U)

Prime Minister Dimitrov: I understand you're busy this year, otherwise we would insist. (U)

The President: I think I'll win this election; I hope I'm right. Then we'll have time to go back to that part of the world and show our interest. (Ø)

Prime Minister Dimitrov: We need more overt symbols of support, and this would be one way. (U)

The President: What kind of symbols do you have in mind? Our view is that more private investment is needed and that could be one way of showing support. Has an OPIC delegation visited? (U)

Ambassador Hill: Not yet. I will be talking to OPIC tomorrow. (U)

The President: These delegations really do some good by promoting interest among investors. (U)

Prime Minister Dimitrov: I agree. When I thought of what to emphasize, this was one of the major themes I had in mind. I very much believe in foreign investment and hope to see more from the U.S. I mentioned that we are pursuing a stable process of democratization. Bulgaria, together with the U.S., can be a stabilizing factor in the Balkans. This makes us want to feel even closer to the U.S. The presence of American investment is welcome. (U)

The President: Is the MacDougal project working -- the Bulgarian American Enterprise Fund? (U)

Ambassador Pishev: Yes, it has started well. We will be visiting Chicago for talks with the Fund board. We have also had visits from U.S. companies. There are lots of opportunities now. All the pieces are ready: OPIC coverage, MFN and the bilateral investment treaty. Now we need two or three flagship investments. Therefore we need a political signal. Also, we

need help in the area of defense conversion. The missions that have been sent haven't gone to Bulgaria. (S)

Prime Minister Dimitrov: Let me add our readiness to pass a decision of government on the COCOM issue. (S)

The President: This is a time of rapid change on COCOM. Where do we stand with Bulgaria? (S)

Ambassador Hill: The Department is in dialogue with the Bulgarian government on the question of export controls. We are pressing ahead, Mr. President. (S)

Secretary Baker: Do we have a BIT? (U)

Ambassador Hill: It is almost ready to sign. (U)

The President: Can we talk a bit about Macedonia? This is a tough one for us. Our prime interest is in a peaceful evolution. We are getting some criticism at home, especially from the Croatian community, for not recognizing. One reason is that the UN has urged us not to, feeling that U.S. recognition could be a problem. On Macedonia, we try to analyze the Greek situation and not to move too fast. You are so close; what is your feeling? (S)

Prime Minister Dimitrov: With all respect for our Greek friends we have a different perspective. As for us it was a matter of taking a decision that would express the principle of our approach toward our neighbors. Having stated our support for self determination elsewhere, we had to do so for our immediate neighbors. We have no territorial demands whatsoever, especially concerning Macedonia. Also we felt that recognition of only some republics would put other republics in a vulnerable position. Our aim is stability. (S)

The President: Are you optimistic? We are backing the UN, but I must say that I am very worried. We are getting criticized for not recognizing. (S)

Prime Minister Dimitrov: I understand the U.S. position, but recognition might help a peaceful development. (S)

The President: Let me understand. Your position is that if we recognize, confrontation will be less likely. (S)

Prime Minister Dimitrov: Yes, especially if there is a general recognition. (S)

Secretary Baker: The counter-argument that some advance is that if we recognize all four, especially ahead of the EC, the Serb minority in Bosnia might see this as separation from Serbia and could start shooting. On the other hand, you could argue that recognizing Bosnia after its referendum could stabilize the situation. It's not an easy situation. (S)

The President: Didn't Croatia almost walk away from the UN process after recognition? (Ø)

Secretary Baker: Yes, the EC decision almost backfired. (Ø)

The President: I'm not arguing about this. I just wanted your views. (Ø)

Ambassador Pishev: We also need to pay more attention to regional cooperation. We are ready to help because the viability of all the republics is under question. A regional market will encourage free movement of capital labor and people. (Ø)

Secretary Baker: Is it possible that Macedonia will get together with Greece and reach an understanding? (Ø)

Prime Minister Dimitrov: We have been expecting this for a long time. (U)

The President: Our time is almost up. Do you have other subjects? (U)

Prime Minister Dimitrov: I have several other points just to mention. The Bulgarian people have a heavy burden because of our debt. We are ready to present proposals and reach an acceptable solution with the banks but we need support from the IMF and World Bank. We hope for better understanding and political support from the U.S. Another problem comes from the connection of the Bulgarian economy with the Soviet economy. Now the collapse of the Soviet market brings disaster to our local producers. We hope to be able to participate in triangular deals. (Ø)

Secretary Baker: We talked about this in the coordinating conference. (Ø)

The President: Perhaps we can follow up. Are people thinking about this? (U)

Secretary Baker: Yes. It is harder for us because of our legislation, but we are pushing the concept. We were delighted to see Bulgaria and the other central and east European countries at the conference. We also discussed this with some Gulf and Asian countries. (Ø)

Prime Minister Dimitrov: We are in a rather hard position because of the collapse of the Soviet market, the inheritance from the previous government, and the consequences of the Gulf crisis. Because of the bad choices before, we find that we have the worst partners. Now we have to change. Finally I would like to mention that we are satisfied at the development of American interest in Bulgaria. There is the possibility of your giving us needed things like training and technical assistance and also bringing Bulgaria closer to American culture. I hope this can be developed directly in the American University in Bulgaria. (Ø)

~~CONFIDENTIAL~~

5

Secretary Baker: We will be putting another \$1 million into the university. (S)

The President: Thank you for coming. (U)

-- End of Conversation --

~~CONFIDENTIAL~~