

Ronald Reagan Presidential Library Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Executive Secretariat, NSC: Subject File:
Records, 1981-1985

Folder Title: Memorandums of Conversation –
President Reagan (06/13/1984-06/14/1984)

Box: 52

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: SUBJECT FILE

Withdrawer

RBW 8/31/2011

File Folder MEMORANDUMS OF CONVERSATION - PRESIDENT
REAGAN (06/13/1984-06/14/1984)

FOIA

M10-351/M10-371

Box Number 52

JAUVERT/BROWER

36

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
117819	MEMCON	RE. PRESIDENT REAGAN'S MEETING WITH PRESIDENT MIGUEL DE LA MADRID <i>R 6/22/2015 M371/</i>	6	5/15/1984	B1
117820	MEMCON	RE. GEORGE SHULTZ'S MEETING WITH PRESIDENT MIGUEL DE LA MADRID <i>R 6/22/2015 M371/</i>	3	5/16/1984	B1
117821	MEMCON	RE. GEORGE SHULTZ'S MEETING WITH PRESIDENT MIGUEL DE LA MADRID <i>R 6/22/2015 M371/</i>	3	5/16/1984	B1
117822	MEMCON	RE. PRESIDENT'S MEETING WITH PRIME MINISTER CRAXI <i>R 6/22/2015 M371/</i>	6	6/7/1984	B1
117823	MEMCON	RE. PRESIDENT'S MEETING WITH DEFENSE MINISTER ZHANG AIPING <i>R 6/22/2015 M371/</i>	3	6/12/1984	B1
117824	MEMCON	RE. PRESIDENT'S MEETING WITH PRESIDENT MITTERRAND <i>R 6/22/2015 M371/</i>	5	6/7/1984	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

EW 8/3/11
~~SECRET~~

NSC/S PROFILE

ID 8404805

RECEIVED 14 JUN 84 17

TO KIMMITT

FROM FARRELL, T

DOCDATE 13 JUN 84

FARRELL, T

13 JUN 84

FARRELL, T

13 JUN 84

KEYWORDS . MEXICO
VISIT

CENTRAL AMERICA

DE LA MADRID, MIGUEL

SUBJECT STATE MEMCONS RE MEXICAN STATE VISIT

ACTION: FOR RECORD PURPOSES

DUE:

STATUS C

FILES PA

FOR ACTION

FOR CONCURRENCE

FOR INFO

MENGES

NORTH

MCMINN

THOMPSON

COMMENTS PLEASE INFORM NSC/S IF ANY ACTION IS REQUIRED

REF# 8417130

8417131

LOG 8402810

NSCIFID

(J F)

ACTION OFFICER (S)

ASSIGNED

ACTION REQUIRED

DUE

COPIES TO

DISPATCH _____

W/ATTCH

FILE _____

(C)



MEMORANDUM OF CONVERSATION

COMPLETE DISTRIBUTION
MADE IN S.S.-1
DATE 6-14-84
Initial [Signature]

'84 JUN 13 A8:41

May 15, 1984

Subject: Mexican State Visit - Discussion of Bilateral and
Other Issues

PARTICIPANTS: Mexico

President Miguel de la Madrid
Foreign Secretary Bernardo Sepulveda
Senator Miguel Gonzalez Avelar
Finance Secretary Silva-Herzog
Commerce Secretary Hernandez
Ambassador to the US Jorge Espinosa
Major General Carlos Humberto Bermudez
Chief of Communications Manuel Alonso
Under Secretary Alfonso Rosenzweig-Diaz

United States

President Ronald Reagan
Secretary of State George Shultz
Secretary of the Treasury Donald Regan
Secretary of Energy Donald Hodel
Ambassador John Gavin
Deputy Secretary of Agriculture Richard Lyng
Interior Under Secretary Ann McLaughlin
Commerce Under Secretary Lionel Olmer
Deputy STR Peter Murphy
ARA Assistant Secretary Langhorne Motley
ARA/MEX Director George High (notetaker)

DECLASSIFIED

NLRR M3711 #117819

BY RW NARA DATE 6/22/15

DISTRIBUTION: NSC, Treasury, Commerce, Interior, Energy, USTR,
S, P, E, S/P, EB, OES, L, EA, ARA, ARA/PPC, ARA/RPP, ARA/ECP,
ARA/MEX, Embassy Mexico, D, S/S, S/S-S

While the two Presidents were meeting in the Oval Office,
the other members of the official parties met in the Cabinet
Room.

China

Secretary Shultz, responding to a question from Secretary
Sepulveda, said that the President's recent visit to China had
a lot of good content and the Chinese had liked it. The visit
should be marked up as a big plus. The Chinese went out of
their way to see that it was successful. One positive element

they did not intend was their censoring of the President's comments on freedom, God, democracy and the Soviet Union. This called attention to those remarks, and the President is being complimented for his efforts all around, in Washington, in Mexico City, in Tokyo, in Seoul, and elsewhere.

The President, he said, found interesting the evolution of our relationship with China, from the opening with President Nixon, to the relations President Carter had, to the more comprehensive relationship signaled by this visit. Our ties with China are not based on "card playing" but really on the complementary nature of our bilateral affairs -- trade and other matters, with strategic interests, as well. The Chinese regard the Russians as the world's major problem. They see SS missiles aimed at them, Soviet forces in Afghanistan, and Soviet involvement in Kampuchea.

Secretary Shultz said that the President had now met all the Chinese leaders, including the "younger generation" who are in their 60's. He first met Premier Zhao at Cancun, and during this visit he met Chairman Deng and General Secretary Huyaobang.

Agenda

Asked to run down the issues for discussion, Assistant Secretary Motley said the matters break down into four areas: financial; trade-commerce-investment; border affairs; and miscellaneous issues.

Trade and Investment

Motley explained that both sides were close to agreement on a subsidies accord and on a trade and investment framework; consultations were underway on them with Congress and industry. He noted that we have differences regarding regulations in Mexico for the pharmaceutical industry; papers had been exchanged on this.

Shultz interjected that judging from representations made to him by industry, this was a matter important in its own right and it also had symbolic importance, showing how other industries could expect to be treated in Mexico.

Secretary Hernandez observed that three matters were being discussed: subsidies, a framework agreement, and pharmaceuticals. Subsidies have been under negotiation for two years and a text has been agreed upon. There is no reason not to conclude the agreement now. The same is true for the (trade and investment) framework, and that ought to be concluded. He had discussed trade issues with Congressmen, especially

~~CONFIDENTIAL~~

- 3 -

Congressman Gibbons. The pharmaceutical issue should be dealt with thorough continuing discussions. He said he had given a non-paper to USTR and there is ample room in it for further talks. He had discussed the matter with Commerce Secretary Baldrige. He urged that the subsidies and framework agreements be initialed during the visit.

Shultz responded that as he understood the situation it would be counterproductive to initial the two agreements before we see where we come out on pharmaceuticals. As it now stands, we would get a negative reply from Congress. What we need is the whole package and then to go out and sell it. Half the package won't sell. We have something good in two agreements, but to go forward without the remaining element would only cast doubt on the agreements.

Hernandez denied that this was one package. The understanding on subsidies is one package. The framework agreement is another. The other (pharmaceuticals) is secondary. We continue to deal with that.

Sepulveda sought to clarify the matter further. The Mexican government considers that there are three different packages; they are separate and distinct. The subsidies negotiations have gone on for some time. If we link this to other issues that aren't directly related, the matter becomes far more complicated. The issues are not linked. The subsidies agreement is ready for signature. He said he was happy that the framework agreement moved as fast as it did. There is no reason for delaying signatures. Also, the pharmaceutical discussions may take time to work out a solution; the matter is not yet mature.

Sepulveda explained that Mexico recognized during its crisis in 1982 that it had to import almost all its pharmaceuticals. It had no autonomy. The basic aim of the pharmaceutical decree is to assure that laboratories provide self-sufficiency. This shouldn't affect other investment issues.

Shultz responded that in US eyes this is linked to trade and investment. It relates to the question of whether or not one should export and import or invest and produce in the country. An important element of decisions is the protection of your innovations, your licenses. Pharmaceuticals are an example of that. They are all part of the overall picture in investors' minds. We believe that if we went out for consultations with this totally up in the air, we would get stiff opposition and we'd lose agreements that have been worked on so painstakingly.

~~CONFIDENTIAL~~

Under Secretary Olmer supported Shultz's presentation of the issue and observed that some foreign investment has been removed from Mexico since 1981 because of what is seen as a restrictive Mexican policy. We have assessed the situation on Capitol Hill and in industry, he said, and we see the pharmaceutical decree as a disincentive to going ahead on the agreements.

Ambassador Espinosa mentioned the two years that have gone into negotiations on countervailing duties. There has been progress on trade and investment. Then suddenly pharmaceuticals was mentioned. If we don't separate these matters and finish them one at a time, there will be concern among those waiting for a decision on countervailing duties. People will also wonder if after the pharmaceuticals issue is solved some fourth issue might be raised. Shultz acknowledged the point.

Espinosa agreed that there had been a reduction in foreign investment and imports from the US, but he said that past levels of trade will be restored and he argued that agreements should be reached one at a time: first subsidies, then the framework, then the industry sector package.

Shultz said the Ambassador might be right, but asked what would he do if we went to the Hill and the package was destroyed because the investment issue was not consolidated. They are linked to the equity investment matter; we do not want to raise a fourth issue. We are quite hesitant, he said, to move ahead without a downpayment on the investment side.

(At this point President Reagan and President de la Madrid joined the conversation in the Cabinet Room.)

Shultz reported to the Presidents that the group had started down the list of bilateral issues discussed at the recent Binational Commission meeting. Financial matters hadn't been discussed because Don Regan and Secretary Silva-Herzog had resolved them. The present discussion had not gotten beyond trade and commerce.

There is, he said, agreement at the end of lengthy negotiations on subsidies. Agreement is practically reached on principles and guidelines for trade and investment. Both sides recognize that each of these has its intrinsic nature. Mexico wants to proceed with the agreement. On the US side, we have begun consultations with Congress and find that the two would get a cold shoulder because we haven't reached agreement on pharmaceuticals. So we'd like to finish the pharmaceutical

matter and then go ahead with the package. We agreed we'd discuss this further during the visit.

Central America

President Reagan said that he and de la Madrid had discussed Central America and that de la Madrid wanted to address some proposals on Latin American problems. Reagan said he had told him of the Kissinger proposal for Central America now before the Congress. In an election year there are those factions in Congress who do not support it because it comes from him, he said.

Border Matters

President Reagan said that he had spoken the day before with a bipartisan group of Hispanic business and civic leaders from the border area. They had told him of the need for private investment there to provide employment on both sides of the border. They had asked that this be raised during the visit. Coming from the visit to China, the President said, it was remarkable that they, too, have seen the need for private investment and have opened up their country to it. The Chinese began with limited partnerships; now that it is no longer required. Arco has just agreed to invest sixty percent of the capital in a fertilizer plant in China which will be the biggest in the world. Think of what the US and Mexico could do together. We do not have an ocean between us, just a little river, he said.

Economic Cooperation

De la Madrid said he wanted to underline the importance of economic cooperation in our bilateral relations, as Mexico seeks to overcome its very difficult problems. The federal deficit has been reduced by half in one year. There is a realistic exchange rate. There has been a drastic reduction of imports. Exports are up, as is tourism.

With US help, the debt has been restructured. During the past 18 months Mexicans have acted very responsibly. There has been moderation in labor's demand for salary increases and in business demands for profits. Harsh measures have been taken and we have reoriented sectors that use labor heavily. But as I told President Reagan, he said, we are only half way down the road, and a great effort is still needed. We need cooperation and understanding from our friends, especially the United States.

CONFIDENTIAL

- 6 -

De la Madrid said this has two basic aspects. On financing, Mexico needs to improve its debt profile in terms of timing and costs. Regarding investment, Mexico has a positive attitude. There is a long list of areas in which Mexico is prepared to be flexible about ownership. Yet there are doubts and timidity of investors, and investment is not now sufficient for recovery. The attitude of the international financial community is definite. The United States and the Federal Reserve are positive. But finances are not enough [to resolve the situation]. Mexico needs to increase exports, especially to the US. You will have more sales, and fewer immigrants because we'll be able to offer more jobs.

De la Madrid continued, saying that Mexico needs more certainty in its markets in the US to expand its exports. The two agreements being discussed are needed to show US willingness to open the market. These agreements can be the most concrete element of my visit, he said. To tie these agreements to pharmaceuticals is an excessive negotiating position for the US. If there is no greater obstacle, we should go forward with these agreements. They are critical to our bilateral relationship. The other matters can be taken up in the continuing dialogue of our officials.

Shultz concluded that the net result of this first exchange of views is that there is a lot to be discussed. We want to move these subjects forward as much as possible. We do, however, have some very real differences. He would not underrate the matter of pharmaceuticals and the ability of Congress to influence it. There may be a way to do something on pharmaceuticals. We'll continue to talk.

President Reagan concluded the meeting.

Drafted by:ARA/MEX:GBHigh
5/24/84 632-9894

Clarances:ARA:LAMotley
Ambassador Gavin (draft)
S/S: BMcKinley
S:TFa

WANG No. 2593A

CONFIDENTIAL

~~CONFIDENTIAL~~ 117820

United States Department of State

Washington, D.C. 20520



8417131

MEMORANDUM OF CONVERSATION

COMPLETE DISTRIBUTION
6-14-84
Initial Q

'84 JUN 13 A8:42

May 16, 1984

SUBJECT: Mexican State Visit - Discussion of Bilateral Issues

PARTICIPANTS: Mexico

President Miguel de la Madrid
Foreign Secretary Bernardo Sepulveda
Ambassador to the US Jorge Espinosa
Major General Carlos Humberto Bermudez
Under Secretary Alfonso Rosenzweig-Diaz

United States

Secretary of State George Shultz
Ambassador John Gavin
ARA Assistant Secretary Langhorne Motley
Ambassador Harry Shlaudeman
ARA/MEX Director George High (notetaker)

DISTRIBUTION: NSC, Treasury, Commerce, Interior, Energy, USTR, EPA, S, P, E, S/P, EB, OES, L, ARA, ARA/PPC, ARA/RPP, ARA/ECP, ARA/MEX, Embassy Mexico, D, S/S, S/S-S

After initial remarks, Secretary Shultz reviewed the status of discussions on bilateral matters during the visit. We have gone back and forth on border cooperation and Secretary Sepulveda and I can go over that together, he said. On economic subjects, we have no big differences on subsidies or trade and investment guidelines. Ambassador Gavin and others are trying to work out a statement regarding pharmaceuticals and the agreements and we hope it will be ready by tomorrow. It is unfortunate that the Secretaries of Commerce and Treasury and the USTR are all in Paris where it is hard to engage them. But we should have a statement on the progress we've made. The Secretary added that the US and Mexico are both part of a larger situation in regard to the debt problem, and he wouldn't want to get into that without his cabinet colleagues present.

President de la Madrid responded that Silva-Herzog had spoken at length with Secretary Regan and Federal Reserve Chairman Volcker. There is a good understanding between our financial authorities. That should be maintained now and as we look into the future, he said.

~~CONFIDENTIAL~~
DECL:OADR

DECLASSIFIED
NLRR M37111 #117820
BY RW NARA DATE 6/22/15

~~CONFIDENTIAL~~

- 2 -

The President said that Secretary Hernandez had told him of the work on a statement on trade issues that would reflect progress made. He agreed that we have gone as far as we can go on these issues (during the visit). Points are reserved on both sides. Discussions will continue.

MARITIME BOUNDARY TREATY

De la Madrid said he understood that the State Department has no objection to the Maritime Boundary Treaty. There is need for further coordination with Interior. He said he hoped this could be obtained soon so that the Senate could ratify the treaty in the near future.

Subsequently, Assistant Secretary Motley observed that is a matter for the US to handle; there is nothing Mexico needs to do. It may take some time, but we are working on it.

BORDER COOPERATION

De la Madrid said he wanted to underscore the great interest Mexico has in establishing a border coordination mechanism under the Binational Commission. Mexico agrees that no new bureaucracy is needed. Every day there are meetings at the border. It is a good idea to have a federal government presence so that we can guide them in the best way, he said. Shultz responded that we think we can handle coordination under the Binational Commission and he indicated interest in receiving further views on this from Mexico.

FISHERIES

The President said that Mexico would like to see a new focus taken on tuna fishing. Secretary Shultz replied that the US would like to work out a solution. There is a pattern for a solution in the agreement we have with Central American states, he said. He recognized that Mexico has different views. But this is a good time to reach agreement, when there is no pressure for urgent action.

Shultz said that Ambassador Gavin is ready to work on the matter. We support him. We're ready to proceed. The fact is the United States is already in an agreement. Mexico should look to those provisions to see if there is something that can be built on to resolve our differences.

~~CONFIDENTIAL~~

BORDER SANITATION

Assistant Secretary Motley raised the matter of border sanitation. He referred to the Border Environmental Cooperation Agreement signed at La Paz in August 1983. What is needed now are short, medium and long term measures to resolve the problems. He said the US is interested in Mexico's reaction to the suggestion made to President de la Madrid by Ambassador Gavin that proceeds from the sale of Mexican petroleum to the Strategic Petroleum Reserve be used to build a sewage treatment plant at Tijuana.

De la Madrid replied that Mexico is willing to attend to the ecological problems along the border. We have made, he said, extraordinary allocations of funds for improvements at Tijuana. This kind of construction requires large sums of money. He said he was willing to examine the proposal made by Ambassador Gavin. He would not like to link the treatment facility to oil. But he would be willing to consider the sale of petroleum to the SPRO. Secretary Shultz added that we might be able to handle the two matters independently. De la Madrid acknowledged this possibility.

CONCLUSION

Secretary Shultz, the President and Assistant Secretary Motley concluded the meeting discussing how the two delegations would inform the media of what had taken place during the visit, since there would be no joint communique. All expressed the desire to stress the fact that discussions held during the visit were positive and cordial and progress was made in resolving issues.

Drafted:ARA/MEX:GBHigh
632-9894 WANG No. 3024A

Clearances:ARA:LAMotley
Ambassador Gavin (draft)
S/S: BMc Brunson McKinley
S:TFarrell



8417132

MEMORANDUM OF CONVERSATION

COMPLETE DISTRIBUTION
MADE IN S/S-1.
6-14-84
Initial *[Signature]*

'84 JUN 13 A8:43

May 16, 1984

SUBJECT: Mexican State Visit - Discussion of Central America

PARTICIPANTS: Mexico

President Miguel de la Madrid
Foreign Secretary Bernardo Sepulveda
Ambassador to the US Jorge Espinosa
Major General Carlos Humberto Bermudez
Under Secretary Alfonso Rosenzweig-Diaz

United States

Secretary of State George Shultz
Ambassador John Gavin
ARA Assistant Secretary Langhorne Motley
Ambassador Harry Shlaudeman
ARA/MEX Director George High (notetaker)

DISTRIBUTION: S, S/SE, P, ARA, NSC, CIA, Embassy Mexico, S/S, S/S-S, D

During the meeting between Secretary Shultz and President de la Madrid, the discussion turned to Central America.

President de la Madrid expressed concern that the Contadora process was losing its effectiveness. Secretary Shultz replied that he and Sepulveda had been discussing this. From the US standpoint: 1) in the end the only real solution is a regional negotiated solution, and 2) a stable -- that is non-violent -- environment is the ingredient to social and political development. We continue to work on both of these avenues. Shultz said he felt confident -- with all the backing and filling in Congress -- that US aid will make a difference and it will be forthcoming.

He added that we see no negotiated solution as long as those responsible for the violence will not negotiate. We are prepared to negotiate and to put funds and effort into it. As we read the Nicaraguans -- the difficult partner -- their attitude has varied. When they are against a tough security situation, they are willing to talk and their rhetoric changes. When that is not so, they stiffen up.

~~SECRET~~
DECL: OADR

DECLASSIFIED
NLRR M371/1 #117821
BY *[Signature]* NARA DATE 6/22/15

~~SECRET~~

- 2 -

Shultz continued, settlement of any particular issue is difficult without progress on the others. Progress requires that all factors be kept at play. It is hard to start with such issues as the cross-border supply of arms and munitions and of command and control. Coming to agreement necessitates action on some of the other fronts. Otherwise what you get is not necessarily reliable. We'd like to see an agreement that brings about stability on terms that make sense. We're prepared to work on it. We haven't seen much willingness on the Nicaraguan side. We notice, he said, that Mexico has become more concerned about lines of credit (for petroleum sales to Nicaragua). It must get their attention. If the situation were otherwise, Nicaragua's economic situation could be much better. That's a point that needs to be made to Nicaragua by someone.

On negotiations, Secretary Shultz said we've tried many times to talk with the Nicaraguans, most recently a month ago with Ortega. There was an absolute stone wall. Our impression is that there is also a (Nicaraguan) stone wall in the Contadora working groups. The issue is how to bring some sensibility to the Nicaraguans. If something positive came from direct talks with Nicaragua, it could be fed into the Contadora process.

De la Madrid agreed with this and with the objective of seeking a reasonable settlement for all sides. US-Nicaraguan conversations would be only a step. A series of private conversations which would not amount to negotiations might be useful. Mexico is ready and willing to be the intermediary if you and the Nicaraguans feel it useful, he said. We have not talked to the Nicaraguans, he observed; we would have to explore the minimum demands of the Nicaraguans. We would inform you of the results and try to move to preparatory talks which would be strictly private. Mexico offers a place in its territory for the talks; this would be handled discreetly without publicity. (Subsequently, he said that Mexico was offering its territory to show its interest in the matter. Mexico does not ask to be in on the process unless the parties felt it would be useful.)

Secretary Shultz said the US had been thinking along similar lines but not so precisely. On the whole, we prefer direct talks rather than indirect ones. You can make these points to the Nicaraguans. You have every reason to believe that the US wants stability. The question is: what is the Nicaraguan attitude? Having tried to talk with them and gotten the cold shoulder, we've been thinking of what we might do next. We have no hesitation to go to Nicaragua.

~~SECRET~~

De la Madrid remarked that Mexico's main contact in the Nicaraguan junta was Henry Ruiz, who had expressed interest in talks. Sepulveda reiterated that Mexico does not seek a role for itself in the process, it wants to see that things are done.

De la Madrid said he accepted Secretary Shultz's thinking. Mexico is ready to proceed, in this spirit, to facilitate things. Secretary Shultz concurred.

Secretary Sepulveda turned to the question of regional vs. bilateral agreements. He said there is an understanding within the Contadora framework that we've gone beyond discussing bilateral agreements to a regional approach. But he expressed approval of the bilateral arrangement being worked out by Nicaragua and Costa Rica.

Sepulveda added that an agreement between Honduras and Nicaragua would decrease tension. He noted that the Nicaraguan Ambassador in Tegucigalpa had been declared persona non grata. Bilateral discussions should begin, even though we accept the need for a regional agreement.

Secretary Shultz responded that the countries should try to work out their problems. The essence of the matter is regional and other countries have common interests. De la Madrid agreed. Shultz complained that Nicaragua has tried to divide the parties and to go to other forums, thereby transforming the matter into an East-West problem. One of the many positive things about Contadora is that it brought together the affected countries into a group. There is a lot of tension between Honduras and Nicaragua; it is good that they have maintained diplomatic relations. It is important to keep the emphasis on a regional solution and not to let the process deteriorate into lots of bilateral discussions.

De la Madrid responded that the object is to arrive at a regional agreement. While working on the regional process, it is advisable to avoid frictions between two or more countries. Contadora can continue to act, but US views can be important for this provisional process. If dialogue is broken off, the situation for Contadora would be impossible. The aim is to arrive at regional agreement.

Shultz replied, the problem is: Country A is operating a command and control apparatus in Country C and sending armies across Country B. This creates tensions and interrelationships. That's the regional problem.

Drafted:ARA/MEX:GBHigh
632-9894 WANG No. 3027A

Clearances:ARA/LAMotley
Ambassador Gavin (draft)
S/S:BMKinley
S:TFarrell

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

RECEIVED 14 JUN 84 17

TO MCFARLANE

FROM COBB

DOCDATE 14 JUN 84

KEYWORDS: ITALY

CRAXI, BETTINO

SUBJECT: MEMCON BETWEEN PRES & PM CRAXI

ACTION: FOR DECISION

DUE: 22 JUN 84 STATUS S FILES PA

FOR ACTION

FOR CONCURRENCE

FOR INFO

MCFARLANE

COMMENTS

RLF# LOG NSCIFID (DW)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	X 6/21	Point dextes Approved		
Cobb	S 6/21	For Further Action		
McFarlane Kinnitt	X 6/25	for Sig		
	C JUN 26 1984	Kinnitt <i>sp</i>		CO, RK

DISPATCH *✓ 6/26 cem* W/ATTCH FILE

(C) *CO*

National Security Council
The White House

8/F

System # I

Package # 4684

J J 25 P 5 55

1224

	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep. Exec. Sec'y	<u>1</u>	<u>K</u>	
Bob Kimmitt	<u>2</u>	<u>K</u>	
John Poindexter			
Tom Shull			
Wilma Hall			
Bud McFarlane			
Bob Kimmitt			
NSC Secretariat	<u>3</u>		<u>D</u>
Situation Room			

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Meese Baker Deaver Other _____

COMMENTS

Should be seen by: _____
(Date/Time)

National Security Council
The White House

1217

91F

System #

I

Package #

4684

8 JUN 20 P 5: 50

	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep. Exec. Sec'y	1	✓	
Bob Kimmitt	2	K.	A
John Poindexter			
Tom Shull			
Wilma Hall			
Bud McFarlane			
Bob Kimmitt			
NSC Secretariat			
Situation Room			
Cobb	3		A

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Meese Baker Deaver Other _____

COMMENTS

Should be seen by: _____

(Date/Time)

Need subject & paragraph marking

~~SECRET~~

4684

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

June 26, 1984

UNCLASSIFIED
W/SECRET ATTACHMENT

MEMORANDUM FOR CHARLES HILL
Executive Secretary
Department of State

SUBJECT: Memorandum of Conversation Between the
President and Prime Minister Craxi
of Italy

Attached is the memorandum of conversation from the
President's meeting with Prime Minister Craxi on June 7, 1984.

Robert M. Kimmitt
Robert M. Kimmitt
Executive Secretary

Attachment
Tab A - Craxi Memcon

UNCLASSIFIED
W/SECRET ATTACHMENT

~~SECRET~~

DECLASSIFIED
Sec.3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2006
BY NARA RW, DATE 8/31/11

~~SECRET~~

117822

4684

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

18

SUBJECT: Meeting with Prime Minister Craxi of Italy (U)

PARTICIPANTS: The President
Secretary of State George P. Shultz
Secretary of the Treasury Donald T. Regan
Edwin Meese, III
Robert C. McFarlane, Assistant to the
President for National Security Affairs
Ambassador Max Rabb
Under Secretary of State Allan Wallis
Assistant Secretary of State Richard R. Burt
Richard G. Darman
Tyrus W. Cobb, NSC
Neil Seidenmann (Interpreter)

Prime Minister Bettino Craxi
Foreign Minister Giulio Andreotti
Diplomatic Advisor to the Prime Minister,
Antonio Badini
Chief of State to the Prime Minister,
Genaro Acquaviva
Head of MFA Political Directorate, Bruno Bottai
Chief of Cabinet, Ambassador Larocca
Signora Rondoni (Interpreter)

DATE, TIME June 7, 1984
AND PLACE: 4:15-4:50 p.m., Winfield House, London, England

The President welcomed Prime Minister Craxi to Winfield House and congratulated him on the impressive celebration in Rome this week for the commemoration of the 40th Anniversary of its liberation from the Nazis. Prime Minister Craxi thanked the President and indicated that he appreciated the high-level American representation at the Rome celebrations. (U)

President Reagan commented that he wanted to express again his appreciation for the firm role Italy was playing in the deployment of the INF missiles and for the Prime Minister's personal commitment toward adhering to that program. He noted that the Soviets were continuing their recalcitrant and stubborn ways. Now was not the time to offer the Soviets concessions or any rewards to entice them back to the negotiating table. The President underlined that he had no greater aspiration than to achieve a genuine reconciliation between East and West, one that would best guarantee the preservation of peace. (C)

~~SECRET~~
Declassify on: OADR

~~SECRET~~

DECLASSIFIED
NLRR M371/1 #117822
BY RW R.A. ATE 6/22/15

Prime Minister Craxi replied that the President was pursuing the proper path in the West's relationship with the Soviet Union. Craxi noted that he particularly appreciated the President's Dublin speech which stressed that we must pursue honest and realistic policies in our dealings with the Soviet Union. The Prime Minister added that it is difficult to understand the manner in which the Soviet Union is behaving today, particularly its very negative attitude towards the United States. (C)

The President told the Prime Minister that he had recently read a very interesting theory about the Soviet dilemma (from the English magazine, The Economist). This article had indicated that the Soviet leadership was not engaged, as some people believe, in some devious plan, but in fact they do not know exactly what to do. Because of this indecision and uncertainty, "the bear" had gone into hibernation. (C)

Prime Minister Craxi thought perhaps the Soviet leadership was currently waiting for the outcome of the American elections. He said that it appeared that Moscow did not want to do anything that would help "a particular individual" in his reelection bid. Craxi noted that the Soviets indicated explicitly that they were not in any way attempting to influence the course of American elections. This was passed on to Foreign Minister Andreotti who visited Moscow recently. Andreotti noted that the Soviets told him that, in fact, they had no doubts on how the elections would go; that is, the Soviets believed that President Reagan would be reelected. Craxi added that he felt the Soviet Union would be very hostile during this tense period. The Olympic pull-out was a good example. Moscow particularly wanted to make the Olympics an unsuccessful event, but he personally believed that the games would be highly successful. (S)

The President stated that he, too, thought the Olympics would go well. He had heard that the Soviets had reportedly asked their athletes to give guarantees that they would win gold medals during the games. They apparently realized that their medal harvest this year would represent a dramatic comedown from that which they reaped in 1980, though this was not the main reason they pulled out. (C)

Craxi emphasized out that the Allies must be very patient. The current situation dictated that the West must be extremely prudent in its approach to the USSR. We must continue to be firm and realistic, but open to fresh initiatives from the East. The President responded that he agreed that this was the proper approach the Western allies should pursue. (C)

The President returned to the question of the Olympic boycott and noted that Soviet leadership was apparently concerned that a number of their athletes would not have returned to the USSR following the Olympics. Craxi agreed, saying that the Soviet Union greatly overestimated the influence of these so-called committees which had been formed to lure these athletes into defection. The President

confirmed this observation and added that not only were the committees largely without importance, but stressed that these groups would not in any case be allowed to get close to the Olympic participants. (C)

Craxi then asked if he might impose on Secretary Shultz to review the recent discussions the Secretary had with Daniel Ortega in Nicaragua. The Secretary noted that the President had directed that he go to Managua following his attendance at the inauguration of the new Salvadoran President, Jose Napoleon Duarte. Shultz said that over 45 countries sent representatives to observe the Salvadoran elections and most went away very impressed. In particular, it was impressive that fully 85% of the electorate turned out to vote despite harassment and threats from the guerrillas. Most of the observers felt that the legitimacy of the Salvadoran Government had now been established. (S)

Noting that his discussions went very well, particularly with Ortega, the Secretary said that he made the following points to the Sandinista leadership. First, we felt that it was imperative that Managua cease supporting insurgencies in its neighboring countries. We had incontrovertible evidence to support this contention. Secondly, we were concerned about the extent of Cuban and Soviet influence in Nicaragua, particularly in military affairs. He emphasized that there was absolutely no reason for the Nicaraguan regime to rely on Soviet and Cuban military assistance and advice. The Cuban and Soviet presence could lead to a deterioration in Managua's relationship with Washington, just as their presence in Grenada contributed to escalating that problem to a major East/West issue. In sum, the Nicaraguans had nothing to gain from relying on Soviet and Cuban intrusion. Thirdly, he told the Nicaraguans that they must reduce the size of their armed forces to a level commensurate with the requirements for a prudent defense. Presently, the size of the military establishment in Nicaragua leads one only to the conclusion that these were forces designed not to defend their legitimate defense interests, but to intrude in the affairs of their neighbors. Finally, Shultz said he had pointed out to the Nicaraguans that they had failed to live up to their commitment on human rights. (S)

The Secretary said that Ortega responded he was pleased that a dialogue had begun and that we were willing to suggest remedies to our common problems. He and I agreed, the Secretary said, that these problems were essentially regional and that it was necessary to keep our dispute out of the broader East/West conflict. Shultz said he also emphasized the need to implement our suggestions through the Contadora process. The atmosphere was friendly and the conversations extremely candid, added Shultz. Differences of opinion were apparent, of course, but throughout, the atmosphere remained good. In fact, Ortega even wished to put a more positive gloss on their discussions by issuing some sort of post-meeting communique. The Secretary said he resisted this suggestion and when the Nicaraguans issued a public announcement about the meeting, the interpretation given was somewhat less positive. This probably reflected the view of others in the leadership who were much more hard-line. (S)

The Secretary commented that he felt the private dialogue that had been initiated would proceed forward, but he was not sure where it would go. The President's assessment, said Shultz, was that this initial dialogue represented a possible opening. We will have the opportunity in the future to test how far we can go beyond that initial three-hour session in the Managua airport, the Secretary concluded. (S)

Craxi thanked the Secretary for his candid assessment and readout on the meeting with Ortega. Craxi added that Ortega represented the more moderate faction within the leadership, and pointed out that the hard-line elements would be more difficult to bring around. The Secretary agreed, but felt that the avenue of communication had been opened. The President interjected that the Catholic Church in Nicaragua has openly protested against the persecution by the regime of the Church in Nicaragua. Craxi replied that there was strong opposition from the Church, but observed that, ironically, one of the problems of the Nicaraguan regime was that there were too many priests in the government. Shultz noted that Pope John II had personally castigated individual participants, particularly Cardenale, and ordered them not to participate in government activities. (S)

Craxi then turned to the situation in the Persian Gulf and asked if we were worried about the Iran/Iraq conflict. The President responded that this was a subject that must be discussed in this week's Summit meeting. A primary topic at the sessions should be the courses of action open to us in the case of an interruption of oil supplies. A disruption of oil emanating from the Persian Gulf would impact severely on the recovery that is now firmly underway in the Western industrialized countries. The President added that in his bilateral session with Prime Minister Nakasone earlier that day, the Japanese also expressed agreement with this assessment. The President said that we were prepared to use our own reserves as part of a mutual assistance effort. However, he indicated that most of our Allies needed to devote serious attention to the dangerously low levels of current oil stocks. (S)

Craxi asked if the President thought the conflict in the Gulf region would worsen in the near future. The President responded that he did not see any imminent expansion, but that we cannot sit back and wait for tensions to increase. The United States imports very little of its oil requirements from the Persian Gulf area, but we are concerned over the extent of our Allies' dependence, principally Japan. (S)

Drawing on his experience as a labor negotiator, Shultz observed that we used to regard wildcat strikes as particularly dangerous since success there would breed further strikes. In this sense, he was concerned that success by either side in this war could breed more extreme positions. This is why, for example, we spoke out so strongly against Iraq's employment of chemical weapons in that conflict. In sum, the Secretary said there was little cause for optimism regarding the situation in the Persian Gulf. The President added that the Japanese have attempted unsuccessfully to persuade both combatants to deescalate the conflict. (S)

~~SECRET~~

The President noted that we greatly appreciate Italian efforts to prevent further shipments of war materiel to Iran. Craxi responded that Italy had terminated any future deliveries to Iran, but had legal obligations to fulfill previous contracts. Foreign Minister Andreotti said Italy faces a difficult legal dilemma in attempting to terminate the shipments, but nonetheless had successfully interrupted two recent attempted deliveries. Shultz said that we hoped the flow of munitions to that region would cease, and that Iran was really our main concern. It is difficult to talk with the Iranians because of their single-minded approach, particularly Khomeini, who seems to think that he has some sort of a "vertical hot line." (S)

Craxi commented that Italy was refusing to issue further licenses for shipment of materiel to Iran. Andreotti summarized the Italian position by noting that Rome felt it was necessary to proceed with existing legal contracts, but would prohibit renewal of existing contracts or any future agreements. In fact, Italy planned to block the next shipment. (S)

Craxi said that problems with Libya had become very complicated and that he was concerned with the deteriorating relationship between Qadhafi and the West. He noted that Italy has a tenuous tie with Libya. Italy depends on Libya for a significant part of its petroleum supplies, there are 25,000 Italian technicians working there, and many Italian companies have property or subsidiaries operating in Libya. Further, Italy is Libya's main trading partner and that country owes Rome a considerable sum of money. We have to be concerned with the possibility of Qadhafi seizing Italian assets and/or threatening the lives of our citizens. (S)

The Prime Minister added that Qadhafi was quite a political anomaly, an individual who seemed to change constantly. He seems to be running on alternate currents; one day he accuses us of the most vile deeds, but the next day he becomes quite friendly to us. The most recent crazy scheme Qadhafi concocted was the demand that Italy repay "damages" emanating from "colonial exploitation" dating back to the last century. (S)

Andreotti suggested that Qadhafi was not attracted to material things. He often rode camels instead of driving luxury cars and liked to visit hospitals. Italy now has another important role to play with Qadhafi, protecting UK interests there. Andreotti went on to say that he felt Qadhafi should not be considered an ally of the Soviet Union; that is, Libya was not married to Russia. Qadhafi was extremely anti-Communist and religious. Further, the Libyan leader believed in polygamy, all of which demonstrates that he is not firmly in the Communist camp. (S)

Secretary Shultz noted that this discussion should be taken further during the Summit deliberations to address the greater question of terrorism. The Libyan role should be considered, of course, but state-sponsored terrorism as an instrument of exercising influence was not a peculiar Libyan creation. This should be a major subject of discussion at the Foreign Ministers' meeting and Andreotti agreed. (S)

~~SECRET~~

~~SECRET~~

~~SECRET~~

6

23

The President thanked the Prime Minister and his delegation for meeting with him at Winfield House and hoped that the Summit, building on the successes enjoyed at Williamsburg last year, would be a highly positive experience. (U)

At the request of the Prime Minister, the President met with Craxi alone for five minutes following the larger session. During the private meeting, Craxi reiterated that press reports regarding his supposed suggestion for a pause in INF deployments were completely erroneous. As he wrote in his recent letter to the President, there should be no consideration of any interruption of Western missile deployments as long as the Soviets continued to absent themselves from the discussions. Craxi also told the President that he greatly appreciated the personal touch to the letter he had written on the INF situation, particularly the statement of appreciation for Craxi's personal role in solidifying the Western Alliance. The Prime Minister added that he felt he and the President had developed a very positive and productive relationship and suggested that they continue to exchange views through their private correspondence and bilateral conversations. The President again emphasized the need for the West to remain steadfast in the face of Soviet intransigence and reiterated his statement of support for the Prime Minister. (S)

The meeting adjourned at 4:50 p.m. (U)

~~SECRET~~

~~SECRET~~

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~SECRET~~

ACTION

June 14, 1984

MEMORANDUM FOR ROBERT C. McFARLANE

SIGNED

FROM: TYRUS W. COBB *me*

SUBJECT: Memorandum of Conversation Between the President and Prime Minister Craxi of Italy

Attached at Tab A is the memcon from the President's June 7, 1984 meeting with Prime Minister Craxi.

RECOMMENDATION

Following your review of the memcon, that you authorize Bob Kimmitt to forward it to State by memo (Tab I).

Approve *[Signature]*

Disapprove

Attachment

- Tab I - Kimmitt to Hill Memo
- Tab A - Memcon

~~SECRET~~

Declassify on: OADR

RECEIVED 14 JUN 84 17

TO MCFARLANE FROM LAUX

DOCDATE 14 JUN 84

KEYWORDS CHINA P R

AIPING, ZHANG

SUBJECT: MEMCON PRES MTG W/ AIPING

ACTION: FOR DECISION DUE: 18 JUN 84 STATUS X FILES PA

FOR ACTION
MCFARLANE

FOR CONCURRENCE

FOR INFO

COMMENTS

REF# LOG NSCIFID (DW)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	JUN 18 1984	Pointdexter Approved		LX

DISPATCH _____ W/ATTCH FILE _____ (C)

National Security Council 1208 *ml*
 The White House

System # I
 Package # 4766

C D
 84 JUN 14 12:30

	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep. Exec. Sec'y	<u>1</u>	<u>1</u>	
Bob Kimmitt			
John Poindexter	<u>3</u>	<i>[Signature]</i>	
Tom Shull	<u>2</u>	<i>[Signature]</i>	
Wilma Hall	A		
Bud McFarlane	A		
Bob Kimmitt			
NSC Secretariat	<u>6</u>		<u>A</u>
Situation Room			

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Meese Baker Deaver Other _____

COMMENTS Should be seen by: _____
 (Date/Time)

~~SECRET~~

MEMORANDUM

NATIONAL SECURITY COUNCIL

4766

~~SECRET~~

June 14, 1984

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: DAVID N. LAUX

SUBJECT: Memorandum of Conversation on the President's
Meeting with Chinese Defense Minister
Zhang Aiping

Attached at Tab I is a memorandum of conversation on the President's meeting with Chinese Minister of Defense Zhang Aiping. After it has been cleared by Defense, I recommend that it be passed to State with the request that they send it out to our Embassy in Beijing by NODIS cable.

Gaston Sigur concurs.

Recommendation

That you authorize us to pass the Memorandum of Conversation to State for them to send to our Embassy in Beijing by NODIS cable.



____ Approve

_____ Disapprove

Attachment

Tab I - Memcon

~~SECRET~~

Declassify on: OADR

~~SECRET~~

DECLASSIFIED
Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2001
BY NARA RW, DATE 8/8/11

~~SECRET~~

117823

28

THE WHITE HOUSE

WASHINGTON

4766

~~SECRET~~

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Defense Minister Zhang Aiping of the People's Republic of China (U)

PARTICIPANTS: The President
The Vice President
Secretary of Defense Caspar Weinberger
Edwin Meese III, Counsellor to the President
Robert C. McFarlane, Assistant to the President for National Security Affairs
Admiral John Poindexter, Deputy Assistant to the President for National Security Affairs
Richard Armitage, Assistant Secretary of Defense for International Security Affairs
Gaston Sigur, Special Assistant to the President and Senior Director for Asian Affairs, NSC
David N. Laux, Director of Asian Affairs, NSC
Vivian Chang, State Department Interpreter

Zhang Aiping, Minister of Defense, PRC
Zhang Aiping, Mrs. (Li), Wife of the DefMin, PRC
Zhang Wenjin, PRC Ambassador to the U.S.
Zhang Zhen, Deputy Chief of General Staff, DefMin, PRC
Yu Jianzhong, Vice Director, Foreign Affairs Bureau, DefMin, PRC
Zhang Wutang, PRC Defense Attache
XU Junping, Interpreter, DefMin, PRC

DATE, TIME AND PLACE: June 12, 1984
10:40-11:00 A.M., Oval Office

The President greeted the Chinese Defense Minister and his wife and party, and pictures were taken and introductions made. The President and Zhang then sat down for a short conversation.

The President: We're very happy to see you and welcome you on your first visit to the United States.

~~SECRET~~

Declassify on: OADR

DECLASSIFIED

NLRR 10371/1 # 117823
BY RW NARA DATE 6/22/19

~~SECRET~~

~~SECRET~~~~SECRET~~

Defense Minister Zhang: We feel very happy to have come to the United States for a visit and to continue our discussion on military cooperation with Secretary Weinberger. We feel honored today to be received by Mr. President -- my wife, my colleagues, and I -- all feel honored. First of all, I'd like to convey greetings and best wishes from the leaders of our party and government -- General Secretary Hu Yaobang, Chairman Deng Xiaoping, President Li Xiannian, and Premier Zhao Ziyang -- to you, Mr. President. Mr. President, your visit to China has left a very deep impression on the Chinese people. Your visit gave great impetus to cooperation between our two countries. This is a great contribution, Mr. President, to our relations and to world peace.

The President: We have exchanged many important visitors in the past year. Secretary Weinberger visited China, Premier Zhao came here, then I visited China, and now you are here. These visits all serve to increase our understanding of each other and improve our relations. We attach great importance to our relationship and to our policy that China is a friendly, non-allied nation. We have established a new technology transfer policy and you have seen the results. I was pleased to have the agreement on the peaceful uses of nuclear energy initialed during my trip to China, and I hope the difficulties that have arisen recently will be resolved shortly so that we can move ahead on this important matter. I want to assure you the delay is not because of domestic U.S. politics. The problem is Pakistan. Once that issue is clarified, I'm ready to move forward, and I'm happy to be able to tell you that just this morning I signed the paper that makes China eligible for foreign military sales within the United States' legal system. It will probably be published in our Federal Register in the next few days.

Interpreter. There followed a brief exchange between Interpreter Vivian Chang and Minister Zhang in which Vivian, with some help from Secretary Weinberger, explained exactly what the FMS determination was and what it meant.

Defense Minister Zhang: This information indicates that the foundation of military cooperation -- laid by Secretary Weinberger on his trip to China -- has been strengthened. Yesterday morning I held talks with Secretary Weinberger. In the afternoon, my people continued to talk with Assistant Secretary Armitage. This paper you have signed will facilitate the matters that were the subject of those discussions, and we are very pleased.

Secretary Weinberger interjected once more to elaborate slightly on the nature and effect of the FMS determination.

Defense Minister Zhang: I'm very happy to hear this and I must congratulate you, Mr. President, on a very wise decision. This

~~SECRET~~~~SECRET~~

~~SECRET~~~~SECRET~~

visit will play a very important role in strengthening the military relations between our two countries and also in strengthening world peace.

Mr. President, on a different subject, I would like to express our congratulations to you for a successful launch of your new antiballistic missile yesterday.

The President: We think this will be helpful to us in dealing with Congress and getting their support for continued experiments in this important area.

Secretary Weinberger: This is a weapon designed to destroy weapons, not people. That is an important point.

Defense Minister Zhang: That is why I'd like to express our thanks and appreciation to you. Tomorrow we will have further talks with Secretary Weinberger, and we will be happy if he can brief us further on this new missile. This development is very important to world peace. Mr. President, I want to thank you again for receiving us and for your decision on military sales.

The President: Please convey my regards to Chairman Deng, Premier Zhao, Secretary Hu and President Li, and tell them I am looking forward to the visits of President Li and General Secretary Hu to the United States.

~~SECRET~~~~SECRET~~

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(C)

RECEIVED 15 JUN 84 11

TO MCFARLANE

FROM COBB

DOC DATE 14 JUN 84

21

KEYWORDS: FRANCE

LONDON SUMMIT

MITTERRAND, FRANCOIS

SUBJECT: MEMCON BTW PRES & PRES MITTERRAND DURING 7 JUN MTG

ACTION: FOR DECISION

DUE: 15 JUN 84 STATUS X

FILES PA

FOR ACTION

FOR CONCURRENCE

FOR INFO

MCFARLANE

COMMENTS

REF#

LOG

NSCIFID

(HW HW)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	X 6/15	Reindexer App Record		
Thompson	S 6/16	For Signature		
	C 6/16	Thompson SGD Memo		PT, CO

DISPATCH

W/ATTCH

FILE

(C)

Please date
before
dispatching.
Thanks!
Jennifer

National Security Council
The White House

81F

System # I

Package # 4712

16 A10: 20

	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep. Exec. Sec'y	<u>1</u>	<u>✓</u>	
Bob Kimmitt			
John Poindexter			
Tom Shull			
Wilma Hall			
Bud McFarlane			
Bob Kimmitt			
NSC Secretariat	<u>2</u>		<u>D</u>
Situation Room			

I = Information	<u>A = Action</u>	R = Retain	D = Dispatch	N = No further Action
-----------------	-------------------	------------	--------------	-----------------------

cc: VP Meese Baker Deaver Other _____

COMMENTS

Should be seen by: _____
(Date/Time)

National Security Council
The White House

System # I

Package # 4712

D

1209

	SEQUENCE TO	HAS SEEN	DISPOSITION
Dep. Exec. Sec'y	<u>1</u>	<u>[Signature]</u>	
Bob Kimmitt			
John Poindexter	<u>2</u>	<u>[Signature]</u>	
Tom Shull			
Wilma Hall			
Bud McFarlane			
Bob Kimmitt			
NSC Secretariat	<u>3</u>		<u>A</u>
Situation Room			
<u>Tom [Signature]</u>	<u>4</u>		<u>A</u>

I = Information **A = Action** R = Retain D = Dispatch N = No further Action

cc: VP Meese Baker Deaver Other _____

COMMENTS

Should be seen by: _____
(Date/Time)

~~CONFIDENTIAL~~

4712

MEMORANDUM

NATIONAL SECURITY COUNCIL

~~CONFIDENTIAL~~

ACTION

June 14, 1984

MEMORANDUM FOR ROBERT C. McFARLANE

FROM: TYRUS W. COBB *twc*

SUBJECT: Memorandum of Conversation Between the
President and President Mitterrand

Attached at Tab A is the memcon from the President's June 7,
1984 meeting with French President Francois Mitterrand.

RECOMMENDATION

Following your review of the memcon, that you authorize Bob
Kimmitt to forward it to State by memo (Tab I).

Approve

Disapprove

Attachment

Tab I - Kimmitt to Hill Memo
Tab A - Memcon

~~CONFIDENTIAL~~

Declassify on: OADR

~~CONFIDENTIAL~~

RW

8/31/11

~~CONFIDENTIAL~~

4712


NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

UNCLASSIFIED
W/CONFIDENTIAL ATTACHMENT

MEMORANDUM FOR CHARLES HILL
Executive Secretary
Department of State

SUBJECT: Memorandum of Conversation Between the
President and French President Francois
Mitterrand

Attached is the memorandum of conversation from the President's
meeting with French President Francois Mitterrand on June 7,
1984.


Robert M. Kimmitt
Executive Secretary

Attachment
Tab A - Mitterrand Memcon

UNCLASSIFIED
W/CONFIDENTIAL ATTACHMENT

~~CONFIDENTIAL~~

DECLASSIFIED
Sec. 3.4(b), E.O. 12958, as amended
White House Guidelines, Sep. 11, 2008
BY NARA rw, DATE 8/31/11

~~CONFIDENTIAL~~

117824

4712

THE WHITE HOUSE

WASHINGTON

37

~~CONFIDENTIAL~~

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with French President
Francois Mitterrand

PARTICIPANTS: The President
Secretary of State George P. Shultz
Secretary of the Treasury Donald T. Regan
Edwin Meese III
Robert C. McFarlane, Assistant to the
President for National Security Affairs
Ambassador Van Galbraith
Under Secretary of State Allan Wallis
Assistant Secretary of State Richard R. Burt
Richard G. Darman
Tyrus W. Cobb, NSC
Alec Toumayan (Interpreter)

President Francois Mitterrand
Foreign Minister Claude Cheysson
Finance Minister Jacques Delors
Spec. Asst. to the President Jacques Attali
Presidential Spokesman Michel Vauzelle
Advisor/Office of the President Pierre Morel
Advisor/Office of the President Hubert Vedrine
Advisor/Office of the President Madam Guigou

DATE, TIME June 7, 1984
AND PLACE: 6:00-6:35 p.m.

The President welcomed President Mitterrand to Winfield House and expressed appreciation for the tremendous efforts of the French Government that made the D-Day celebrations such a huge success. The President indicated that it was an event that had been heard around the world.

President Mitterrand agreed that it was an extraordinary day. He said that there were many lessons that could be drawn from the D-Day observances. Such an event has enormous psychological significance as a factor contributing to the strength of the Alliance. President Mitterrand added that his government was very grateful to President Reagan for being present at yesterday's ceremonies. The President noted that the weather cooperated to make it an extraordinary day, adding that God was with us yesterday. President Mitterrand

DECLASSIFIED

~~CONFIDENTIAL~~
Declassify on: OADR

~~CONFIDENTIAL~~

NLRR M3711 #117824
BY RW NARA DATE 6/22/15

jokingly replied, "God is certainly with you, but I am not so sure He is with me." The President replied that he always attempts to be with Him. Secretary Shultz added, "or with Her, as the case may be."

As this Summit meeting of the leaders of the industrialized countries of the world opened, President Mitterrand asked the President what issues he felt should be taken up. The President replied that he had dined with Prime Minister Thatcher Tuesday evening and indicated that she would want to address East-West issues first. Mrs. Thatcher would also want to take up questions concerning developments in the Persian Gulf region. President Reagan said the discussions could proceed from the excellent start they were given in Williamsburg. He suggested that future trade agreements should be high on the agenda, as should a definition of the means by which the industrialized nations could curb growing tendencies toward the adoption of protectionist trade measures.

President Mitterrand agreed that it was necessary to develop common policies designed to prevent a reliance on protectionist measures. He added that if we were really serious about curbing protectionism, we would be very busy, but we must do it together.

The President indicated that he felt that one other major new issue should be considered by the Summit leaders. We might investigate, he said, a forum in which the seven Foreign Ministers could continue the discussions that were initiated on the margins of the Economic Summit. He suggested that it might be useful for the Foreign Ministers to meet in New York City this fall during the United Nations General Assembly Session. Secretary Shultz underscored that Economic Summits provide a unique opportunity for the major western industrialized nations to discuss common economic problems. It also appeared to be an excellent forum for the discussion of political issues. It would be useful to take advantage of the forum thus provided, particularly in that it is one of the few mechanisms in which Japan participates in discussions revolving around political and security issues. Shultz added that periodic discussions between Summit meetings would be a positive way to enhance these useful consultations. President Mitterrand responded that it was an idea worth examining and he was prepared to look at the proposal during the Summit.

President Reagan commented that we need to seriously address the developments in the Persian Gulf. Of particular concern is the possibility that the escalation of the Iran-Iraq conflict could lead to the interruption of the shipment of petroleum supplies. The President stressed that the participants should also issue a declaration regarding contingency planning for an emergency arising from the Persian Gulf situation. The President emphasized that the United States strongly supports the concept of sharing supplies in the event of a sudden interruption of energy resources. As an interim measure, we urge all western nations to increase their reserve stocks of petroleum.

President Mitterrand agreed that this was an issue that needed to be addressed seriously at the Summit. He indicated that now all of the participating countries have passed legislation providing for the establishment of adequate oil reserves in the case of supply disruption. France's reserves remain above the minimum prescribed level. But, he added, we should discuss this during the Summit meetings.

President Mitterrand went on to describe the French strategy for coping with the escalation of the Persian Gulf conflict. He indicated that France was attempting to lessen its dependence on supplies emanating from the Persian Gulf, much as the United States had successfully done. He pointed out that the U.S. relied on the Gulf States to provide only 6 percent of its oil imports. This indicated that the United States could well do without Persian Gulf energy supplies. President Mitterrand stressed that France's problem was that it was not an oil producer like the United States. He said that France, only two years ago, was dependent on the Persian Gulf for 35 percent of its oil imports. This year, they have successfully brought that figure down to 16 percent. The most serious problem was that facing Japan, which is tragically dependent on supplies from the Persian Gulf.

The President agreed that the United States enjoyed a very favorable position with respect to dependence on imported energy, particularly on Persian Gulf oil. However, he added, the United States was committed toward working together with its more dependent allies and was prepared to share its strategic reserves in the event of a supply disruption.

President Mitterrand stated that proposals needed to be developed on this basis. We are not opposed to energy sharing, he indicated, but he stressed that the implementation of these plans required further study. The most important factor will be the solidarity of the importing countries in the case of a sudden supply interruption. President Mitterrand added that a subsequent price rise would spare no nation. Shultz said that we were not certain what shape an actual sharing mechanism would take, but nonetheless, we needed to come to a common agreement. President Mitterrand added that at present the supply remains normal, a small number of ships have been sunk, only about 20, but the tension is increasing. Each side is trying to inflict as much damage on the other as it can. It is a religious and emotional war, a war of fanaticism. He also pointed out that each of the two adversaries is anxious not to do anything irreparable that would isolate it completely.

Shultz said that he felt there were two situations that warranted serious consideration. The first would be a sudden constriction of supplies reaching America. President Mitterrand interjected that indeed this was a major problem. For example, during the last crisis (1979-1980) Japan panicked and attempted to rapidly expand its stocks. The minor interruption of supplies should not have led

to a significant price increase, Mitterrand added, but the panic buying became a psychological factor that led the oil importers to fight against one another for secure supplies. The psychology of any further crisis was thus extremely important. Shultz continued that the second major problem was that of the management of a long-term interruption of supplies. President Mitterrand nodded assent and indicated that we all were aware of the situation. The question of oil supply interruption is well worth examining and we should discuss it during our meetings. President Reagan joked that we should start a rumor that Khomeini, since he has a divine linkage with God, could simply change oil into water and remove the basis for conflict.

President Mitterrand then turned to the question of global indebtedness. He indicated that France felt the situation facing many of the underdeveloped and developing countries was nearing the crisis point, particularly in Latin America, Africa and Asia. President Reagan responded that indeed we needed to be concerned about the problem of LDC debt, but that we felt that the proper approach was to address each country's problem on a case-by-case basis. He asked Secretary Regan to further elaborate on this point.

Secretary Regan observed that considerable progress had been achieved since 1982. The Paris Club has handled over 60 billion dollars in debt rescheduling. On the horizon, he felt that the Philippines, Venezuela and Argentina needed particular attention. Again, however, we felt the best approach was to treat these countries on a case-by-case basis. No one formula, Secretary Regan pointed out, would be applicable to all countries facing debt problems. The London Summit should, above all, not make promises in declarations that cannot be fulfilled.

President Mitterrand agreed that we should avoid issuing promises that cannot be kept. There were two general problems associated with LDC indebtedness. First, there is a common basis for all of their problems. The underlying basic debt situation is the same even though the solution must be individualized in each case. We must apply common sense as we search for a solution. We have the reverse of the normal situation where the creditor approaches his debtor -- here, the debtor approaches his creditor. It is the easy way out to use your indebtedness as a way to finance your needs. It is usually the first thing that comes into many people's minds; that is, to have someone else's money solve your financial problems. If you are a small debtor, you are crushed; if you are a major one, you are respected.

Secretary Regan agreed, noting that the larger countries have worked out their debt problems better than the smaller ones. Mexico is addressing its indebtedness problem quite properly and we are prepared to move to the next stage with the Mexicans. President Mitterrand said that LDC indebtedness was a difficult issue, but at any rate we would discuss it this week. Further, our Finance

Ministers, meeting separately, will have to come to grips with this important issue. Secretary Shultz added, "be grateful that the Foreign Ministers are not discussing it!"

President Mitterrand pointed out that the second major issue of importance was that of the North-South relationship. We must not allow a situation to develop where the North-South relationship becomes antagonistic. We must avoid the emergence of two hostile blocks of countries, or even the appearance of this.

Secretary Shultz mentioned a recent speech given by the head of the International Monetary Fund (IMF), Jacques de La Roziere, from France. His address on Third World indebtedness received much attention and we felt that much of what he said in that speech needed saying, particularly the comment that, as a first order of business, these nations needed to help themselves.

President Mitterrand agreed that assistance must begin at home. He was particularly concerned about the situation in Tunisia and Morocco where the IMF terms required that the government increase food prices. A lot of political structures may be swept away because of such stringent procedures. (This was an apparent reference to recent rioting in Tunisia and Morocco in January when food prices were increased.) Shultz said that the way nations could help themselves best was to attract equity capital. The most pressing requirement these countries faced was a need to attract capital. President Mitterrand pointed out that, while this was true, the problem was that capital was flowing toward the United States. Secretary Regan interjected that this was not the case, that the capital apparently flowing toward the United States was only being "repatriated." Shultz added that nations must balance their debt and debt service ratios.

The President observed that our recent trip to China was quite a spectacular visit. We were particularly impressed by the manner in which the Chinese were encouraging foreign investment and attempting to attract foreign capital. This is an example of how nations should act. President Mitterrand interjected that the Chinese example is not entirely applicable since it is a country that is both poor and powerful; thus, it is a country that meets the classic definition of a nation that was able to develop. The President agreed, but said that although the problems facing the Chinese were large, their efforts to address their debts were equally impressive. For example, they have 1 billion people, but only one third of the arable land that the United States possesses. This practically condemns them forever to be a food importing country.

The President thanked President Mitterrand for coming to Winfield House.

The meeting closed at 6:35 p.m.