

NATIONAL SECURITY COUNCIL

09-Jul-1994 10:28 EDT

~~CONFIDENTIAL~~

MEMORANDUM FOR:

Stephen D. Hofmann

(HOFMANN@WHSR@CCGATE@VAXA)

FROM:

M. Kay Joshi
(JOSHI)

SUBJECT:

Please send cable per KAK

DECLASSIFIED E.O. 13526
Department of State Guidelines, November 6, 2015
By VL NARA, Date 8/28/2023
2010-0639-M-1 (498)

INSTRUCTIONS FOR SITROOM:

PLEASE SEND ATTACHED CABLE PER KRISTIE KENNEY

VIA STATE CHANNELS
IMMEDIATE~~CONFIDENTIAL~~ -- ENTIRE TEXT

FROM: WHITE HOUSE, WASHINGTON, D.C.

INFO: SECSTATE
AMEMBASSY ROME

1. ATTACHED MEMORANDUM OF CONVERSATION BETWEEN PRESIDENT CLINTON
AND ITALIAN PRIME MINISTER BERLUSCONI IS PROVIDED FOR YOUR
INFORMATION. PLEASE LIMIT DISTRIBUTION.

2. BEGIN TEXT:

MEMORANDUM OF CONVERSATION

SUBJECT: MEETING BETWEEN PRESIDENT CLINTON AND ITALIAN
PRIME MINISTER BERLUSCONIPARTICIPANTS: THE PRESIDENT
SECRETARY CHRISTOPHER
SECRETARY BENTSEN
MACK MCLARTY
ANTHONY LAKE
AMBASSADOR BARTHOLOMEW
ALEXANDER VERSHBOW (NSC NOTETAKER)
INTERPRETERPRIME MINISTER SILVIO BERLUSCONI
FOREIGN MINISTER MARTINO
TREASURY MINISTER DINI
DIRECTOR GENERAL POLITICAL AFFAIRS DEFRANCHIS
MFA CHIEF OF STAFF SCAMACCA
DIPLOMATIC ADVISOR VENTO
INTERPRETER

DATE, TIME JULY 8, 1994, 10:00 - 10:30 A.M.

CLINTON LIBRARY PHOTOCOPY

AND PLACE: HOTEL VESUVIO, NAPLES

PRIME MINISTER BERLUSCONI: LET ME EXTEND A HEARTFELT WELCOME TO NAPLES. YOU ARE IN A CITY WHICH WAS THE CAPITAL FOR 400 YEARS. IT IS A CITY OF GREAT IMAGINATION, IMPROVISATION AND INVENTION, AS WELL AS ONE WITH SUPERB ART TREASURES. THE CASTEL DELL'OVO, WHERE WE WILL HAVE OUR DINNER THIS EVENING, HAS ROOMS WITH COLUMNS DATING BACK TO 100 B.C. AND ONCE BELONGED TO THE RICHEST ROMAN, LUCULLUS, WHOSE NAME NOW IS USED TO DEFINE THE MOST MAGNIFICENT FEASTS.

I HOPE YOU WILL ESPECIALLY LIKE THE PALAZZO REALE, THE BEAUTIFUL PLACE WHERE WE WILL HAVE OUR G-7 MEETINGS. I PERSONALLY CHOSE

THE PAINTINGS IN THE OFFICE ESTABLISHED FOR YOU THERE AND HOPE YOU LIKE THEM. IF NOT, I WILL DECLARE WAR ON THE UNITED STATES!

PRESIDENT CLINTON: AFTER MY MORNING RUN, I READ A BOOK ON THE HISTORY OF NAPLES. THE CITY WAS RULED BY MANY PEOPLE OVER THE PAST 2400 YEARS, YET LIFE ALWAYS WENT ON. IF WE HAD A WAR, I DON'T THINK IT WOULD AMOUNT TO MUCH. LIFE WOULD GO ON FOR THE PEOPLE OF NAPLES.

PRIME MINISTER BERLUSCONI: I HAVE READ YOUR LETTER ON THE G-7 SUMMIT AND AGREE WITH ITS CONTENTS. IF YOU WANT TO DISCUSS THE ORGANIZATION OF THE SUMMIT, I'M AT YOUR DISPOSAL. ONE THING I CAN TELL YOU IS THAT THINGS IN ITALY ARE GOING VERY WELL. WE HAVE COMPLETELY TURNED AROUND THE ECONOMY. LAST YEAR ITALY LOST 800,000 JOBS, YET IN THE LAST MONTH WE HAVE CREATED 100,000 NEW JOBS. A CLIMATE OF OPTIMISM AND CONFIDENCE HAS EMERGED. WE HAVE ACHIEVED THE LOWEST INFLATION RATE IN YEARS. INDUSTRIAL OUTPUT ROSE IN JANUARY BY 2.5 PERCENT (LAST YEAR IT FELL BY 2.5 PERCENT). FOLLOWING THE EUROPEAN PARLIAMENT ELECTIONS THAT TOOK PLACE AFTER YOUR JUNE VISIT, OUR MAJORITY HAS BECOME MORE SOLID. MY PARTY GAINED 50 PERCENT OF THE VOTES, AND HAS RISEN IN OPINION POLLS AS WELL (38.5 PERCENT SUPPORT FOR MY PARTY AFTER THE ELECTIONS; TOGETHER WITH THE OTHER MAIN COALITION PARTNER, WE HAVE 54 PERCENT). IF NEW ELECTIONS WERE HELD, THEY WOULD ONLY CONFIRM THIS RESULT. IN MY OPINION, WE COULD REACH 60 PERCENT, SINCE POLLS SHOW THAT THE MODERATE MAJORITY IN THE COUNTRY INCLUDES 65 PERCENT OF THE ELECTORATE. I OWE IT ALL TO YOU AND YOUR WORDS OF SUPPORT DURING THE VISIT!

A FINAL POINT ON RUSSIA. AT THE EU SUMMIT IN CORFU, I MET WITH PRESIDENT YELTSIN, AND I RECENTLY RECEIVED PRIME MINISTER CHERNOMYRDIN. THROUGH THESE MEETINGS, I ADVANCED THE GOOD-NEIGHBORLY RELATIONS WE DISCUSSED AT OUR LAST MEETING. IN CORFU, I WAS ABLE TO ATTENUATE MITTERRAND'S OPPOSITION TO YELTSIN'S APPEAL FOR CLOSER TIES WITH THE EU. YELTSIN WAS PRESSING TO ENTER THE EU AS SOON AS POSSIBLE, BUT THE FRENCH PRESIDENT WAS PUTTING UP ALL KINDS OF OBSTACLES. ALONG WITH OTHER EU LEADERS, I WAS ABLE TO SMOOTH RUSSIA'S PATH TO CLOSER EU TIES.

IN THE CONTEXT OF THE CORFU MEETINGS, ONE PROBLEM EMERGED. YELTSIN ASKED FOR OUR CONFIDENCE IN WHAT HE IS DOING IN THE COUNTRIES OF THE FORMER SOVIET UNION, ARGUING THAT HE TRUSTED WHAT THE U.S. WAS DOING IN ITS AREAS OF INFLUENCE AND WHAT THE EUROPEANS WERE DOING IN RWANDA. IN LIGHT OF THIS EXCHANGE, I BELIEVE YELTSIN WILL RAISE THE SUBJECT IN NAPLES, AND WE SHOULD THEREFORE AGREE ON A RESPONSE.

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PRESIDENT CLINTON: THE SITUATIONS ARE SOMEWHAT DIFFERENT. THE COUNTRIES IN THE FORMER SOVIET UNION WERE ONCE UNDER RUSSIAN DOMINATION. IN GEORGIA, WE HAVE ATTEMPTED TO RECOGNIZE THE FACT THAT SHEVARDNADZE ASKED YELTSIN TO BECOME INVOLVED BECAUSE THE CONDITIONS DID NOT EXIST FOR THE UN TO DO SO. IT WOULD HAVE BEEN A BETTER SITUATION IF WE HAD ENOUGH UN OBSERVERS TO HANDLE EVERY SITUATION EFFECTIVELY. ON THE OTHER HAND, IN THE CASE OF THE ARMENIA-AZERBAIJAN CONFLICT, NEITHER SIDE WANTS THE RUSSIANS TO INTERVENE -- THIS IS THE ONLY THING THEY AGREE UPON. SO WHILE WE

HAVE TO RECOGNIZE THAT RUSSIA MAY HAVE A GREATER INTEREST IN THINGS THAT HAPPEN NEAR ITS BORDERS, WE SHOULD BE CAREFUL ABOUT USING THE PHRASE "SPHERE OF INFLUENCE." THAT PHRASE HAS A MEANING THAT COULD CAUSE US ALL PROBLEMS.

PRIME MINISTER BERLUSCONI: WE SHOULDN'T USE THE TERM AT ALL.

PRESIDENT CLINTON: IN THE U.S. CASE, THE EXAMPLE OF HAITI ILLUSTRATES MY POINT. I HAVE WORKED VERY HARD THROUGHOUT LATIN AMERICA TO RECOGNIZE THE TERRITORIAL INTEGRITY AND INDEPENDENCE OF ALL COUNTRIES. AS A RESULT, PEOPLE SEE THE U.S. AS A PARTNER, NOT A COUNTRY THAT IS INTERVENING. HAITI, HOWEVER, PRESENTS AN IMPOSSIBLE SITUATION: IT IS AN EXCEPTION TO THE RULE OF NON-INTERFERENCE. BUT WE DO NOT ASSERT A SPHERE OF INFLUENCE IN LATIN AMERICA. A BETTER MODEL WOULD BE THE EUROPEAN UNION OR U.S.-MEXICAN RELATIONS: THESE ARE VOLUNTARY PARTNERSHIPS BETWEEN SOVEREIGN POWERS. WE SHOULD ENCOURAGE YELTSIN TO HAVE THE SAME KIND OF CONSTRUCTIVE RELATIONS WITH RUSSIA'S NEIGHBORS, BUT NOT AGREE TO A RUSSIAN SPHERE OF INFLUENCE.

PRIME MINISTER BERLUSCONI: I AGREE COMPLETELY. WE MIGHT SUGGEST AS AN OPTION THAT RUSSIAN ACTIVITIES BE SUPERVISED BY THE CSCE. WE DISCUSSED THIS WITH YELTSIN IN CORFU AND HE REACTED POSITIVELY. WE SHOULD NEVER AGAIN USE THE TERM SPHERE OF INFLUENCE SINCE IT BELONGS TO THE PAST. WE HAVE TO ACKNOWLEDGE THAT RUSSIA HAS INTERESTS IN ITS NEIGHBORHOOD, BUT THE CSCE CAN HELP BY ESTABLISHING A CONSTANT PRESENCE IN THE FORMER USSR.

PRESIDENT CLINTON: LET ME RAISE ONE ISSUE FOR THE G-7. I HOPE YOU WILL SUPPORT OUR TRADE 2000 INITIATIVE. SOME ISSUES WERE LEFT UNRESOLVED DURING THE URUGUAY ROUND, AND ENDORSEMENT OF OUR INITIATIVE WOULD SEND A STRONG SIGNAL OF OUR COMMITMENT TO FUTURE GLOBAL ECONOMIC GROWTH.

PRIME MINISTER BERLUSCONI: I SEE ONE OF MY TASKS AS G-7 CHAIRMAN AS SENDING A MESSAGE TO OUR PEOPLES OF CONFIDENCE ABOUT THE ECONOMY, RECOGNIZING THE IMPROVEMENTS THAT HAVE OCCURRED IN THE GLOBAL SITUATION. WE WILL HAVE A DETAILED DISCUSSION OF THE EMPLOYMENT PICTURE, AND WE WILL FOCUS AS WELL ON LIBERALIZATION OF MARKETS AND ISSUES NOT SETTLED IN THE URUGUAY ROUND. WE SHOULD ALSO INSIST THAT THE NEW WORLD TRADE ORGANIZATION BE SET UP AS SOON AS POSSIBLE. IN THIS REGARD, WE HAVE AN EXTRAORDINARY CANDIDATE TO HEAD THE WTO, RENATO RUGGIERO. HE IS A FORMER CABINET MINISTER AND WAS G-7 SHERPA FOR SEVEN YEARS. I WOULD LIKE TO TALK TO YOU AGAIN ABOUT HIM.

AMBASSADOR BARTHOLOMEW: I HATE TO BE THE GATEKEEPER, BUT WE HAVE TO ADJOURN FOR THE PRESIDENT TO MAKE HIS NEXT MEETING.

CLINTON LIBRARY PHOTOCOPY

-- END OF CONVERSATION --

END TEXT

Additional Header Information Follows