

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526
2015-0133-M (1.18)
5/11/2018 KBH

MEMORANDUM OF CONVERSATION

SUBJECT: Bilateral Meeting with Hungarian President
Goncz of Hungary and Prime Minister Horn

PARTICIPANTS: The U.S.
The President
Donald M. Blinken, U.S. Ambassador to Hungary
Madeleine Albright, U.S. Permanent
Representative to the United Nations
General John Shalikashvili, Chairman of the
Joint Chiefs of Staff
Anthony Lake, Assistant to the President for
National Security Affairs
General George A. Joulwan, the Supreme Allied
Commander of Europe and U.S. Commander-in-
Chief of Europe Command
Samuel Berger, Deputy Assistant to the
President for National Security Affairs
Richard Holbrooke, Assistant Secretary of
State for European and Canadian Affairs
Robert Hunter, U.S. Ambassador to NATO
Michael McCurry, Assistant to the President
and White House Press Secretary
Alexander Vershbow, Senior Director for
European Affairs, NSC Staff, Notetaker

Hungary
President Arpad Goncz
Prime Minister Gyula Horn
Foreign Minister Laszlo Kovacs
Defense Minister Gyorgy Keleti
Chief of Staff Janos Deak
State Secretary Ferenc Somogyi

DATE, TIME January 13, 1996, 11:38 - 11:58 a.m.
AND PLACE: Taszar Air Force Base, Hungary

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Reason: 1.5 (b,d)

Declassify on: 01/16/05

The President: I would like to say on behalf of the American people how very much we appreciate the wonderful reception that our soldiers have received here in Hungary. I thank you, Mr. President and Mr. Prime Minister, to all the leaders of your country, especially to the Defense Minister and the Chairman of the Chiefs of Staff. We are very, very grateful for the cooperation that we've had. (U)

I think it's a remarkable thing that Hungary and the United States are involved as partners for peace now, and they have received us here in this mission of peace in our staging area for Bosnia. Just think, it's been barely more than six years ago when Hungary was a member of the Warsaw Pact. What would have been unthinkable then now seems perfectly normal because we've been working together so closely for the last couple of years. (U)

And I know I speak for all the American people and especially for the military, Mr. President, when I say thank you. We are very grateful. I have just met with our commanders and our troops; they're doing very well here, thanks to you. We're enjoying it and we appreciate it. (U)

President Goncz: I can even say that it is symbolic. Four or five years ago, I think it would have been unthinkable to meet here with the President of the United States of America either in Washington or in Budapest -- the least unthinkable to be able to meet in a small Hungarian village. In addition to the fact that on such an important occasion, your presence here as well as your personal presence, Mr. President, shows the commitment of the United States to ensure the peace in the region. (C)

It is a moral obligation to us because we defend the same values and we have common interests. It is a great pleasure for me that we have this meeting and that we are part of this great operation. This is a partnership for peace in the genuine sense of the word. It's a lot more than what we have done in the Partnership itself. This is also an opportunity for us to get accustomed to each other's working methods.

(At this point the Press left the room)

Prime Minister Horn: I would like to add a few words since you are about to leave for Tuzla. We did not want to miss the opportunity to enjoy your hospitality on U.S. territory in Hungary. First, let me offer the thanks of our government for everything you have done to advance our bilateral relations. I would also like to add on behalf of the rest of our government that this represents the confidence that the United States has in us as a partner. I would like to underline that what the United

States did in producing the agreement in Dayton was of historic importance. It represents a model for the entire region. I would note that it would be of regret to us if Mr. Holbrooke were to quit, but we are grateful for his contribution. (C)

This air base is very dear to us. We should be able to obtain practical experience in working with the United States and other NATO countries. I would also add that there may be, on occasion, problems of an unforeseen or unpredictable nature that arise in the functioning of this base. If this happens, we should ask that our two ministers of defense get together immediately and solve them without leaving it to the bureaucracies. Mr. President, let me thank you once again for coming. (C)

The President: That is a very good suggestion, although I hope we won't have problems that can't be worked out on the ground. But if we do, then that is the way to solve them. I also want to congratulate you on the work you have done on economic reform and the progress you continue to make. I would like to say again that I think that our security relationship is working out even better than I imagined. This new mission is creating a new dimension for the Partnership for Peace and for the prospects for our future relations. As I said to the press, the U.S. believes that the expansion of NATO is appropriate and inevitable. We all know what the issue will be. We have no intention of giving the Russians a veto, but we must work not to isolate the Russians either. They will be sending troops to our mission in Tuzla and that could give them some feel for where we want to go. (C)

I know we have very little time and I am very sorry that I could not control the weather, but there is one personal issue I would like to raise. I have a very good friend, Millard Fuller, who founded an organization called Habitat for Humanity. He wants to do a big housing project in a town near Budapest called Godollo. Are you familiar with this? (U)

President Goncz: Yes. (U)

The President: I hope this project can go forward. Habitat for Humanity helps people to build their own homes. It has become the third largest builder of houses in the United States. It helps people in the U.S. who can't afford it build homes and is doing the same thing all over the world. So just by accident I got a note before this trip and therefore I thought I would mention it to you. (U)

Prime Minister Horn: Mr. President, if there is any need for help to this project, we are willing to provide it. (U)

The President: They need a go-ahead and some help with infrastructure -- building streets and utilities. (U)

How is my Ambassador doing? Does he show up for work every day? (U)

Prime Minister Horn: We don't see him every day, but only when it is important and necessary. (U)

President Goncz: Mr. President, I would like to raise one additional issue, reconstruction work in Bosnia. We are fully ready to participate in the reconstruction program. In that connection, we need to solve the problem of finding capital for that effort. The EXIM Bank can provide loans, but an insurance network needs to be created. What we are talking about is business for Hungarian firms, not aid -- we need to create opportunities for us and other countries like Slovenia to work together for the cause of reconstruction. It is a matter of putting together a banking organization. (U)

Prime Minister Horn: In the wake of our privatization program, an additional \$1 billion in U.S. investment has come in. This has enhanced the presence of U.S. firms in Hungary. So our relations are shaping up very well, not just with the European Union but with the United States. (U)

President Goncz: The French are the number three investors, after the U.S. and Germany. During the past quarter of the year we've done more privatization than in the previous five years. We've received some scolding for that. Living standards of our population have declined by more than 10%, and this makes things tough. But we do not want to make a U-turn. We think this country can endure this. You have shown confidence and trust and for that we are most grateful. The opportunity created by reconstruction in the former Yugoslavia should be seized and we would like to rely on your help. Let me repeat that we are not asking for aid, but a share of the business. (U)

The President: We will have conversations in Tuzla on the reconstruction effort as well as on the military operations. I want to make sure I am up-to-date. (U)

President Goncz: The World Bank has informed us that they would like to give priority to Hungary in this effort along with Slovenia. (U)

The President: Before we finish, let me also thank you for sending an engineering battalion to IFOR. General Joulwan says that we needed it very much. So thank you for sending it. (U)

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President Goncz: You are very welcome. I'm sure that it will
work hard in its mission. (S)

-- End of Conversation --

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