

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with President Jacques Chirac of France ~~(C)~~

PARTICIPANTS: The President
Warren Christopher, Secretary of State
Robert Rubin, Secretary of the Treasury
Pamela Harriman, Ambassador to France
Anthony Lake, Assistant to the President for National Security Affairs
Laura Tyson, Assistant to the President for Economic Policy, NEC
Lawrence Summers, Deputy Secretary of the Treasury
Peter Tarnoff, Under Secretary for State for Political Affairs
Samuel Berger, Deputy Assistant to the President for National Security Affairs
Daniel Tarullo, Special Assistant to the President for International Economic Affairs
Alexander Vershbow, Special Assistant to the President and Senior Director for European Affairs, NSC Staff, Notetaker
Carol Wolter, Interpreter

Jacques Chirac, President of France
Herve de Charette, Foreign Minister
Jean Arthuis, Minister of Economy and Finance
Francois Bujon de l'Estang, Ambassador to the United States
Jean-Davide Levitte, Diplomatic Adviser
Catherine Colonna, Presidential Spokesperson
Jean-Francois Cirelli, Technical Counselor
Jean-Claude Poinboeuf, Chief of Staff
Jacques Blot, MFA Deputy Secretary General
Interpreter

DATE, TIME June 27, 1996, 3:10 - 4:05 p.m.
AND PLACE: The Prefecture,
Lyons, France

President Chirac: First, I would like to express to you and your delegation a warm welcome in France. Let me repeat what I said to the press: our profound feelings of condolence and solidarity

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are with you after the bombing in Saudi Arabia. I want you to understand that this is not just diplomacy or a courteous formula but an expression from the bottom of my heart. In fact, that is why I would like to alter the proposed agenda for the Summit. I suggest we agree in principle to make the battle against terrorism the first item on our agenda. Our collaborators have agreed upon a communique, in the name of the Seven or the Eight, with a strong paragraph on terrorism. In these circumstances, however, and if you agree, we should take this out of the communique and prepare a separate statement of our two delegations that could be adopted by the Seven at tonight's dinner and published immediately afterward. This would signify that our foremost shared concern is terrorism. I would also like to propose that, in the special communique, we announce that in the coming weeks, we will have a meeting of the responsible ministers (two or three per country) to reflect further on concrete actions to strengthen the fight against terrorism. We would favor holding the meeting in Paris, but would be amenable to any city among the Eight. (C)

The President: I think it is a very good idea to issue a statement tonight. I believe our respective staffs have agreed on a number of specific steps -- about 40 things -- to fight terrorism. Perhaps we should issue a short statement tonight and emphasize the specifics in the next two days. (C)

Anthony Lake: The 40 steps focus on international crime and include terrorism as well. We could announce those steps in the separate statement and call for a meeting to consider additional steps to counter terrorism. (C)

The President: A meeting in Paris is fine with me. (C)

President Chirac: I fully agree with your proposal if I understand it correctly. We will meet at 8:00 p.m. for dinner. We obviously cannot issue any statement until the Seven have met. We should approve it and issue the statement immediately after dinner to show that combating terrorism is our priority here. We should say that there will be a ministerial-level meeting -- in fact, a task force against terrorism. At the dinner, we will speak at greater length and give our agreement to the set of measures already approved, especially the 40 American points. (C)

Anthony Lake: Actually, those measures are for endorsement by the Eight. (C)

The President: I presume the others will agree to a statement tonight. (C)

President Chirac: Naturally. As soon as our two delegations are in agreement, I am sure the others will come along. (C)

The President: I suggest our two delegations draft a statement after this meeting. (C)

President Chirac: No problem. So we agree that the first gesture of the G-7 is to make it loud and clear that we decry terrorism. Rather than having two communiques -- an economic communique on Friday and a political one on Saturday -- we will have three, with the first specifically focused on terrorism. Where do you want to begin on other topics? (C)

The President: Let me go through my list first. The news from Russia is good. I believe Yeltsin will win and that the election will be perceived by the world as fair. Then we must determine where we go from here, and the question of NATO, of course, comes into play. (C)

We are very pleased with the agreements reached in Berlin with respect to NATO adaptation and the changes that would permit France to establish a full partnership with the Alliance. Let me reaffirm my support for your moves in that direction. I believe we can find a way to meet our political objectives that maintains the principle of sound military planning. The Berlin understandings established the way to go. (C)

President Chirac: I am very satisfied with the Berlin agreement and very appreciative of the U.S. political decision that made it possible. I say this because I know you had some problems with your military establishment. France is ready, within the Berlin framework, to reenter fully and without reservations. There are some technical problems to work out -- in Europe itself within the WEU, and in NATO in terms of restructuring the military organization. It is my feeling that there should be a Deputy SACEUR who would be a European and who would take on board the European side of the military structure. But let us leave it to the experts to think this through. We are ready, as I said, to go all the way into NATO. (C)

Turning to NATO enlargement, let me say that we are naturally in favor, but I must repeat the need for caution. We have to be careful with the Russians in view of Yeltsin's difficulties in the face of the rising tide of nationalism. A case in point is what Lebed has been saying. There continues to be a major misunderstanding about the whole question. I believe we can easily have a NATO-Russia agreement on enlargement, but that presupposes discussing the matter with them. If we don't, there will be a strong nationalist reaction in Russia. Boris Nikolayevich could perfectly well have come to Lyons; it was not

for electoral reasons he decided not to come, but rather to respond to the nationalist wave that was coming through clearly in the campaign. He realized that he would have risked shocking his public if he had come to France because we had requested him to do so. The same thing would have applied if the G-7 would have been held in another city. We must not underestimate how much Yeltsin's absence reflects the resurgence of nationalism, (C)

The President: I agree it was a good move for Yeltsin politically not to come to Lyons, even though he would have won the election either way. Over the last three years, we have had many long conversations on NATO enlargement. The key to expanding NATO in a way that preserves NATO's integrity and is not a threat to Russia is to keep in mind three things: first, there should be no surprises -- we should have an honest, forthright, and gradual approach; second, we should make sure the Russians understand that we are not trying to increase our offensive capability against Russia; and third, we should somehow find other Bosnias -- other ways to cooperate so that there is a meaningful partnership. The joint operations that we have done through the Partnership for Peace are an example of the steps we should take so that they feel a part of a general movement toward integration of their democracy with the West. I believe we can work this out, but we first need to get past the Russian elections. Then we will have four or five months to work things out before the December meeting of the NAC. (C)

President Chirac: I have no difference with you on the substance. We just need to supply a bit of diplomacy and finesse. (C)

The President: Turning to Bosnia, I want to thank you for France's role in IFOR, which has been marvelous. There ^{are} still a lot of problems: we have not had as much freedom of movement as we would like, not as many refugees have returned as we had hoped, and reconstruction has been delayed. On the other hand, we shouldn't minimize what has been done. IFOR has been a great success in calming the whole region, and we are way ahead of where we were last year. We need to focus now on what we can realistically accomplish during the rest of the year. We should try to hold the elections on time; I believe we can do so, with a lot of participation. Until we have the elections, everyone will be looking for excuses to hold back the peace process. (C)

Second, we need to do all that we can to accelerate reconstruction. I just certified Bosnian compliance with the requirement to withdraw foreign forces so that I could free up another \$70 million for reconstruction. (C)

Third, we need to discuss how we can basically take Karadzic out of the equation. We are working with Milosevic, and I know you have done the same. They announced yesterday that Karadzic would not run for President, but there is still a real problem, and his presence casts a cloud over the process. It makes it more difficult for other Serbs, such as the leaders in Banja Luka, to emerge and take a leadership role. I would be interested in your thoughts on what to do. (C)

Lastly, I know you believe that there will need to be some kind of presence in Bosnia after IFOR. This may prove to be the case, but what concerns me is that if we discuss this question before the Bosnian elections, it will give them an excuse to put everything off. My preference is to stay with the agenda that we have until the elections and force the Bosnian people to take more responsibility. Obviously, no one wants to do anything that would let the whole thing go to pieces. I want to do what I can to maintain our partnership. I know that the United States has responsibilities. But it would be a mistake to throw into the mix what would happen post-IFOR until we have put maximum pressure on the parties to have the elections and do the right thing. (C)

President Chirac: We have exactly the same approach. The elections must take place on time, and this is what the President of the OSCE has now decided. I believe we must continue to maximize the pressure to get rid of Karadzic. But to be frank, I am not sure that Milosevic has the means to take Karadzic out of the equation. I tried to exert the maximum pressure myself by explaining to Milosevic the consequences of Karadzic remaining. But I fear he doesn't have the clout to remove him. (C)

You are right to say that we should not spell out what will take place in the future after IFOR. But you should know that the French position -- and I understand that it is also the British position -- is that our military should remain only as long as the Americans are there. We will leave at the same time that you do. But I agree that this is not a question we need to address right away. Mr. de Charette has spoken of a plan for stabilization over the next two years. We should develop this plan with you and the British in order to find a way to maintain peace and tranquillity in the region. (C)

Foreign Minister de Charette: This plan only concerns the civilian aspects. (C)

The President: I have no objection to discussing it in a quiet and private way. But is our experience in dealing with all the parties, as President Mitterrand used to say, that there are no angels there. They need to keep moving toward fulfilling their

own responsibilities. We need to maximize the pressure to hold the elections on time and not let them think we will be there forever as a baby-sitter. At the same time, we haven't gone to all this trouble in order to let the situation go to Hell. (C)

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President Chirac: So I think this is an area in which we have very broad agreement. (C)

The President: Let me say a few words about the Middle East. Since the Israeli elections, I have attempted to do three things together with Secretary Christopher. We have been encouraging Netanyahu not to do or say anything that could make the Arabs -- and the PLO in particular -- believe that they intend to back away from the commitments of the previous government. In general, we want them to keep open as many options as possible. Netanyahu is a clever man. He has made what we view as some unfortunate commitments in order to maintain his political base. But he wants to be on the right side of history; he is a young man who is looking forward and does not want to be the last holdout. So I think there are still possibilities. (C)

As for the Arabs, we are urging them not to do anything that would foreclose the possibility that Netanyahu could be better than they expect. They should judge him on the basis of what he does. In this regard, I was pleased by how the Arab Summit came out. It took a strong stand in support of the PLO, on withdrawal from Hebron, on no expansion of settlements, and in support of Syria's position on the Golan Heights; but it did not say these things in a way that looked like a declaration of war on Israel. Specifically with respect to Lebanon, where you have been so active, the Arabs agreed to negotiate on the question of a monitoring group. It is in our interest to make it work, and we need to work closely on follow-up. Secretary Christopher and I had a long meeting before he went to the region. The first goal is to do no harm -- to avoid reversing the progress made in the last few years. We need to find a mechanism in which the more disparate elements can go forward. I wish there was something more miraculous I could say. (C)

President Chirac: I share your view, but I would add one point. My analysis is the same: it is essential that we not impugn the motives of Netanyahu or assume the worst. He is an intelligent man and wants to preserve the future. The Arab Summit was good, but the statement issued was very firm. It did not accuse Israel or judge what Netanyahu would do, but it took a firm position and reflected a strongly united position. I would say the Summit was a success for Hafez Assad, who got the other Arabs for the first time to accept that the Golan border was Lake Tiberius. This was important in symbolic terms. (C)

I am afraid that the situation is going to lead to a strong upsurge in terrorism. Some Arab countries will see the new situation as a justification for terrorist acts. Frankly, it is not Libya or Iran that worry me (although I have had enough experience to know that Iran can be dangerous), but the other Arab countries that can use terrorism to maintain a situation that they consider advantageous. For quite a while, I was convinced that Assad wanted peace; I think that was the case until recently. But my feeling now -- although I have no evidence yet to prove it -- is that he no longer does. If Assad is no longer seeking peace, he may be tempted to permit terrorist groups to continue their activity. I don't want to indict Syria, which still has an important role to play, but the situation is becoming more dangerous. (C)

The Israeli elections have altered the situation, at least in the mind of Netanyahu. The Syrians may believe that he will withdraw from Lebanon since the Israeli presence costs more in money and manpower than it brings Israel in security. If he withdraws, Lebanon will need to assure its security with the help of France and others. But this would put Syria on the horns of a dilemma. There would no longer be anything to justify Syria's remaining in Lebanon, and they would be pressed to disarm Hizbollah. This scenario may create a major temptation for Assad to allow terrorism to take hold again. (C)

The President: This is one of the things we need to explore with the G-7. Secretary Christopher and I discussed this earlier, and he advanced the same argument. If the Israelis can be convinced that the Lebanese have the capacity to prevent them from being shelled by Hizbollah, he might withdraw. Netanyahu is looking for some moves he can make in the peace process, and clearly he is not prepared to withdraw from the Golan Heights. I also agree that the Syrians are reassessing their position. Assad should have moved when Rabin was still alive. He overplayed his delaying tactics. (C)

President Chirac: That's the problem. Moreover, all the major terrorist organizations have their headquarters in Damascus. Assad's position with respect to the terrorists will be crucial. (C)

The President: With respect to Africa, we appreciate your interest. I want to thank you for your help in evacuating our people from the Central African Republic and your support for our diplomatic initiatives in Burundi. I know that you are in favor of selling off some of the IMF's gold reserves to create a fund and then use the interest to help pay the debts of the developing countries. The IMF would have more money today if it had put some of its gold into income-earning investments. (C)

President Chirac: You should tell that to Helmut Kohl! ~~(C)~~

The President: I'll ask him if you will do the same. I am trying to do more with the Congress to pay off our obligations. I am very concerned that Congress has been backing away. Selling the gold reserves is a good idea -- we would just spend the interest but not the principal. I will talk to Helmut and perhaps we can work together. ~~(C)~~

President Chirac: I don't think this will be a problem if you can say a few words to Helmut Kohl. This will really help to replenish the African development funds. Another problem is the reconstitution of IDA. We have a problem there because the agreement reached among experts was rejected by the U.S. House of Representatives. The issue is now before the Senate, and I know that your Administration is exerting great efforts to convince the Senate to go back to the original position. I hope you succeed since it is a critical question. ~~(C)~~

We have a lot of contacts with developing nations, not only in Africa. There is a problem that you need to explain to your Congress: the responsibility and image of the United States is at risk. The OECD just published statistics showing that the United States is fourth -- after Japan, France and Germany -- in development assistance as a percentage of GDP. That's a big political problem. I tried to raise it with Dole and Gingrich when I met with them in February, but they were not interested. It will be a source of great weakness for America in the years to come, and it will undermine your image in the world as well as the values that America claims to represent. This is not a problem to be resolved at the Lyons meeting. But we do need to take a clear position on the key questions of development and issue constructive conclusions. ~~(C)~~

The President: On IDA, we got a good statement from two leading Republicans in support of our position. I am working very hard on this. I agree that we need to get more money for development assistance, but we had difficulties even with the previous Congress. We have been trying to increase our purchase of exports from the developing countries. But even if we spent twice as much in this regard, it will mainly increase the help we provide to the Latin American and Asian countries; it will do nothing for Africa. ~~(C)~~

President Chirac: One word about the crisis in Africa. There is a serious problem in Guinea, but we think it will be settled in the next few days. We also have the means to regulate the situation in the Central African Republic and the other francophone countries. With respect to Liberia, I would like to

make a suggestion. I know that there is no question of the United States intervening militarily, but I would recommend that you station one naval vessel within 500 meters of the Liberian coast. If you did this, the problem would be solved. I recall that Nigeria had a conflict one month ago with Cameroon over a territorial dispute. I did not want to send in my troops, even though the president of Cameroon was asking me to do so, but I sent one ship to cruise off the coast. Lo and behold, the parties' troops went home. I think the same solution would work in Liberia. As we say, the arrival of the police is the beginning of wisdom. (C)

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The President: One last word regarding Helms-Burton. (C)

President Chirac: This is a ghastly question. (C)

The President: Here's what we are trying to do. First, I don't think the bill would have passed if Castro hadn't shot down the planes. Once he did, there was no way to stop the legislation, and there was a veto-proof majority. For that reason, I decided I had to negotiate with the Congress in order to give me some flexibility if I agreed to sign the legislation. My objective is to find a way to maximize the pressure on Castro to move toward a more open society and to minimize friction with our allies. I am working as hard as I can on this. I will need to make a decision in three weeks on whether to waive part of the legislation, and I will be in touch with you as we work it through. But you know what a special issue Cuba is in the United States. This has become more pronounced now that democracy is on the upswing in Haiti, and Cuba looks more and more like the lone holdout. We were moving toward a more open relationship with Cuba, including constructive ways to resolve some of our differences, until the planes were shot down. It will take a while for that cloud to pass over. We know that everyone in Europe hates the Helms-Burton bill, but if I had not taken the position I did, we would have ended up with a harsher bill with fewer options for the President, and one that could have been passed over my veto. We need to work together to open up the Cuban regime. It is a terrible problem for us since Cuba is only 90 miles from our shores. (C)

President Chirac: This is a terrible problem. All of us in the European Union have been pushing the principle of multilateralism, notably in the World Trade Organization. One cannot work on the one hand within the WTO, and on the other hand take unilateral action. That would be a blatant contradiction. That is why the measures to be taken against European firms under Helms-Burton -- or under the D'Amato bill, which is even worse -- will force the EU countries to take automatic reprisals against U.S. firms. President Santer will say this tomorrow. For

example, if under the D'Amato bill measures were taken against the company TOTAL, there would automatically be reprisals against U.S. oil companies. This would be a very bad system. Now is not the time to raise this problem. What is important is to conclude the election campaign in the United States. But the problem must be addressed after that. We need to find a way to de-escalate.

~~(C)~~

The President: We can talk more about this Saturday night... ~~(C)~~

President Chirac: ...and after the U.S. elections. ~~(C)~~

-- End of Conversation --