

THE WHITE HOUSE
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MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with German Chancellor Schroeder (U)

PARTICIPANTS: The President
Chancellor Schroeder

Interpreter: Harry Obst
Notetakers: Frank Jarosinski, Robin
Rickard and Roger Merletti

DATE, TIME July 22, 1999, 9:46 - 9:59 a.m. EDT
AND PLACE: Air Force One

The President: Hello, Gerhard. (U)

Chancellor Schroeder: Hello, Bill. Good to hear you. (U)

The President: It is nice to hear your voice. Thank you for taking my call. I wanted to talk to you about two things. First, choosing a successor to Javier Solana at NATO. There are some strong candidates, including Danish Defense Minister Haekkerup, but if Scharping is in the running we are in a position to support him. We think he is a good man. We need to get someone good at NATO. It is in our common interest to get a successor soon. I believe there would be Allied consensus around Scharping, but if he is not available we need to consider someone else. (S)

Chancellor Schroeder: Well, I understand. I have to say, frankly, that I have a great need for Scharping in my government right now. Having heard that you are willing to support him, I will sit down and talk with him again. We have some difficult situations to address, like restructuring our armed forces and that, of course, makes him very valuable to me. In light of your call, I will talk to him again. I will call in one week after I talk to him again and tell you what our decision is.

(S)

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The President: Great. I also wanted to talk with you about our Sarajevo meeting on July 30. The Stability Pact is coming to fruition. I hope we can avoid a long series of set speeches. We should aim for real discussion with a common line on reconstruction. Humanitarian reconstruction will not go to Serbia as long as Milosevic is in power. I think the best thing to do is for the United States and the EU to grant unilateral trade preferences to countries in the region. I would include Kosovo and Montenegro. I will work with our Congress to provide access on terms comparable to our Caribbean Basin Initiative in the next few weeks. It seems to me it will be much more powerful if the EU as a whole could extend a similar effort. I understand the EU is thinking of similar things to extend to other countries except Serbia. (Ø)

Chancellor Schroeder: I fully accept your ideas on this and agree with them. In our public statements, we have made clear that Serbia cannot be included in those two initiatives, only Serbia without Milosevic. I also fully agree with you that we should have this meeting without a series of long speeches. We need to talk directly to each other. That will open the markets. But a joint declaration must also give strong support to the coordinator of that effort in that we have already named a candidate. One more thing I wanted to mention is that the Russian Prime Minister is coming to visit and we want him to feel welcome. (Ø)

The President: I agree with that. I think we can work together and take the lead that we not have a meeting where we give verbal assurances and not take immediate action. (Ø)

Chancellor Schroeder: I agree with you on that, too. That is exactly what we are wishing for. The current declaration agreed upon is a little thin in its wording. It needs to be strengthened. That is something my Security Advisor and your Security Advisor should talk about and have worked out. (Ø)

The President: All right. We will do that. Let me say one final thing. If you decide that Scharping is not available for the NATO post, I would like to know whom you prefer. The Danish Defense Minister is good if you think so, or Tony Blair may have someone. The main thing is that I want to be with you on this. (Ø)

Chancellor Schroeder: I agree again. And first of all, you will know before we go to Sarajevo whether Scharping will be available or not. Probably we should sit down on the margins of

the Sarajevo summit and try to find a common position there.
And, if we need to, bring Tony Blair into that conversation.
(Ø)

The President: Good. I will see you then in Sarajevo. (U)

Chancellor Schroeder: I am looking forward to seeing you in Sarajevo, and thank you for this call. (U)

The President: Thank you, Gerhard. Goodbye. (U)

Chancellor Schroeder: Thank you. Goodbye. (U)

-- End of Conversation --