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## **Clinton Presidential Records Mandatory Declassification Review**

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DEPARTMENT OF STATE  
WASHINGTON  
February 18, 1993

MEMORANDUM FOR: THE PRESIDENT

FROM: Clifton Wharton, Jr., Acting *CPW*

SUBJECT: Meeting with Prime Minister John Major  
of Great Britain

I. SETTING

- U.S.-UK ties remain uniquely close. But the end of the Cold War, the process of European integration, and the strain of prolonged recession are changing British as well as American perspectives, and our relations with each other.
- Britain is our most reliable ally. By policy and instinct, the British will help us, if they can and if we let them, in every area that matters -- defense and security, trade, the Middle East, Russia and Eastern Europe, the UN, environment, and the fights against terrorism and drugs.
- Major's government is no longer in the political free fall of last autumn. But it still faces a bruising battle for parliamentary ratification of Maastricht, and the unaccustomed difficulties of having only a narrow Tory majority in the House of Commons. Nearly three years of recession have taken their toll on British confidence and leadership.
- Major's visit to Washington will be scrutinized by press on both sides of the Atlantic, which had a field day with reports of Tory involvement in the Bush campaign and the Home Office file search. The Major government was excoriated by Thatcherites and Laborites alike for souring the special relationship.
- Given this inauspicious beginning, Major's overriding goal for this visit is to establish a relationship of trust and candor with you, and to be seen as having done so. Major was grateful that you telephoned him to discuss Bosnia, and for the early invitation to Washington.
- Britain sees its nuclear power status as vital to its standing in Europe and the world. Major will want a promise of prior consultation before any Administration decisions on nuclear testing or ballistic missile defense.

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- Major also has some concerns about statements made during the campaign on UN Security Council expansion, Northern Ireland, and MFN for China. However, he is pleased and much reassured by our stance on Bosnia, which tracks very closely with British thinking and concerns.
- Major will be careful not to overload this first meeting with too many issues. He will focus on areas he thinks most urgently require close coordination, probably Iraq, former Yugoslavia, Russia, and the GATT Uruguay Round negotiations. He suspects you may raise Northern Ireland. He will touch at least briefly on Hong Kong, China and MFN.

## II. TOPICS

- Affirm that on most important issues British policy is synergetic with our own, and that close bilateral cooperation is essential to achieving our common objectives.
- Express appreciation for the courage and effectiveness of British troops in Bosnia engaged in humanitarian relief.
- Enlist Major's active help in our next steps on Bosnia.
- Lay out your views on key international economic issues such as the Uruguay Round and G-7 policy coordination.
- Recognize Major's effectiveness in promoting agreement on the Uruguay Round, and solicit his continued cooperation.
- Discuss current bilateral economic issues, such as civil aviation, steel, and the proposed minivan reclassification.
- Confirm our support of the talks process in Northern Ireland, and discuss ways in which we can be helpful.
- Share your thoughts on the situation in Russia and on Yeltsin's difficulties.
- Affirm that we will continue to look to the British for close cooperation in obtaining Iraq's compliance with all UNSC resolutions.
- Exchange views on the broader issues of European integration, the future of NATO, and the American presence in Europe.
- Discuss approaches to promoting democratization in Hong Kong and human rights in China.

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UNITED KINGDOM: POLITICAL OVERVIEW

Prime Minister Major visits Washington this month with his country at the bottom of a long and difficult recession and his countrymen in a distinctly uneasy mood. Though the pressure on Major has eased a bit following a seemingly endless string of troubles last fall, stiff challenges still loom:

- Embarrassing inquiries into government handling of coal mine closures and of sales of arms-related equipment to Iraq will soon come to a head.
- In April and May, a new local tax scheme will be introduced. While undoubtedly fairer than the hated "poll tax" it replaces, it will hit hard at Tory constituencies in southern England.
- From now through at least May, several controversial parliamentary committee votes could derail Maastricht treaty ratification.
- The government must deal with increasing parliamentary concern about British military entanglement in Bosnia.

Major's government will likely muddle through. Unlike Thatcher in 1990, Major gets along well with his Cabinet colleagues, and so far faces no credible challenger. Tory rebels, however much they may want to block Maastricht, do not relish a snap election that Labor might win. But Major also has a majority of only 21, not the 100 or so of the Thatcher years; his whips are only now learning how to handle this reality.

If the government can ride out the Maastricht storm, and limit damage from the inquiries and council tax, it should be able to carry on a full term. (The next general election must be held by April 1997, and is likely to be in spring or autumn 1996.) Economic recovery, plus redistricting, plus Labor's own woes, might well win the Tories an unprecedented fifth election in a row.

Labor should be riding high but it's not. Its morale is certainly better than six months ago, due in no small part to the Democratic win in the U.S. But it has not yet emerged as a truly credible alternative government. It perhaps will not be a serious contender until it reaches the far side of an internal policy debate that has scarcely begun. Labor Party leader John Smith is not an inspiring leader, and he has not used the mandate of his sweeping victory in the July leadership election to take command of the party. Smith's gradualist approach to preparing for the next election gives Major some breathing room.

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UNITED KINGDOM  
ECONOMIC SITUATION AND OUTLOOK

The British economy remains weak after three years of recession although industrialists' confidence is improving with some signs of stronger exports. Unemployment reached 10.5% of the labor force in December. Sharp declines in house prices, and fears of job losses, have continued to inhibit consumer spending. Inflation fell to a 1.7% rate in the year to January. Strong speculative pressures forced sterling's departure from the Exchange Rate Mechanism (ERM) of the European Monetary System September 16. Since early September, sterling has depreciated about 16% against the DM and about 25% against the dollar. Taking the currencies of the UK's trading partners as a whole, sterling has fallen about 13% on a trade-weighted basis. This sterling decline, and the expanding U.S. economy, should improve the UK's export prospects substantially and help an economic recovery to begin later this year. Still, recovery will be modest until the UK's main trading partners in Europe register stronger growth -- an uncertain prospect.

The budget deficit escalated to an estimated 6.7% of GDP in 1992, partly from cyclical factors driving the recession and partly from earlier efforts to stimulate the economy by fiscal policy. The high deficit will severely constrain any effort to use fiscal policy for expansion purposes. Despite the recession, the current account deficit is too high (\$20 billion or 2% of GDP last year), raising fears that even a modest recovery would expand external deficits to even higher levels.

Public dissatisfaction with the economy continues to plague the Major government, and strains have developed within the Conservative majority over such issues as possible tax increases this spring to reduce the budget deficit, and closure of uneconomic coal mines.

With further action to stimulate recovery limited by concerns about sterling, budget deficits and worsening external deficits, the UK is left to hope for recovery elsewhere in Europe (e.g. by an early substantial reduction in German interest rates which could then spread to other countries).

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## NORTHERN IRELAND

British Sensitivity

Few issues have more potential for creating problems in Anglo-American relations than Northern Ireland.

- The British regard it as an internal matter.
- They believe that the U.S. tends to view it from the nationalist perspective.
- The extension of terrorist campaigns to England, innocent loss of life, and the targeting of Britain's political leadership have made HMG sensitive to advice from outside.

In Northern Ireland, the President's campaign statements aroused hopes in the Catholic community and fears among the Unionists that the USG would weigh in on the nationalist side.

Status of the Talks

The political talks, which broke off in November without agreement, contain three "strands" -- devolved government in Northern Ireland, relations between North and South in Ireland, and ties between the UK and Ireland.

- The major stumbling blocks are: 1) who will exercise executive power in Northern Ireland, 2) Dublin's role in Northern Irish affairs, and 3) the Unionists' demand that Ireland revise its constitutional claim to the North.
- Informal talks continue and formal sessions may resume soon. Dick Spring, the new Irish Foreign Minister, is expected to press for an agreement.

Terrorism

The level of violence (84 deaths in 1992 in Northern Ireland) is well down from its 1972 peak of more than 450 deaths. Two recent trends, however, are worrisome: 1) the increased proficiency of the loyalist (Protestant) paramilitaries, who caused more deaths last year than the IRA; 2) the IRA's bombing campaigns in Northern Ireland and on the British mainland.

MacBride Principles

British American groups have pressed for an investment code of conduct called the MacBride Principles, modeled after the South Africa-related Sullivan Principles. You spoke favorably about them during the campaign. You should know, however, that generally among responsible leaders in Northern Ireland, the Principles have little support because they impede urgently needed investment. The distinction is drawn with South Africa

because discrimination is legal there; it is illegal in Northern Ireland. Major is not likely to raise the issue.

### Human Rights

Human rights issues have become a key concern in Northern Ireland. The issues transcend specific incidents and point to a pattern of collusion between British security forces and Loyalist factions as well as an environment of intimidation and fear. Excessive force (including "shoot to kill" practices), harassment by security forces (stopping people unnecessarily or conducting arbitrary and disruptive house searches), unfair detention (holding people for up to seven days with trial) and trials without juries have been prevalent.

Current cases in Northern Ireland with human rights implications (the first two are the most widely known):

- Two Royal Marines were charged in February 1992 with murder for the December 1990 killing of Fergal Caraher.
- In February 1992 four acknowledged PIRA terrorists were killed by security forces shortly after having attacked an RUC station in Coalisland. Human rights groups claimed that excessive force was used and that the men could have been arrested rather than killed. The police are investigating whether the use of force was warranted.
- In September 1992 Peter MacBride (no relation to the "Principles") was shot and killed while running away from an Army patrol. Two soldiers have been charged with murder.
- In November 1992 Pierce Jordan was shot and killed by police after a car chase. A police investigation has begun, but no charges have been filed.

At the Tab entitled "Letters" are letters from the House and the Senate asking you to raise the subject of human rights in Northern Ireland during the Major visit.

### Joe Doherty

Joe Doherty is a PIRA member convicted in 1981 of murdering a British Army officer in Northern Ireland. Just before the conviction was handed down, he escaped to the U.S., where he was picked up in 1983 for immigration violations and remained in jail for almost nine years, while his case was being fought in the U.S. courts. A British extradition request was rejected by a District Court judge on the grounds that his offense was political. The USG then attempted to deport him for having entered the country under false documentation. Doherty asked to be deported to Ireland instead of the UK but, after those two countries signed an extradition treaty, requested asylum in the U.S. Eventually, the matter went to the Supreme Court, which ruled that the Attorney General had the discretion to deport

Doherty without further hearings. In January 1992, Doherty was deported to the UK, and he is now in prison in Northern Ireland. The British authorities have turned down Doherty's request that he be given credit for time served in the U.S. and some Irish-Americans groups, for whom Doherty was a major cause celebre, have asked the USG to intervene. The U.S. has no current legal or jurisdictional interest in the Doherty case.

#### The Gerry Adams Visa Issue

Sinn Fein leader Gerry Adams has been turned down for visas several times in the past few years -- most recently in 1991. Under the Immigration and Nationality Act, his advocacy of violence and information that he was a member of the PIRA Army Council, which decides on terrorist actions, makes him ineligible for a visa. (Executive Branch rulings were supported by the U.S. Circuit Court of Appeals in 1990.) To overcome his ineligibility, Adams would need a waiver -- granted by the INS at the recommendation of the State Department. It would be odd to do so now, since Sinn Fein is losing support and Adams himself was defeated in the 1992 Parliamentary election. Nor has Sinn Fein agreed to abandon its support of violence.

A current complication is the request by the defense in the Smyth extradition case that Adams testify. (Smyth was convicted of attempted murder, was imprisoned in Northern Ireland, and escaped in 1983.) The U.S. consul still has the final say about granting a visa, but Justice could be asked to parole Adams into the country. Justice would resist on the grounds that Adam's testimony is not germane in an extradition hearing. Even if it were, he could make it by deposition.

During the campaign, you spoke favorably of providing him a visa, since at the time he was a member of the British Parliament. However, he has since lost his seat in Parliament and this, the main rationale is no longer relevant.

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## IRAQ

The UK continues to be one of the strongest supporters of our Iraq policy, participating fully in all missions, whether political, military, or humanitarian. British leaders believe that continued, steady, proportionate pressure must be maintained on Saddam Hussein.

U.S. policy on Iraq remains to insist upon full Iraqi compliance with all Security Council resolutions and respect for measures enacted by the Coalition to monitor and enforce those resolutions.

- The UK and French have floated the idea of a P3 statement on Iraq's obligations under the UNSCRs -- an idea we fear could weaken the UNSC requirements and open the door for those who want to normalize ties with Saddam.
- Iraq's current "charm offensive" aims to show it is in "sufficient" compliance with UNSC resolutions for sanctions to be eased at the next review in March.
- Past experience suggests that Iraq will not fully comply by March and that, if its strategy does not work, Iraq will return to open defiance.

Joint UN, U.S. UK and EC humanitarian relief efforts are showing some signs of success. Interim reports suggest that at the present pace of aid delivery there will not be a repeat of widespread deprivation and population movements of 1991.

- However, Iraq could easily disrupt deliveries and put the population at risk.

In order to make northern Iraq less reliant on outside aid, the UK is leaning toward finding ways to obtain sanctions exemptions to provide assistance which would reactivate light industries and improve infrastructure in the region.

- We support this idea, but need to act carefully so as to keep the international consensus behind sanctions.

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## GATT-URUGUAY ROUND

The Uruguay Round (UR), which involves 108 countries, has been under negotiation since 1986 with U.S. participation authorized by fast track authority that expires June 1. USTR Kantor announced February 11 that the Administration would seek renewal of fast track although details of the request would be decided after consultations with Congress. We are also reviewing our UR negotiating positions.

GATT Director-General Dunkel attempted to accelerate the talks in December 1991 by issuing a draft "Final Act" (DFA), which incorporated agreements already reached and proposed solutions to unresolved issues.

- Most governments will accept the DFA without changes beyond U.S.-EC amendments on agriculture resulting from the November "Blair House Accord." The EC is pressing this approach, although it also wants comprehensive market access agreements, with U.S. concessions, to "balance" the agreement before concluding the Round.

The U.S. position has been that we need substantial progress in market access in goods (including free trade in key sectors), agriculture, and services as well as improvements in the DFA.

- The U.S. agreed to use the DFA as the basis for negotiating a final agreement, but stated that improvements were necessary, especially on antidumping, intellectual property, trade-related environment issues, and the Multilateral Trade Organization (MTO).

The UK has worked energetically as an EC member and as EC President in July-December 1992 to complete the UR as soon as possible. While the UK can accept the DFA, it also favors tougher antidumping rules and is the EC country most willing to accommodate U.S. interests. The UK wants the U.S. to reduce "peaks" (i.e. high tariffs on ceramics and textiles) and is prepared to meet our zero-for-zero sector offers (e.g. non-ferrous metals, paper and wood).

- Prime Minister Major can be expected to urge completing the Round as quickly as possible.
- The U.K. and the EC have urged us to limit fast track authority extension to six months in order to maintain needed pressure to conclude the Round.
- The U.K. will resist attempts to reinstate Super 301 in fast track renewal due to sensitivity about unilateral U.S. extraterritorial actions.

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## RUSSIA

The Russian economy continues to decline. Yeltsin has started reforms in a number of important areas: creating market mechanisms, liberalizing trade, unifying the currency exchange rate, and undertaking an ambitious privatization program - but all of these gains could be swept away by hyperinflation. (Inflation is now running at a monthly rate of about 30 percent.)

Under present economic conditions an IMF stand-by program is not justifiable for Russia. Such a program is a pre-requisite, however, for other forms of financial support, including a \$6 billion currency stabilization fund promised at the G-7 summit last year. Given Russia's need and the inability to produce an IMF standby agreement any time soon, we are currently examining new ways in which we could render aid to Russia.

The British approach to debt re-scheduling is similar to ours: flexibility and a willingness to accept any sensible arrangement between Russia and Ukraine on responsibility for the debt. (The UK portion of the official bilateral debt owed by the FSU is only .1%, or less than \$400 million.)

The new Chernomyrdin government recognizes that stabilizing the economy is its main economic priority, but it will face stiff resistance to its proposed austerity measures from the Supreme Soviet and Central Bank. Parliamentary opposition to Yeltsin, led by speaker Khasbulatov, has continued to chip away at Yeltsin's powers and policies.

Yeltsin had hoped to break both the political and economic impasse by means of a national referendum on constitutional reform to be held April 11. Opposition from parliamentarians as well as regional leaders, fear of abetting separatist tendencies within Russia itself, and uncertainty over the outcome of the vote apparently have forced him, however, at least to consider other ideas.

Yeltsin has proposed instead early parliamentary and presidential elections during 1994 and 1995 respectively. Unless accompanied by a genuine consensus on economic and constitutional reform, this proposal would continue the current stalemate for the next year with no guarantee that elections would produce a more pliable legislature. Yeltsin, Khasbulatov, and Constitutional Court Chairman Zorkin are engaged in negotiations to hammer out a solution to Russia's political crisis. Pressure is increasing on all the participants and the outcome is far from certain. If agreement is reached, an extraordinary session of the Congress of Peoples' Deputies could convene in early March to ratify the agreement.

Absent some renewal of Yeltsin's authority, the Russian domestic and foreign policymaking process will continue to be marked by bureaucratic infighting combined with parliamentary pressures

toward greater assertiveness of Russia's prerogatives as a great power. On a number of foreign policy issues (Bosnia, Iraq, non-proliferation), Yeltsin's margin for maneuver will be constrained.

Despite the pressures, he has shown no sign of abandoning his basic pro-Western orientation.

- Almost since election day, the Russians have been pressing for an early summit. Christopher is proposing April 3-4, with March 28-29 as a back-up, to Kozyrev on Thursday.
- The preliminary Russian reaction to our new approach on the former Yugoslavia has been positive.
- We continue to cooperate closely on arms control. Yeltsin has formally submitted START II to the Supreme Soviet for ratification, and we are working closely with the Russians to persuade the parliament that the treaty is fair and balanced.

The most urgent task in arms control is to obtain fulfillment of the Lisbon Protocol by Ukraine and Kazakhstan. Ukraine, which has neither ratified the START I Treaty nor adhered to the NPT, is key here. (Belarus has already approved START and NPT; Kazakhstan has approved START but not yet adhered to the NPT.) We have pressed the Ukrainians to fulfill their commitments under the Lisbon Protocol, and both we and the UK have offered them security assurances and assistance in the dismantlement of strategic arms.

At the same time, we have urged the Russians to amend their own security assurances to Ukraine in order to take account of Ukrainian concerns. We have also insisted that the proceeds of Russian sales to the U.S. of highly enriched uranium (HEU) from dismantled former Soviet nuclear warheads be equitably shared with Ukraine, Belarus, and Kazakhstan, something the Russians have resisted.

#### UK Views

Major is becoming increasingly skeptical of Yeltsin's ability to hold his political opponents at bay, and to continue to implement meaningful economic reform. This sense of a looming crisis has been echoed by his Foreign Secretary, Douglas Hurd.

Major will be bringing with him his in-house advisor on the FSU, Sir Rodric Braithwaite (who is also Chairman of the Joint Intelligence Committee and was the UK Ambassador to Moscow from 1988 to 1992). Braithwaite's views of Yeltsin's problems are summed up as follows:

- Russia has no tradition of constitutional limits on the power of the executive or of the rule of law.
- The decay of the Communist party structure has not been offset by the development of new political organizations.

- Yeltsin toyed with the idea of creating a "President's" party, but abandoned it. In Russia, parties are equated with conspiracies. Yeltsin chose instead to use the Russian historical model of "going to the people". Yet, as economic hardships turn into crises, this tactic is losing its effectiveness.

Braithwaite's recommendations to Major are:

- Expand programs whereby younger Russians study and work abroad as a way to help develop a new political culture.
- Provide greater economic technical assistance and training programs in Russia.
- Ensure that the IMF take into account the micro-economic problem facing Russia: the dismantlement of rustbowl defense industries and the need to retrain workers.
- Treat Russia as a great power (if not a super-power) rather than a supplicant. Part of the reason for Gorbachev's downfall was the perception that he was no longer viewed as an equal in the West.

Braithwaite wrote his memorandum as a follow-up to a conversation you had with Major last December. The complete memo is included in your briefing book.

HONG KONG AND THE UK

British officials expect the last five years of their rule in Hong Kong to be among the most difficult in the colony's history. Their goals are:

- to preserve the stability and prosperity of Hong Kong through 1997 and beyond;
- to build democratic institutions capable of withstanding expected Chinese pressure after transition;
- to achieve the least disruptive transfer of power possible;
- to maintain the commercial position of British firms in Hong Kong and China; and
- to prevent Hong Kong from becoming a domestic political football in Britain.

These goals have already come into conflict, most notably over Governor Chris Patten's proposals to broaden modestly the franchise of the 1995 elections to the Legislative Council, which will continue to sit when China takes over sovereignty in 1997. Progress towards the smooth transition to PRC sovereignty has also been marred by an ongoing dispute over construction of a new Hong Kong airport.

Beijing reacted vehemently to Patten's proposals, making threats ranging from undoing any changes to annulling contracts made without its consent after 1997. Although the Chinese may only be posturing, the verbal barrage weakens the foundation for a smooth transition, has caused the stock market to reverberate, and has shaken local confidence in Hong Kong's future stability.

Beijing is moving, however, to resume talks with British officials on Hong Kong's future. Coming back to the table represents a major Chinese concession, and will help to defuse the crisis over Patten's proposals. But it is still unclear whether the Chinese are prepared to resume substantive negotiations with Hong Kong officials, or simply plan to use the talks to delay legislative action on Patten's proposals.

Hong Kong, China, and MFN

HMG believes MFN is the wrong tool for trying to remedy human rights abuses in China. The British claim that Hong Kong could lose up to \$16 billion of its overall trade and as many as 60,000 jobs if MFN were suspended. Although Governor Patten has on occasion hinted that he might favor an informal linkage between China's attitude toward Hong Kong and MFN, he has most recently emphasized that the risks of such linkage are far greater than the potential benefits.

## BRITAIN, THE U.S. AND THE YUGOSLAV CRISIS

The British have welcomed the Administration's initiative on Bosnia, which they see as reflecting their own views and concerns. John Major comes to Washington eager to do all he can to help it succeed.

The British have consistently argued that the West has little choice but to support the Vance/Owen plan, however flawed it may be. In recent weeks they urged that the United States and NATO play a larger role in reaching and implementing a Vance/Owen brokered settlement, including providing troops. Our initiative addressed both these points, much to John Major's satisfaction.

The U.S. initiative also put off the kind of action London most dreads - use of force, such as air strikes against Serb targets. London fears that such action would trigger reprisal against UN (including British) troops on the ground, the collapse of the humanitarian effort, and eventual irresistible pressure for massive Western intervention. The British believe that once in, the West would be a long time getting out. They were vastly relieved that their warnings were heard in Washington, and encouraged that the new Administration is ready to consider contributing more militarily to peacekeeping or humanitarian efforts. As you recall from your telephone conversation with Major, the British are not wildly enthusiastic about proceeding to get an enforcement resolution for the NFZ over Bosnia. We have tried to address their concerns via NATO planning, but have not been wholly successful. As we move more aggressively in New York to win passage of the NFZ enforcement resolution, we will have to take care that the British (with the French, Russians, and others) not torpedo our efforts.

Since Yugoslavia erupted in open fighting in 1991, the British have doubted the ability of outsiders to help solve the crisis. Still, Britain agreed with its more activist EC partners that the Community should take the lead in the effort to broker a settlement. When the EC proved unequal to the task, HMG as EC President launched the August 1992 London Conference on Yugoslavia to regenerate a peace process, this time with deeper UN involvement. The British continue to work actively in the UN to resolve the Greek-Macedonian impasse.

So long as the fighting is confined to the former Yugoslavia, London sees no national interests directly at stake. But domestic pressure to "do something" plus EC considerations (and U.S. pressure for an "all necessary means" resolution in the UN) prompted HMG to deploy some 2,500 soldiers to Bosnia. Britain is among the largest troop contributors in ex-Yugoslavia, and operates in one of the toughest areas.

The British response to our proposal to conduct air drops in Eastern Bosnia has been muted. A British contribution to the

operation is probably not in the cards, but they will give the initiative their public endorsement. London's ambivalence to air drops is consistent with the British unease with much of the international reaction to the crisis in Bosnia. In their view, each step that increases international involvement only brings us all closer to full involvement in the fighting with no obvious way out. Thus, while they will lend verbal support bilaterally and through NATO to our initiative, we can expect that they will also act as a quiet 'conscience' to curb, where they think they can, undirected energies to "do something."

Defense Secretary Rifkind, with military and Tory backbench support, strongly opposes any UK military engagement beyond humanitarian relief. Contributing to a peacekeeping effort in support of a brokered agreement would be a hard decision in London. Major and Foreign Secretary Hurd say they will need close consultations with Washington if they are to overcome Rifkind's resistance. NATO leadership, and commitment of U.S. ground troops, is probably a necessary precondition to further British military involvement in ex-Yugoslavia.

## G-7 ECONOMIC SUMMIT

This year's Economic Summit will take place in Tokyo July 7-9. Economic issues will be a major focus of the agenda (macro policies and growth, trade, economic reform in Central and Eastern Europe and Russia, and relations with developing countries). Foreign and Finance Ministers will attend.

- EC President Delors recently called for an early G-7 Summit to consider measures to stimulate economic growth. The Japanese strongly oppose this.

The agenda will also feature political issues (e.g., FSU, ex-Yugoslavia, Iraq) and cross-border issues such as global environmental concerns, terrorism, nuclear safety, non-proliferation and human rights. Summit preparations are handled through a network of parallel "Sherpa," sub-Sherpa and political directors meetings involving State, Treasury, NSC and other USG agencies. The Sherpas prepare the draft Summit communique (economic declaration) and the political directors prepare the political declaration. The Summit provides a unique opportunity for frank, informal exchanges at the chief of state/head of government level, but the rigidity of a "pre-cooked" agenda and communique sometimes precludes such exchanges.

To show Western support for reform, Soviet/Russian leaders have been invited to join the Summit after formal meetings, Gorbachev in 1991 and Yeltsin in 1992. Although we and the Europeans are pressing Japan to invite Yeltsin, Japan is reluctant to do so because of the dispute with Russia over the Kurile Islands. The Japanese say, however, that the final decision on inviting Yeltsin rests with all members of the G-7.

Finance Ministers and Central Bank Governors of the Summit countries also meet several times a year. Their work often contributes to the Summit, and the Summit sometimes tasks this G-7 group on particular issues.

British Concerns

Following this fall's suspension of the British pound from the Exchange Rate Mechanism of the European Monetary System and its subsequent depreciation, Prime Minister Major called for greater G-7 monetary policy coordination, a position he may push during the run-up to the Summit.

Prime Minister Major has argued for a less formal, more flexible Summit that meets less frequently. Japan is resisting changing the format for Tokyo, but may agree to streamlining it in 1994.

The British have indicated they will press for a G-7 statement on the Rushdie affair which declares Iran's decree against Rushdie "contrary to international law."

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## THE UK AND AFRICA

The UK remains our most reliable partner on major African issues and crises. Although sub-Saharan Africa has slid down the UK agenda in recent years as other issues came to the fore, the British remain serious players in a dozen African countries, including virtually all the major countries (South Africa, Kenya, Nigeria, Ghana, Angola, and Mozambique) of most interest to us. British commercial interests in the first four dwarf ours (over one billion pounds of direct investment in Kenya and Nigeria and nearly four billion pounds in South Africa) and their political ties run deep.

Southern Africa

The U.S. and UK hold similar views and have coordinated closely on the three major southern Africa issues, Angola, Mozambique and South Africa.

Civil war resumed in Angola in late 1992 after UNITA rejected the September 29-30 election results. UNITA is pressing its military advantage; an immediate ceasefire is unlikely. The second round of direct talks between the government and UNITA has been delayed while both sides attempt to improve their bargaining position through success on the battlefield. The UK has told us it considers its evenhanded approach has been unproductive and now intends to be more openly supportive of the government. HMG would like us to recognize it.

In Mozambique, despite delays in the deployment of UN peacekeeping forces (ONUMOZ), the cease-fire is holding and food relief is getting to needy areas. The U.S. and UK participate in several UN-chaired commissions overseeing the peace accord. We are now considering a UN request for a U.S. engineer battalion for ONUMOZ. The British, with the French and Portuguese, will train the new, unified Mozambican military.

The South African Government (SAG) and the African National Congress (ANC) are making progress in bilateral talks on the process and timetable for negotiating South Africa's transition to nonracial democracy. However, large gaps remain over key issues such as powersharing and federalism. The SAG and ANC hope to resume multi-party negotiations in March and hold the country's first democratic election within a year. It is unclear whether Inkatha leader Buthelezi will join the negotiations. Political violence remains widespread, although the major South African parties agree that the UN and other international observers have been a very positive factor. Meanwhile, the economy continues to deteriorate, resulting in a nearly 50% unemployment rate among blacks.

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## SOMALIA

The UK has provided approximately \$60 million toward humanitarian relief in Somali since January 1992. While the UK has not furnished ground forces to the Unified Task Force (UNITAF), it has deployed 90 airmen and two C-130s to support coalition transport operations in Somalia.

The British prefer American replacements for departing UN Special Representative Kittani as well as relief coordinator Johnston. HMG also supports the idea of "seconding" professional staff from U.S. and UK diplomatic and development agencies as a means of strengthening UN operations in Somalia.

The UK strongly backs us on the need for a Security Council resolution giving UNOSOM II an expanded mandate in Somalia, including flexible rules of engagement. Overseas Development Minister, Baroness Lynda Chalker, deserves our thanks for convincing Kenyan President Moi to agree "in principle" to the deployment of UN peacekeeping forces on the Kenyan side of the Kenya/Somalia border. This could prevent incursions into Somalia by forces reportedly loyal to former Somali dictator Siad Barre.

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TARIFF RECLASSIFICATION OF  
MULTIPURPOSE VEHICLES (RANGE ROVERS)

The Administration is reviewing the tariff classification of four-door multipurpose vehicles, including minivans and possibly the Range Rover. Reclassifying these vehicles as trucks rather than automobiles would raise the tariff applied from 2.5% to 25%. Range Rover claims the tariff increase would add \$7,000 to the \$42,000 cost of each of the 3400-3500 Range Rovers sold in the U.S. annually. The British and EC are aware of the issue and are actively lobbying against it. Both have threatened to challenge any reclassification as a violation of U.S. GATT obligations.

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SPRINT'S APPLICATIONS TO BUILD  
TELEPHONE NETWORK IN THE UK

In November 1991, the British Government issued a White Paper opening the UK telecommunications market. Consistent with this new policy, Sprint, in January 1992, applied for permission to build and operate a national network in the UK and to connect this network to a Sprint owned international network. This would allow Sprint to offer end-to-end service on Sprint facilities.

Early discussions with HMG were promising. However, after the April 1992 elections, the new political leadership at the Department of Trade and Industry began to raise objections to Sprint's application to own and operate international circuits. Instead, they have suggested that Sprint lease international circuits from either of the UK carriers, British Telecom or Mercury. Sprint contends that this would place them at a competitive disadvantage and makes their investment in a UK domestic network highly questionable.

The United States has allowed Mercury's parent company, Cable and Wireless, to construct and operate a network in the United States. C&W is authorized to own and operate its own facilities between the United States and Canada, our largest telecommunications trading partner. C&W has applications pending before the FCC to own and operate facilities between the United States and the UK and Hong Kong.

There is an imbalance between the way the USG has treated the UK company, and HMG is treating Sprint. To achieve a balance, HMG should, at a minimum, be prepared to grant the U.S. applicant the right to operate internationally between the UK and the U.S., Britain's largest telecommunications trading partner.

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## BRITAIN, MAASTRICHT AND THE EC

### Status of Maastricht Ratification in the UK

In December 1991, EC leaders agreed at a summit in Maastricht, Netherlands, to a broad-ranging treaty which will, if ratified, move Europe toward deeper integration and broader membership.

- Denmark's rejection of the Maastricht treaty in a referendum last June fueled opposition in the UK. Major, who supports the treaty, is caught between the right of his own party and the opposition Labor Party.
- Denmark votes again May 18 on the basis of a special agreement intended to meet public concern about loss of sovereignty.
- Most believe that the UK parliament will ratify the treaty, assuming the Danish referendum succeeds. But it will be a difficult process in any case and could go either way.
- All three UK parliamentary parties, including a majority of Conservatives, support it in principle. Major has staked his personal prestige, if not his government, on ratification.
- If the Danes reject it a second time, however, the UK will probably not ratify either, setting off an EC constitutional crisis.
- European integration would probably continue but at a slower, more uneven pace and in a different format.

### Britain's Place in the EC

Major has moved the debate about Britain's place in Europe from Thatcher's intransigent rhetoric to a general acceptance of a more activist and engaged European policy while at the same time retaining opt-outs on monetary and social issue provisions of the Maastricht treaty.

- Major used the EC Presidency role during the latter half of 1992 to successfully advance the UK's concept of the EC.
- With the agreement reached at the Edinburgh Summit last December to begin negotiations to admit Sweden, Austria and Finland to the EC, and to eventually admit Poland, Hungary and the Czech and Slovak Republics, the UK got its sought-after widening of the EC. The prospects for the more federal vision of the Community, most closely associated with the French, are now much less certain.

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- As Britain becomes "a better European," more closely tied to the EC, the UK will be less able to break ranks with its EC colleagues on issues of importance to us. this dynamic can already be seen in the UK's position on such issues as the recognition of Macedonia where its position has been circumscribed by its EC allegiance.

## Britain and European Security Architecture

Britain has been one of our most active allies in trying to ensure that the development of a European security and defense identity not bring about a rupture in trans-atlantic relations, or, at a minimum, foster an inward-looking America. The British have a second set of concerns as well: proving their European bona fides by demonstrating to the French, Germans and others that Europe should take action in the security and defense field, while trying to ensure that we remain committed to a strong NATO, and a significant (e.g., 100,000) U.S. troop presence in Europe. British policy has been manifested through its relations with the French in NATO, actions in the West European Union (WEU), attitude toward the Franco-German corps, and support for expanding NATO membership.

**Dealing With the French.** The British see an evolution in French security policy vis a vis NATO, and, despite the difficulties in dealing with the French in the NATO context, prefer to see as much work as possible done in cooperation with the French. This is particularly important to them (and to us) given French willingness to participate in peacekeeping operations -- an increasingly important role for NATO.

**WEU.** The British supported the WEU's move from London to Brussels (last month) and its embryonic planning activities. That said, they insist on close ties between WEU and NATO (they have dual-hatted their NATO ambassador to the WEU), and want full transparency in planning. Their view is that, when serious security issues are at stake (e.g., contingency planning toward enforcing the No-Fly-Zone) NATO must take priority over the WEU.

**Franco-German Corps.** The British pushed very hard to ensure that this corps would not form the nucleus of an independent European army with only minimal ties to NATO. They were satisfied with the successful negotiations (conclude last month) between SACEUR and the French and German militaries which tied the corps to NATO. (They were also pleased with the close coordination with us in resolving this dispute.

**NATO Membership.** The British are on record as favoring an expansion of NATO membership to keep pace with the likely expansion of the EC and the WEU. They see this is a slow, gradual process, and over the last year discussed quietly with us the idea of using the same criteria used in accepting new members into the EC/WEU as for NATO. The debates over Maastricht which have focused EC attention on deepening its unity (rather than broadening its membership) have put these plans on hold.

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## BRITISH DEFENSE POSTURE

Despite Defense Secretary Malcolm Rifkind's characterization of the UK as "primarily a middle-ranking European power," Britain, alone among our allies, is a strategic nuclear power, a full and major military partner in NATO, and a substantial military power with worldwide commitments. The British are determined to remain our closest partner and are predisposed to enlist with us when trouble brews. Nevertheless, the collapse of the Soviet Union has created familiar pressures to cut back the military, a process now painfully underway in the UK.

Nuclear weapons, seen as the ultimate guarantor of Britain's security, have so far escaped the budget-cutting ax, but British conventional forces have not. By the mid-1990's, army manpower will drop from 145,400 to 116,000. UK troops in Germany will plunge from a full corps to little more than a division. Air Force manpower will be trimmed, and the Royal Navy's total of 47 frigates and destroyers will shrink to 40 or fewer.

Although the government has recently reluctantly bowed to strong Parliamentary pressure to retain some army units scheduled for elimination (much of the pressure arises from sentimental attachment to historic regiments), the planned reductions will stretch a UK military whose commitments are growing, at least in the short term. Almost 20,000 British troops are deployed to Northern Ireland; another 5,000 are now committed -- either on the ground or in a support role -- to the Bosnia crisis.

UK officials assert that modernization will compensate for smaller conventional forces, but we believe that both operational flexibility and effectiveness could suffer. That matters to us: as the British showed in the Gulf, they are the ally most likely to join in with a major military contribution -- including ground troops -- when it counts. The British recognize the value of coalition-type operations (such as policing the no-fly zones over Iraq) and are usually willing to contribute.

But with limited assets, London now has to set priorities on its deployments, and future U.S. requests for even small contributions from the UK might prove more difficult. For example, Britain virtually opted out of "Restore Hope" in Somalia. Even if peacekeeping and other contingency operations pass the means test, they will face tougher political scrutiny. Growing UN demands for peacekeeping forces have triggered a debate in the UK about the use of British forces for non-traditional defense roles. Defense Secretary Rifkind is adamant that UK forces will not expand their role in Bosnia beyond the present humanitarian relief one. Although Foreign Secretary Hurd recently reaffirmed that Britain will do its part, he and other senior British leaders will prove ever warier about committing UK forces, especially if the commitment seems open-ended or ill-defined.

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## THE ANGLO-IRISH AGREEMENT

Anglo-Irish Agreement was signed on November 15, 1985 by PM Thatcher and PM Garret Fitzgerald. It can be seen as essentially giving Ireland an agreed role in the affairs of the North (and thus a voice in protecting the Catholic community there) in return for an affirmation that the status of Northern Ireland will only be changed in accord with the will of its inhabitants. Ireland gains its role in the North through the Intergovernmental Conference, which meets about once every six weeks at the level of Irish Foreign Minister-British Secretary of State for Northern Ireland to discuss political, security, and legal matters and cross-border cooperation. In general, the Irish use the meetings to raise concerns about discrimination against Catholics and problems in the administration of justice (use of excess force, harassment by cooperation in fighting terrorism. For the U.S. the Anglo-Irish Agreement has the advantage of getting the GOI and HMG speaking to (not shouting at) each other - thereby making relations with two close friends easier.

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Letter hand delivered to NSA Advisor Lake  
from Sir Robin Renwick.

**ANGLO-IRESH AGREEMENT**

**ARTICLE 1**

**The two Governments**

- (a) affirm that any change in the status of Northern Ireland would only come about with the consent of a majority of the people of Northern Ireland;
  
- (b) recognise that the present wish of a majority of the people of Northern Ireland is for no change in the status of Northern Ireland;
  
- (c) declare that, if in the future a majority of the people of Northern Ireland clearly wish for and formally consent to the establishment of a united Ireland, they will introduce and support in the respective Parliaments legislation to give effect to that wish.

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## THE INTERNATIONAL FUND FOR IRELAND

The Fund was established in 1986 as a way of showing U.S. support for the Anglo-Irish Agreement. Since then, the U.S. Congress has appropriated \$210 million for the Fund. Other donors are Canada, New Zealand and the EC. The former have given small amounts; the EC has been contributing about \$18 million annually since 1989. The Fund concentrates on employment programs, training, and the encouragement of private enterprise in Northern Ireland and in six border counties of the Republic. Increasingly it is focussing on disadvantaged areas, such as West Belfast and remote towns along the border. Because of financial constraints, a sense that the Fund had sufficient funds for the projects identified, and a belief that other donors could do more, the Executive Branch did not itself propose appropriations for the Fund in recent years. The initiative has come for the Congress (particularly the House of Representatives) while appropriate nearly \$20 million yearly.

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## BRITAIN AND THE MIDDLE EAST PEACE PROCESS

Along with other Europeans, the British often show greater sympathy to Arab positions than to Israel's, particularly regarding the occupied territories. This reflects traditional British links to the Arab world, plus the influence of Foreign Office Arabists.

Nevertheless, the UK strongly supports the U.S.-brokered Arab-Israeli peace process. It has, for example, followed our lead on the Palestinian deportees issued, while informally looking for ways to check unhelpful activity at the UN. The British back us in demanding balanced treatment of Israel in UN resolutions, and they have worked to shape EC (particularly French) designs on the peace process to meet U.S. concerns. They are, however, just as insistent as the French and others that Europe's security, political and economic interest entitle the EC to a prominent seat at the table.

The moderate British approach to the PLO offers some advantages to us. London maintains contact through the British Embassy in Tunisia and through an individual in London who calls himself the PLO representative, but who has no official standing. These channels enable the FCO, at our behest, to urge moderation on Palestinian negotiators, the PLO and Arab governments.

HMG does not advocate a Palestinian state and regards the PLO only as an umbrella organization expressing Palestinian identity and aspirations. Despite strong FCO interest at both the working and the political level, the British have deferred to our wish to put off ministerial-level contacts with the PLO.

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## PALESTINIAN DEPORTEES

When Israel announced its package of measures to resolve the deportation issue on Feb 1, Britain insisted that Israel should comply fully with UNSCR 799.

The Foreign Office agreed with us that reinvigorating the peace process should be the top priority, but they doubted that Rabin had offered enough to enable the Palestinians to return to the negotiations.

The British supported the scenario worked out at the Security Council February 12, in which the SC President obtained the Council's approval to convey five points to the Israeli representative. The British Perm Rep played a helpful role.

- The British now agree that the deportation issue is behind us and that we should focus on moving forward in the peace process.
- Britain remains concerned at Palestinian rejection of the Council's actions and would support further Israeli gestures to the Palestinians.

As Hamas-sponsored terrorist attacks on Israelis continue, we doubt Rabin is inclined to offer anything further to the Palestinians at this time.

Britain could usefully employ its contacts with the PLO to urge the Palestinians not to allow Hamas and other opponents of the peace process to block the negotiations.

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## IRAN

U.S. policy toward Iran has focused on altering Iranian behavior in key areas - terrorism, weapons of mass destruction, threats to its neighbors, and human rights - through specific sanctions and public condemnation.

- Iran is the most active state sponsor of terrorism we face today. Iranian agents assassinate Iranian dissidents residing abroad. Iran also provides vital support to terrorist groups such as Hizballah and Hamas, and seeks to expand its ties to radical Islamist groups in North Africa.
- Iran is pursuing nuclear, chemical and biological weapons programs. It also seeks to acquire other destabilizing weapons systems, such as missiles and submarines, with which it could threaten its neighbors.
- Iran's dismal human rights record includes summary imprisonment and executions, and a denial of basic legal rights.
- We seek broad international support to make our pressures more effective, in the belief that Iran will change its policies only if the economic or political price is high.

The U.K. shares our concerns and has worked closely with us in developing a common G-7 political approach on Iran and on seeking to coordinate G-7 export control policies. It has been more willing than many in the G-7 to use political and economic pressures to change Iranian behavior.

But Britain's policy toward Iran is torn between political and economic interests. Government and Parliamentary concerns about Iranian sponsorship of terrorism, Iran's arms buildup and the "fatwah" against author Salman Rushdie have confined relations to a low level. The Iranian market's attraction to British business argues for better relations. The result is a certain ambivalence. For example, the UK has pushed hard for a tough EC line against Iranian support for terrorism, while arguing that our latest G-7 proposals on export controls are excessive. However, following Britain's "arms to Iraq" scandal, the government reviewed export policy and has announced new, tighter regulations closer to our own.

The British have also been more outspoken on Rushdie's behalf and will ask you to do so too.

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LIBYA/PAN AM-103

Security Council sanctions (aviation and arms embargoes) imposed last year are having an impact, but Libya has not complied with Resolutions 731 and 748.

- Libya continues to delay and search for private channels to negotiate new terms.
- It has taken only a few cosmetic, easily reversible steps such as closing some terrorist training camps.

The Security Council resolutions require Libya to turn over the indicated Pan Am bombing suspects for trial in the U.S. or UK, cooperation with the French on the UTA bombing, compensate victims and cut its ties to terrorism.

The Security Council will next review sanctions in mid-April.

- The U.S., UK and France said publicly in November that if Libya did not comply, new steps might soon need to be taken.

A new sanction not affecting oil revenues would be unlikely to sway Libya, but it will be difficult to get an oil-related sanction through the Security Council.

- The Palestinian deportation issue and Bosnia have heightened the sense among many Third World states that the West has a double standard on resolutions involving Muslim states.
- Some Western European allies (e.g., Spain, Italy, Germany) are heavy purchasers of Libyan oil.

We are in close contact with the British and French, and all options remain open.

- The British believe a full embargo on Libyan oil may be too difficult, but they would probably support an effort to get an embargo on shipment of oil technology to Libya. Over a year or so, such an embargo, if rigorously enforced, would severely restrict Libya's ability to produce oil.
- If we seek an oil sanction, we will need to launch a major diplomatic campaign in March. The first step will be full coordination with the British and French, followed by consultation with other Council members.

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## UN SECURITY COUNCIL EXPANSION

### Background

Many of the non-aligned and others support expansion in the number of the Security Council's permanent members. Japan, Germany, and several others aspire to permanent seats. We would support permanent seats for Germany and Japan, but expanding the Council without diminishing its operational effectiveness will be difficult.

We would want to avoid too large an expansion. At its last session, the General Assembly approved by consensus a resolution on equitable representation and increase in the membership of the Security Council. The resolution asks member states to submit comments on the issue to the SYG prior to June 30 and for the SYG to report on the matter to the next UNGA. There is no consensus among UN members about how to manage expansion. Disagreement also exists over whether permanent members should have the veto.

### British Views

Not surprisingly, the British are unenthusiastic about making changes in the Security Council. Foreign Secretary Hurd responded to a question recently on the subject with the retort, "If it ain't broke, don't fix it."

Prime Minister Major relayed this mood of caution in private comments he made to our Ambassador in India last month. Major noted that if Germany tried to become a permanent SC member, the developing world would object seriously to three permanent seats going to Western Europe. He predicted that the U.S. would not be pleased with the nature of French-German cooperation on the Council. Major indicated he would support Japan coming on alone. Major cautioned that the U.S. (and UK) should avoid casting a veto (against Japan) but feared China and Russia might eventually do so.

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THE FALKLANDS

Foreign Secretary Hurd's January visit to Argentina, the first by a British cabinet secretary since the 1982 Falklands War, marked an important step in normalizing UK-Argentina relations. Although both countries continue to claim sovereignty over the Falkland Islands (the U.S. is neutral on the issue), the UK and Argentina in 1990 agreed to disagree about their competing claims and not let it affect progress on other issues negatively. This so-called "sovereignty umbrella" paved the way for the UK and Argentina to reestablish diplomatic relations three years ago. By pushing the sovereignty issue aside, the two countries have been able to seek solutions to other sources of bilateral friction, chiefly oil exploration and fishing rights in the waters surrounding the Falkland Islands.

Despite the improvement in relations, the UK continues its embargo, established during the Falklands War, of arms sales to Argentina. In recognition of Argentina's return to democracy and improved human rights record, the U.S. resumed limited arms sales to Argentina in 1983.

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## CYPRUS

Now that the Cypriot Presidential elections have been decided, the UN-sponsored Cyprus negotiations, in recess since mid-November, can again go forward, although newly-elected President Clerides has stated his intention to consult first with the Greeks -- consultations which might slip the UN schedule for talks.

- The U.S. told both sides we expect them to return to New York as agreed in March and to be ready to make the decisions necessary to bring the negotiations to a successful conclusion.
- Glafcos Clerides's victory in the February 14 Cypriot presidential election may well cause a temporary delay while he gets organized and puts his stamp on the UN proceedings. However, he may be able to make up lost time later due to his greater influence with Parliament and with this community. His anti-UN "set of ideas" campaign posturing will give way rapidly to a more pragmatic approach for which he is known.
- Turkey will have to put a great deal of pressure on Turkish Cypriot leader Denktash if he is to be brought into line. The UK, as a respected European power and a member of the EC can and should dangle political and economic bait in front of the Turks to motivate them to lever Denktash into position.

The U.S. and the UK have cooperated closely throughout the UN-sponsored talks.

- On February 19, U.S. Special Cyprus Coordinator John Maresca met in London with his counterparts to discuss possible approaches to the next round of UN negotiations.

The U.S. and the UK agree on confidence-building measures (CBM's), which were recommended by Boutros-Ghali and unanimously endorsed by the Security Council (UNSCR 789). The U.S. position was conveyed to all parties: CBM's are not a package; each side should start implementing at least some CBM's even before the talks resume; and implementation of CBM's is not a precondition for resumption of the talks and should not distract the parties from the talks.

The UK has announced that it will reduce its troop commitment to UNFICYP by 50 percent and has begun the first (25%) stage of that reduction. This, along with the already completed total withdrawal by Finland and the planned Canadian total withdrawal (mid-1993) will reduce UNFICYP strength from 2,400 in mid-1992 to below 1,000.

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- The UN Secretariat has consulted troop contributors on how UNFICYP's organization and mission will be changed.
- The UK (which still has Sovereign Base Areas in Cyprus) is taking a leading role in these consultations.

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## Opening Tuzla Airport

London has publicly welcomed the proposed air drop operation, but believes that high altitude parachuting of supplies has limited effectiveness; a longer-term solution must be found for Eastern Bosnia. Opening the airport at Tuzla may offer a partial solution as well as represent a much needed supplement to Sarajevo. The British believe the airport could be opened with engineers (and are willing to share their technical assessments); large-scale security forces would not be required, as the airport is, in their view, reasonably secure.

Major may suggest that the U.S. take the lead in opening and running Tuzla airport, since the British are stretched too thin on the ground.

Our own assessment roughly corresponds to London's. Tuzla is in Muslim hands (in fact, Bosnian Foreign Minister Siladzic has asked the U.S. several times to run an airlift operation into Tuzla). The Serbs, although located in the mountains some 6-8 miles outside the city, are not shelling the town seriously. The airport itself lies about 6 miles south of Tuzla, and we have no reports that it has been shelled (suggesting that it may just lie at the margins of Serb artillery range). The airport has limited infrastructure and no warehouses to speak of; the main runway (C-130 capable) has been cratered, but is now repaired. The road from the airport to Tuzla is good, but roads to other parts of Eastern Bosnia are poor, and at times impassable in winter.

We suggest the President hear Major out and offer to have our military experts meet with theirs to explore the possibilities that Tuzla may offer as well as the effort and risks involved in getting it up and running.

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IRAQ

- We value the close partnership we have maintained with the United Kingdom in international efforts to ensure Iraqi compliance with all Security Council resolutions.
- I think we are in general accord in our view of Saddam's continuing menace and how to deal with it.
- Our resolve to see Iraq comply fully with all Security Council resolutions remains strong, as does our support for measures enacted by the Coalition to monitor and enforce those resolutions.
- Iraq is not close to being in compliance. We expect sanctions will be renewed in March and Saddam will likely resume his challenges to the Coalition shortly thereafter.
- A lessening of the pressure now would have serious long-term consequences.
- Through our joint commitment to Operation Provide Comfort, we have succeeded in northern Iraq in enforcing Resolution 688's requirement that Iraq stop repressing its people. We have made it possible for the UN to execute its humanitarian mission in northern Iraq.
- Interim reports suggest that at the present pace of aid delivery there will not be a repeat of the widespread deprivation and population movements of 1991.
- However, Iraq could easily disrupt deliveries and put that population at risk.
- Our efforts to provide humanitarian relief to the people of northern Iraq will have to be repeated if we do not find a way to help them provide for themselves in the long term.
- Relaxing sanctions selectively for the north is a possible solution. But we could risk international unity on sanctions by creating a different set of rules for the north.
- We believe that in the long term, the security and stability of Iraq depends on the creation of a democratic, representative government within the confines of Iraq's current borders.
- With the support of regional states, we believe that the Iraqi National Congress could help facilitate the process of creating a democratic state.

IRAN

Iran under Rafsanjani has pursued a two-track foreign policy which increasingly emphasizes domestic economic priorities and national interests, some but not all of which conflict sharply with ours. At the same time, Iran continues to serve as the champion for political Islamic movements, including those which engage in violence or seek to play a destabilizing role.

U.S. policy toward Iran has focused on altering Iranian behavior in key areas--terrorism, weapons of mass destruction, threats to its neighbors, and human rights--through specific sanctions and public condemnation.

- Iran is the most active state sponsor of terrorism we face today. Iranian agents assassinate Iranian dissidents residing abroad. Iran also provides vital support to terrorist groups such as Hizballah, and seeks to expand its ties to radical Islamist groups in North Africa.
- Iran is pursuing nuclear, chemical and biological weapons programs. It also seeks to acquire other destabilizing weapons systems, such as missiles and submarines, with which it could threaten its neighbors.
- Iran's dismal human rights record includes summary imprisonment and executions, and a denial of basic legal rights.
- We seek broad international support to make our pressures more effective, in the belief that Iran will change its policies only if the economic or political price is high.

The U.K. shares our concerns and has worked closely with us in developing a common G-7 political approach on Iran and on seeking to coordinate G-7 export control policies. It has been more willing than many in the G-7 to use political and economic pressures to change Iranian behavior.

But Britain's policy toward Iran is torn between political and economic interests. Government and Parliamentary concerns about Iranian sponsorship of terrorism, Iran's arms buildup and the "fatwah" against author Salman Rushdie have confined relations to a low level. The Iranian market's attraction to British business argues for better relations. The result is a certain ambivalence. For example, the UK has pushed hard for a tough EC line against Iranian support for terrorism, while arguing that our latest G-7 proposals on export controls are excessive. However, following Britain's "arms to Iraq" scandal, the government reviewed export policy and is about to announce new, tighter regulations closer to our own.

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POINTS TO BE MADE

IRAN

ONLY IF ASKED:

- We are concerned, as you are, by Iran's support for terrorism (including terrorism aimed at derailing the Middle East peace process), its pursuit of weapons of mass destruction and other destabilizing weapons systems, and its dismal human rights record.
- As you know, we have worked closely with your government and other G-7 members to develop a common political approach on Iran and to harmonize national export control policies. We greatly appreciate the UK's constructive participation in and contribution to these efforts.
- We look forward to continuing discussions of the facts of Iranian behavior, on whether we should consider new tactics, and on how we can work together, and with other G-7 states, to advance our shared objectives.

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POINTS TO BE MADE

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FORMER YUGOSLAVIA

- The British troops engaged in humanitarian relief in Bosnia are performing heroically under dangerous and difficult conditions. They are risking their lives to save the lives of countless innocent civilians.
- It takes politically courageous leaders, and an enlightened and compassionate citizenry, to undertake this kind of humanitarian mission. Clearly Britain has both.
- But I know it is not easy to keep your troops there. I am committed to having the U.S. play a more active role in support of UN and EC efforts in Bosnia. We want to work with Vance and Owen to find a fair solution, and to make it work.
- Reaction to our initiative on policy toward former Yugoslavia has been largely positive.
- Amb. Bartholomew, our special envoy, had a successful visit to Moscow. We will continue our efforts to keep the Russians engaged constructively. We have asked for Moscow's help in persuading the Bosnian Serbs to allow humanitarian convoys to move freely, especially to eastern Bosnia.
- Amb. Bartholomew is now beginning to meet with Cy Vance and Lord Owen and with the parties. He will emphasize to them that we wish to assist, not take over, these negotiations. We wish to build on what has already been agreed, and we understand that all parties must be prepared to compromise.
- It is essential that President Izetbegovic be engaged in the negotiations. I have sent a message to President Izetbegovic asking him to come to the negotiations. The Vice President and Amb. Bartholomew will follow up with him.
- We are also in the process of taking a hard look at tightening sanctions and sanctions enforcement. We look forward to discussing our ideas on this with you shortly.
- We support the British-French-Spanish Security Council resolution draft that calls for the admission of Macedonia to the UN under the provisional name, "Former Yugoslav Republic of Macedonia." It is not certain, however, whether the text will be acceptable to the two parties. It may require some changes.
- Our two governments must continue to cooperate in our attempts to ensure that Macedonia is quickly admitted to the United Nations, but with as little damage as possible to our relations with Greece.

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RUSSIA

The Russian economy continues to decline. Yeltsin has achieved a number of important accomplishments -- monetizing the economy, creating market mechanisms, liberalizing trade, unifying the currency exchange rate, and undertaking an ambitious privatization program -- but all of these gains could be swept away by hyperinflation. (Inflation is now running at a monthly rate of about 30 percent.)

Under present economic conditions an IMF stand-by program is not justifiable for Russia. Such a program is a pre-requisite, however, for other forms of financial support, including a \$6 billion currency stabilization fund promised at the G-7 summit last year. Given Russia's need and the inability of producing an IMF standby agreement any time soon, we are currently examining new ways in which we could render aid to Russia.

The new Chernomyrdin government recognizes that stabilizing the economy is its main economic priority, but it will face stiff resistance to its proposed austerity measures from the Supreme Soviet and Central Bank. Parliamentary opposition to Yeltsin, led by speaker Khasbulatov, has continued to chip away at Yeltsin's powers and policies.

Yeltsin had hoped to break both the political and economic impasse by means of a national referendum on constitutional reform to be held April 11. Opposition from parliamentarians as well as regional leaders, fear of abetting separatist tendencies within Russia itself, and uncertainty over the outcome of the vote apparently have forced him, however, to consider other ideas.

Yeltsin has proposed instead early parliamentary and presidential elections during 1994 and 1995 respectively. Unless accompanied by a genuine consensus on economic and constitutional reform, this proposal would continue the current stalemate for the next year with no guarantee that elections would produce a more pliable legislature. Yeltsin, Khasbulatov, and Constitutional Court Chairman Zorkin are engaged in negotiations to hammer out a solution to Russia's political crisis. Pressure is increasing on all the participants and the outcome is far from certain. If agreement is reached, an extraordinary session of the Congress of Peoples' Deputies could convene in early March to ratify the agreement.

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Absent some renewal of Yeltsin's authority, the Russian domestic and foreign policymaking process will continue to be marked by bureaucratic infighting combined with parliamentary pressures toward greater assertiveness of Russia's prerogatives as a great power. On a number of foreign policy issues (Bosnia, Iraq, non-proliferation), Yeltsin's margin for maneuver will be constrained.

Despite the pressures, he has shown no sign of abandoning his basic pro-Western orientation.

- Almost since election day, the Russians have been pressing for an early summit.
- The preliminary Russian reaction to our new approach on ex-Yugoslavia has been positive.
- We continue to cooperate closely on arms control. Yeltsin has formally submitted START II to the Supreme Soviet for ratification, and we are working closely with the Russians to persuade the parliament that the treaty is fair and balanced.

The most urgent task in arms control is to obtain fulfillment of the Lisbon Protocol by Ukraine and Kazakhstan. Ukraine, which has neither ratified the START I Treaty nor adhered to the NPT, is key here. (Belarus has already approved START and NPT; Kazakhstan has approved START but not yet adhered to the NPT.) We have pressed the Ukrainians to fulfill their commitments under the Lisbon Protocol, and both we and the UK have offered them security assurances and assistance in the dismantlement of strategic arms.

At the same time, we have urged the Russians to amend their own security assurances to Ukraine in order to take account of Ukrainian concerns. We have also insisted that the proceeds of Russian sales to the U.S. of highly enriched uranium (HEU) from dismantled former Soviet nuclear warheads be equitably shared with Ukraine, Belarus, and Kazakhstan, something the Russians have resisted.

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POINTS TO BE RAISED

RUSSIA

Russian Internal Situation

- President Yeltsin has been on the political defensive since the last December Congress of Peoples' Deputies and may now be backing away from the idea of holding a national referendum on constitutional reform.
- Yeltsin is trying to reach a compromise agreement with the parliament on legislative-executive power-sharing. Such agreement could obviate the need for a referendum, but under present circumstances any compromise will likely favor parliament at Yeltsin's expense.

Economy

- Yeltsin's position has been further weakened by the poor state of the Russian economy. We are encouraged by the Yeltsin government's development of a stabilization program to fight inflation. The program appears promising, but the government faces an uphill battle to secure passage by the parliament.
- Economic conditions are unlikely to show improvement any time soon.
- Any help we can render the government's stabilization program could strengthen Yeltsin's hand in implementing reform.
- If the Russians gain control of their monetary and fiscal policies, we and the G-7 will need to work with them to facilitate new capital flows.
- Since time is of the essence and since an IMF standby program is not likely to be achievable soon, we are reviewing our bilateral assistance to see what new initiatives could be announced to support a Russian stabilization program at my first meeting with Yeltsin.
- Action on debt rescheduling is essential. We need to be flexible and accept any sensible arrangement worked out between Russian and Ukraine on responsibility for the debt.
- We also need to be flexible on how much we ask Russian to pay in 1993.
- I hope you will work with me to convince others in the G-7 and in the Paris Club of the need to be flexible.

Arms Control

- We welcome your close cooperation with us in working with the Ukrainians to get START I ratified. Three issues need to be resolved to get the Ukrainians on board: (1) the problem of security assurances to Ukraine; (2) sharing of the proceeds from the sale to the U.S. of highly enriched uranium (HEU) taken from dismantled warheads; and (3) assistance in eliminating strategic offensive arms.
- We have reiterated to both Ukrainians and Russians that we will not negotiate on our security assurances package, although we might agree to minor technical changes.
- The Russians have told us that they can agree to refer to CSCE principles in the security assurances they are prepared to offer the Ukrainians. We have urged the Russians to convey the amended assurances to the Ukrainians as soon as possible, but they have not yet done so.
- We would welcome your weighing-in with the Russians on this point. Once the Russians have amended their assurances, we should press hard for Ukrainian closure.
- On HEU, we are working hard on an agreement for the U.S. to purchase HEU from dismantled former Soviet nuclear weapons.
- As you know, we have told Russia -- at all levels -- it is essential that they reach agreement with Belarus, Kazakhstan and Ukraine on an equitable sharing of the proceeds from the sale of HEU to the U.S. We will not implement any contract until the Russians have worked out a sharing arrangement.
- Regarding assistance on elimination of strategic nuclear delivery vehicles (SNDVs), we have held several rounds of technical discussions with Ukraine and have pledged \$175 million in Nunn-Lugar funding toward the elimination process.
- During the election, I said I favored a comprehensive test ban. I would like to go forward with this proposal, but I wanted first to discuss it with you and then give our experts an opportunity to consult on the mechanism for proceeding.

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IRAQ

The UK continues to be one of the strongest supporters of our Iraq policy, participating fully in all missions, whether political, military, or humanitarian. British leaders believe that continued, steady, proportionate pressure must be maintained on Saddam Hussein.

Prime Minister Major will be coming to Washington hoping for answers on fundamental questions on U.S. policy on Iraq including: whether we intend to enforce the still standing demand that Iraq remove its SAMs from threatening positions in the no-fly zones; whether we are prepared to respond with force to renewed challenges to the no-fly zone or northern relief effort; and whether we will keep the diplomatic and economic pressure on Iraq.

The British doubt that low-level actions such as strikes against SAM sites will undermine Saddam's position. They believe we will need to do more to shore up what they view as increasingly fragile support from the Arabs and Turkey. If further military action against Iraq becomes necessary, the British will be even more preoccupied with concerns about legality and proportionality.

US policy on Iraq remains to insist upon full Iraqi compliance with all Security Council resolutions and respect for measures enacted by the Coalition to monitor and enforce those resolutions.

- Iraq's current "charm offensive" aims to show it is in "sufficient" compliance with UNSC resolutions for sanctions to be eased at the next review in March.
- Past experience suggests that Iraq will not fully comply by March and that, if its strategy does not work, Iraq will return to open defiance.

Joint UN, US, UK and EC humanitarian relief efforts are showing some signs of success. Interim reports suggest that at the present pace of aid delivery there will not be a repeat of widespread deprivation and population movements of 1991.

- However, Iraq could easily disrupt deliveries and put the population at risk.

In order to make northern Iraq less reliant on outside aid, the UK is leaning toward finding ways to obtain sanctions exemptions to provide assistance which would reactivate light industries and improve infrastructure in the region.

- We support this idea, but establishing a different set of import/export rules for northern Iraq could threaten the international consensus behind sanctions.

~~CONFIDENTIAL~~BRITAIN, THE U.S. AND THE YUGOSLAV CRISIS

The British have welcomed the Administration's initiative on Bosnia, which they see as reflecting their own views and concerns. John Major comes to Washington eager to do all he can to help it succeed.

The British have consistently argued that the West has little choice but to support the Vance-Owen plan, however flawed it may be. In recent weeks they urged that the United States and NATO play a larger role in reaching and implementing a Vance-Owen brokered settlement, including providing troops. Our initiative addressed both these points, much to John Major's satisfaction.

The U.S. initiative also put off the kind of action London most dreads -- use of force, such as no-fly zone enforcement or air strikes against Serb targets. London fears that such action would trigger reprisal against UN (including British) troops on the ground, the collapse of the humanitarian effort, and eventual irresistible pressure for massive Western intervention. The British believe that once in, the West would be a long time getting out. They were vastly relieved that their warnings were heard in Washington, and encouraged that the new Administration is ready to consider contributing more militarily to peacekeeping or humanitarian efforts.

Since Yugoslavia erupted in open fighting in 1991, the British have doubted the ability of outsiders to help solve the crisis. Still, Britain agreed with its more activist EC partners that the Community should take the lead in the effort to broker a settlement. When the EC proved unequal to the task, HMG as EC President launched the August 1992 London Conference on Yugoslavia to regenerate a peace process, this time with deeper UN involvement. The British continue to work actively in the UN to resolve the Greek-Macedonian impasse.

So long as the fighting is confined to former Yugoslavia, London sees no national interests directly at stake. But domestic pressure to "do something" plus EC considerations (and U.S. pressure for an "all necessary means" resolution in the UN) prompted HMG to deploy some 2,500 soldiers to Bosnia. Britain is among the largest troop contributors in ex-Yugoslavia, and operates in one of the toughest areas.

Defense Secretary Rifkind, with military and Tory backbench support, strongly opposes any UK military engagement beyond humanitarian relief. Contributing to a peacekeeping effort in support of a brokered agreement would be a hard decision in London. Major and Foreign Secretary Hurd say they will need close consultations with Washington if they are to overcome Rifkind's resistance. NATO leadership, and commitment of U.S. ground troops, is probably a necessary precondition to further British military involvement in ex-Yugoslavia.

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PALESTINIAN DEPORTEES

- When Israel announced its package of measures to resolve the deportation issue on Feb. 1, Britain insisted that Israel should comply fully with UNSCR 799.
- The Foreign Office agreed with us that reinvigorating the peace process should be the top priority, but they doubted that Rabin had offered enough to enable the Palestinians to return to the negotiations.
- The British supported the scenario worked out at the Security Council February 12, in which the SC President obtained the Council's approval to convey five points to the Israeli representative. The British Perm Rep played a helpful role.
  - The British now agree that the deportation issue is behind us and that we should focus on moving forward in the peace process.
  - Britain remains concerned at Palestinian rejection of the Council's actions and would support further Israeli gestures to the Palestinians.
- As Hamas-sponsored terrorist attacks on Israelis continue, we doubt Rabin is inclined to offer anything further to the Palestinians at this time.
- Britain could usefully employ its contacts with the PLO to urge the Palestinians not to allow Hamas and other opponents of the peace process to block the negotiations.

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POINTS TO BE MADE

PALESTINIAN DEPORTEES

- We appreciate Britain's timely support for the scenario worked out at the Security Council on the issue of the Palestinian deportees.
- Now that Israel has conveyed to the Council that its actions are consistent with UNSCR 799, we can proceed to focus our attention on the peace process.
- Britain's support for the peace process is important.
- We would appreciate Britain's assistance in counseling the PLO that the Palestinians' interests are best served by returning to the negotiations.
- Hamas should not be allowed to pose an obstacle to the peace process.

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## UN SECURITY COUNCIL EXPANSION

### Background

- Many of the non-aligned and others support expansion in the number of the Security Council's permanent members.
- Japan, Germany, and several others aspire to permanent seats.
- We would support permanent seats for Germany and Japan, but expanding the Council without diminishing its operational effectiveness will be difficult.
- We would want to avoid too large an expansion.
- At its last session, the General Assembly approved by consensus a resolution on equitable representation and increase in the membership of the Security Council. The resolution asks member states to submit comments on the issue to the SYG prior to June 30 and for the SYG to report on the matter to the next UNGA.
- There is no consensus among UN members about how to manage expansion. Disagreement also exists over whether permanent members should have the veto.

### British Views

- Not surprisingly, the British are unenthusiastic about making changes in the Security Council. Foreign Secretary Hurd responded to a question recently on the subject with the retort, "If it ain't broke, don't fix it."
- Prime Minister Major relayed this mood of caution in private comments he made to our Ambassador in India last month. Major noted that if Germany tried to become a permanent SC member, the developing world would object seriously to three permanent seats going to Western Europe. He predicted that the U.S. would not be pleased with the nature of French-German cooperation on the Council. Major indicated he would support Japan coming on alone. Major cautioned that the U.S. (and UK) should avoid casting a veto (against Japan) but feared China and Russia might eventually do so.

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POINTS TO BE MADE

UN SECURITY COUNCIL ENLARGEMENT

(ONLY IF ASKED):

- UN Security Council composition reflects the immediate post World War II situation rather than current realities.
- We would support a well-thought-out effort to update Council membership.
- As you know, we support permanent seats for Japan and Germany.
- We recognize and share many of the concerns your government has in regard to this issue.
- Our overriding concern must be Council effectiveness. We could not support an enlargement that might get out of control or detract from the Council's ability to do business.
- We need to think creatively about how this issue can be managed and how to address the perception that the Council should better reflect current global realities.

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HONG KONG AND THE UK

British officials expect the last five years of their rule in Hong Kong to be among the most difficult in the colony's history. Their goals are:

- to preserve the stability and prosperity of Hong Kong through 1997 and beyond;
- to build democratic institutions capable of withstanding expected Chinese pressure after transition;
- to achieve the least disruptive transfer of power possible;
- to maintain the commercial position of British firms in Hong Kong and China; and
- to prevent Hong Kong from becoming a domestic political football in Britain.

These goals have already come into conflict, most notably over Governor Chris Patten's proposals to broaden modestly the franchise of the 1995 elections to the Legislative Council, which will continue to sit when China takes over sovereignty in 1997. Progress towards the smooth transition to PRC sovereignty has also been marred by an ongoing dispute over construction of a new Hong Kong airport.

Beijing reacted vehemently to Patten's proposals, making threats ranging from undoing any changes to annulling contracts made without its consent after 1997. Although the Chinese may only be posturing, the verbal barrage weakens the foundation for a smooth transition, has caused the stock market to reverberate, and has shaken local confidence in Hong Kong's future stability.

There are signs, however, that Beijing is moving to resume talks with British officials on Hong Kong's future. Coming back to the table would represent a major Chinese concession, and would help to defuse the crisis over Patten's proposals. But it is still unclear whether the Chinese are prepared to resume substantive negotiations with Hong Kong officials, or simply plan to use the talks to delay legislative action on Patten's proposals.

Hong Kong, China, and MFN

HMG believes MFN is the wrong tool for trying to remedy human rights abuses in China. The British claim that Hong Kong could lose up to \$16 billion of its overall trade and as many as 60,000 jobs if MFN were suspended. Although Governor Patten has on occasion hinted that he might favor an informal linkage between China's attitude toward Hong Kong and MFN, he has most recently emphasized that the risks of such linkage are far greater than the potential benefits.

POINTS TO BE MADE

HONG KONG

- The 1984 Joint Declaration provides a good framework for Hong Kong's reversion to PRC sovereignty.
- We recognize that during the next few years specific issues relating to Hong Kong's transition are for the UK and the PRC to determine.
- However, our own interests in Hong Kong make the U.S. a keen observer of the transition process and drive our policy commitment to play a strong and supportive role in doing what we can to ensure a successful and stable transition.
- We intend to maintain and expand our strong ties with Hong Kong. We want to conclude appropriate bilateral agreements, consistent with the Joint Declaration, to provide a long term framework for those relations.
- We view the escalation of tensions between the HKG and the PRC with concern, and have made those concerns known to the PRC.
- We have not endorsed Governor Patten's proposals, but believe they are worthy of consideration by all parties.
- We would welcome the resumption of the Sino-British Joint Liaison Group discussions concerning the future of Hong Kong.
- China's MFN status is crucial to continued stability in Hong Kong's business community and to American businesses operating in Hong Kong.
- We are deeply troubled by the rapid increase in illegal immigration from China and the use of Hong Kong as a place to outfit vessels used by smugglers of illegal aliens. Fifteen of these vessels have entered U.S. waters in the past year and we understand another 15-20 similarly outfitted vessels are in Hong Kong harbor ready to depart.
- We hope the Hong Kong government will use all legal means available to discourage such operations and prevent such attempts which usually entail great human suffering. The stories of the 537 Chinese migrants aboard the Eastwood who are now awaiting repatriation on Kwajalein (Marshall Islands) testify to the need to end this practice expeditiously.

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BRITAIN AND THE MIDDLE EAST PEACE PROCESS

Along with other Europeans, the British often show greater sympathy to Arab positions than to Israel's, particularly regarding the occupied territories. This reflects traditional British links to the Arab world, plus the influence of Foreign Office Arabists.

Nevertheless, the UK strongly supports the U.S.-brokered Arab-Israeli peace process. It has, for example, followed our lead on the Palestinian deportees issue, while informally looking for ways to check unhelpful activity at the UN. The British back us in demanding balanced treatment of Israel in UN resolutions, and they have worked to shape EC (particularly French) designs on the peace process to meet U.S. concerns. They are, however, just as insistent as the French and others that Europe's security, political and economic interest entitle the EC to a prominent seat at the table.

The moderate British approach to the PLO offers some advantages to us. London maintains contact through the British Embassy in Tunisia and through an individual in London who calls himself the PLO representative, but who has no official standing. These channels enable the FCO, at our behest, to urge moderation on Palestinian negotiators, the PLO and Arab governments.

HMG does not advocate a Palestinian state and regards the PLO only as an umbrella organization expressing Palestinian identity and aspirations. Despite strong FCO interest at both the working and the political level, the British have deferred to our wish to put off ministerial-level contacts with the PLO.

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POINTS TO BE MADE

MIDDLE EAST PEACE PROCESS

- The pursuit of peace in the Middle East is a very high priority for my Administration.
- We are strongly committed to the Madrid process. We will work hard to make it succeed, and believe there are real opportunities for progress this year.
- We appreciate the close relationship that we have had with you on the peace process, not only on a bilateral basis but also over the past six months during the United Kingdom's Presidency of the European Community. I hope this close cooperation will continue as we move forward.
- As you are aware, Secretary Christopher is visiting the region to consult directly with the parties on next steps for continuing the peace negotiations. He will attempt to gauge the parties' views and to determine how best to get the talks back on track.
- We are hopeful that we can find enough common ground to reconvene the bilateral talks as soon as possible after Secretary Christopher returns, and the multilateral talks in April and May.
- Together with you and the EC, the United States remains opposed to Israel's use of deportations, and has made this clear to the Rabin government. We support UNSCR 799 and want to see a solution to the issue consistent with it.
- We believe that with the understandings reached with the Israelis, a process has been created which: allows a significant number of deportees to return to Israel or the occupied territories immediately; halves the sentences of the remainder; and assures the delivery of humanitarian assistance.
- These steps represent the best and most practical approach to seeing resolution 799's objectives realized. We need to give this process a chance to work. We were very pleased with the efforts of the Security Council last week to put this issue behind us and we want to thank you for your support in achieving this end.

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## NORTHERN IRELAND

### British Sensitivity

Few issues have more potential for creating problems in Anglo-American relations than Northern Ireland.

- The British regard it as an internal matter.
- They believe that the U.S. tends to view it from the nationalist perspective.
- The extension of terrorist campaigns to England, innocent loss of life, and the targeting of Britain's political leadership have made HMG sensitive to advice from outside.

In Northern Ireland, the President's campaign statements aroused hopes in the Catholic community and fears among the Unionists that the USG would weigh in on the nationalist side.

### Status of the Talks

The political talks, which broke off in November without agreement, contain three "strands"--devolved government in Northern Ireland, relations between North and South in Ireland, and ties between the UK and Ireland.

- The major stumbling blocks are: 1) who will exercise executive power in Northern Ireland, 2) Dublin's role in Northern Irish affairs, and 3) the Unionists' demand that Ireland revise its constitutional claim to the North.
- Informal talks continue and formal sessions may resume soon. Dick Spring, the new Irish Foreign Minister, is expected to press for an agreement.

### Terrorism

The level of violence (84 deaths in 1992 in Northern Ireland) is well down from its 1972 peak of more than 450 deaths. Two recent trends, however, are worrisome: 1) the increased proficiency of the loyalist (Protestant) paramilitaries, who caused more deaths last year than the IRA; 2) the IRA's bombing campaigns in Northern Ireland and on the British mainland.

### Human Rights

- Harassment by the security forces, unfair detention and trials, and use of excessive force persist.
- Catholic unemployment rates remain high despite a tough 1989 anti-discrimination law. New investment is required.

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POINTS TO BE MADE

NORTHERN IRELAND

- I understand what a serious problem Northern Ireland has been for you. Do you see any signs of improvement?
- As a close friend of both the UK and Ireland and with close ties to people from both traditions, the United States wants to be helpful.
- At the same time we do not wish to get in the way of the talks process, which we hope will be successful.
- I am considering taking the following steps; I would like your comments on them:
- The appointment of Speaker of the House Foley as my special representative to review the situation in Northern Ireland and report back. The goal is fact finding, not mediation. The Speaker is willing to undertake this task. If you and the Irish are amenable, I plan to announce the appointment soon and at the same time express my strong support for the early resumption of the talks process.
- Continued support for the International Fund for Ireland, which I understand has been a great help in promoting inter-communal activities and economic development.

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GATT-URUGUAY ROUND

The Uruguay Round (UR), which involves 108 countries, has been under negotiation since 1986 with U.S. participation authorized by fast track authority that expires June 1. USTR Kantor announced February 11 that the Administration would seek renewal of fast track although details of the request would be decided after consultations with Congress. We are also reviewing our UR negotiating positions.

GATT Director-General Dunkel attempted to accelerate the talks in December 1991 by issuing a draft "Final Act" (DFA), which incorporated agreements already reached and proposed solutions to unresolved issues.

- Most governments will accept the DFA without changes beyond U.S.-EC amendments on agriculture resulting from the November "Blair House Accord." The EC is pressing this approach, although it also wants comprehensive market access agreements, with U.S. concessions, to "balance" the agreement before concluding the Round.

The U.S. position has been that we need substantial progress in market access in goods (including free trade in key sectors), agriculture, and services as well as improvements in the DFA.

- The U.S. agreed to use the DFA as the basis for negotiating a final agreement, but stated that improvements were necessary, especially on antidumping, intellectual property, trade-related environment issues, and the Multilateral Trade Organization (MTO).

The UK has worked energetically as an EC member and as EC President in July-December 1992 to complete the UR as soon as possible. While the UK can accept the DFA, it also favors tougher antidumping rules and is the EC country most willing to accommodate U.S. interests. The UK wants the U.S. to reduce "peaks" (i.e. high tariffs on ceramics and textiles) and is prepared to meet our zero-for-zero sector offers (e.g. non-ferrous metals, paper and wood).

- Prime Minister Major can be expected to urge completing the Round as quickly as possible.
- The U.K. and the EC have urged us to limit fast track authority extension to three months in order to maintain needed pressure to conclude the Round.
- The U.K. will resist attempts to reinstate super 301 in fast track renewal due to sensitivity about unilateral U.S. extraterritorial actions.

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POINTS TO BE MADE

URUGUAY ROUND/GATT

- We will pursue a successful conclusion to the Uruguay Round.
- We want to renew fast track authority, but I can't provide details until we consult with Congress.
- We want to progress as rapidly as possible, but it is vital that we get the agreement right.
- We appreciate the personal efforts you have made to advance the negotiations and would like to hear your thoughts on how best to proceed.
- It is clear that achieving balanced results with the EC in market access is key to continued progress.
- We also are seeking some changes in the Dunkel text.
- I hope that you will join us in pressing other EC members, particularly France, to make the tough decisions needed.

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- This year's Economic Summit will take place in Tokyo July 7-9. Economic issues will be a major focus of the agenda (macro policies and growth, trade, economic reform in Central and Eastern Europe and Russia, and relations with developing countries). Foreign and Finance Ministers will attend.
- EC President Delors recently called for an early G-7 Summit to consider measures to stimulate economic growth. We are evaluating the idea and trying to weigh the views of other prospective participants.
- The agenda will also feature political issues (e.g., FSU, ex-Yugoslavia, Iraq) and cross-border issues such as global environmental concerns, terrorism, nuclear safety, non-proliferation and human rights.
- Summit preparations are handled through a network of parallel "Sherpa," sub-Sherpa and political directors meetings involving State, Treasury, NSC and other USG agencies. The Sherpas prepare the draft Summit communique (economic declaration) and the political directors prepare the political declaration.
- The Summit provides a unique opportunity for frank, informal exchanges at the chief of state/head of government level, but the rigidity of a "pre-cooked" agenda and communique sometimes precludes such exchanges.
- To show Western support for reform, Soviet/Russian leaders have been invited to join the Summit after formal meetings, Gorbachev in 1991 and Yeltsin in 1992. Although we and the Europeans are pressing Japan to invite Yeltsin, Japan is reluctant to do so because of the dispute with Russia over the Kurile Islands.
- Finance Ministers and Central Bank Governors of the Summit countries also meet several times a year. Their work often provides input for the Summit, and the Summit sometimes tasks this G-7 group on particular issues.

British Concerns

- Following this fall's suspension of the British pound from the Exchange Rate Mechanism of the European Monetary System and its subsequent depreciation, Prime Minister Major called for greater G-7 monetary policy coordination, a position he may push during the run-up to the Summit.
- PM Major has argued for a less formal, more flexible Summit that meets less frequently. Japan is resisting changing the format for Tokyo, but may agree to streamlining it in 1994.
- The British have indicated they will press for a G-7 statement on the Rushdie affair which declares Iran's decree against Rushdie "contrary to international law."

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POINTS TO BE MADE  
G-7 ECONOMIC SUMMIT

- Revitalizing the U.S. economy is my top priority. The U.S. recovery is underway, but we are concerned that weak economic growth in Europe and Japan may hamper a global recovery.
- We need to work together for higher world growth. The Tokyo Summit should provide the opportunity to encourage the adoption of growth-oriented global economic policies critical for our own citizens, reforming economies in Eastern Europe and the former Soviet Union, and the developing world.
- We agree with you that the Summit process should be reinvigorated to allow for frank and informal exchanges. We are prepared to work with you to achieve this greater flexibility, if not for this year, certainly for 1994.
- We also remain committed to using the Summit forum for close and regular political consultations.
- We are developing our ideas at this point on the political subjects to be discussed at the Tokyo Summit and will be discussing them in the regular process for preparing the Summit agenda and draft Political Declaration.

ONLY IF ASKED:

- We are reviewing Jacques Delors' proposal for an early Summit. Laying the groundwork is key to a successful Summit, and accelerating the time frame might reduce our chances for a coordinated policy approach. What are your views?

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LIBYA/PAN AM-103

Security Council sanctions (aviation and arms embargoes) imposed last year are having an impact, but Libya has not complied with Resolutions 731 and 748.

-- Libya continues to delay and search for private channels to negotiate new terms.

-- It has taken only a few cosmetic, easily reversible steps such as closing some terrorist training camps.

The Security Council resolutions require Libya to turn over the indicted Pan Am bombing suspects for trial in the U.S. or UK, cooperate with the French on the UTA bombing, compensate victims and cut its ties to terrorism.

The Security Council will next review sanctions in mid-April.

-- The U.S., UK and France said publicly in November that if Libya did not comply, new steps might soon need to be taken.

A new sanction not affecting oil revenues would be unlikely to sway Libya, but it will be difficult to get an oil-related sanction through the Security Council.

-- The Palestinian deportation issue and Bosnia have heightened the sense among many Third World states that the West has a double standard on resolutions involving Muslim states.

-- Some Western European allies (eg., Spain, Italy, Germany) are heavy purchasers of Libyan oil.

We are in close contact with the British and French, and all options remain open.

-- The British believe a full embargo on Libyan oil may be too difficult, but they would probably support an effort to get an embargo on shipment of oil technology to Libya. Over a year or so, such an embargo, if rigorously enforced, would severely restrict Libya's ability to produce oil.

-- If we seek an oil sanction, we will need to launch a major diplomatic campaign in March. The first step will be full coordination with the British and French, followed by consultation with other Council members.

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POINTS TO BE MADE

LIBYA/PAN AM-103

- I am committed to seeing justice done on the Pan Am and UTA bombings. During my campaign, I said that the "United States should make it clear that if they (the indicted Libyans) are not turned over, it will press the United Nations to broaden the sanctions to include an oil embargo."
- If Libya succeeds in flouting the Security Council, it will damage our joint efforts to make the United Nations a cornerstone of a principled foreign policy.
- The Council next considers this subject in April, the anniversary of the sanctions imposed last year. We need an effective strategy.
- You and I will need to keep the French with us and to ensure that their interests in the UTA bombing are treated equally with ours on Pan Am.
- Do you believe we can get some kind of sanction on oil, if not a full embargo on the purchase and sale of Libyan oil, then a more limited embargo on the provision of oil technology to Libya?

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CYPRUS (ONLY IF ASKED)

Now that the Cypriot Presidential elections have been decided, the UN-sponsored Cyprus negotiations, in recess since mid-November, can again go forward.

- The U.S. told both sides we expect them to return to New York as agreed in March and to be ready to make the decisions necessary to bring the negotiations to a successful conclusion.
- Glafcos Clerides's victory in the February 14 Cypriot presidential election may well cause a temporary delay while he gets organized and puts his stamp on the UN proceedings. However, he may be able to make up lost time later due to his greater influence with Parliament and with his community.
- Turkey will have to put a great deal of pressure on Turkish Cypriot leader Denktash if he is to be brought into line. The UK, as a respected European power and a member of the EC, can and should dangle political and economic bait in front of the Turks to motivate them to lever Denktash into position.

The U.S. and the UK have cooperated closely throughout the UN-sponsored talks.

- On February 19, U.S. Special Cyprus Coordinator John Maresca met in London with his counterparts to discuss possible approaches to the next round of UN negotiations.

The U.S. and the UK agree on confidence-building measures (CBM's), which were recommended by Boutros-Ghali and unanimously endorsed by the Security Council. The U.S. position was conveyed to all parties: CBM's are not a package; each side should start implementing at least some CBM's even before the talks resume; and implementation of CBM's is not a precondition for resumption of the talks and should not distract the parties from the talks.

The UK has announced that it will reduce its troop commitment to UNFICYP by 50 percent and has begun the first (25%) stage of that reduction. This, along with the already completed total withdrawal by Finland and the planned Canadian total withdrawal (mid-1993) will reduce UNFICYP strength from 2,400 in mid-1992 to below 1,000.

- The UN Secretariat has consulted troop contributors on how UNFICYP's organization and mission will be changed.
- The UK (which still has Sovereign Base Areas in Cyprus) is taking a leading role in these consultations.

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POINTS TO BE MADE (ONLY IF ASKED)

CYPRUS

- We want to continue our close cooperation with the UK on the Cyprus issue.
- A U.S. team led by our Special Cyprus Coordinator was in London February 19 to discuss with your Foreign and Commonwealth Office ways to ensure the success of the UN negotiations now that the Cypriot elections have been decided.
- We have told both sides we expect them to return to New York as scheduled and to be ready to make the decisions necessary to successfully conclude the negotiations.
- We want the UK to continue to explain to Turkey the considerable economic and political benefits which it could gain in Europe by motivating Denktash and the Turkish Cypriots to reach an agreement on the basis of the UN "set of ideas."
- We believe that each side should start implementing at least some of the Secretary General's confidence-building measures. However, implementation of CBM's should not be a precondition for resumption of the talks and should not distract attention from the negotiations.

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THE FALKLANDS (ONLY IF ASKED)

Foreign Secretary Hurd's January visit to Argentina, the first by a British cabinet secretary since the 1982 Falklands War, marked an important step in normalizing UK-Argentina relations. Although both countries continue to claim sovereignty over the Falkland Islands (the U.S. is neutral on the issue), the UK and Argentina in 1990 agreed to disagree about their competing claims. This so-called "sovereignty umbrella" paved the way for the UK and Argentina to reestablish diplomatic relations three years ago. By pushing the sovereignty issue aside, the two countries have been able to seek solutions to other sources of bilateral friction, chiefly oil exploration and fishing rights in the waters surrounding the Falkland Islands.

Despite the improvement in relations, the UK continues its embargo, established during the Falklands War, of arms sales to Argentina. In recognition of Argentina's return to democracy and improved human rights record, the U.S. resumed limited arms sales to Argentina in 1983.

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POINTS TO BE MADE (ONLY IF ASKED)

FALKLANDS

- Argentina's dramatic democratic and military reforms and the reorientation of Argentine foreign policy toward the U.S. and the West have made conflict over the Falklands less likely.
- The continuing improvement in UK-Argentine relations reinforces Argentina's turn to the West, as do our efforts to strengthen U.S.-Argentine military ties.

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POINTS TO BE MADE (ONLY IF ASKED)

NUCLEAR TESTING

- We will, of course, comply with the requirements of our legislation on nuclear testing.
- Within that framework, we want to accommodate your testing requirements.
- As I have stated publicly, I think we should pursue a phased-in multilateral comprehensive ban on nuclear testing.
- This is a complicated issue. We have only just begun our internal review.
- We want to consult with you closely every step of the way.

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POINTS TO BE MADE (ONLY IF ASKED)

FUTURE OF NATO/EUROPEAN SECURITY ARCHITECTURE

- Events in the former Yugoslavia are testing European and UN capacities and highlighting the continuing need for capabilities only NATO possesses.
- We must further develop NATO's peacekeeping capabilities to ensure they will be ready to help in other European crises.
- Bringing Russia and other Eastern states into cooperation on peacekeeping through NACC is another urgent priority.
- CSCE can help shape a European consensus on political issues and address regional tensions and low-intensity conflict.
- Reviewing international budgets is necessary, but providing NACC and CSCE adequate resources will yield large returns.
- We support the 1991 Rome/Maastricht framework for a European security and defense identity that will reinforce NATO and assure better sharing of security leadership and defense burdens.
- An approach to European integration that comes at NATO's expense will not be sustainable. We must consult to ensure that a European security and defense identity and NATO are mutually reinforcing.

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WASHINGTON

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DECL: OADR

February 25, 1994

TO: THE PRESIDENT

FROM: Warren Christopher *WC*

SUBJECT: Meetings with British Prime Minister John Major

I. SETTING

A prime goal for Prime Minister Major's visit is to demonstrate, to a nervous British public and a skeptical American one, why and how the U.S.-UK relationship matters -- to a prosperous world economy, to a stable Europe, and to our ability to achieve our objectives in Bosnia, Russia, South Africa, Hong Kong, and elsewhere.

Over the past year our long-standing pattern of close communication and cooperation with the British has continued on a range of issues -- GATT agreement, nonproliferation, Libya and Iraq sanctions, to name a few -- but it is the differences that have provoked the headlines, and the angst in London. The Gerry Adams visa decision was a blow to London, and subsequent press coverage reopened earlier, still-tender wounds of bilateral discord over issues from Bosnia policy to the 1992 Presidential campaign.

It is important that we move beyond our differences and reinvigorate our dialogue with the British. In any likely scenario for Europe over the next few years, we will find it very difficult to advance our interests absent British engagement. The events on your schedule with Major in Pittsburgh, the flight back together on Air Force One, and overnight at the White House will send the British a reassuring message that they still count in Washington.

The trip to Pittsburgh also provides a powerful backdrop for the other main messages of this visit. Domestic and foreign policy are linked, and nowhere more so than in the U.S.-UK economic and trading relationship. Our many common interests, shared history, outlook, and values are of continued relevance as we look for solutions to shared problems such as persistent unemployment and environmental degradation. Your joint appearances in Pittsburgh will highlight these themes,

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and preview the March G-7 Jobs Conference. While in the home city of USAir, you should push Major on the need for a more forthcoming British approach to our civair negotiations, which are foundering over British reluctance to provide adequate access to Heathrow Airport for U.S. airlines.

On Bosnia, Major and his Cabinet are pleased with our decision to become more active in the negotiations, though still deeply uncomfortable with the lingering possibility of the use of force. Although the British continue to ask the tough questions, maintaining transatlantic unity is Major's overriding concern in Bosnia policy. You should exploit this. Major will want to expand on his impressions from his Russia trip. He will hope to come to a meeting of the minds with you on Northern Ireland, affirming his commitment to work closely with the Irish government, but warning that no amount of British "persuasion" of Unionists will work if the IRA keeps killing or if Unionists feel they have been abandoned.

## II. TOPICS

- o Outline our strategy on Bosnia. Underscore the importance of presenting a united front to the Serbs, including our readiness to use force if necessary.
- o Exchange views on reform in Russia and Moscow's policies toward its neighbors.
- o Respond to Major's ideas on improving G-7 effectiveness in promoting global economic goals and Russian reform.
- o Note progress on Ukrainian denuclearization and urge more British financial and technical help.
- o Urge strong British support for Partnership for Peace, including adequate funding.
- o Hear Major out on the prospects for renewed political talks on Northern Ireland. Discuss how the U.S. can help keep the pressure on Sinn Fein to join the talks.
- o Stress the importance of progress in our stalemated bilateral civil aviation negotiations.
- o Review planning for your June activities in Britain, outlining your overall goal of defining and demonstrating the meaning of U.S. ties to Europe and to Britain for the post-Cold War era.

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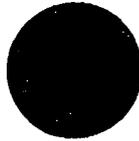
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United States Department of State

Washington, D.C. 20520

May 27, 1994

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M FOR ANTHONY LAKE  
 WHITE HOUSE

r to U.K. Prime Minister John Major  
 outh Africa

President Clinton on May 6 sent letters to Heads of Governments of G-7 nations urging the major donor countries to support South Africa's transition to nonracial democracy and to increase their assistance to South Africa.

In his May 16 response to President Clinton's letter, U.K. Prime Minister John Major agreed that the changes in South Africa were truly significant and that the new government faced enormous challenges. For its part, the U.K. government is increasing its assistance to South Africa to over 100 million pounds over the next three years. The Prime Minister stated that the British government would be discussing South Africa's requirements with the new government and urged the donor community to coordinate its efforts carefully.

We believe that the President should acknowledge the Prime Minister's letter and the U.K.'s enhanced assistance to South Africa and emphasize the importance of coordinating assistance efforts.

  
 Marc Grossman  
 Executive Secretary

Attachments:

- Tab 1: Draft Presidential Letter
- Tab 2: U.K. Prime Minister John Major's letter to the President
- Tab 3: President's May 6 letter to Prime Minister John Major

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THE SECRETARY OF STATE  
WASHINGTON

March 28, 1995

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DECL: 4/4/15

MEMORANDUM FOR: The President  
FROM: Warren Christopher *we.*  
SUBJECT: Meeting with UK Prime Minister John Major

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Although relations are going through a troubled period, the U.S. and UK remain each other's most important global partners.

We are working together constructively on a wide range of important issues, including, for example, NATO expansion, Bosnia, Iran, and Russia. However, on the sensitive subject of Northern Ireland, London has disagreed with at least the timing of our decision regarding Gerry Adams. Prime Minister Major fully deserves the public praise you have offered for his political courage on Northern Ireland. He is personally committed to making the most of this chance for peace, but faces considerable discontent and mistrust from Unionist leaders, especially over the Joint Framework Document he negotiated with PM Bruton. How to address that problem will be near the top of his agenda for this visit.

The opposition parties fully back Major's Ireland policy, but otherwise, he is in serious political trouble. Elections are likely next year. He trails Labor's new leader Tony Blair by huge margins in the polls, and his own party is badly divided over "Europe" as Britain tries to develop a position and seek out allies for the EU's 1996 Intergovernmental Conference.

You will not find Major sentimental about the "Special Relationship" (a term he and Douglas Hurd avoid), but instead hard-headed and pragmatic. In fact, more than half a century of history has made our ties with the UK different from those with any other country. It has been our closest partner by far in the single biggest foreign policy transformation in U.S. history -- our shift from non-involvement with the wider world to global engagement. London has worked hand-in-glove with us in every region of the globe, and wants to keep doing so.

Neither our deepening involvement with the countries of this hemisphere and the Pacific Rim, or the UK's own hesitant steps towards "Europe," need detract from the Anglo-American alliance. Beyond the bonds of culture and language, there are unparalleled structures and habits of cooperation built up over fifty years of global partnership, including uniquely close intelligence, nuclear, and military links. The U.S. and UK are each others' top investors, with some \$95 billion going in each direction.

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This meeting is an opportunity for you to establish a common approach with Major on a wide range of issues. I can follow up with Douglas Hurd when he is here April 18. The UK is usually our strongest supporter on free trade and our closest ally on developing European security structures. The breadth of current and potential practical cooperation is extraordinary. In the list of topics below, the first five are those on which Major intends to place special priority.

II. TOPICS

- o Northern Ireland, especially keeping the Unionists on board, advancing our common agenda on decommissioning, keeping track of Sinn Fein funds raised, and maintaining the focus of your May conference on trade and investment;
- o Russia, including developing a common Western approach on V-E Day, as well as developments in Chechnya and the reform process (we would particularly like UK help in mobilizing the EU on balance-of-payments support for the NIS);
- o The Middle East, where we should urge the UK to mobilize European political support for the MEDB and financial support for the Palestinian Authority;
- o Iraqi sanctions, where the UK is our staunchest ally in Europe and among the UNSC Permanent Five;
- o Bosnia/Croatia, where, as noted above, we are working much more closely and productively with the UK;
- o Trade, where the UK can help open markets for U.S. exports to the EU in audio/visual, telecommunications, and air services -- plus choose U.S. attack helicopters in a \$3 billion purchase this year;
- o Nonproliferation, especially the NPT, where the UK has used its worldwide influence in support of our policy of getting 50% + 1 for unlimited indefinite extension, and will be key in getting other Europeans to conclude a new U.S./EURATOM Treaty and establish a COCOM successor regime;
- o NATO expansion, where the UK is hard at work to help our strategy for this year succeed, and wants to collaborate with us as we develop a game plan for next year;
- o European security and defense cooperation, where Major has personally proposed initiatives intended to ensure that WEU development does not come at NATO's expense; and
- o Counter-terrorism, where the UK is in lockstep with us on pressing Libya to turn over the Pan Am 103 suspects.