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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Jacques Delors, President of the European Economic Community (U)

PARTICIPANTS: The President
The Vice President
James A. Baker, III, Secretary of State
Nicholas F. Brady, Secretary of the Treasury
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert M. Gates, Deputy Assistant to the President for National Security Affairs
Robert Zoellick, Counselor, Department of State
Thomas M. T. Niles, Ambassador to European Communities
Adrian Basora, Director for European Economic Affairs (Notetaker)

Jacques Delors, European Economic Commission President
Fran Andriessen, Vice President and Commissioner for External Relations
Andreas van Agt, Ambassador
Horst Krenzler, Director General for External Relations
Pascal Lamy, Chef de Cabinet to Delors

DATE, TIME April 24, 1990, 3:30 - 4:00 p.m.
AND PLACE: The Cabinet Room

The President: Welcome to Washington. As you know, the United States seeks more contact with the EC. I know we have agreed to have meetings like this one at least twice a year. We do not wish to be a roadblock to European integration, nor a member of the EC. However, we do want to be as involved and active as useful. If you agree, I have a number of points I would like to make. (Ø)

President Delors: Please go ahead. (U)

The President: My first point is that we should have an expanded U.S.-EC dialogue at this time of rapid change in Europe. A stronger European Economic Community is in the interest of the

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United States, along with a vigorous NATO. As you know, I am a strong supporter of the EC integration, but it is important that EC 92 not lead to protectionism and that European integration not undercut NATO. In my view, NATO and the EC are complementary institutions. (Ø)

For example, as regards the CSCE, NATO and the EC can both discuss this issue in parallel. I would be interested in your views on this subject. In my opinion, neither organization should dictate to the other and both have a legitimate interest in CSCE. (Ø)

As to U.S.-EC relations, we need a more intense dialogue -- both on the broader range of economic issues and in new areas such as environment. I do not see closer U.S.-EC relations as being incompatible with European integration. The contrary is true, as we have in the G-24. However, nothing would undermine U.S. public commitment to maintaining U.S. forces in Europe more than having them perceived as mercenaries. This is why we need a larger and more intense relationship. It would be a non-starter if U.S. troops were seen as "hired guns." I made this point as clearly as I could to Francois Mitterrand the other day. The continued involvement of U.S. troops, where they are wanted, is seen as a stabilizing force throughout most of Europe. (Ø)

I had a long talk with President Havel with regard to de-linking the idea of Soviet troops withdrawal from Eastern Europe to U.S. troop withdrawals from Western Europe. (Ø)

I am intrigued by the idea of a G-24-like group for Central America. Such a group could involve the Japanese. (Ø)

I would also like to mention the Uruguay Round. I know that this may sound like a broken record, but I really want to see us achieve ambitious results, especially on agriculture. Our agricultural specialists will need to work on this. A failed Uruguay Round would hurt U.S.-EC relations. I would therefore ask you to use your personal influence with the EC member states in order to ensure that we work together towards the successful termination of the Uruguay Round. (Ø)

President Delors: Secretary Baker took the initiative for having two U.S.-EC Ministerial meetings a year. The EC Commission favors a vigorous NATO, and we are prudent about the continuing danger. The CSCE is becoming a sort of matrix which will help us in our strategy of incorporating the Eastern European countries. The EC's strategy consists of the following three basic points: (Ø)

- We will support German unification; the April 28 EC Council Summit Meeting will take steps to facilitate the unification of the two Germanies.
- We will also extend the facilities of the EC market to the EFTA countries;

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-- We will help the Eastern and Central European countries through the G-24 process and by means of bilateral agreements. In this, we have the support of the IMF and the World Bank. I am hopeful that the EC Council will accept a new form of association agreement, stopping short of membership, for the Eastern European countries.

Our goal is to have a large zone of peace and economic progress in Europe. (U)

We also favor the U.S. maintaining its presence in Europe. I suppose you are familiar with the Kohl/Mitterrand idea of moving ahead on EC political union, and I imagine that you discussed it with Francois Mitterrand last week. The problem for the U.S. in working out a better means of dialogue with the EC is that economic integration is proceeding at one pace, whereas political integration is proceeding at a slower pace. This is why Chancellor Kohl and President Mitterrand -- and Prime Minister Martens as well -- have proposed increased efforts towards political union. This would include a security role for the EC, a sort of European pillar of NATO. Our goal is to reinforce NATO and to discourage neutralism. Neutralism is always a temptation in Germany, and Gorbachev may try to encourage it. (Ø)

Mr. President, you must take this political integration as reinforcing the Alliance. Perhaps Vice President Andriessen can speak regarding the Uruguay Round. (Ø)

Vice President Andriessen: I have just returned from Mexico and I have come back encouraged. The Uruguay Round is a top priority for the ministers with whom I met in Mexico. We have set the end of July as the deadline for coming up with comprehensive work plans for solving all 15 sets of negotiating issues. On this basis, the Director General of the GATT will be asked to make an assessment as to how the Uruguay Round will come out. (U)

The EC would not have volunteered to host the final meeting of the Uruguay Round if it were not committed to its success. But the EC could not do this all alone. The less developed countries and other countries must contribute, especially as we are bringing new issues into the Uruguay Round, such as intellectual property rights and other issues. Regarding the U.S.-EC positions, we have much more in common than we have divergences on trade. (Ø)

On agriculture, during this visit to Washington, we have agreed on procedures to solve our problems by the end of the year. Our discussions with Clayton Yeutter and Carla Hills have turned out much more positively than we expected. Our differences have more to do with modalities than with objectives. The EC depends on multilateral trade, and therefore a successful Uruguay Round is in our interest. We share your goal. We agree that there needs to be a success by the end of the year. (Ø)

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President Delors: The efforts and focus of the EC right now are to accomplish a larger Europe, but we are all for stronger relations between the EC and the U.S. The difficulties arise from the EC's two separate tracks. But if political cooperation advances, then we can move ahead in terms of linkage to the U.S. I hope that, during the Italian presidency, I will be able to visit you along with the EC presidency. In this way, we will be able to give you a common, global view of the EC's viewpoints.
(Ø)

Secretary Baker: I am happy with the progress we have made on political contacts, for example, through the troika. Things are improving on the political coordination side as well. (Ø)

The President: I recognize the complexity of your task and I hope that Lithuania will not turn out to be a roadblock to progress in Europe. (Ø)

President Delors: On Lithuania, the EC sent a message to the Deputy Foreign Minister advising our Lithuanian friends to moderate their tone. (Ø)

The President: Do you feel that either side will do so? (Ø)

President Delors (did not seem to understand the question): I want to give you my best wishes for the Houston Economic Summit. I hope we can speak about issues such as environment and drugs.
(U)

-- End of Conversation --

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