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THE WHITE HOUSE
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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Esko Aho of Finland

PARTICIPANTS: The President
James A. Baker III, Secretary of State
Brent Scowcroft, Assistant to the President for National Security Affairs
Mary Ryan, Deputy Assistant Secretary of State for European and Canadian Affairs
John Kelly, Ambassador to Finland
Jane E. Holl, Director for European Affairs, NSC Staff

Esko Aho, Prime Minister of Finland
Martti Ahtisaari, State Secretary
Jukka Valtasaari, Ambassador to the United States
Seppo Harkonen, Special Assistant to the Prime Minister

DATE, TIME May 13, 1992, 1:30 - 1:50pm
AND PLACE: The Oval Office

The President: Well, how are things? (U)

Prime Minister Aho: Rather good. Much better than last year. Last year was really a bad situation. We only had 6% growth. It was terrible. The main reason was Russia. In 1990 our exports were 13% to the former Soviet Union. Last year, they were only 4% of our total exports. Now the situation is better -- twenty-two percent higher than the year before. A little bit better, but still a very difficult problem. (Ø)

The President: Our growth has been minuscule. The only thing that saved us was our exports. But our growth was terrible. That's what has caused the bad mood in this country. But we think it is turning around. (Ø)

Prime Minister Aho: The United States is very important for Finland. You are fourth in exports for us. As you know, we made a decision to buy your aircraft. It was a big decision for us. (Ø)

The President: Yes, we are pleased about that. Tell me, are you still worried about the refugee flow from the former Soviet Union? (Ø)

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2

Prime Minister Aho: Well I did visit only a month ago a border station. They're not worried about refugees now. The border controls from the Russian side are working well. The situation is not now difficult. But if Russia fails in its reforms, we are facing a dangerous situation. We are also concerned about the safety of their nuclear power plants, especially the ones in St. Petersburg. It is very close to Finland. (Ø)

Secretary Baker: We'll be talking more about that problem in Lisbon. We're developing a program and others have programs. It takes a huge amount of money to fix those power plants up. (Ø)

The President: Did one of the republics just announce they were closing one of their plants and keeping it closed? (Ø)

General Scowcroft: Yes. Ukraine. They're closing the one at Chernobyl permanently. (Ø)

Prime Minister Aho: But they cannot live without nuclear power. We in Finland have invested a lot of our time and resources in power production. We have a great deal of investments in energy conservation. The western countries have to give assistance. We hope to gain international assistance for our programs. (Ø)

Secretary Baker: Will you be discussing this in Lisbon? (U)

Prime Minister Aho: Yes. Let me invite Mr. Ahtisaari to elaborate. (U)

Mr. Ahtisaari: We will definitely be speaking about energy saving enterprises and nuclear safety. We want to work with the Russians in all of these areas. (Ø)

Secretary Baker: Will you be teaching the Soviets? (Ø)

Mr. Ahtisaari: Yes and concentrating on improving the energy efficiency of their power production. (Ø)

Prime Minister Aho: We have budgeted for such a program. (Ø)

Secretary Baker: It will take big bucks to replace those plants. (Ø)

The President: How much? \$20 billion? (Ø)

Secretary Baker: More like \$5 billion. (Ø)

Prime Minister Aho: That's why it is important to get energy conservation programs underway. (Ø)

The President: We're working to get through Congress our end of the \$24 billion program for Russia. We hope it will benefit Finland because if that economy gets moving, you will benefit because of the export relationship. We hear a lot from the Baltics and Ukraine and the others who say tell us not to forget

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3

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about them. I think we have a big stake in seeing this succeed. All free countries have a stake in seeing this through. What is your view? (Ø)

Prime Minister Aho: It's difficult to forecast. Last winter went better than expected. There was better than expected food production. (Ø)

The President: Yes, their food production was OK. But distribution was a problem. Storage was a problem too. They claim to be continuing to improve, however. (Ø)

Prime Minister Aho: But they still have a division of labor problem. They're dependent on the military for production and to bring in the harvests. There is a problem with the food supply. We've given assistance to St. Petersburg. How do you see the G7 Conference? (Ø)

The President: Well the one thing we'd like to see resolved is the GATT round so it doesn't end up taking all of our time there. Yeltsin will probably be there, like Gorbachev was last time. Other states want to be represented. We told Kravchuk that the reason Ukraine was not there is because we have a program with Russia that we want to talk about. The environmental conference will have already taken place, so we won't have too many of those issues to discuss. (Ø)

Secretary Baker: There will be discussions with respect to the former Soviet Union and economic aspects of the G7. Germany will be more concerned with inflation. But I'd like to flag one issue about Helsinki. We're hearing suggestions from the Baltics that they will block CSCE consensus if they don't get cooperation on getting the Russian troops out of their states. This issue is not really for CSCE -- it's not the way CSCE has functioned in the past. I think we need to find a way to work together particularly since the Baltics have not been as forthcoming with respect to CSCE principles. This is not an issue we want to come up in Helsinki. (Ø)

Prime Minister Aho: We are also worried about this issue. They have threatened not to sign the agreement. (Ø)

The President: All three? (Ø)

Prime Minister Aho: Yes. Your contacts with them are very important. (Ø)

Secretary Baker: But we believe that the Scandinavian contacts are very influential with them. We should work together on this. (Ø)

The President: Let me restate what we said earlier in our conversation that we are very pleased with your purchase of the American fighter. I'm confident you will find it measures up to your expectations. (Ø)

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4

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Prime Minister Aho: The technical qualifications are very high and the economic aspects together were the basis on which we made our decision. But I hope we can have a subsequent agreement. It is tough for our government now to go through with this investment. (Ø)

The President: We should work through this issue. Unfortunately I must get to Baltimore for a healthcare issue. Thank you for coming, I'm sorry our chat was so brief. I really did enjoy my last visit to Helsinki. (Ø)

-- End of Conversation --

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