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THE WHITE HOUSE
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MEMORANDUM OF CONVERSATION

SUBJECT: Telephone Call with Prime Minister Brian Mulroney of Canada (U)

PARTICIPANTS: The President
James A. Baker III, Secretary of State
Brent Scowcroft, Assistant to the President
for National Security Affairs
Barry Lowenkron, Notetaker

Brian Mulroney, Prime Minister of Canada

DATE, TIME November 30, 1991, 2:07 - 2:31pm EST
AND PLACE: Camp David and the Prime Minister's Residence

The President: Brian, hi. I'm sorry to bother you on a Saturday afternoon. What are you up to? (U)

Prime Minister Mulroney: A bit of fund raising George. I'll be going across the country next week so we can pay our bills and get the party ready for the next elections. (U)

The President: That doesn't sound like a lot of fun, but a pain in the neck. (U)

Prime Minister Mulroney: Yes it is. The days are long and hard, but we've got to raise dough for the party, and get it ready. (U)

The President: How are you doing? (U)

Prime Minister Mulroney: Surprisingly well. Last night in Toronto 1,700 people paid \$500 a plate; tomorrow in Montreal we'll have 2,000 people at \$500 a plate. (U)

The President: Damn good. (U)

Prime Minister Mulroney: Yes it is. (U)

The President: Brian, I'm calling you up to talk about Ukraine. I had a 45 minute phone call with Yeltsin and a 30 minute phone call with Gorbachev. Jim Baker is here with me at Camp David. I wanted to talk about our response to what seems to us as shaping up to be an overwhelming vote tomorrow for independence. I want us to stay as close as possible on this issue and to support one another. As leaders of democratic nations we should support

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Ukraine. I know you have a domestic concern as well; so do we. It's not as intense as yours is, but we do have one. (Ø)

It seems to us that we shouldn't rush into formal recognition without some assurances from the Ukrainian leaders on issues of importance to us. Gorbachev almost pleaded with me on this; and Yeltsin agreed with us on our approach. There are important issues out there: control over nuclear weapons, Ukrainian support for the NPT, for CSCE principles, for human rights including protection of minorities, for respect of existing treaties and borders. The minorities problem is very important. We'll continue to urge the Ukrainians to move toward market reforms and to assume their share of the Soviet debt, although I don't think there will be as big a problem there. The NAC will meet next week to work out a common approach. Jim will be sending a special envoy next week to Ukraine. Gorbachev and Yeltsin said they had no problem with that. The envoy will report back and then we'll decide how best to proceed. Regarding "recognition" per se, we're not talking about a long delay. We want to give Ukraine and Russia a chance to sort things out. Gorbachev and Yeltsin will meet with the Ukrainian leaders -- most likely Kravchuk -- soon. Yeltsin is pretty sure that Ukraine will not want to stay in the Union in the way Gorbachev wants them to. I don't know where you stand. (Ø)

At the same time, Yeltsin didn't want us to do something that would appeal to the radicals. Gorbachev took the same line. Yeltsin agreed that our points were valid points. I expect Gorbachev and Yeltsin will agree to Ukrainian independence. And I just wanted to tell you of these calls. There was a story in The New York Times that said the Soviets were upset that we were interfering. Gorbachev raised the story, about leaks from the White House which were not helpful, and that seemed to imply negative interference. But, Gorbachev's mood was pleasant, and he does like our four points. What's your thinking? (Ø)

Prime Minister Mulroney: You're right. It is a political problem for us. We have a large Ukrainian constituency in Canada -- most of which is heavily concentrated in the Western provinces. Last September, when I was out there attending festivities on the 100th anniversary of Ukrainian immigration to Canada, they wanted me to recognize Ukraine -- well before the referendum. I'd like to do nothing harmful to Gorbachev, even though we all sense it's a lost cause regarding holding the Union together. (Ø)

The President: It seems so. (U)

Prime Minister Mulroney: Its almost a personal thing -- to help Gorbachev. I feel the same way as I did when we had to deal with the Baltics. We don't want to do anything disruptive. It's a matter of semantics -- of wording -- but our approach is not far off from yours. We'll recognize or acknowledge the independence of Ukraine, then we'll negotiate the establishment of diplomatic relations. (Ø)

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The President: That's what we're going to do. (Ø)

Prime Minister Mulroney: In these negotiations we'll raise issues such as CSCE, human rights, protection of minorities. We had a debate on this in the Cabinet. Some were pushing to accept independence and be done with it, even anticipating the difficulties this would cause. I suggested a more moderate way. (Ø)

The President: I know that Jim has spoken to Barbara {McDougall} on this, and I'm pleased. It is a domestic issue. But it's more. Who the hell are we to come out against self-determination? We'll negotiate formal recognition. We'll give Gorbachev and Yeltsin a chance to work out their problems. We had a good meeting with the Russian foreign minister Kozyrev. He's a reasonable fellow, a good guy. He stressed moderation, and cooperation. Shevardnadze told Strauss that he feared the military might do something if Ukraine jumped off for immediate independence. I think we can help the situation by stating our principles. (Ø)

Gorbachev and Yeltsin will meet with Kravchuk soon after the referendum. Gorbachev said he and Yeltsin would meet with Kravchuk; Yeltsin just said that he would meet with him, so there's an interesting nuance for you. Yeltsin said that Ukraine would not want to stay in the Union, but would develop links to the economic union. (Ø)

Prime Minister Mulroney: What did Gorbachev say? (U)

The President: He wants to try to keep Ukraine in. He's not as negative as Yeltsin is about the prospects for doing this. He said that independence would strengthen Ukraine's hand, that he did not oppose independence, but that he was opposed to total separation. He drew a parallel to the situation in the United States with the Federal Government and the States. (Ø)

Prime Minister Mulroney: Did Gorbachev talk to you about his long-term prospects?

The President: No. Yeltsin came on strong. He said that 60 billion rubles were transferred to the central government -- saying, in effect, that the Center was dependent on him. But, Gorbachev has a good team: he's got the two Yakovlevs, Yavlinsky, Shevardnadze. Shevardnadze was a little alarmed about the prospects for independence. If Russia recognizes Ukrainian independence, the Center will probably follow suit. (Ø)

Prime Minister Mulroney: Did Yeltsin say when? (Ø)

The President: I gather fairly quickly. Yeltsin will do his own thing. There's no agreement between him and Gorbachev on this. (Ø)

Prime Minister Mulroney: Will you be saying something tomorrow? (U)

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The President: We've got a statement ready. I can put Jim on the phone to talk to you about it. (Ø)

Prime Minister Mulroney: Fine, but before you do let me say that we will proceed carefully on this. One final thing, I want to raise a "boot-leg issue" with you. It has to do with GATT, Article XI and our marketing boards. These boards are restrictive, but they apply only to Canadians -- they do not affect U.S.-Canadian trade. They do not keep U.S. products out of the market. It's a pain we inflict upon ourselves. Most of our dairy producers are in Quebec -- 64 out of 75 constituencies are affected. If we lose these marketing boards we'll be in serious shape. Last week I saw Jacques Delors and he told me that the EC and U.S. could work out an understanding that would not force Canada to dismantle these boards. (Ø)

The President: I have to admit I'm not aware of the problem. I haven't been briefed. We've got two people going over tomorrow to see Lubbers -- Zoellick and Katz. Lubbers is a good man who's trying his very best. (Ø)

Prime Minister Mulroney: I agree. George, I'm not asking for restrictive trade practices or for a freebie. This is about trade within Canada. Canada is a big country with a small population. We've got to save our dairy industry. The Canadian consumers are paying for it. This is pretty high stakes for me. Yesterday the papers here carried a story about this -- I can have Derek give Brent a copy -- the Separatists in Quebec are licking their chops. If the marketing boards go under then the Separatists can accuse the Federal Government of being unable to protect Quebec's farmers under the GATT. Jacques Delors said he had no problem. I really appreciate your help. (Ø)

The President: I'll get my guys to look into it before they go over. Who's pushing this? (Ø)

Prime Minister Mulroney: I understand that the Americans are -- they feel we might as well clear the decks of all barriers to trade. Delors said he can tell you that he had no problem with these boards. (Ø)

The President: OK. We'll look into it. Do you want to talk to Jim now? (U)

Prime Minister Mulroney: Sure. (U)

Secretary Baker: Mr. Prime Minister how are you? (U)

Prime Minister Mulroney: Not bad for an old Tory. (U)

Secretary Baker: You're doing terrific. (U)

Prime Minister Mulroney: Will you be issuing your statement tomorrow? (U)

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Secretary Baker: No. Probably on Monday. The vote count won't be complete until tomorrow morning, and maybe not even then. We'll issue the statement Monday afternoon or Tuesday, probably Monday afternoon. (Ø)

Prime Minister Mulroney: I told George that we're not far from your position. I resisted calls to go farther. We'll recognize independence but negotiate diplomatic relations. (Ø)

Secretary Baker: Did you see Kozyrev? (Ø)

Prime Minister Mulroney: Barbara {McDougall} did. (U)

Secretary Baker: His message was a good one. He said that if we wanted to help the moderates we shouldn't say no, but we shouldn't say yes right away either. (Ø)

Prime Minister Mulroney: We'll recognize Ukrainian independence, but we'll set out four conditions: nuclear weapons, human rights, minorities, and CSCE principles. (Ø)

Secretary Baker: That's fine. We're approaching it a little differently. We're not going to set down conditions. Our message is that we're going to welcome independence, but we'll send an emissary. (Ø)

Prime Minister Mulroney: Will it be high-level? (Ø)

Secretary Baker: No. It'll be low profile. Our Assistant Secretary for European Affairs will go out with a lower ranking foreign service officer, and he will leave him there. We'll begin negotiations on that basis. But we will continue to work through NATO. We'll look good and responsible if we can get a NATO position on this. You know there will be a NAC ministerial on the nineteenth of December. The Germans want to establish diplomatic relations at the CSCE Ministerial January 30, but I don't know if they can hold out that long. But, it's best to coordinate our approach. It's good substantively, and will play well domestically in our capitals. (Ø)

Prime Minister Mulroney: It will also help Gorbachev. (Ø)

Secretary Baker: Yes it will. (Ø)

Prime Minister Mulroney: Well thank you Jim. (U)

Secretary Baker: Thank you Prime Minister, all the best. (U)

-- End of Conversation --

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