

RESTRICTED

FM WASHINGTON

TO PRIORITY FCO

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INFO PRIORITY MOSCOW, EAST EUROPEAN POSTS, BONN, PARIS

INFO PRIORITY UKDEL NATO

PRESIDENT BUSH ON EAST/WEST RELATIONS

SUMMARY

1. PRESIDENT BUSH MAKES CLEAR THAT FUTURE US ASSISTANCE FOR POLAND WILL REMAIN CONDITIONAL ON ECONOMIC REFORM. US RELATIONS WITH THE SOVIET UNION DEVELOPING IN THE RIGHT DIRECTION: BUT A US/SOVIET SUMMIT ONLY WORTHWHILE WHEN THERE IS SOMETHING PRODUCTIVE TO ACCOMPLISH.

DETAIL

2. AT HIS PRESS CONFERENCE ON 27 JUNE, PRESIDENT BUSH WAS ASKED A NUMBER OF QUESTIONS ON EAST/WEST ISSUES. FOLLOWING WERE THE MAIN POINTS:

- (I) ON WHETHER HE WOULD BE TAKING WITH HIM ON HIS VISIT TO POLAND PROPOSALS ON DEBT RELIEF OR FURTHER ASSISTANCE, THE PRESIDENT CONFIRMED THAT HE WOULD BE IN A POSITION TO DISCUSS SUCH ISSUES. SOME ITEMS REQUIRED LEGISLATION WHICH WOULD NOT BE COMPLETED BY THE TIME OF HIS VISIT BUT QUOTE WE WILL HAVE A PACKAGE, THAT I AM NOT PREPARED TO DISCUSS NOW IN DETAIL, BUT I HOPE WILL HELP UNQUOTE. POLAND WOULD ALSO BE AN ISSUE OF GREAT CONCERN AT THE ECONOMIC SUMMIT: QUOTE WE WOULD VERY MUCH LIKE TO HELP POLAND. I AM VERY ENCOURAGED WITH WHAT HAS HAPPENED IN POLAND. BUT I WANT TO BE SURE THAT WHEN WE DO OFFER A SPECIFIC PLAN TO HELP POLAND, THAT POLAND WILL HAVE TAKEN THE STEPS NECESSARY TO HAVE THE MONEY WELL SPENT. I DON'T WANT TO JUST PUSH MONEY DOWN THE DRAIN. SO I THINK ALONG WITH WHAT WE CAN OFFER WILL HAVE TO COME FROM THEIR SIDE SOME REFORMS UNQUOTE:
- (II) ON POLITICAL DEVELOPMENTS IN POLAND AND HUNGARY BUSH SAID THAT IT WAS IMPORTANT FOR THE US TO SHOW INTEREST IN THESE DEVELOPMENTS BUT QUOTE YOU DON'T WANT TO OVER-EXHORT. YOU DON'T WANT TO OVER-PROMISE. YOU DON'T WANT TO RALLY PEOPLE TO LEVELS OF POLITICAL

ACTIVITY THAT MIGHT CAUSE REPRESSION UNQUOTE. BUSH ADDED THAT QUOTE MY VIEWS ON DIFFERENTIATION HAVE NOT CHANGED OVER THE LAST FEW YEARS .. WE WILL SUPPORT THOSE THAT MOVE TOWARDS US ECONOMICALLY, POLITICALLY AND IN TERMS OF HUMAN RIGHTS UNQUOTE:

- (III) ON WHETHER HE HAD SENT ANY SIGNAL TO THE SOVIET UNION ABOUT THE PURPOSE OF HIS VISIT TO EASTERN EUROPE, THE PRESIDENT REPLIED QUOTE NO, BUT I WOULD NOT EXPECT THEM TO BE UPTIGHT ABOUT IT UNQUOTE GORBACHEV'S VISIT TO THE FRG HAD BEEN A GOOD THING AND HE HAD DISCUSSED IT PERSONALLY WITH KOHL. THERE WAS NO SENSE OF COMPETITION WITH GORBACHEV, QUOTE ONE OF THE THINGS THAT CAME OUT THE BRUSSELS NATO SUMMIT MEETING WAS THE FACT THAT THERE IS STRONG UNITY THERE. AND SO IT'S A GOOD THING FOR (GORBACHEV) TO GO TO WESTERN EUROPE AND IT'S A GOOD THING FOR THE PRESIDENT OF THE US TO GO TO EASTERN EUROPE. UNQUOTE. THIS WAS ALL PART OF MOVING BEYOND CONTAINMENT:
- (IV) ON THE TIMING OF A US/SOVIET SUMMIT, BUSH SAID THAT THIS HAD BEEN DISCUSSED IN MOSCOW BETWEEN BAKER AND SHEVARDNADZE, QUOTE THERE WILL, OBVIOUSLY, AT SOME POINT BE A MEETING, BUT I STILL FEEL I'D LIKE THE MEETING TO BE SEEN AS PRODUCTIVE RATHER THAN JUST THE MEETING ITSELF ... I FEEL COMFORTABLE ABOUT THE WAVELENGTH WE'RE ON WITH THE SOVIET UNION NOW, AND I THINK THEY FEEL COMFORTABLE IN THE SENSE THAT I THINK THEY KNOW WE WANT TO MOVE FORWARD WITH START. THEY KNOW THAT WE ARE PREPARED TO MOVE SWIFTLY FORWARD WITH RECTIFYING THE CONVENTIONAL FORCE IMBALANCE, AND INDEED I GOT THE FEELING FROM TALKING TO CHANCELLOR KOHL THAT MR GORBACHEV WAS NOT HUNG UP ON THE TIME-TABLE THAT WE SET UNQUOTE. THE GOVERNING CRITERION FOR A SUMMIT WOULD BE THAT THE WORLD WOULD SEE THE MEETING AS HAVING BEEN SUCCESSFULLY.

3. COMMENT: THE STATE DEPARTMENT HAVE CONFIRMED TO US THAT IN HIS COMMENTS ABOUT LEGISLATIVE DELAYS OVER A PACKAGE OF MEASURES ON POLAND, THE PRESIDENT WAS REFERRING TO THE EXTENSION OF GSP BENEFITS AND OPIC COVER. THESE ARE CAUGHT UP WITH OTHER DRAFT LEGISLATION ON THE HILL AND SINCE THE SENATE HAS GONE INTO RECESS CANNOT NOW BECOME LAW BEFORE HIS VISIT.

ACLAND