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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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MEMORANDUM OF CONVERSATION

PARTICIPANTS:

Dzemal Bijedic, President of the Federal
Executive Council, (Prime Minister) Socialist
Federal Republic of Yugoslavia
Amb. Toma Granfil, Amb. to United States
Nikola Milicevic, Assistant Federal Secretary
for Foreign Affairs
Svetozar Starcevic, North American Department,
Federal Secretariat for Foreign Affairs

Dr. Henry A. Kissinger, Secretary of State and
Assistant to the President for National
Security Affairs

Amb. Malcom Toon, U.S. Amb. to Yugoslavia
Helmut Sonnenfeldt, Counselor, Department of State
Arthur Hartman, Asst. Sec. of State for European
Affairs

Peter W. Rodman, NSC Staff *PRR*

DATE AND TIME:

Monday, November 4, 1974
11:32 - 12:05 p.m.

PLACE:

Prime Minister's Office, Federal
Executive Council Building
Belgrade

[Photographers are admitted.]

Kissinger: I appreciate the very warm reception I've received here.

Bijedic: We are very happy to have you here. We appreciate the chance to exchange views. I am sorry your visit is so short. You've had talks with the Secretary for Foreign Affairs, and will meet our President.

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2

Kissinger: Yes, but these contacts are very useful, and I thought it was better to do it now than to wait for six months.

[The photographers leave.]

Bijedic: Do you smoke? [He offers cigarettes]

Kissinger: No. [Drinks are served]

Bijedic: Mr. Minister, as I already said, our time is very short. It was a very good opportunity for us to exchange views. Please take the floor first and take the initiative.

Kissinger: I appreciate the courtesy in letting me speak first, but rather than my going off on subjects of peripheral concern to you, why don't you tell me the subjects of most concern to you and I'll try to respond. This is the most efficient use of our time.

Bijedic: Thank you very much. I should like first of all to draw out something on bilateral cooperation, which is important to our overall relations.

On my part, as Prime Minister of this government, I can say our relations are developing very well in a spirit of friendship. I nevertheless consider further efforts should be made to develop our relations because they represent a substantial element of our foreign policies. We should like to expand our relations with your country and cooperation on the basis of the Joint Statement, which is very well known to you and represents a constant in our relations. With pleasure, I can say the so-far-achieved results are good. This is valid for all fields of our cooperation -- scientific, cultural, economic and others.

On our part we intend to continue to develop our cooperation further, laying emphasis on its further expansion. There is quite a large scope of issues and possibilities to further expand our cooperation, though I already said we can be satisfied with the already-achieved results.

Let me say first we have developed Yugoslavia's economy to such an extent that further expansion is needed. In this policy of economic and trade expansion, we consider the United States one of the most serious partners for Yugoslavia. Although we could have achieved more, nevertheless the results this year were satisfactory, amounting to \$650-700 million both

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3

ways. There is a willingness on the part of our businessmen and their counterparts in the United States to develop this, on the basis of your technology and developing your knowhow in Yugoslavia's economy.

Apart from trade cooperation, you know we decided to build our first nuclear power plant in cooperation with Westinghouse, which will be financed by the EXIM Bank and some others. On the basis of contracts concluded with our partner in America, part of this plant will be produced in Yugoslavia as well. We are in contact with your financial institutions, particularly the EXIM Bank, especially bearing in mind this is an institution which finances modern technology and equipment, in which we have an interest.

We also are keeping in contact with your country to make possible a pattern of preferential tariffs to be applied to Yugoslavia as well.

Another very important moment in economic cooperation is the further investment of American capital in Yugoslavian firms. There was a special law adopted in Yugoslavia regarding joint ventures with firms from abroad. The first are steps already made. It is encouraging, but further steps are needed to expand cooperation in this field. We are especially delighted that the decision on guarantees for investment in Yugoslavia was adopted.

There are other fields in which our cooperation should be further expanded; science and culture.

Then military cooperation is further possible. I must say cooperation in this has not been satisfactory.

Kissinger: That is because every time we are thinking about it, there is some violent speech about us in Yugoslavia.

Bijedic: If necessary, then today I can tell you more about this.

Kissinger: Yes. Not about the violent speeches, but about military cooperation. In principle we are prepared to discuss this. In fact I have a concrete suggestion.

Bijedic: This is very good. But when we are thinking of talking in principle, concrete ideas are important too. We must clarify which are those on which we can further develop our long-term cooperation.

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4

First of all, military cooperation has been frozen but we are not to blame for that.

Kissinger: That is not our perception of the problem, but let's not waste time on that.

Bijedic: When we want to purchase certain arms from you, then a ban is imposed. [Laughter] The same happens with certain other NATO countries.

Kissinger: That's not quite the causal connection.

Bijedic: Let's talk about that. If you give us cannons and no ammunition, that is not cooperation. I have to ask our Minister of Defense if we will have ammunition tomorrow. As for the speeches, you have to take us as we are. We're not going to give up our principles. Really if we want to discuss things, that is one thing, but there is no need to keep reexamining the behavior of Yugoslavia, because that doesn't allow cooperation to develop.

Kissinger: I have explained in detail with the Foreign Minister what our concerns are. We respect and value Yugoslavia's independence. The reason we cooperate with Yugoslavia is precisely because of this independence. But we discussed in detail some of our specific concerns, and no doubt the Prime Minister will get the records of that discussion. We are prepared to cooperate with you in all of the fields you have mentioned.

Are you finished, Mr. Prime Minister? I didn't want to interrupt.

Bijedic: I prefer this.

Kissinger: The military field first. The best way to proceed would be to send some official from our Defense Department here, who could discuss concrete issues. Our Assistant Secretary of Defense for International Security Affairs is going to be in the Middle East early this month, and we could ask him to stop here November 15th or 16th. That would be a more efficient way of discussing your defense requirements than discussing them in the abstract here. Obviously if you have American cannons you must have ammunition to go with it. That's irrespective of the state of our relations.

Bijedic: There has been no ammunition for three years.

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5

Kissinger: You should have it. It is obvious it won't be used against us. That we'll do something about. The other matter is other equipment, and that you should discuss with the Assistant Secretary of Defense. And he will have instructions to deal with you sympathetically. Is November 15th or 16th all right?

Bijedic: I can't tell you about the date, but on the other side, we will be happy to receive your Assistant Secretary of Defense and discuss concrete things with him.

Kissinger: He happens to be in the area, but we could arrange another trip. Let our Ambassador know.

Mojsov: We are in contact. That can be arranged.

Kissinger: He'll also be in the area in December. We would arrange it then December 10th or 11th. You let our Ambassador know which is more convenient.

In the economic field we are prepared to expand our cooperation. I welcome this plant Westinghouse is building in cooperation with its Yugoslavian counterpart. Again this is the sort of thing I was talking with the Foreign Minister about -- additional consultation in various fields, in which experts could get together and discuss cooperation in various fields. And we can discuss whether it should be here or in Washington.

Bijedic: I can say our cooperation could be promoted and further developed and be firm and stable over the long term. For all fields of our cooperation, some of which I've already touched on in the beginning. It will be possible for us on the basis of stable and long-term cooperation to speak with our people and tell them it will be long-term. Otherwise they ask us: "Who can guarantee that a reexamination won't take place?"

Kissinger: This is the concern you have a right to have. We have to distinguish temporary irritations from the long-term problem. We should agree we should deal with each other with some understanding. And I repeat, we welcome Yugoslavia's independence, including from us. I think within generous limits we can handle these problems. And certainly it is our intention to put it on a long-term basis.

Bijedic: I'm very glad to hear it. Our country is Socialist and nonaligned; our policy is based on principles we won't give up. But we are prepared to have friendship.

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6

Kissinger: We already have more allies than we can deal with. We are not looking for any more. [Laughter]

Bijedic: I reiterate we do wish to preserve our relations with all countries. At the same time, we have our principles. We are trying to do both. We keep coming across people who don't like this or that move of Yugoslavia.

Kissinger: We have explained our problems, and you have explained yours. I think this is a soluble problem. I don't think you have to give up your principles or compromise them in order to cooperate with the United States.

Bijedic: No, it seems to me our cooperation is very good and we would only like to make it stable. Misunderstandings occasionally occur. Diplomatic services exist in two countries to take care of these.

Kissinger: That shows you are not a diplomat!

Bijedic: No, I'm not. [Laughter]

Kissinger: Diplomats don't like to lose a problem because they will be unemployed.

Bijedic: This is our duty, not to allow them to create crises.

Kissinger: Exactly. Mr. Prime Minister, I hope you'll carry out your intention to visit the United States in 1975.

Bijedic: I hope so.

Kissinger: We'll work it out through our Ambassadors.

Bijedic: It will be a good opportunity to continue our talks which we started today with the Foreign Minister, with me, and with the President. There will be further development of our cooperation.

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