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TEXT
TAGS: PREL, AU
SUBJECT: CHANCELLOR VRANITZKY'S MEETINGS WITH
-- SECRETARY SHULTZ

1. CONFIDENTIAL-ENTIRE TEXT.

2. BEGIN SUMMARY THE CHANCELLOR HAD TWO MEETINGS WITH THE SECRETARY: A WORKING LUNCH ON MAY 20 HOSTED BY SECRETARY SHULTZ AND A HALF-HOUR MEETING ON MAY 21. THE WALDHEIM DECISION WAS DISCUSSED IN BOTH MEETINGS. THE SECRETARY STRESSED FROM THE BEGINNING THAT THE DECISION WAS MADE IN ACCORDANCE WITH U.S. LAW, THAT THE EVIDENCE WAS CONCLUSIVE, AND THAT THE DECISION WOULD NOT BE REOPENED. EAST-WEST ISSUES, DISARMAMENT, AND THE VIENNA ATTACK ON THE FORMER LIBYAN AMBASSADOR WERE ALSO DISCUSSED IN BOTH MEETINGS. IN GENERAL, THE LUNCH DISCUSSION CENTERED AROUND GLOBAL ECONOMIC AND POLITICAL ISSUES, WHILE THE SECOND DAY'S TALKS FOCUSED ON SUCH BILATERAL ISSUES AS THE SALZBURG CONSULATE GENERAL AND TECHNOLOGY TRANSFER. THE CENTRAL, UNDERLYING THEME OF BOTH MEETINGS WAS THAT THE RELATIONSHIP BETWEEN THE U.S. AND AUSTRIA WAS WARM, FRIENDLY, AND TRANSCENDED THE PROBLEMS CAUSED BY THE U.S. DECISION ON KURT WALDHEIM. SECRETARY SHULTZ EMPHASIZED THIS THEME ON EVERY

APPROPRIATE OCCASION, INCLUDING WITH AUSTRIAN MEDIA. END

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SUMMARY

3. THE CHANCELLOR WAS ACCOMPANIED TO BOTH MEETINGS BY AMBASSADOR KLESTIL AND FOREIGN POLICY ADVISER EVA NOWOTNY. U.S. PARTICIPANTS IN THE LUNCH MEETING INCLUDED UNDER SECRETARY WALLIS, AMBASSADOR NITZE, USIA DIRECTOR CHARLES WICK, AMBASSADOR BREMER, ASSISTANT SECRETARY FOX, ACTING AS THOMAS AND DAS BODDE. DEPUTY SECRETARY WHITEHEAD, ASSISTANT SECRETARY RIDGWAY, AND DAS BODDE ATTENDED THE SECOND MEETING. AMBASSADOR LAUDER ATTENDED BOTH.

4. SECRETARY SHULTZ RAISED WALDHEIM DURING THE LUNCH. HE INTRODUCED THE ISSUE AFTER A FAIRLY LENGTHY DISCUSSION OF EAST-WEST, DISARMAMENT AND INTERNATIONAL ECONOMIC ISSUES. HE BEGAN BY STATING THAT HE RECOGNIZED THE DECISION WAS A DIFFICULT ONE FOR AUSTRIA, BUT THAT WE HAD REACHED THE CLEAR CONCLUSION WARRANTED BY THE EVIDENCE. IT WAS A DECISION BASED ON WALDHEIM AS AN INDIVIDUAL AND WAS NECESSARY UNDER U.S. LAW. WE CONTINUE TO HAVE GREAT RESPECT AND FRIENDSHIP FOR AUSTRIA AND ITS PEOPLE. IN ORDER TO EMPHASIZE THE IMPORTANCE ATTACHED TO THE RELATIONSHIP, THE SECRETARY THEN READ A PREPARED STATEMENT THAT WAS SUBSEQUENTLY ISSUED TO THE PRESS (SEPTTEL).

5. VRANITZKY AND THE SECRETARY BEGAN THEIR MAY 21 MEETING WITH A BRIEF TETE-A-TETE. WHEN THEY JOINED THE OTHER PARTICIPANTS, THE SECRETARY STATED THAT THE PRIVATE MEETING HAD CONCERNED THE WALDHEIM DECISION. HE SAID HE HAD TOLD THE CHANCELLOR THAT THE U.S. HAD EXAMINED THE EVIDENCE IN ACCORDANCE WITH U.S. LAW. THE CASE WAS CLOSED AND WOULD NOT BE REOPENED. IT WAS A U.S. ACTION IN CONFORMITY WITH U.S. LAW.

6. THE CHANCELLOR THEN NOTED THAT HE HAD SUGGESTED SEVERAL IDEAS (PROBABLY MEANING ALTERNATIVES) TO THE SECRETARY. NONE HAD FIT INTO THE REQUIREMENTS OF U.S. LAW. HE HAD PROPOSED, INTER ALIA, THAT THE DECISION BE RE-THOUGHT. THE SECRETARY, VRANITZKY NOTED, HAD EXPLAINED THE U.S. LAW AND POINTED OUT THAT THERE WAS NO POSSIBLE MODIFICATION. THAT MEANT, THE CHANCELLOR SAID, THAT THE SITUATION WAS NO EASIER FOR THE GOVERNMENT AND PEOPLE OF AUSTRIA. DESPITE THIS, HE AND THE SECRETARY HAD AGREED TO CONTINUE TO WORK ON THE PRESENT AND FUTURE RELATIONS BETWEEN THE TWO COUNTRIES. VRANITZKY EXPRESSED HIS GRATITUDE FOR THE RECEPTION HE HAD RECEIVED IN WASHINGTON AND SUGGESTED THAT THEY NOW PROCEED TO DISCUSS THE BILATERAL AGENDA.

7. VRANITZKY RAISED THE PROSPECTIVE CLOSURE OF SALZBURG. THE SECRETARY TOLD THE CHANCELLOR THAT HE DIDN'T WANT TO CLOSE ANY POSTS. CONGRESS, HOWEVER, WASN'T PROVIDING THE FUNDS. HE THOUGHT THAT IT WAS AGAINST THE INTERESTS OF THE U.S. TO CLOSE POSTS. VRANITZKY SAID THAT HE HAD BEEN TOLD IN HIS MEETING WITH THE HOUSE FOREIGN RELATIONS COMMITTEE THAT THERE WAS A GOOD CHANCE THAT SALZBURG WOULD REMAIN OPEN. THE

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SECRETARY CONCLUDED BY OBSERVING THAT CONGRESS NEEDED TO PROVIDE THE FUNDS TO KEEP THE POSTS IN QUESTION OPEN, NOT JUST LEGISLATE IT.

8. VRANITZKY THEN CALLED ON AMBASSADOR KLESTIL, WHO MADE A PITCH FOR HOLDING EITHER THE CDE OR CONVENTIONAL STABILITY NEGOTIATIONS (PREFERABLY BOTH) IN VIENNA. LATER IN THE DISCUSSION, THE SUBJECT OF THE JUNE DRUG CONFERENCE TO BE HELD IN VIENNA WAS RAISED BY THE CHANCELLOR. DEPUTY SECRETARY WHITEHEAD OBSERVED THAT THE U.S. DELEGATION WAS A STRONG ONE, HEADED BY THE ATTORNEY GENERAL, AND INCLUDING AMBASSADOR WALTERS AND HIMSELF. THE SECRETARY OBSERVED THAT DRUGS WERE A MAJOR PROBLEM AND THE VIENNA CONFERENCE A MAJOR EVENT IN THE FIGHT AGAINST DRUG ABUSE.

9. VRANITZKY ALSO RAISED TECHNOLOGY TRANSFER. HE SAID HIS GOVERNMENT HAD ALMOST FINISHED WORK ON A PROPOSAL THAT WOULD BE PRESENTED TO THE U.S. SOON. KLESTIL POINTED OUT THAT THE PRINCIPAL REMAINING PROBLEM CONCERNED IN-TRANSIT GOODS. VRANITZKY CLOSED BY OBSERVING THAT THE COUNTRY OF ORIGIN ALSO HAD TO BE INVOLVED IN RESOLVING THE IN-TRANSIT PROBLEM.

10. SECRETARY SHULTZ, REFERRING TO THE ATTACK ON THE FORMER LIBYAN AMBASSADOR IN VIENNA ON MAY 20, ASKED THE CHANCELLOR IF HE WAS CONSIDERING TELLING THE LIBYAN PEOPLE'S BUREAU TO SHUT DOWN. VRANITZKY WAS NON-COMMITTAL, SAYING HE NEEDED TO GET MORE OF THE FACTS. KLESTIL POINTED OUT THAT AUSTRIA HAD ALREADY CONSIDERABLY REDUCED THE SIZE OF THE BUREAU'S STAFF IN VIENNA. VRANITZKY CONCLUDED THAT AUSTRIA WOULD NOT SIMPLY STAND BY AND WATCH THE TERRORIST THREAT PASSIVELY. HE POINTED OUT THAT THOSE RESPONSIBLE FOR THE VIENNA AIRPORT ATTACK WERE BEING TRIED RIGHT NOW IN AUSTRIA. THE SECRETARY REMARKED THAT TO DO SO TOOK SOME COURAGE. ARMACOST

ADMIN
END OF MESSAGE

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