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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Russian Foreign Minister
Igor Ivanov (C)

PARTICIPANTS: U.S. Participants
The President
Secretary of Treasury Robert Rubin
Chief of Staff Erskine Bowles
National Security Advisor Samuel R. Berger
Deputy Secretary of State Strobe Talbott
Ambassador at Large and Special Advisor
to the Secretary of State for NIS
Steven Sestanovich
Deputy National Security Advisor
James Steinberg
Carlos Pascual, Special Assistant to the
President and Sr. Director

Russian Participants
Foreign Minister Igor Ivanov
Deputy Foreign Minister Georgy Mamedov
Russian Ambassador to the United States
Yuri Vorontsov
Sergei Berezhev (Russian Interpreter)

DATE, TIME September 24, 1998, 11:10-11:35 a.m. EST
AND PLACE: Oval Office

Foreign Minister Ivanov: President Yeltsin asked me to bring this letter to you and stress the importance of Russian-American relations and the great impulse that was provided by the Moscow Summit. He is pleased that you concluded important agreements that will take our security relationship into the twenty-first century. (C)

President Yeltsin also asked me to tell you that the Yeltsin-Primakov team will follow a course of democratic reform. There is no doubt about this. There will be difficulties on the economic side. We are not hiding this. We will take measures

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to gradually pull the economy out of its current crisis. I won't dwell on what those measures are now, but we recognize that Russia is part of the world economy. (C)

We have an active stake in cooperating with others and the international financial institutions. Prime Minister Primakov's first statement was that we would abide by our international commitments. He said that the decisions of August 17 were a mistake. (Note: On August 17, Russia announced that it would devalue its currency and default on some of its debt.) We are holding talks now with the IMF, with the World Bank, with commercial banks, with the European Union and with the Paris Club. We hope to find an acceptable solution that will allow Russia to comply with its international obligations. We greatly appreciate the support we are getting from the United States.

(C)

We will have the same kind of continuity on foreign policy. Foundations have been laid for our strategic partnership thanks to the work of our two Presidents. This is contributing to international stability. I've had talks with Secretary Albright. We've agreed that we will cooperate on all topics. We may have our disagreements, but we will not allow these disagreements to escalate into confrontation. In the end, we share the same objectives -- a stable world and mutually beneficial cooperation. (C)

Over the past days, we have discussed Kosovo. We want to demonstrate unity. This has often been hard for us to do. At 3:00 this morning, I received a call from President Yeltsin. He is following the situation closely. He asked me to say that we have now launched a process toward reaching a political settlement. (C)

Kosovo has great proximity to us. He told me to reiterate that we must first move toward a political settlement. We know from experience that no military solution will work. By the domino theory, we know that military force will lead to escalation in the Balkans. Two times the Balkans have been the source of two world wars this century. We now know how explosive it can be.

(C)

Yesterday, we agreed to send a troika from the United States, the EU and Russia to put pressure on the ground in Belgrade in order to put an end to hostilities and address the humanitarian situation. (Note: the Russians advanced this proposal at a Contact Group meeting the day before, but no decision was taken

at that time.) We want to coordinate with Ambassador Hill's successful efforts. (S)

The President: The UN resolution is important. We want to work together. This is how we ended the conflict in Bosnia. We need to reach a critical solution in Kosovo. I am hopeful that we will be able to do so. The U.N. resolution was a good start. (S)

Let me talk about a couple of other things. I understand why it is so difficult for you to get START II through your Duma. President Yeltsin and I discussed this when I was in Moscow. He also explained to me why START III is so important for Russia. We have signed off in our government on all the necessary documents to negotiate START III. We want to do that quickly, but we need a signal from the DUMA that it will go forward first. We want to work hard on START III if the Duma gives a signal that it will approve START II. (S)

On Iran, this is an area in which we have made progress but much more needs to be done. It affects the security of both Russia and the United States. We're getting signals that Russian cooperation with Iran is still continuing. This affects the way our Congress looks at our relationship with Russia and the flexibility we have to help you in other areas. (S)

On economics, I want to be in a position to help. I also want to be able to get others to help you, as well. I want to be able to support an economic revival in Russia. But nothing we can do will help unless investments stay in Russia once they're made. It can't be like the first IMF installment. (S)

I understand your government's desire to address social problems. But laws need to be passed to keep money in Russia -- tax reform, promoting property rights, especially in the energy area, and other things -- and these laws can be consistent with dealing with the social questions before you. I hope enough will be done to justify international support. If measures are not taken, any external money will otherwise just go right out. (S)

Foreign Minister Ivanov: First, on START II. Primakov is working hard toward ratification. He had a meeting with all factions. I won't go into all the details. We will work for early ratification. I will work with the Defense Minister. I can't give you dates at this point. We intend to deal with this issue and we see its importance. (S)

On Iran, we want to maintain good contacts with you. We want to consider your concerns in a constructive spirit. (C)

On economics, we understand that we can't get money for nothing. Initial measures were announced today to prevent an outflow of money. We also want to take legal measures to create the conditions for \$80-100 billion that left the country to go back on a sound legal basis. We understand we are liable for creating such a legal foundation. We also know that the faster we do this, the bigger the investments will be in Russia. (C)

We have an opportunity before us. Primakov received 70 percent of the Duma vote. That gives us hope to be able to pass important laws including tax policy. (C)

Mr. Berger: Mr. President, I think you have another appointment waiting. (U)

The President: I believe it was your birthday yesterday. He was 53. He looks younger than I do even though he is a year older. (U)

Mr. Berger: I told Minister Ivanov that he'll age five years in the next year of being Foreign Minister. (U)

Minister Ivanov: If I am Foreign Minister in a year, I will come back to U.S. to celebrate. (U)

(Note: At the end of the meeting, Mr. Ivanov presented President Clinton with pictures of President and Mrs. Clinton's visit to Moscow in early September.) (U)

-- End of Conversation --