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THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Russian Prime Minister Viktor Chernomyrdin: March Summit, GCC Results, European Security, START, Economics

| PARTICIPANTS: | <u>U.S.</u>        | <u>Russia</u>             |
|---------------|--------------------|---------------------------|
|               | The President      | Prime Minister            |
|               | The Vice President | Chernomyrdin              |
|               | Erskine Bowles     | Ambassador Vorontsov      |
|               | Jim Steinberg      | Deputy Foreign Minister   |
|               | Strobe Talbott     | Mamedov                   |
|               | Leon Fuerth        | Chernomyrdin Aide Petelin |
|               | Jim Collins        |                           |
|               | Steve Pifer        |                           |

DATE, TIME February 7, 1997, 1:25-2:20 p.m.  
AND PLACE: The Oval Office

(After the President greeted the Prime Minister and his party, there were three pool sprays -- for remarks by the President and Prime Minister, see February 7 press release. The meeting began once the press cleared the room at 1:45 p.m.)

The President: I hope you are having a good visit. (U)

Prime Minister Chernomyrdin: Yes. (U)

The President: I am really looking forward to my meeting with Boris. I think we have some really helpful ideas -- on START, economics and CFE. I know Secretary Albright and Foreign Minister Primakov will meet, so we are going to be spending a lot of time preparing for the March meeting. It would be helpful if you gave me an update. (✓)

The Vice President: Mr. President, Viktor Stepanovich will want to give you his summary. If I may, I think we made tremendous progress on a package on economic issues that you and President Yeltsin can announce in March. We are doubling our investment assistance to facilitate a flow of investment into Russia. The

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Russians will be taking steps to remove impediments to investment. Our experts will meet. (C)

If things go well, we will have something on START. We had a good discussion, and our experts will continue to discuss this. I believe START III guidelines may help to resolve the START II ratification problem. We presented our ideas on ABM/TMD demarcation and hope for progress there. (C)

We will discuss NATO-Russia questions at our next meeting. We have a package: a charter, changes to the CFE Treaty, our commitment on no nuclear weapons in countries that may join NATO -- no intent, reason or plan to deploy. These ideas, we believe, are forthcoming, and we will have more detailed discussions. (C)

But you will be pleased with the Commission's results. We are moving forward in all eight committees; in each area, we have made dramatic progress. Viktor Stepanovich solved the problem on the space station, and Dan Goldin is smiling now. (C)

Prime Minister Chernomyrdin: I can only add to what Al said. This is the Commission's eighth session. We have worked three years now. There are concrete results. As I mentioned yesterday, we have come to know each other and understand each other. Now we can go out and make decisions. Nothing else will produce success, and I think we will be successful -- on a host of issues not just the space issue. (C)

We are cooperating on investment in Russia, particularly in the agricultural sector. In terms of what we did today in the health sector, this is fantastic. Much awaits us in the future. We are looking at a lot of issues; look, for example, at what we introduced on the environmental focus on production facilities. If we did not have good relations, we could not accomplish much. But our contacts have a lot of meaning. Our colleagues meet and solve problems. (C)

The Vice President: In the last year, diphtheria cases in Russia are down 70 percent, in part as a result of the work of the health committee. There are hundreds of examples. (C)

The President: It is interesting to me that other nations see this Commission and ask for commissions as well. There is no example like it in the history of diplomacy -- systematic diplomacy with everything on the table. (C)

The Vice President: Unfortunately for me, there are many examples now! (laughter) (C)

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The President: This is a tribute to the Vice President and you. There is a lot of trust by people in those with whom they have worked, in part because of your honesty. This is a gift to our successors. It is an amazing thing. (Ø)

Prime Minister Chernomyrdin: In our relations, there are a lot of novel ideas. And now there is a lot of pressure -- we have commissions with China and France. I told Boris Nikolayevich Yeltsin that we need another Chernomyrdin! (laughter) (Ø)

The President: You could spend all of your time working with people from other countries. You would then be able to do nothing for your own people. (Ø)

The Prime Minister: I am very satisfied with our Commission. It has now been working for three years. The President of the United States is starting a new term, and Boris Nikolayevich Yeltsin is starting his second term. I think there are good prospects for relations between us. (Ø)

I know what people expect, not just a good Gore-Chernomyrdin Commission but preparations for the summit. The process is starting with this Commission. Then there will be your summit. The Europeans then expect a "Big Five" -- whether or not that occurs will be your decision. But this is all part of a process, and it is a very important process. The question is what will the United States decide. (Ø)

I believe we are doing a responsible job for our two countries. We have raised issues of security to a high level. Today we are concerned. We are not talking about confrontation with the West, although some are trying to stoke the fires into confrontation. We do not like NATO enlargement to the east. It concerns the Russian people internally; it is of greatest concern. (Ø)

But there are other important issues: economic, creating a new system, reform and the economy. We are reforming the roots of the economy, the very way people live. People are not accustomed to doing this or that, but we are in the middle of a creation. People are sitting on the fence; they are not quite over the threshold. And the opposition will take advantage of anything. The opposition would like to change the whole regime. Any guy who wants to gets up and calls to throw everyone out. The Communists are still there. (Ø)

But I am convinced that the process is almost at the point where it cannot be reversed. We need four more years. We cannot explain to people; they simply get bollixed up. So we say we have expressed our concerns and have problems. (Ø)

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Three years ago, who could have believed us when we said we could get macroeconomic stability, reduce inflation and make the ruble convertible? We have brought inflation down by a factor of 47 in our country. Seventy percent of domestic production now comes from stock companies and individual and small businessmen. People who took ownership are now beginning to understand how to manage it. As for private ownership, all were used to collective ownership. At first they did not know what to do. Now, after three years, there is a lot of movement, more than in any other country. That is why when people start talking radically about these concerns, it gets people excited. I do not want to exaggerate, but there is some internal danger. We have to come to decisions. (S)

The President: I will do everything I can to minimize that risk. I understand what the problem with START II is and how important it is to accelerate START III and get a timetable. I hope I will have a proposal for Boris. No one wanted an agreement that would have Russia spend a lot of money and build new missiles. (S)

As for NATO enlargement, we will keep working to see what we can do to reassure the people of Russia and to ensure Russia a leadership role in European security. I hear you. (S)

I also believe that you have made remarkable progress over the last three years. We will work hard to make this continue. Is there anything else you have? (S)

The Vice President: He and I need to get into the details and address his concerns. I wish we had time to go through every outcome; I can get more done in one day in the Commission than in six weeks at my desk. We set goals and review results six months later. I have picked up Viktor's technique (slams fist on table) and say do it! (S)

The President: You could make money as a political consultant! (S)

The Prime Minister: Perhaps when they throw me out of office, then I can be a consultant! Regarding START, we will task Mamedov and Talbott to start working up some ideas, but right now the whole thing is linked up with NATO. There are 23 Duma representatives here and an anti-NATO group in the Duma. We have to find some solutions. (S)

For the Madrid summit, they talk about extending invitations to new members but not yet accepting them in; the decision to take them in takes another two years. Is that right? All seem to think that in Madrid you will take in some three or four members, but that is not correct -- you will only extend invitations? (S)

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The President: Right, and they will be in in 1999. (X)

The Prime Minister: It is important to get that message out. The work of Albright, Talbott, Mamedov and Primakov is very important. We should get a START III accord, look at the levels and make sure that the ABM Treaty review is taken care of. All these issues have to be worked. There is still time to discuss them today. (X)

The Vice President: And on the plane to Chicago tomorrow. Mayor Daley will show us the city. (U)

The Prime Minister: I have never been to Chicago. (U)

Deputy Foreign Minister Mamedov: The city of Al Capone. (X)

The President: And of Hillary! (laughter) (X)

The Prime Minister: Our economic discussion was very important. Secretary Rubin was there. (X)

The Vice President: And Larry Summers will go to Moscow about the time that Madeleine is there. (X)

The Prime Minister: You have made a very important proposal. That is what we need -- a push, an impulse. I have one more issue. I have a letter from Boris Nikolayevich Yeltsin (hands over letter). On the G-7, he hopes that, since you are the chair, we can solve the problem and make it an Eight. We have got to cross the "t's" and dot the "i's" on this. But if nothing changes in the G-7, we'll still have the same. (X)

The Vice President: I might make a suggestion. Perhaps in our economic talks in the Commission, we could talk about economic decision-making and see if we can get at some of the problems that have prevented the Seven from becoming the Eight. (X)

The President: In Helsinki I want to make progress on all issues. We have proposals on economics, START, on preserving a leadership role for Russia in Europe, on adapting CFE. I think it is important that we make progress on all of these issues, including NATO-Russia. I want to emphasize what you said. If we issue invitations, it will take two years to work through and comply with the requirements. That is why the entry date is two years down the road. When we meet in Helsinki, the question will be: are they making progress on START, CFE, etc.? Russians will ask whether Russia is recognized as having a leadership role. The answers we need to these are "yes." (X)

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The Vice President: On changing the Seven to an Eight, we need to resolve the NATO-Russia issue, so that the atmospherics at Denver are right. If we get the right atmospherics, it will be easier to resolve this (Seven to Eight) question at Denver. (C)

The Prime Minister: As we prepare for the March meeting, we will keep working in parallel on the NATO relationship. We are asking questions on legally binding and so on. The whole complex of issues are to be addressed. (C)

The Vice President: NATO is not the only issue. (C)

The Prime Minister: But everywhere we go, there will be an intersection with NATO. Still, we need to do START II and the economic issues. (C)

The President: Look at START II. If we can come forward with a concept showing we understand why people are reluctant to ratify START II without knowing what comes next and then come forward with a really good proposal, it seems to me that that will be evidence you can give the Duma to show that we do not have an anti-Russia tendency, that we want a community of democracies in which Russia plays a leading role. I am looking forward to March and am happy to come to Helsinki. Unfortunately, it will still be dark then -- only about eight hours of light. (C)

The Prime Minister: Now there is only six hours of light and 18 of darkness. I would like to raise one more issue, that is a proposal from Boris Nikolayevich that we look to hold a discussion of the Eight in Moscow in 1998 on the energy issue, which is a world-class problem. Such a session on energy -- it is a very timely issue, no less important than the nuclear issue last year. Of course, I am an energy man. (C)

The Vice President: The answer: natural gas! (laughter) (C)

The President: I am open to that. (C)

The Vice President: We had one difference in our negotiations. When we discovered the difference, we noted that in the United States tailors have an expression: "measure twice, cut once." The equivalent Russian saying is: "measure seven times, cut once." Viktor Stepanovich got frustrated a bit and complained that some of his people were saying "measure seven times, then measure some more." (laughter) (C)

The Prime Minister: Thank you. Good-bye, Mr. President. (U)

The President: Good-bye. (U)

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-- End of Conversation --

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