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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Russian President Yeltsin:
NATO-Russia, Arms Control, Economics, Denver
Summit of the Eight, Afghanistan, Iran (C)

PARTICIPANTS: U.S.

The President
Madeleine Albright, Secretary of State
Samuel Berger, Assistant to the President for
National Security Affairs
Strobe Talbott, Deputy Secretary of State
Steve Pifer, NSC staff (notetaker)

Russia

President Yeltsin
Yevgeniy Primakov, Foreign Minister
Sergey Yastrzhembskiy, Press Spokesman
Sergey Prikhodko, Foreign Policy Assistant
Nikolay Spasskiy, Head, MFA USA and Canada
Department (notetaker)

DATE, TIME May 27, 1997, 5:00-5:55 p.m.
AND PLACE: The American Ambassador's Residence, Paris

THE PRESIDENT: So, it has been a good day today. (U)

PRESIDENT YELTSIN: Yes, I can say that my soul is at rest. (C)

THE PRESIDENT: You gave a fine speech. I do think that what is important now is to push full implementation of the NATO-Russia partnership. We have to have an early meeting of the Joint Council to make it work. (C)

Let me also say that I know that President Chirac said something to you regarding coming to Madrid. I don't have the same feeling as him -- it is entirely your decision. But I think it might work for you and for NATO. It's a decision that you have to make. We could organize the first day so that it is just NATO, dealing with internal adaptation and having the first countries invited to begin accession talks. The second day could be for the first NATO-Russia Joint Council meeting and a meeting with

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10-1050105-116-1
05126116 KDC

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001a. memcon	re: Meeting with Russian President Yeltsin: NATO-Russia, Arms Control... [partial] (3 pages)	05/27/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
NSC Records Management
([Yeltsin and Tel*...])
OA/Box Number: 1623

FOLDER TITLE:

9703720

2015-0782-M
rs1540

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all countries in the Partnership for Peace to be called under the Euro-Atlantic Partnership Council. So there would be nothing about NATO alone on the second day. (C)

We could send a picture to the world embodying a united Europe, though that will only be possible if you come. But you know what is possible and what is not possible for you. We can organize it to help you. (C)

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THE PRESIDENT: Should you decide that it might be a positive to do this, I'll do what I can to make it a positive. But, again, this is your decision. (C)

PRESIDENT YELTSIN: Madrid will be July 8 and 9, that is, after Denver. Will there be enough time if I tell you at Denver? (C)

THE PRESIDENT: Sure. (C)

PRESIDENT YELTSIN: OK, then I will tell you at Denver. Today I am extremely glad and satisfied with the results. There are opponents. I have some, and Primakov does as well. But still, we managed to find a solution. I said I would never use the word "compromise" -- what we reached is a balanced result, and that is very helpful. It is important for NATO and Russia and the world as a whole. With this we will submit the Act to the parliament for ratification, and I think we will carry the parliament. (C)

FOREIGN MINISTER PRIMAKOV: We will not seek ratification but parliamentary approval. (C)

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I have Albright and Primakov to thank for their huge work. People say they were invisible. I told my people to introduce them to the public -- they are allies. Primakov and Madeleine Albright have done an immense job. There were six rounds of negotiations and a 15-page document. This is immense. (C)

THE PRESIDENT: I want to talk a bit about arms control. We made real progress at Helsinki. I hope our experts can complete an agreed statement on demarcation on ABM/TMD and the START II protocol. If we can get to closure on these documents, perhaps that will help with the Duma on START II. I want to be able to get on to START III. I also want to move on CFE adaptation and hope we can complete a framework agreement before Madrid. (C)

PRESIDENT YELTSIN: Before Denver -- absolutely! Let us do this as soon as possible. Let us go to the Duma with NATO-Russia, START II, the CWC and START III together! (C)

FOREIGN MINISTER PRIMAKOV: It might be better to get NATO-Russia through and then advance on START II. Otherwise, we might get bogged down. (C)

PRESIDENT YELTSIN: I will invite the chairman of the parliamentary chambers to discuss how to move quickly and throw the proposals into the parliament, and we will ratify START II. (C)

THE PRESIDENT: On CFE, we will give form and meaning to the Founding Act points in a framework agreement. (C)

On economics, I think you will be pleased with the format and your role at Denver. We will play down the Seven, and I hope we will be able to announce your entry into the Paris Club at Denver. There are still some questions on data on military loans and some negotiating on finances. We want to support you, though we need some work on these questions. On WTO accession, our teams are working hard. But you and Chubays and others will have to help with the passage of trade laws in the Duma. (C)

On the economic agenda in general, we are very pleased with your quick work on reform. The new team is impressive. The key issues outstanding for us are the production-sharing laws affecting the oil and gas sector and the Bilateral Investment Treaty. If these are successfully completed, then from the United States there will be an increase in investment. (C)

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On permanent graduation of Russia from Jackson-Vanik, I support this. But the only remaining issue in Congress is the Russian regulation that requires those with sensitive jobs to wait ten years instead of five years before emigrating. If you can find a way to go back to five years ... (C)

PRESIDENT YELTSIN: There is no such rule in Russia, no such law and no such legislation! (C)

THE PRESIDENT: Strobe? (C)

MR. TALBOTT: I believe there is such a law, but we will clarify this with Mr. Spasskiy after this meeting. (C)

MR. SPASSKIY: Well, theoretically, such a law does exist that stipulates ten years. (C)

PRESIDENT YELTSIN: (following some back-and-forth among Yeltsin, Primakov and Spasskiy) We will check on this. (C)

THE PRESIDENT: I know you have important meetings coming up in Ukraine. (C)

PRESIDENT YELTSIN: Yes, I am going there. (C)

THE PRESIDENT: Kuchma was in Washington a short while ago. It is clear that he has great confidence in you and wants to resolve problems and improve relations. I was encouraged by what he said. I hope you make good progress. (C)

On Nagorno-Karabakh, I am very pleased with the recent Washington meeting of the Minsk Group co-chairs. They will travel to the region this weekend. We need to be ready to support them. It would be a very important thing if we could resolve Nagorno-Karabakh. (C)

I really appreciate what you said regarding detargeting weapons aimed at Europe. I think we should have our experts discuss this so that we do not mischaracterize it to the press; we want to ensure that we do not undermine a positive step. (C)

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THE PRESIDENT: I am for it. There are some things that need to be done in the Duma to change your trade laws. But I am committed to Russian entry. The rules of the WTO require some legal changes, but otherwise we are in good shape. (C)

PRESIDENT YELTSIN: Perhaps we can take one minor step on this before Denver. Maybe Primakov and Albright can make a minor joint step on this. This will be a step for the United States and Russia. Think about this; it would be very interesting. In addition, we should think of coordination in our bilateral relations besides NATO. Let us not forget these questions. Agreed? (C)

THE PRESIDENT: Agreed. (C)

PRESIDENT YELTSIN: I want to confirm my invitation for you to come to Russia for an official visit. There is a lot of interest in visits. If the time between them gets longer, it could raise questions regarding difficulties in the relationship. People watch our relationship very closely, so you should make a decision as to when to come. (C)

As for the Eight, naturally in Denver it should be a priority to transform the Seven into Eight and have a Denver G-8 meeting, a meeting of Eight in Denver. I talked to the Japanese Foreign Minister about this. He told Primakov that they will support it; in other words, there will be no more objections. (C)

THE PRESIDENT: I called Hashimoto before Helsinki and told him how important this would be for Europe, Japan and Asia, and he told me how he can do this. As Primakov knows, representatives of various governments nibble at issues, but I think things will be fine in Denver. I believe that we have worked out a way. (C)

PRESIDENT YELTSIN: Hashimoto's attitude has improved in this respect, especially compared to the Japanese attitude three years ago. I will bring some general ideas on practical steps to Denver. The next question is recognizing Russia as a market economy. I wonder if there has been any progress? (C)

MR. BERGER: There are non-market economies and transition economies. But Russia might be worse off under U.S. law if it were categorized as a market economy, at least with respect to some tariffs and other things. (C)

PRESIDENT YELTSIN: Russia is not a transition economy. We have transformed. It is a market economy. (C)

MR. BERGER: Your economy is more rational than our law. (C)

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THE PRESIDENT: I will look into this. I am not prepared on this subject but will check on it. The thing is, as we work through the WTO, if Russia moves toward an economy in transition and if that leads to more barriers on you, that is not good. (C)

PRESIDENT YELTSIN: Fine. As for the Paris Club, your voice is very strong. (C)

THE PRESIDENT: As I said, certain people know the issues, and I suspect that we can get you qualified. But we have a couple of issues to work. (C)

PRESIDENT YELTSIN: I intend to submit a proposal in Denver that in 1998 in Moscow there be a ministerial meeting of the Eight on world energy and energy technology. This is a very important question, and I hope you will support this. (C)

THE PRESIDENT: It sounds like a good idea. I will support it. (C)

PRESIDENT YELTSIN: Good, then I will launch it. (C)

THE PRESIDENT: It would be responsive to some key issues. (C)

PRESIDENT YELTSIN: Good. Are there other questions? (C)

THE PRESIDENT: I have covered my issues. I want to ask if your people -- your Foreign Minister -- have any special insights into the Iranian election or Afghanistan. (C)

PRESIDENT YELTSIN: On Afghanistan, we have strengthened the border between Afghanistan and Tajikistan. We need to take steps. If the situation gets worse, there will be a flow of refugees. We have posts along the border with Afghanistan. In case there are some problems on the part of the new Afghan leadership, we will discuss them with you. (C)

As for the Iranian election, we assess it positively. We expect there will not be an upsurge in Islamic extremism and no desire to have nuclear weapons. We are waiting and for the time being will refrain from military and technical aid until the Iranians demonstrate their policies. (C)

THE PRESIDENT: The United States has agreed to try to set with the European Union benchmarks to measure Iranian behavior. Our position is that we are open to dialogue and ready to meet, but we have to be able to discuss the issues that divide us: support for terrorism, actions against the Middle East peace process and weapons of mass destruction proliferation. I expect that the mandate of the new president may not lead to change in these

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areas, but we're ready to talk if we can talk about these issues. It would be a great thing if Iran were to change its external policies. (C)

PRESIDENT YELTSIN: Of course. (C)

FOREIGN MINISTER PRIMAKOV: Talbott and Pastukhov can feel their way together on Afghanistan and Iran. We can send people there. (C)

PRESIDENT YELTSIN: We need to conduct our policies together. Then there will be no misunderstandings between us. (C)

THE PRESIDENT: And Secretary Albright will send a strong message to the Taliban not to destabilize the Central Asia region. (C)

PRESIDENT YELTSIN: Good. On Iran, now things may get quieter, and I hope you can accord Iran better treatment. (C)

THE PRESIDENT: If their policies change. It is hard to know how much authority their president has under Khameni. (C)

PRESIDENT YELTSIN: Did you send them a message, to the president? (C)

MR. TALBOTT: Only through our press spokesman. (C)

SECRETARY ALBRIGHT: We stated that we are interested in what will happen after the election. (C)

MR. BERGER: We will judge by their actions. (C)

PRESIDENT YELTSIN: But it was a press statement, not a message? (C)

THE PRESIDENT: Yes. Our relationship with Iran is complicated by the investigation into the Khobar bombing. Some evidence suggests Iranian involvement. (C)

PRESIDENT YELTSIN: OK. Well, I am sorry, but I think it is time to leave.

THE PRESIDENT: Good-bye. (U)

PRESIDENT YELTSIN: Good-bye. (U)

-- End of Conversation --

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