

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Russian President Yeltsin:
European Security and Madrid, Arms Control,
Economics, Iraq, Russian-Iran Missile
Cooperation, Japanese-Russian Relations (C)

PARTICIPANTS: U.S.

The President
Madeleine Albright, Secretary of State
Robert Rubin, Secretary of the Treasury
Erskine Bowles, Chief of Staff
Samuel Berger, Assistant to the President for
National Security Affairs
Gene Sperling, Assistant to the President for
Economic Policy
Dan Tarullo, Assistant to the President for
International Economic Policy
Mike McCurry, White House Press Secretary
Strobe Talbott, Deputy Secretary of State
Lawrence Summers, Deputy Treasury Secretary
Jim Steinberg, Deputy Assistant to the
President for National Security Affairs
James Collins, Ambassador for the NIS
Steve Pifer, Senior Director, NSC (notetaker)

Russia

President Yeltsin
Anatoliy Chubays, Deputy Prime Minister
Yevgeniy Primakov, Foreign Minister
Sergey Yastrzhembskiy, Yeltsin Press
Spokesman
Georgiy Mamedov, Deputy Foreign Minister
Sergey Prikhodko, Yeltsin Foreign Policy
Assistant
Ambassador Vorontsov

DATE, TIME June 20, 1997, 1:05-2:05 p.m.
AND PLACE: The Gold Room, The Brown Palace, Denver

(The meeting opened with ten minutes of press pool sprays.)

~~SECRET~~

Classified by: Glyn T. Davies
Reason: 1.5 (d)
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THE PRESIDENT: You look in good shape. (U)

PRESIDENT YELTSIN: Isn't my suit a little larger? Something is lacking here (pats stomach). (U)

THE PRESIDENT: It's like losing old friends! (U)

PRESIDENT YELTSIN: I lost 30 kilograms. But my brain is working fast, and I would say that now I am moving with more energy. I am a bit older. But I will not break from anything that we have agreed upon. (C)

THE PRESIDENT: You look good. (U)

PRESIDENT YELTSIN: I prefer that women would tell me that! (C)

THE PRESIDENT: I think this will be a good meeting -- good in substance and in its feeling. There is a good spirit surrounding it. I have a number of issues related to our bilateral relationship but, if you would like to go first, that's alright. (C)

PRESIDENT YELTSIN: I have a most unusual question. We have the idea of holding a children's Olympic games in Russia in 1998. It would help if you could support it. The International Olympic Committee is for this, so we only need your support. (U)

THE PRESIDENT: I have never stood in your way! (U)

PRESIDENT YELTSIN: My congratulations on resolving all of the issues regarding the Paris Club. (U)

THE PRESIDENT: That was very good news. When we talked in Helsinki, I hoped that we could do this quickly -- and Helsinki was only 13 weeks ago. (U)

PRESIDENT YELTSIN: Yes, and I have also resolved a number of issues with Ukraine, including the Black Sea Fleet. (C)

THE PRESIDENT: I was very pleased by that. (C)

PRESIDENT YELTSIN: Many questions have been resolved. We also managed to resolve the Transdniester problem in Moldova after I invited the parties to come to Moscow. We are also working in the Minsk conference process, with our troika. I ask you to be more energetic on Nagorno-Karabakh. (C)

THE PRESIDENT: I agree with that. We've discussed this many times. We finally have a process in place. You and I and Chirac need to persevere. Settling Nagorno-Karabakh would solve a lot

of problems today and save us from a number of problems in the future. (C)

PRESIDENT YELTSIN: Good. My second question relates to our bilateral relationship. There are so many problems that before I entered here I said that I might only have time to enumerate to Bill the number of issues to discuss -- only time to enumerate. There is not enough time to resolve all of these. (C)

THE PRESIDENT: Well, shall I start? (C)

PRESIDENT YELTSIN: Sure. (C)

THE PRESIDENT: We are working -- and I know that Madeleine and Primakov are working -- on the CFE adaptation effort. I'm encouraged. I think that it is important to resolve this before the NATO meeting in Madrid. (C)

PRESIDENT YELTSIN: We'll be meeting each other every day! I am very interested in resolving the CFE question. I believe Primakov and Mrs. Albright have to work closely. We need to resolve this by Madrid. You know the issue, so I will not go into it. (C)

I know that we needed some brief pause after Paris. But it turns out that bureaucrats are bureaucrats. They cannot even resolve who will chair the Permanent Joint Council. So we need to resolve this at the highest level. (C)

THE PRESIDENT: Regarding Madrid, as I have said before, you have to decide based on your interests. But given the scope of the NATO-Russia Founding Act, I believe that you should have some senior representative at Madrid -- Primakov or someone else. It should be a serious person to represent your interests at what will be seen as a serious event. (C)

PRESIDENT YELTSIN: (Following an exchange between Yeltsin, Chubays and Primakov) We will have a person there who will have the status of a Deputy Prime Minister. We will let you know his name. (C)

THE PRESIDENT: Regarding arms control, in Helsinki we talked about resolving ABM/TMD demarcation and having a START II extension protocol. On ABM/TMD, our experts will meet again on July 21. I believe we should push them to finish their work and then get the START II protocol finished in a manner that will help with ratification, so that you can go on to ratify START II, and then we can move on to START III, which is important for the United States, Russia and the world. I am anxious to fulfill my

commitment to you to get on with START III. Thus the START II protocol is very important. (C)

PRESIDENT YELTSIN: I am not as up on the issues as I should be on the protocol. We -- along with Yevgeniy Maksimovich -- will have to give a push. (C)

THE PRESIDENT: My goal is START III, which is consistent with your economic needs and with our security needs. (C)

FOREIGN MINISTER PRIMAKOV: I have received instructions from my President to accelerate work on this. But we need constructive instructions on your side, not just previous positions. We are prepared to come together on the protocol, but this needs a push from both sides. (C)

THE PRESIDENT: Sandy Berger passed me a note reminding me that I missed the issue you raised about the bureaucrats and the NATO-Russia Council. I will check and push this along. (C)

I wanted to mention a couple of economic issues. Congratulations on getting into the Eurobond market this last week and raising two billion dollars. We have some very good conditions -- that, this meeting in Denver and the fact that the Paris Club negotiation is done. The WTO should be next. I know Ambassador Barshefsky is ready to work. We need to intensify our efforts and need to keep these things going. (C)

Another economic issue is your suggestion for a Moscow-hosted energy meeting. I want to reiterate that I support this, and I know that Secretary Pena is coming to Moscow soon -- in July -- and can meet with Nemtsov. (C)

PRESIDENT YELTSIN: Good. Once our Ministers are agreed, we can let them extend that agreement to others. (C)

THE PRESIDENT: There is some reluctance on the part of the others to agree to this meeting. I don't know why. When you and I have our bilaterals with the others, let's ask them why they won't participate in this. (C)

PRESIDENT YELTSIN: Japan is for it, and Italy is for it, too. Japan is interested in Sakhalin projects. (C)

THE PRESIDENT: We just need to push the others. Someone down in the bureaucracy is saying don't do it. (C)

PRESIDENT YELTSIN: Yes. (C)

THE PRESIDENT: One other difficult issue that you and I have discussed before -- the law on religion. I know you vetoed such a law before. I know it's difficult when you have to veto; I have been in the same position. But I received a letter from Senator Lugar, who is a real friend of Russia, expressing concern that religions not be restricted. This would also be a problem for us with Jackson-Vanik. I know this is a domestic question for you. (C)

PRESIDENT YELTSIN: I am unaware of this issue. I will try to sort this out. (C)

THE PRESIDENT: The law was just passed. People are calling on me to talk to Yeltsin since Yeltsin vetoed a similar law before. (C)

I have two other things. The press asked a question on Iraq, and you gave a good answer. Here is the problem: we have tried to show some flexibility in the 1996 resolution on oil and in modification of the no-fly zone so that some helicopter flights could occur. In response, Ekeus informs the UN that in his effort to do inspections to check on weapons of mass destruction he's being completely shut out in ways that are very problematic. (C)

It seems to me that the UN Security Council must take some action. This could be the beginning of a test of wills to see if Saddam can get out from under some sanctions. We want a resolution to show that we take a strong view on this. I hope we can get that without a veto. (C)

PRESIDENT YELTSIN: If it is something, a warning, not a decision on new actions, but a warning that condemns Iraqi activities, we could go along with it. (C)

THE PRESIDENT: The Secretary of State says that the UN Security Council resolution has limited travel sanctions on those believed involved in weapons-of-mass-destruction work but only on them. Without that, it is hard to see how the resolution will change Iraqi behavior; there will be no incentive. The inspection team must be allowed to do its job. The inspections may not be 100 percent effective, but they can slow the weapons-of-mass-destruction work in Iraq. So I hope you will consider this and see if you can avoid a veto and work with us. (C)

FOREIGN MINISTER PRIMAKOV: In New York they are discussing the text of the resolution. If the course involves actions of some kind or some sanctions, we cannot support it. It is not needed. (C)

THE PRESIDENT: How many would be on the list affected by the travel sanction? (S)

MR. BERGER: It's a generic list -- the UN would have to decide. (S)

SECRETARY ALBRIGHT: The Iraqis are not paying attention. This is the way to target the group that is particularly problematic. (S)

THE PRESIDENT: This would not hurt them economically or be like the punishments inflicted by other sanctions. Ekeus is a patient man, but he came back and says he is being stonewalled. We need to work this today, since the vote will be tomorrow. It would have a negative impact on the atmosphere if we had a problem or split on this issue. (S)

I have one last thing. I know Secretary Albright and Foreign Minister Primakov had an extensive discussion on intelligence reports that we have that Russians -- not you -- are providing cooperation with Iran on SA-10 missiles and ground-to-ground medium-range ballistic missiles. We hope the elections will lead to a new course in Iran, but we also have the evidence that we see. I can't imagine anything more destabilizing than an Iranian capability to deliver weapons of mass destruction over intermediate-range distances. (S)

You've always been responsive on this, and I don't doubt the truth of your actions. The only thing that I ask is let's continue to share information, and you do your best to see if entities in Russia are not working in line with your policy. (S)

PRESIDENT YELTSIN: We have always been honest in our relations, and I implement my promises. There is no weakening of my agreement in Helsinki on no new agreements with Iran. There will be none. We implement what we agreed. You know we have contracts going back to 1985, 1987 and 1989. Deliveries are being made under the terms of those contracts, but nothing in the way of complete missiles, just parts of missiles. (S)

Because of our clumsy democracy, we allow enterprises to have direct contacts with Iran, and they make agreements. They are not supplying whole missiles; they cannot do that. But it is possible certain enterprises can provide parts of missiles -- warheads or tail sections, for example -- but not full missiles. (S)

I established a commission to check into this. They did not provide me with adequate information. I will establish another commission to check the points that you raised and will write you

later. I tell you, there are no new deliveries being made. I received a letter from Madeleine Albright and set up the commission. They reported to me; they possibly did not do the job in good faith. Therefore I will set up a different commission with higher responsibilities and with greater status. I will report back to you. (S)

You know, Bill, during your visit to Russia, we should launch a major Russian-American initiative for the 21st century about what the United States and Russia will enter the 21st century with -- regarding humanitarian issues, science, the social sciences and so forth. This should cover what we want to see and what we can do in the 21st century. We will need a group of intellectuals to develop a powerful document so that we can sign it in Moscow. I have in mind that your visit must be in line with your other visits and must have something powerful. (S)

I also have proposed to discuss pension reform in general at G-8 ministerials. This issue is a problem for all countries, more so for some than others. (S)

I discussed today with Hashimoto greater cooperation in the Far Eastern region, because today our trade with Japan is low. If we wait, we might not have time to seize the chance. We need greater cooperation with Japan and Korea. (S)

THE PRESIDENT: I talked to Hashimoto yesterday. I think he wants a genuinely better relationship. I think he understands that, after the NATO-Russia progress, there should be progress on the Russia-Japan front. He understands Japan has a lot to gain. I believe the Japanese are a bit concerned about your relationship with China, that it may be to Japan's disadvantage. (S)

Hashimoto is open and can be completely honest. He is a straight-talker: if he says he will do something, he will do it. There is a possibility for Russia to have a positive relationship with Japan, at least as positive as that with China. Japan is looking for some indication of Russian interest or for a process to improve the relationship. (S)

PRESIDENT YELTSIN: I have worked hard for good relations with China, and we have made progress. We are lowering arms all along our long border. As for Japan, I will work with Hashimoto for a closer relationship. Perhaps we can spend a weekend together, maybe at Baikal. We need steps to improve our relations. (S)

THE PRESIDENT: I will work on him. Let me know what you propose that I can do. (S)

PRESIDENT YELTSIN: When you come to Moscow, we have to have a strong substantive program. ~~(C)~~

THE PRESIDENT: We need to do some work. ~~(C)~~

PRESIDENT YELTSIN: It could take about half a year. That would mean coming in early 1998, maybe on New Year's day. ~~(C)~~

THE PRESIDENT: I've been in Moscow on New Year's before. ~~(C)~~

PRESIDENT YELTSIN: Okay. Well, good-bye for now. (U)

THE PRESIDENT: We'll see you later. (As Yeltsin exited, he and the President had a brief exchange about the order of business for the summit, starting with that evening's dinner discussion.)
~~(C)~~

-- End of Conversation --