

THE WHITE HOUSE
WASHINGTON



MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Russian
President Yeltsin (C)

PARTICIPANTS: President Clinton
President Boris Yeltsin

Interpreter: Dmitry Zarechnak
Notetakers: David Higgins, Matt Sibley,
Doug Bayley, Jim Smith

DATE, TIME December 30, 1998, 10:00-10:33 a.m.,
AND PLACE: Oval Office

PRESIDENT YELTSIN: Hello, Bill. (U)

THE PRESIDENT: Hello, Boris. It is nice to hear your voice. (U)

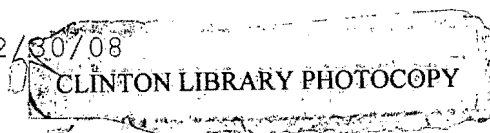
PRESIDENT YELTSIN: Well, I think it is important for us now to talk about the future of Russia-U.S. relations. I have always shared with you in a very frank way our views about our relationship and have always paid heed to what you had to say. Through those very frank exchanges, on many occasions we proved we were able to find solutions to very critical and very crucial problems. (C)

I want to be quite straightforward. I want to tell you how sad and sorry I was about the military action by the U.S. and UK against Iraq. Because what is at stake is not just the person of Saddam Hussein but our relations with the U.S. I believe what we need to do now is reconstruct the unity of action in the UN Security Council, and also to actively work for our joint and agreed actions in the future. I am sure that we can draw lessons from what has happened because we must not allow the situation to happen which would impose a threat to the great and positive accomplishments that you and I have scored. (C)

We are faced now with quite a few very difficult tasks. Some of them we discussed when you came to Moscow in September, and we

CONFIDENTIAL

Classified by: Glyn T. Davies
Reason: 1.5(b)
Declassify On: 12/30/08



DECLASSIFIED
PER E.O. 13526

2009-1242-M
11/10/10 M

can not deal with all those unless there is a measure of good will from both sides. I talked to Primakov about Iraq. We have to turn what has not been the best page in Russian-U.S. relations. I got your message, and I agree with you the best way to get our relationship back on the right track is to try to move the action forward in practical steps and moves. At this point in time, one of those critical steps would be active steps forward in the Primakov-Gore Commission. I value very much their last conversation. (C)

The main task now is to move forward in the area of economic cooperation between Russia and the U.S., especially on the eve of the critical phase of the next round of our discussions with the IMF. I would like to continue to look forward to the support you promised before. (C)

We also agreed, you and I, that we must do everything to assure a very rapid transition from START II to START III. Of course, you are aware that I, myself, and Primakov, did everything we could to assure prompt and early ratification of the agreement. You are fully aware of that. Regrettably, at this point in time, prospects for passing this agreement have deteriorated. Still, despite this, we will move in a very straightforward and consistent way to get this task accomplished. (C)

To be able to move forward in this manner, I suggest you and I instruct Ivanov and Mrs. Albright, in the course of their meeting at the end of January, to concentrate on finding solutions to the CFE Treaty. This is really critical in terms of the future of European security and the future relationship between Russia and NATO. (C)

1999 will be a very important year in terms of the development of the Russian-U.S. relationship. In the foundation underneath that relationship, we must leave behind a very good inheritance. In concluding my remarks, I wish to extend to you and your family, very good wishes in the New Year. Now I pass the floor to you, Bill. (C)

THE PRESIDENT: Thank you, Boris. First of all, I wanted to thank you for your good review of the issues. It is good to hear you sounding so good. (C)

Let me just briefly say a word or two about Iraq. I agree we have to figure out how to go beyond here and continue to build our relationship and keep it going. I obviously did not want to take military action. In March, when the memorandum Saddam

signed with Kofi Annan was violated, we didn't act militarily. In October, we went out of our way to avoid it. In November, when the Security Council voted to condemn Iraq 15-0, I called off the attack at the last minute because he said he would comply. The position we were in was that when the report came back saying he was not in compliance with UNSCOM, we and the British felt we had no choice. (C)

We have to figure out how we go from here. We can't let Saddam undermine the U.S.-Russian relationship. One thing I am very troubled by is the belligerence Iraq is showing against coalition aircraft in the no-fly zone. If they keep shooting missiles at our planes, this could lead to a very serious confrontation. I don't want further military action, but they need to stop that. (C)

Let me say a word about the agenda for 1999. It is very important for us to get started on supporting the Russian economic recovery, strengthening arms control, and stemming proliferation. I am encouraged Madeleine is coming to Moscow at the end of January, and, of course, Gore and Primakov will meet in March. It is important you and I give our teams the right tone, direction, and momentum. (C)

I understand the difficulties you have in ratifying START II now, but am glad you continue to support it. It would be terrible if you and I finish our terms without START II and START III. It would be good for our security interests and good for your economic interests. There would be no more tangible sign of our cooperation. On CFE, I, too, want to move as fast as we can. I will see what can be done. I know it is important to you, and the Duma has been holding up START on the basis of it. (C)

On the economy, let me just say, I think you know I want to do more to support your economic recovery and reform, and I obviously want to help all I can with the IMF. I think the entire international community is interested in supporting Russian reform with greater investment from both multilateral and private sources, building on a realistic program. As we discussed in the past, we believe you can get billions and billions of dollars in energy investment with changes in the laws to protect investments there. (C)

What is the critical thing here is a durable reform program that will lead to resumed cooperation with the IMF, which will bring support from the international community. That is also

important to restructure your external debt. We are also working on other measures with Primakov to help specific sectors of the Russian economy. ~~(C)~~

I want to do all I can, but I think Mr. Primakov's government has to support sufficient reform for me to convince the IMF to invest. It is important to get the whole world community putting money into Russia instead of taking money out. ~~(C)~~

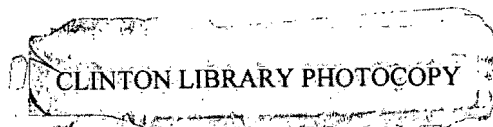
The other thing I wanted to emphasize, the final thing, is we have to get this IMF deal done because that opens the door to all other good economic things. We will do all we can to help. We don't want to see the Russian people hurt any more, but there have to be some positive moves to get the IMF to move forward. ~~(C)~~

Well, Boris, I wanted to thank you again for the call. It was great to hear your voice. Please give Naina our best. Hillary sends you a big hug for the New Year. We have to work on all these things together, and we will. (U)

PRESIDENT YELTSIN: I thank you, Bill, for what you just said. One final question I want to raise and that relates to the April summit in Washington. Of course, you should understand our final decision to participate would depend on the way the discussion goes forward concerning the new NATO strategy. We are very seriously concerned over plans underway to expand the theater of NATO activity. This would not take notice of UN Security Council decisions, and this is what really gives us a lot of concern. A lot of things depend on whether or not it is possible to find agreement on the CFE Treaty. I would say that we agreed with you that we need to turn this page in our relationship which has not been the best one. Let us stay the course. ~~(C)~~

THE PRESIDENT: Well, I like that. I do hope Russia will be able to come to Washington in April. We have a good partnership between Russia and NATO. The agreement we signed is a good one; we don't have conflicting issues for the future. We need to discuss changes we are trying to make and walk you through them. I hope you can feel comfortable enough to have Russian participation. It would be a big plus, in view of the agreement we signed for a partnership between Russia and NATO. ~~(C)~~

I look forward to talking and working with you. Thank you for the phone call. It has been a good one, I think. ~~(C)~~



PRESIDENT YELTSIN: I also think we have had a very constructive conversation, and we really got to understand what each of us was telling the other. What remains is to work until we realize what was just discussed. (C)

THE PRESIDENT: Good. (U)

PRESIDENT YELTSIN: Please pass my best wishes to all the members of your family. I wish you a happy New Year and Merry Christmas. (U)

THE PRESIDENT: Thank you, Boris. Good bye. (U)

PRESIDENT YELTSIN: Good bye. (U)

-- End of Conversation --