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THE WHITE HOUSE

WASHINGTON

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MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Chancellor Helmut Kohl of Germany

PARTICIPANTS: The President
Chancellor Helmut Kohl
Interpreter: Gisela Marcuse
Notetaker: E. Anthony Wayne

DATE, TIME: April 12, 1993 3:33 - 3:57 pm
AND PLACE: Oval Office

The President: Hello. (U)

Chancellor Kohl: Hello. (U)

The President: Hello Chancellor, how are you? (U)

Chancellor Kohl: Excellent. I think we should switch to Helmut and Bill. (U)

The President: I perfectly agree. (U)

Chancellor Kohl: I am on vacation for a couple of days and lost twenty pounds. It clears one's head. (U)

The President: Good! (U)

Chancellor Kohl: Thanks again for your kind hospitality. Our time was very important in political and human terms. I don't forget about humanity. We're not just robots. I think it's good people get along and have the basis for a future relationship. That's the feeling I have. (U)

The President: Thank you very much. I want to congratulate you on losing all that weight. You must tell me how you did it. (U)

Chancellor Kohl: It's an old trick, but it must be done. (U)

The President: I also want to say how pleased I am on the constitutional ruling on the AWAC's issue. (C)

Chancellor Kohl: Yes. I am too. (U)

The President: And, let me mention one other thing before discussing Russia. I am very sorry about the death of the German tourists in Miami. We are going to mount a major effort and

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study about violence and crime in our cities. Hillary and I had a conversation over the weekend about this. There is just too much violence going on. We must address this. On behalf of both of us, let me say that we are very, very sorry. (U)

Chancellor Kohl: Thank you very much, Bill, for your sympathy. (U)

The President: You're welcome. Now about Russia. I had a very good meeting with Yeltsin and announced a bilateral package of about \$1.6 billion based on funds our Congress has already appropriated. We're working on two things now: an expanded bilateral aid package and the package to be discussed at the Tokyo conference in a few days. Now I understand at Tokyo the IMF, World Bank, and the EBRD will announce a package as large or larger than last year's. Except, this year's plan will be more flexible and attainable for Russians because it emphasizes pre-stabilization measures as well as broader, structural assistance in the longer-term. I think it's very important for all the G-7 countries to ensure these programs are implemented quickly following each Russian reform step. As they make improvements, we need to move the programs forward. What I want to avoid most is what happened last year when much aid was promised and not very much happened. (U)

Chancellor Kohl: I am in complete agreement Bill. I talked with my people. They are leaving at noon tomorrow our time, and believe we can do something that makes sense to suggest. (U)

The President: Good. (U)

Chancellor Kohl: After the Tokyo summit you and I should talk again by telephone to discuss whether anything suitable can be done or about a statement we can issue before the referendum in Russia. I haven't decided what to do. (U)

The President: I think that's a very good idea, and we should talk. (U)

Chancellor Kohl: To put it to you frankly, we must think about our reaction to the referendum. They've come up with an impossible formula over there, and the impossible point in the law says that he must get the absolute majority of voters, not just those voting. We must think about what if he gets the majority of votes and not the majority of total voters. (U)

The President: I agree. I think what we'll have to do is wait and see how well Yeltsin does and devise a response on that basis. My people here say it is almost impossible for him to get a majority of all voters. He would need 70% of the 70% who vote. He might get 60% of a 50% turn-out. But if he gets a good percentage of those voting, our reaction will be important. We can portray it as a vote for reform. It is possible for us to influence how this is seen around the world. (U)

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Chancellor Kohl: This is precisely what I am arriving at, Bill. All I think is that on Monday the twenty-sixth we should be in close touch. Because what will be important is our reactions.
(S)

The President: I agree. (U)

Chancellor Kohl: One more point. During preliminary discussions for the ministerial meeting in Tokyo, I am told that there is an American plan calling for a G-7 office in Moscow. I think that's a good idea, and I'm in favor of a good American taking that office. I'd like to send a German deputy to that office, because ultimately Germany and the United States will make most of the aid effort, and I'd like to accomplish some good U.S.-German cooperation there. I have no illusions about the thinking of some in the EC in this regard. Quite a few of my colleagues think Russia is far away, and I'd like to tie them down and bring the EC into this. (S)

The President: Yes, that sounds pretty good. One of the things I hoped to discuss with you is whether the Japanese will participate on a generous basis. I can't do so yet because I haven't talked to the Japanese yet. I am supposed to talk to Mr. Miyazawa later tonight because of the time difference. (S)

Chancellor Kohl: We've only told him that he must do more. And after the foreign minister's meeting is over, if the result is not deemed satisfactory we must talk about this. (S)

The President: Yes, I think so. In an attempt to encourage the Japanese, I am working on a second aid package about the same size as the one I announced in Vancouver. It will aim at helping on key sectors such as housing and energy. But we also have a new idea of getting the G-7 to capitalize a fund which would provide funds for privatization. We are thinking of a total of \$2 billion for this fund, and we are willing to put in \$500 million. The idea would be that Russia helps identify the projects, but it doesn't want to handle the money. We're going to ask the Japanese for a sizable contribution, and I have already asked Saudi Arabia to kick in money for the housing. I am also planning to ask others for money, as we discussed before. I would like to have this done so we could announce it all before the twenty-fifth so it will do Yeltsin some good. (S)

Chancellor Kohl: That's excellent. I think it's all very good.
(S)

The President: You think the privatization fund is a good idea?
(S)

Chancellor Kohl: I think it's a very practical idea. We want simply to make sure the money is used properly and gets where it's supposed to go and keep controls on the corrupt managers.
(S)

The President: Yes, we're agreed. (S)

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Chancellor Kohl: That's why I think the G-7 representative in Moscow is a good idea and that it should be an American. If you find the right two smart and clever people, and not diplomats, that would be a good idea. (C)

The President: I agree with that. I think first of all that if we have an office over there and working on this project, it will be easier for me to get Congress to agree to provide the money. We would control the money flow and make sure it isn't wasted. We would give the Russians input on the projects, but then could get the G-7 involved to fund the privatization effort and be on the ground to monitor it and administer it every day. It will be more attractive to all the donor countries if we have an office there controlling the money and watching the operation. (C)

Chancellor Kohl: I think that's the only way to do that and defend it domestically. (C)

The President: I agree. Well then, we'll be working together on the G-7 meeting in Tokyo. And when it is over we will talk again. That will give me time to work on Mr. Miyazawa. Then, we will talk again after the referendum so we can coordinate our responses. (C)

Chancellor Kohl: I agree with everything you said. My general point is that if ever I can help in any way I would like to help. I will stand by what I said at the White House. Please relay our condolences on the death of your father-in-law. (C)

The President: Oh, thank you. He had a long and good life. (U)

Chancellor Kohl: How old was he? (U)

The President: Eighty-two. (U)

Chancellor Kohl: Whenever a father is lost it is always a difficult thing. (U)

The President: And, it is here too. Well, I've enjoyed this conversation. I've taken all my notes with the gold Mont Blanc pen you gave me. It makes me feel like a real President. It's the nicest thing I've ever had. (U)

Chancellor Kohl: All the best then, Bill. (U)

The President: Good-bye. Have a good vacation. (U)

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