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THE WHITE HOUSE
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MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with Chancellor Helmut Kohl of
Germany (U)

PARTICIPANTS: The President
Chancellor Kohl

Interpreter: Gisela Marcuse
Notetakers: David Higgins, George Chastain,
Jenny McGee, Robert Ford, Tony Campanella,
Doub Bagley, James Smith and Nancy
McEldowney

DATE, TIME July 8, 1998, 10:08-10:24 a.m. EDT
AND PLACE: Oval Office

The President: Hello, Helmut? (U)

Chancellor Kohl: Bill, I didn't know that you were on the line.
I am pleased to hear your voice. (U)

The President: Things are going well here and I wanted to say
what a wonderful time I had in Germany. Thank you again for
the magnificent bible that you gave me. I have it on display in
the White House and no one can believe such a beautiful gift was
given to us by anyone. (U)

Chancellor Kohl: It was a great visit and I owe you thanks for
the very good message you brought to the people of Eisenach and
the new Laender. You know I have joined the battle of the
election campaign. The others are losing stamina. You will see
at the end of the day that the old battle elephant is on the way
and things will turn out right. (U)

The President: Obviously you are doing much better. You may
even eclipse me as the comeback kid. (U)

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Declassify On: 7/8/08

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Chancellor Kohl: Bill, there are two issues that I wanted to raise with you. The first is Russia. I think we need to cooperate in order to get things going in Russia. I very much hope the information we received of late is correct and that they are now trying to cooperate with members of Parliament to get out of their financial difficulties. My request to you is that our staffs cooperate as closely as possible. It is very important to avoid any kind of instability over there, especially financial instability and currency fluctuation, because that would, on top of everything else, have a negative effect on the situation in Ukraine. Kuchma is working very hard but the situation there is not very positive. That is the first important point that I wanted to raise. (C)

The President: I completely agree with you. I have been getting daily briefings on the situation in Russia. Al Gore is going over to meet with Kiriyenko in about twelve days. We have got to keep working with them and support a substantial IMF benefit package. I hope that you are right about the Russian Parliament. They are going to have to do a better job working with the Yeltsin government, doing the responsible thing, otherwise they can not get enough help from the IMF. I hope they can do it because it is a very grave situation there. I am very concerned about it. I also think it is important that you and I keep in close personal touch with Yeltsin and do everything we can to persuade him to stay as engaged as he possibly can to push his reform agenda through the Russian Parliament. There is only so much that we can do unless the Russians help themselves. There is a lot of rumbling in Russia against Yeltsin. The real answer for him is to perform in a consistent manner. I think that he is well enough to do it, but we have to support him and urge him to do it. (C)

Chancellor Kohl: Excellent. So we stick to the line that we have been following so far. The second issue I would like to raise is the other trouble spot in the Balkans -- Kosovo. We have a meeting of the Contact Group in Bonn today. I am informed that it has taken a very good turn and I am very pleased about that. I would like to impress upon you how important this matter is for us. First, for the very simple reason that what is happening to the people there is a terrible thing. It is bringing out the meaner instincts of many and I fear increased radicalization on the part of the Kosovar Albanians along with a renewed wave of refugees. As you may be aware, we have taken in 350,000 refugees from Bosnia-Herzegovina. Luckily, most have been able to return, and we are now left with 100,000. But due to recent events, we have taken

in 175,000 additional people from Kosovo and in the long run that is unacceptable here. I wanted simply to explain, so you would know why that is important for us aside from the human tragedy. It is an issue that has great domestic importance for us. (S)

The President: First of all, I understand what a terrible burden it is for you, as well as being a difficult problem on the merits. It seems to me that we have two different issues here. One is whether Milosevic is willing not only to show restraint but also have serious discussions that would result in real autonomy for Kosovo. Secondly, whether the moderate elements among the Kosovars, Rugova and the others, can prevail and prevent this liberation army from tearing the whole country apart. I think, based on what we now know, that a NATO military operation would be quite difficult, but we have to keep the option open. We need to pursue the diplomatic track as aggressively as we can and maintain maximum flexibility while at the same time being sensitive to Russia and the pressure that this puts on Yeltsin in his domestic policies and what he is trying to do. (S)

Chancellor Kohl: We completely see eye-to-eye on this matter. I simply wanted to mention it to impress on you how deeply worried we are by what is going on. (S)

The President: I think that it is imperative that you and I stay together on this and try to march in lock step. Whatever we wind up doing, it is up to us to persuade Yeltsin to go along and to keep the rest of our NATO allies with us as well. (S)

Chancellor Kohl: Yes, indeed. We have to continue working on this. Perhaps your people could stay in close contact with us and talk to Bitterlich to see if there are additional measures we could take. (S)

The President: Yes, we will have to keep thinking about this. I wish I could have more productive ideas for you on this. We will be in touch with Bitterlich and keep working. (S)

Chancellor Kohl: Okay, let's do it. All my best to you and please convey my regards to your wife. (U)

The President: I will. You are about to go on vacation? (U)

Chancellor Kohl: Yes, I am about to begin my vacation. But I will also take a day or two periodically to remain engaged. I

will not be directly campaigning, but will do things that might prove beneficial for my election. (~~C~~)

The President: I know that you know how to do it. Just do enough to keep the polls going in the right direction. (~~C~~)

Chancellor Kohl: Okay, bye Bill. I will see you soon. (U)

The President: Thank you, Helmut. Good bye. (U)

-- End of Conversation --