

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with Russian  
President Boris Yeltsin (Ø)

PARTICIPANTS: The President  
President Boris Yeltsin

Interpreter: Dimitry Zarechnak  
Notetakers: Jim Smith, Jeff Rathke,  
Lyle Harrison, Doug Baylel, Andrew Weiss

DATE, TIME July 10, 1998, 1:19 p.m. - 1:38 p.m. EDT,  
AND PLACE: Oval Office

THE PRESIDENT: Hello. (U)

PRESIDENT YELTSIN: Good afternoon, Bill. (U)

THE PRESIDENT: Hello, Boris. (U)

PRESIDENT YELTSIN: Okay, how are you doing? (U)

THE PRESIDENT: I'm doing great. I had a good trip to China and I'm just working on things here, spending a lot of time keeping up with the IMF proposal for Russia, and hope we can get it worked out quickly. (Ø)

PRESIDENT YELTSIN: Yes, Bill, soon is the word and it is not enough to describe the urgency of the situation. Otherwise, if we do not get a decision soon, by the end of next week, it would mean the end of reform and basically the end of Russia. The consequences would be catastrophic and drastic, not only for Russia but for the global financial system as well. The IMF envisages a process of three weeks, but three weeks is too long for us. The question is not approval of the program. The program is already familiar to the IMF team and basically agreed. We need the decision in one week -- by July 16. Because here on the line is not only my authority and honor, but also yours and the entire international community. (Ø)

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THE PRESIDENT: I understand you had a conversation with Camdessus. My understanding is that if details are completed, a very substantial program could be announced on Monday. [Note: At this point during translation, President Yeltsin interrupts and says "Yes, yes." Yeltsin's additional comments are not translated by the Russian side.] What is essential is that you do what must be done on the tax system and the anti-crisis program, use your full personal leadership to get it through the Duma, and if not, use the full legal powers of the presidency. I agree we have to do this in a hurry. It is my understanding they are ready to announce this on Monday. (X)

U.S. INTERPRETER: Mr. President, they did not let me finish interpreting. The main thing is, he understands the program is ready, but the question is time. They are saying it can't be implemented by the end of July, and they really need it to happen by July 16. Would you like me to finish the stuff about taxes? (X)

THE PRESIDENT: Yes, I would. [Interpreter finishes.] (U)

PRESIDENT YELTSIN: I will do so. I will do everything in my power. I already put Gazprom -- brought them -- in line and made them get their act together. They have paid all their tax debts. I will also put all other major debtors into line because the government doesn't have the necessary clout to do so. (X)

THE PRESIDENT: Yes, but Boris, let me make sure I understand the situation. If the IMF announces the details of the program on Monday, how quickly can the Duma act -- or you act with your executive authority -- to comply with the Russian requirements? My understanding is they are prepared to release the money whenever you implement whatever you have pledged you are going to do. (X)

PRESIDENT YELTSIN: The Duma is discussing this program right now, but the thing is that some draft laws are being accepted outright and other draft laws are still being discussed. I have two options open to me. First, I go to Duma personally, which I have never done before, and tell them they are playing with the destiny of the country and the economic future of the country, and this is no time for jokes. If they do not come to their senses, I have a second option. According to the constitution, I can dissolve the Duma because they cannot come to a decision. I will decide this issue by July 16. (X)

THE PRESIDENT: I think on the second question, that is a judgment only you can make, but on the first, the members of the Duma need to know they are playing with the future of the nation. On the second question, they should have helped out before. I know about problems with parliaments. My own Congress over here doesn't like to listen to me. But when the country's future is at stake, people just have to put aside their personal politics and do what is right. (C)

PRESIDENT YELTSIN: That is right. That is right. Of course, I will first take step number one. I will go to the Duma and tell them exactly those words. They will have to make a decision no later than July 16. (C)

THE PRESIDENT: I think if you can push the decisions quickly, I will obviously do everything I can to get the money released quickly. If the IMF announces on Monday, we can get the Board to approve it. I will do everything I can do to get this done as quickly as possible. You know I will. But I cannot control what they do unless the Russian actions are forthcoming. Those people have to help you. They cannot leave you out there all by yourself trying to save the country. The Duma has to support you better. (C)

PRESIDENT YELTSIN: Okay, I understand, Bill. (U)

THE PRESIDENT: Let me ask you -- (U)

PRESIDENT YELTSIN (interrupting): I think I will manage to cope with the Duma, and they will have to adopt this program. Then we will be able very soon to adequately resolve this issue. Of course, under your leadership and with your support. (C)

THE PRESIDENT: I will do everything I can. You know I will. I know that when those people believe you are serious, in the end they will give in to your will. A lot of members may not understand how grave the situation is. You can do it. (C)

PRESIDENT YELTSIN: Yes, indeed. I will try. (C)

THE PRESIDENT: Let me mention one other thing very quickly. We have continued to work with Kokoshin on this problem of stopping Russian firms cooperating with the Iranian missile program. We've made some progress, but Congress is still threatening to override my veto of the sanctions bill. I hope Berger and Kokoshin can keep working on it. The more that can be done in

Russia the better I can work with Congress on this. And the problem is not yet solved. (S)

PRESIDENT YELTSIN: Would you run that by me again, what sanctions are we talking about? (S)

THE PRESIDENT: The Congress, we have talked about this in the past, the Congress passed a bill to impose sanctions on Russian firms that cooperate with the Iranian missile program. I vetoed the bill. But if they bring it up to a vote, they have the votes to override my veto. We have worked with your government through Kokoshin to demonstrate that Russia is doing everything that can be done to stop this cooperation, but the evidence is at least some of these firms continue to cooperate. I just wanted to say that I am doing everything I can do to stop the veto override, to keep this from coming into law. You need to encourage your people to keep working with Sandy Berger on it. We have to work as hard as we can. (S)

PRESIDENT YELTSIN: Okay, I promise to look attentively at each and every point where we can enforce compliance and reduce or restrict cooperation between Russian and Iranian companies. (S)

THE PRESIDENT: Okay, well, see you. (U)

PRESIDENT YELTSIN: Best regards to Hillary. (U)

THE PRESIDENT: Thanks, good-bye. (U)

-- End of Conversation --