

THE WHITE HOUSE
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MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telephone Conversation with President Putin
of Russia (S)PARTICIPANTS: The President
President Putin

Interpreter: Yuri Shkeyrov

Notetakers: Kurt van der Walde, Deanna
Sutliff, Clark Lystra, Dave Matthews, and
Hope HarrisonDATE, TIME December 27, 2000, 1:04 - 1:37 p.m. EST,
AND PLACE: ResidenceThe President: Hello? (U)President Putin: Bill, Good afternoon. (U)The President: Hello, Vladimir. It's nice to hear your voice.
(U)President Putin: Bill, first of all I would like to wish you all
the best in the coming new year and that success will accompany
you and your family in the coming year. It's a good time for us
to continue our bilateral contacts, despite the fact that the new
U.S. Administration is going to take over. On international
security and economic issues, we have made gains, and we wouldn't
like to lose what we've recently gained in our relations. (S)You might know about my recent visits to Cuba and Canada.
According to our calculation, Cuba should owe us about
\$22 billion. But on this issue, I should say that our relations
are very complex. We abandoned sectors of the Cuban economy, and
today we find that they are occupied by Canadian and Spanish
firms. (S)I think there was a good outcome to negotiations with Canada. I
think that there are certain advantages to the Canadian
government's structure. Chretien has managed to get elected for
the third time, and I think if the United States had a system~~SECRET~~

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similar to Canada's, your election wouldn't have been so difficult as this time. (S)

Now I would like to say a few words about the Middle East. I spoke just recently with Mubarak on the telephone, and the Palestinians tried to contact representatives of our country. I would like to reiterate once again: if you think it would be positive and useful for us to participate, our Foreign Minister Ivanov would be ready today or tomorrow to contact your Secretary of State to discuss this. (S)

Of course, we are thinking very hard about our relations with the next administration on security and stability issues. In Brunei you told me you were going to discuss this with Mr. Bush. Did you manage to do so and how do you see the prospects for this? I mean the dialogue between U.S. and Russia. And again, I would just like to wish you all the best in the coming year. (S)

The President: Thank you. First of all, let me talk about U.S.-Russian relations with the incoming Administration. I had a very good talk with President-elect Bush. We talked about Russia for a good while. I think that the most important thing from your point of view is that I told him to work with you on the missile defense issue. (S)

I told him that we had a big role in supporting Russia's continuing evolution as a democracy, your financial success, and the growth of civil society and the whole democratic process including press freedoms. I said I thought he would have better relations with you if there was a cooperative relationship on missile defense. I know they share our interest in continuing to work with you on stricter export controls on nuclear material and missile technology and on Russia having good, stable relations with its neighbors. (S)

I told them that I thought you were someone they could have a cooperative relationship with, but that it would be important to work cooperatively on missile defense. I had the feeling that they understood and accepted this position, but, of course, only time will tell. (S)

I do have to say that I think the incoming Administration will be interested in the same things that we were, but they may have different emphases. We have worked together on some very tough issues. We've succeeded on some and left some others unfinished. I think the general interest we have in wanting to support Russia's economy, democracy, export controls and relations with Russia's neighbors will continue, but maybe with different emphases. (S)

I have to tell you, I was disturbed to learn about the new economic and political pressures on Georgia. I think the new Administration may be a little less concerned about some Russian internal problems, but even more concerned with Russian pressure on its neighbors. There's a lot of support for Georgia in this country, especially within both the Democratic and Republican parties. (S)

On the Middle East, I think that you may be able to have a very important positive influence right now. I presented a set of basic ideas to the Israeli and Palestinian negotiating teams. I asked them to accept these ideas as the boundaries for a permanent agreement. If they would accept those, we could work over the next couple of weeks to close the gaps so that an agreement can be reached. (S)

Barak has said he would accept them if Arafat would. This represents a big step forward, because these ideas represent the fulfillment of basic Palestinian aspirations. There would be a Palestinian state covering about 95 percent of the West Bank and all of Gaza, all of east Jerusalem as their capital, sovereignty over the Haram, the Temple Mount, and a big new program of resettlement of refugees in third countries, although there would be some modest numbers accepted in Israel. (S)

We have a historic opportunity here, but this is the best we can do. I'll have to work like crazy to sell this in Israel. Otherwise, I leave office on the 20th. There will be an election in Israel, and Sharon will take office on February 6. I know you have a lot of influence on Arafat. I would urge you to get him to accept these ideas as a basis to move forward. Both sides have questions, but we have to assure him that the international community will stand by him and see that this agreement is implemented. I would like to have Madeleine stay in constant touch with Ivanov on this. If both sides can accept those principles, if that happens, then we can work out the details. (S)

President Putin: If I understood you correctly, you proposed that Ivanov and Albright should talk soon about how to intensify efforts in that direction? Am I correct? (S)

President Clinton: That's correct. (S)

President Putin: [Note: Putin's voice becomes increasingly emotional and insistent as he discusses Georgia.] Now I would like to say just a couple of words on Georgia since you touched on this topic. You have just said that you are concerned about economic and political pressure. I would like to give you the real situation. I don't know your view, but I think we have good

personal relations, and I would like you to try to listen to what I'm saying to you now. Russia is not exerting any economic pressure, and it's not able to exert any political pressure on Georgia. So I'd like you to know the real situation. (S)

For the last few years, 600,000 to 700,000 people have emigrated from Georgia to Russia. We have offered all of them refuge, shelter, and work here. Georgia is in debt to us, and we have all the right to demand that they pay it back, and Georgia is not paying us back. In light of the need for good relations with Georgia, we decided to restructure the debt. (S)

In this case we are not going to aggravate the situation. Georgia exists mainly, if not totally, at the expense of our energy. Georgia is in enormous debt for the energy and fuel, and we are going to restructure this debt. We provide Georgia with fuel three or four times cheaper than we provide it to other countries. To the European countries we provide fuel at \$110 for 1000 cubic meters, and in Georgia we provide it at \$35 per 1000 cubic meters. Despite the critical situation in our country, we still provided electricity to Georgia. So in all directions we provide large-scale assistance to Georgia -- it is help. (S)

Georgia is raising the question of our Russian bases, and we agree and are discussing this. The only question we have a concern about is the international terrorist gangs, which, after being pushed out of Russia, now find themselves on the territory of Georgia. [Note: Putin's tone becomes particularly passionate.] We have raised this with Shevardnadze, and we think he should take this into account. (S)

We asked him to allow our troops on to Georgian territory to block the border of the Chechen Republic from both sides. At first he agreed, but then he changed his mind. If he hadn't changed his mind, we wouldn't face the situation today in which whole parts of the border are out of the control of the Georgian government. (S)

The only thing we were concerned about was that once the terrorists are in Georgia they could travel freely to any part of Russia from Georgia. A year ago we warned Mr. Shevardnadze that we were going to establish a visa regime if he wasn't going to do anything. But Mr. Shevardnadze didn't do anything. He didn't recognize the real situation that they had terrorists on Georgian territory, so that's why we had to establish the visa regime. Now, Mr. Shevardnadze recognizes the presence of terrorists on his territory, and he now is trying to rectify that situation. I don't think the situation improved for Mr. Shevardnadze when he rejected our proposals at that time, but it didn't influence our relations. (S)

We, as a big power, have not changed our large-scale economic support. As to the visa regime, I think it's quite a civilized measure and is part of our fight against international terrorism. I must admit that within the past year Georgians who are on Russian soil without any registration are transferring without any restrictions 1 billion rubles back to Georgia. We need only to have some order here. All of this has developed in the background of our large scale assistance to Georgia. That is the real situation. I want you to have this information from me.

(S)

I would like to thank you for this conversation and wish you all the best in the coming year. (U)

President Clinton: Thank you very much, Vladimir, for the good wishes. Again, we will work together closely on the Middle East. I look forward to talking to you about the Middle East in about a week. (S)

President Putin: Okay. Thank you, Bill, and Happy New Year. (U)

President Clinton: Thank you. Goodbye. (U)

-- End of Conversation --