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## **Clinton Presidential Records Mandatory Declassification Review**

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THE WHITE HOUSE  
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Nawaz Sharif, Prime Minister of Pakistan

PARTICIPANTS: U.S.  
The President  
Madeleine Albright  
John Podesta  
Samuel Berger  
Strobe Talbott  
James Steinberg  
Leon Fuerth  
  
Pakistan  
Prime Minister Nawaz Sharif  
Sartaj Aziz, Foreign Minister  
Ishaq Dar, Finance Minister  
Mushahid Hussain Syed, Minister of  
Information and Media  
Shamshad Ahmad, Foreign Secretary  
Ambassador Riaz Khokhar  
Tariq Fatemi, Foreign Secretary  
  
Bruce Riedel, NSC Notetaker

DATE, TIME December 2, 1998, 1:30p.m. - 3:15p.m.  
AND PLACE: Oval Office and Old Family Dining Room

[After Pool Sprays] (U)

Prime Minister Sharif: It's lovely weather here. Much nicer than I remember. (U)

The President: It's very unusual. It's a beautiful, clear, warm day. We survived press all right. You're the guest, you go first. I have 2 or 3 items to review here: nonproliferation, F-16s. We can discuss other issues elsewhere. We have a full agenda today. (S)

Prime Minister Sharif: Thank you for the invitation. You may be more popular in South Asia than at home. (Laughter) We value

SECRET

Reason: 1.5 (d)

Declassify On: 12/03/08

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PER E.O. 13526

our ties with you tremendously. Congratulations on the congressional elections. I want to move forward from where we left off at UNGA. We are keen to work with you. We are ready to resolve CTBT issue and adhere to it before September 1999. We intend to do it. Strobe and Shamshad have worked this hard. He has my mandate to resolve this.

E.O. 13526, 1.4(b), E.O. 13526, 1.4(d), E.O. 13526, 1.4(e)

E.O. 13526, 1.4(b), E.O. 13526, 1.4(d), E.O. 13526, 1.4(e)

E.O. 13526, 1.4(b), E.O. 13526, 1.4(d), E.O. 13526, 1.4(e)

E.O. 13526, 1.4(b), E.O. 13526, 1.4(d), E.O. 13526, 1.4(e)

E.O. 13526, 1.4(b), E.O. 13526, 1.4(d), E.O. 13526, 1.4(e)

[Participants are escorted into the Old Family Dining Room where they are joined by the following additional participants: U.S. -- Secretary Rubin, Secretary Richardson, Gene Sperling, Ambassador Milam, Rick Inderfurth (Assistant Secretary of State for South Asia), and Jim Steinberg; Pakistan -- Anwar Zahid (Special Assistant to the Prime Minister, Shabaz Sharif (Prime Minister's brother) and Muhammad Saeed Mehdi (Principal Secretary to the Prime Minister). Lunch began at 2:25 p.m. and ended at 3:15 p.m.] (S)

The President: We're eating late again. (U)

Prime Minister Sharif: I was in Oslo yesterday. (U)

The President: It's a wonderful place. I visited there 29 years ago. I want to go to your part of the world. Hillary and Chelsea loved it. (U)

Prime Minister Sharif: We hope in March or April. (C)

The President: Is it good weather then? How long before the heat ends? (U)

Prime Minister Sharif: September. (U)

Mr. Shabaz Sharif: I hope you will visit Lahore to see my capital in Punjab. It is the heart of Pakistan. (U)

The President: What is the population? (U)

Mr. Shabaz Sharif: Five million in Lahore. Ten million in Karachi. (U)

The President: China has a dozen cities with over three million people plus over 1,000 villages. (U)

Mr. Aziz: We have a 70-30 ratio of rural to urban population.  
(U)

The President: While we have lunch, would you brief us on your economy and how we can help. (U)

Prime Minister Sharif: I'll let my Commerce Minister discuss this. (U)

Mr. Dar: The economy was on a downward path when the Prime Minister came to power. The GNP was down. We started to turn things around when the Asian crisis and sanctions struck us. Multilateral loans were hurt. We had tough discussions with the IMF. We reached a tough agreement on 24 November. We faced an increase in petroleum prices. We were hoping for a quick response from the Paris Club. It is scheduled for 9 December which means no action until January. We have resolved the Independent Power Producers (IPP) problem entirely to all sides' satisfaction. What we need now is a Paris Club package. As I explained to Secretary Rubin, we need your help with the Paris Club. We need a reactivation of previous programs -- around \$600 million. We need a signal now. On the World Bank side, we also need some signals. We request you weigh in there as well. We are current with all other banks. The impact of sanctions has been a 3 percent fall in GDP with another 2 percent expected next year and 1% in 2000. That is a \$12 billion loss over 3 years. We want to focus on poverty too. We also qualify for the new emergency facility created after the South East Asia crisis. We are losing 1 percent from trade due to the crisis in South East Asia. We will see 3.1 percent drop in GDP. We need help. We also need a larger textile quota. In principle you have agreed to it but now we need to put it in practice. We would increase by \$750 million. We expected 5 percent growth, so a 3 percent decline is devastating. (C)

The President: And debt service? (U)

Mr. Dar: Almost 60 percent of budget. (C)

Mr. Rubin: After the Paris Club, what will be the debt service ratio? (C)

Mr. Dar: We want a moratorium for 3 years. We qualify. (C)

Mr. Rubin: We will be discussing this more. Mr. President.  
(C)



The President: I'm very concerned about the Asian financial crisis. (U)

Mr. Rubin: How much has the Japan crisis hurt you? (U)

Mr. Dar: Very much. We got lots of aid from Japan which we lost due to sanctions. We lost much trade as well, but this was also due to the weakness of Japan's economy. (C)

The President: The condition of the Japanese economy is the single key to world economic health. We've tried to help. If you look at the size of their economy real economic health requires Japan to recover. It has been five years of no growth there. Now it is affecting us. The Boeing layoffs are a symbol of this. (C)

Prime Minister Sharif: We are looking to buy planes from Boeing. If we can't get F-16s we'll go for 747's. (laughter) (C)

The President: Boeing will give you a good deal now. (C)

[There is more discussion on the need for global bank reforms.] (U)

The President: I am concerned about investment flows. (U)

Prime Minister Sharif: Ambassador Richardson went to Afghanistan. I had hoped for some follow-up. I urge you to have some direct contact with Taliban. (S)

Mrs. Albright: We have very serious problems with them. Their treatment of women and others is very serious. Need follow-up on 6+2 to deal with the reality of a multi ethnic society. It is a great tragedy. (C)

Prime Minister Sharif: We suffer greatly from this tragedy. We have millions of refugees. E.O. 13526, 1.4(b), E.O. 13526, 1.4(d)

E.O. 13526, 1.4(b), E.O. 13526, 1.4(d)

E.O. 13526, 1.4(b), E.O. 13526, 1.4(d)

The President: It's very unfair. I'm glad I spoke on this at the UN -- on Islam. (U)

Prime Minister Sharif: We are totally with you on this. (U)

-- End of Conversation --