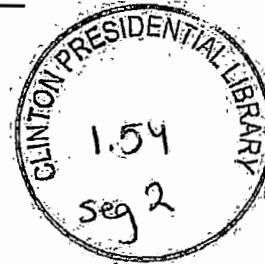


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THE WHITE HOUSE
WASHINGTON



MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Russian President Boris Yeltsin
on Security Issues (U)

PARTICIPANTS:

The President
Warren Christopher, Secretary of State
Lloyd Bentsen, Secretary of the Treasury
George Stephanopolous, Assistant to the
President and Director of Communications
Strobe Talbott, Ambassador-at-Large and
Special Advisor to the Secretary of State
Anthony Lake, Advisor to the President for
National Security Affairs
Thomas Pickering, Ambassador-designate to
Russia
Toby T. Gati, Assistant to the President for
National Security Affairs
Daniel Poneman, Senior Director for
Nonproliferation, NSC Staff (Notetaker)
Rose Gottemoeller, Director for Russian,
Ukrainian and Eurasian Affairs, NSC Staff
(Notetaker)

Boris Yeltsin, President
Boris Fedorov, Finance Minister
Andrei Kozyrev, Foreign Minister
Alexander Shokhin, Deputy Prime Minister
Dmitri Ryurikov, Assistant to the President
Georgy Mamedov, Deputy Foreign Minister
Viktor Mikhailov, Minister for Atomic Energy
Vladimir Lukin, Russian Ambassador to the US
Vyacheslov Kostikov, Press Secretary

DATE, TIME
AND PLACE:

April 4, 1993, 10:00 a.m. to 1:00 p.m.
Pan Pacific Hotel, Vancouver, Canada

President Yeltsin: Yesterday your representatives from Congress, Messrs. Michels and Gephardt, left for Russia where they will meet with our parliamentarians in the Supreme Soviet. I would like to give them some advice. Minister of Foreign Affairs Kozyrev will work with them and will advise them on what to say in the Supreme Soviet with regard to my position. If that's all right with you. (S)

[Press corps comes in for photo-op.]

President Yeltsin: (comment at flashing cameras) "Some kind of journalistic storm." (U)

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President Yeltsin: The second question I wanted to address: Were we able to reach the HEU Agreement. (Turning to Minister Mikhailov:) Was it agreed? (U)

Minister Mikhailov: No, Boris Nikolaevich. I did talk with Ms. Lynn Davis, the Under Secretary for Security Issues. There is a very specific issue we need to resolve. (S)

President Yeltsin: We can wait if you will solve it in one week. (Turning to President Clinton:) Let's get them together in one week. (S)

The President: Secretary Christopher tells me that we have at least agreed to a set of principles to guide the discussion. The agreement will be helpful to us in working out relations with Ukraine. It is a high priority for me. We will work hard on it during the next week. (Russian photographers ask the two presidents to shake hands. They shake hands for cameras.) (S)

The President: There are two things I wanted to come back to you on, Jackson-Vanik and COCOM. (S)

President Yeltsin: And GATT. (S)

The President: We are in favor of working with you on GATT. On Jackson-Vanik and COCOM, we will go back and work with the leaders of both houses of Congress to review all the restrictions that grew out of the Cold War. The issue is, are there any more refuseniks waiting to leave Russia? I'm told there are a couple of hundred left, if you could check. (S)

President Yeltsin: I don't have any data myself. If you do, give me their names, and I will look into the cases. The policy is not a real problem. We will solve it. I understand the problem on the sale of rocket engines to the Indian Space Research Organization. We discussed it last night. We cannot go back completely on the deal signed by the former U.S.S.R. We are reliable people, so we cannot renege. Perhaps the most we can do would be to deliver the engines without delivering the technology. If we can work out a compromise on that basis, maybe your Congress will be satisfied. In return, if you will look at our space launch services, in particular, an agreement on space launch, we will be satisfied. (S)

The President: I explained last night that we are interested in working on the Europeans to afford you a separate segment of the market that would help you without hurting our market. We will be back to you soon on that. (S)

President Yeltsin: Turning to weapon exports, I suggest that we agree that firms should be able to compete directly on market terms, with quality and price determining who wins. We are not selling to certain nations like Cuba, Iraq, Yugoslavia and, in a limited sense, Taiwan. But we are selling fighter planes to China. I say, let firms compete to gain access to markets. Only not on forbidden items like nuclear weapons and their delivery

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vehicles. In June 1993 our Ministers of Defense will meet. Maybe they can come up with a more definitive stand. (S)

The President: In the countries you listed you did not list Iran. Your Minister of Foreign Affairs said you were not going to sell heavy water reactors to Iran, which we appreciate. But Iran continues to promote terrorism, so we are concerned about arms sales and nuclear sales. On chemical warfare agents, I'm frankly concerned that those regimes who don't respect human life will use them. (S)

President Yeltsin: On Iran, I will ensure that we either completely forbid or limit sales to small arms. That's a possibility. The export of chemical weapons is completely forbidden to any state. We are only working on destruction, and doing it with you. These are weapons to destroy, not to export. All our strength is being spent on their destruction. (S)

The President: Are there other comments, Chris? (U)

Secretary Christopher: No. (U)

President Yeltsin: Further, defense conversion is difficult and needs a "political impulse" from your side. There is an intragovernmental committee. We have to give an impulse to it so that it will really work. It works badly now. (S)

The President: You want me to urge our people to be more forthcoming. (S)

President Yeltsin: I want conversion to work better, and to come to decision faster. The Committee hasn't even had its first meeting. (S)

(Member of his delegation remonstrates that Committee will meet in May, for a special "Commission.") (S)

Probably our bureaucrats are guilty but yours must be guilty, too. If they only meet for a special Commission, they will never get anything done. (S)

The President: We will do what we can to accelerate the process. (S)

President Yeltsin: Now, on training for a market economy. I like Mulroney's idea of a "Yeltsin Scholarship" under which 50 people will come to Canada to study every year. I said 150,000 firms have been privatized, but we need a million. (S)

The President: So you want to have people coming from Russia? (U)

President Yeltsin: Yes, once they have learned English. (U)

The President: We are ready to fund a sizeable number but will look to you on how to do it. (U)

President Yeltsin: About 200 people per year at two or three universities? (U)

The President: We can do at least as many, but it is ok if we do more? (U)

President Yeltsin: Great -- 200 more, but they should be able to do as they do in Canada, and come with their spouse. (U)

The President: With their families? (U)

President Yeltsin: With one family member. (U)

The President: Would you like the program to be set up the same as in Canada? (U)

President Yeltsin: Yes, but higher numbers. (U)

The President: Good, we would like to do it. (U)

President Yeltsin: Very good, because this will deal with our lack of education. Now let's talk about private investment. I want to talk about insurance. German firms will insure investments in Russia, but U.S. firms will not, because of the "political risk." If we could get one or two firms to take on such responsibility, it would be an advance for private investment in Russia. ~~(S)~~

The President: How many German firms do such insurance, two or three? ~~(S)~~

President Yeltsin: One, the firm "Hermes". But it is a big firm. We would like to have more American firms involved. You have many more. ~~(S)~~

The President: We have given considerable thought to what we can do to guarantee investment. Mark Weiner, the manager of McDonald's in Moscow, recently wrote me to say how we could protect the investments of small firms. We'll look at it to see what we can do. ~~(S)~~

Mr. Fedorov: We would like to create a risk insurance institute to consider the question of insuring political risk. But maybe an "international agency" is needed. We can look at this question later. ~~(S)~~

President Yeltsin: I have five pages of material outlining restraints on Russia and COCOM and U.S. restraints. (Hands the President a paper.) There is also a very interesting program involving the Ilyushin-96 aircraft. Nineteen American firms are working on it. However, once again many elements are covered by COCOM restraints, and therefore we cannot build that aircraft. I also met this morning with a firm from British Columbia that is using our helicopters. They want to buy them but cannot because of COCOM restraints. There is a mass of questions on the U.S.

side on fair policy toward firms wanting to invest in Russia.

~~(S)~~

The President: I asked the senators to compile in my absence a list of all restraints growing out of the Cold War. I have your list now. We'll work on it next week and try to figure out which we can repeal or modify. ~~(S)~~

President Yeltsin: We are also working with the UK, France and Germany. But we are friends and partners, Bill. (U)

The President: And when you win on the 24th (sic), all America will know. ~~(S)~~

President Yeltsin: I'd like to discuss a project on space management, transportation and telecommunications. It involves rail transport, airplanes, telecommunications, computers and the aerospace industry. We hear Japan is interested, but we want to deal with the U.S. We have the most powerful experience in space and you, on land, in developing infrastructure. We need to put these two advantages together, and we will have a powerful cooperation. Not in autos, but this is very realistic for satellites. ~~(S)~~

The President: It's an interesting idea. We would like to put space and energy issues together on a very fast track. I have named my Vice President, Albert Gore, to work with you. You mentioned Chernomyrdin. I fully agree we need to move forward on space projects. ~~(S)~~

President Yeltsin: I commend to you Chernomyrdin. He knows his stuff. Now, concerning agreements that have not been ratified, like the double taxation agreement. It was ratified by the Supreme Soviet, but not by the Congress of People's Deputies. As for START-II, we will ratify it, but it is a longer-term project. On nuclear testing, we must decide how to work together further. We want to stop all testing. We only have the Novaya Zemlya test site now, and it will require a big investment. Weather conditions are very severe there, 50 degrees below zero (celsius). We have to build a huge underground facility, which will be very expensive. Why should we even prepare to build it if you will agree to stop testing?

~~(S)~~

The President: Why don't we agree that we'll set in motion comprehensive test ban negotiations at the earliest possible time? You and I will agree about how to set them in motion, through a multilateral negotiation. ~~(S)~~

President Yeltsin: Yes, France has already agreed. Only the UK and China are left. We don't want nuclear potential to spread.

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The President: Let's do it. (U)

President Yeltsin: Yes, let's do it. (U)

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The President: Let's agree to get the multilateral negotiations going, and you and I will work with the Chinese and the British.

~~(S)~~

President Yeltsin: The moratorium will end July 1, so we have to hurry. Shall we extend the moratorium to January 1, 1994? (Quickly, without waiting for answer:) Now, what shall we do about Ukraine? ~~(S)~~

The President: We keep working on Ukraine to ratify START. That's one reason why we want the HEU agreement, as leverage over Ukraine. ~~(S)~~

President Yeltsin: Let's talk about the destruction of nuclear weapons. We are working to destroy our heavy missiles. As for warheads, we destroyed 3,000 in February (sic). (To Mikhailov:) Isn't it so? ~~(S)~~

Minister Mikhailov: Right. (U)

President Yeltsin: He (Mikhailov) is Director of one of the biggest plants involved in nuclear destruction. On the biological weapons problem, we shut all the doors, and the personnel were dispersed to other institutions. We have some researchers working on research and development for peaceful purposes, openly. Please come and look whenever you want, without invitations. We accept your committee any time and in any town. You can inspect. There is no longer any sin on our soul. (Going through notes) We discussed yesterday the formation of a permanent group to discuss strategic questions, in verification, submarines and military issues. Turning to GPS, we notice you've been reviewing SDI and have cut back on it in the budget. What about the GPS? We have begun to develop an understanding about it but do not see how practical links between our firms and research and development institutions will develop. We need to think about how we will move forward. We have to get together. If we do, we will build a system against an unexpected nuclear aggressor -- Iraq or anyone else -- that is two times cheaper than it otherwise would have been. ~~(S)~~

On nuclear targeting, I wanted to tell you that we've removed the targeting cards from the missiles that are scheduled to be eliminated. When an aggressor appears, we will restore the targeting data. This is a serious -- big question. ~~(S)~~

A senior level person, Mamedov, is in charge of an interagency group on this. We are working for a U.S. proposal. We understand the U.S. is reviewing old plans. I believe we need to move toward specific scientific and technical projects, beyond the political level. ~~(S)~~

The President: I'd like to make a suggestion. Independent of this meeting, I had asked for a review of the ABM Treaty issues. That review is almost done. I would like to come back to you after we have completed that review. It will not be a long time.

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President Yeltsin: Very well, Mr. President. I'd like to move to a bilateral agreement to monitor the oceans to track submarines. Our two nations have a monopoly, so together we can learn where all the subs are at one time. (S)

The President: We will consider that. (U)

President Yeltsin: I'd like to discuss taking nuclear systems out of readiness status early. If we can agree on a "not combat-ready" status for those systems, then all the world will know that they are very tightly under mutual control. We could also give thought to taking multiple warheads off, and perhaps we could sell them to you as uranium or plutonium. (S)

The President: Do you have a specific proposal, or do you want to assign people to work on this? (S)

President Yeltsin: I want to put together a working group to figure out what to do. In the year 2003 (note: the end of the START-II reduction period), I won't be President anymore. I want to achieve this during my presidency. (S)

The President: I can't serve for a third term, so I want to speed up, too. You've raised a number of issues that require a specific and careful response. We'll review the issues and get back to you. This is a significant proposal, and we will respond to you. Now I would like to respond to you on foreign policy issues and discuss the G-7 meeting. First, thank you for your cooperation on re-starting the peace negotiations in the Middle East. I hope you will continue to work to get the Palestinians to come to the table. (S)

President Yeltsin: We will support you on that line. (S)

The President: I would like to get your support for a firm position enforcing UN resolutions on Iraq and Libya. (S)

President Yeltsin: We have no real influence on Iraq. It is true they owe us \$2.5 billion. They say to us if we stop supporting the U.S., they will give us \$4 billion. So this is a "cheap" policy for us. We will not be selling weapons to them nor any spare parts. (S)

The President: We've received reports of new military activities by the Armenians. I'd like to be able to say that in the next couple of days we will work closely together to moderate the fighting. (S)

President Yeltsin: We know about the above situation. We have been talking to Elchibey. I am most concerned that there would be an escalation if we insert ourselves and somehow Armenia would take heart from that. (S)

We have been thinking about what kind of action to take. Elchibey has a very difficult personal political situation.

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Azerbaijan has always had a better military position; now Armenia has it. This is Elchibey's political downfall. We have been in close contact with Azerbaijan rather than Armenia, because for us Azerbaijan, if it develops ties with Iran, is more dangerous than Armenia. If you don't demand an immediate answer, I will think about this for a few days. (S)

The President: The final thing I'd like to talk about in front of our advisors: I have appreciated your candid review of the situation in the republics, especially your willingness to talk about solutions with Shevardnadze in Georgia. One more subject: we are quite concerned about the recent military activity in North Korea. Do you believe that the younger Kim is having any influence here? The most problematic thing is their threat to withdraw from the IAEA. If they withdraw, it will be very difficult. (S)

President Yeltsin: I'll say something first about the nuclear situation. We have stopped all deliveries to all nuclear plants and cut economic relations. Perhaps you have noticed that I have links to South Korea, not North Korea. (S)

The President: I did. (U)

President Yeltsin: That shows you how seriously I take the situation. We share your concern, but have not had current contact with the North Koreans. I suggest the only way is economic pressure on them. But we have no contacts, no delegations going back and forth. I do not think this is the existing influence of Kim Chang Il but just the beginning of the Communist agony, and North Korea may make terrible blunders. When I was in South Korea, we talked about more significant cooperation. We are also concerned. (S)

The President: Just one more question, about the Middle East. We have invested quite a lot in trying to get the peace talks back on track. I'd like to ask you to discuss where you are, and how you can influence the Palestinians to agree to a date. (S)

President Yeltsin: We have cut back our contacts with the Palestinians. That was during the Soviet period -- the Central Committee maintained contacts. Now we have no contacts, delegations, or anything. Although the Syrians are trying to deal with the details of the political situation, it is such a difficult thing to do. Our cooperation with the Syrians is cut way back. That's our position. (S)

Now, with regard to debt: Syria owes us a lot, and so we need \$120 billion. We would like to sell the debt, but we cannot do so because of sanctions against Cuba. Shokhin jokes that maybe you can buy the Cuban debt. (S)

The President: One final question: You know we have a big dispute -- Libya. They are harboring two people who had a big role in destruction of the Pan Am 103 flight. We have had mixed signals. Sometimes they like to cooperate -- other times they

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say no; the answer is that Khaddafi's whole government would fall if those two people were let out. Khaddafi will not even discuss the trial of these two people. (S)

President Yeltsin: Our position regarding this is that there is no cooperation now. If you want strengthened sanctions, we will not oppose them. (S)

We have discussed 52 questions during this summit. (S)

The President: We should get some credit for that. (S)

President Yeltsin: We will raise it at the press conference. (S)

The President: We would like to talk about the G-7 process; and before we close, we would like to discuss anything you might need. I will ask Secretary Bentsen to summarize what we are doing in the G-7 context. (S)

Secretary Bentsen: We fully understand with your inflation and budget concerns that you need early action on assistance. The President has directed us -- and Secretary Christopher and I will be attending the G-7 meeting -- to try to set up a new facility for countries that don't have a full economic program yet in place, like Russia. By creating this new facility, we hope to release \$500 million almost immediately. Once the economic program is in place, then we would envision several billion more this year. But you need to put your central bank in order. It is an absolute imperative that you get control of your currency. The G-7 can implement by the end of the year, once the economic stabilization program is put in place. We are going to encourage the World Bank to expand its activities in agriculture and energy. Many countries are having their own economic problems, but they want to help. But all of this is predicated on your getting control of the central bank. (S)

President Yeltsin: The chairman of the central bank is a member of the government, and without government authorization, the central bank will not issue currency. Fedorov and the government are working hard to get the bank under control. But this is not simple: we have to work together with the Congress (of People's Deputies). (S)

Secretary Bentsen: We hope you have a big win in the referendum. (S)

President Yeltsin: Yes, true, true. This is collective work -- we have to work together. (S)

The President: Anything else from any member on your side? (U)

President Yeltsin: You should consider my words the product of collective thought. (S)

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Minister Fedorov: We have created a Space and Energy Commission yesterday. Will we be creating others? The Conversion Committee we discussed? (S)

The President: Absolutely, we just have to get that one moving. (S)

Minister Mikhailov: I would like to add something. We have not found a compromise on uranium and low-enriched uranium. We are losing \$200 million per year in the U.S. market, and today we have not reached an agreement. That is very important to us. We dream of free competition, especially with high value-added products and technologies in U.S. markets. It is important for us and for your industry. That would make it possible for you to make use of Russian high technology. I would like to say that we very much support the supercollider work. That is something that will put our scientists and technical specialists to work. Last of all, I would like to mention our joint project to put together the reactor of the future. We are working on it with "General Atomics," a good firm, to work on safe, atom-generated energy of the future, but we need your support. (S)

Ambassador Lukin: I would focus attention on internal issues, symbolic things such as getting rid of the "Captive Nations" laws. From the point of view of parliament, we're treated as a communist power, while China is not. Our parliament notices it. (S)

The President: As I said, I asked Senator Warner to put together a list in the next few days. I gather public statements are not harmful to the cause? (S)

President Yeltsin: Before April 25, that will be very important. (S)

Minister Kozyrev: To eliminate them all in three weeks would be very difficult. But a resolution could be passed to say that these acts would be reviewed and suspended until the review was complete. It will be important to say we are working on changing the laws, and the outcome will be seen by April 25. Foley and others were interested. (S)

President Yeltsin: OK, Mr. President, now the historic Vancouver declaration. As President, I want to officially invite you to make a state visit to Russia, at a time convenient for you. That time will always be convenient for us. (S)

The President: I will be honored to come. I will discuss it and will come when the time is consistent with my economic struggles at home and when it is appropriate and helpful for you. (S)

President Yeltsin: I won't say it's a question for between now and April 25. But I won't want to be considered half a president. (S)

The President: No danger of that. (U)

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President Yeltsin: Maybe we'll just have some quiet time for you and I to discuss any questions with our delegations, especially what might be raised during the press conference. (S)

The President: (Agrees. Break is called.)

(Resuming: Discussion of press conference:)

President Yeltsin: On nuclear tests: Time is short before July 1. If you haven't figured out what to do on testing, can't we stretch the moratorium to January 1, 1994? (S)

The President: We have to talk to the British. They do all their testing in the United States. (S)

President Yeltsin: But let's do something practical and stretch out the moratorium. (S)

The President: We will have to say we discussed this openly. (S)

Another difficult question we will get: Will the economic package make any difference? (S)

President Yeltsin: I, of course, will answer that it will make a difference in this, this and this area. On the Paris Club deal, I will answer that we accept things as worked out in Paris. (S)

On the Indian engine and technology deal, I will say in answer to a question on that: If we drop the Indian deal, it will be a \$240 million loss for us. If the United States is positively ready to broaden access to commercial space launch, then we are ready to take that loss. (S)

The President: And I will say that we are ready to go forward with greater cooperation in space. We are ready to do so, and we are going to work on it. Now, we are likely to be asked a question about aid to the other republics. I will answer if they broaden their reforms to the level achieved in Russia, they can expect more aid. (S)

President Yeltsin: Of course. (U)

Mr. Kostikov: We had better not use the word "assistance" (pomoshch), but "support" (poderzhka).

President Yeltsin: Yes, "support" (sovpoderzhka) or "cooperation" (sotrudnichestro). (S)

The President: I will say "partnership in working with America." Now, we will be sure to get two questions: First, was our summit meeting planned to win the referendum, or was the date of the referendum chosen with the summit in mind, because it would influence vote outcome? (S)

President Yeltsin: The answer is clear. We decided to meet long ago, the Congress decided the date would be April 25. (S)

The President: Yes, we decided long ago to meet during the first 100 days of my Presidency. And, the answer to the second question? (S)

President Yeltsin: The answer is simple: We don't have any doubts as to the outcome of the vote. (S)

The President: Yes. We will also be asked about Bosnia. (S)

President Yeltsin: Unfortunately, the Serbs turned down the Vance-Owen plan. Now we must reconsider how to handle the corridor issue. (S)

The President: The Serbs have a specific modification they seek. We should say, if the Serbs can come up with a proposal for immediate negotiation, then we will negotiate. If not, the U.S. will resort to its original position.

On Iran, I will say we discussed it and reached agreement, period. (S)

President Yeltsin: Good. (U)

The President: We have a law on arms sales to Iran, and you are within our law. (S)

Minister Fedorov: Maybe you'll let us have the Malaysian fighter plane deal? (S)

The President: On the HEU deal, we are haggling over price, but you and I are going to make it happen. (S)

President Yeltsin: It is also a question of quota. I will answer that earlier, the American side was not willing to discuss these issues, but now we have talked, and the American side is willing to get together and discuss all remaining questions with regard to the agreement. And, we gave an order (ukazaniye) that the agreement should be reached in one week. (S)

Minister Mikhailov: In the week. (U)

President Yeltsin: Especially since the head of your delegation is a woman of tough character (zhestkogo kharaktera). (S)

The President: Another question we will get: Will all these investments be wasted unless Yeltsin gets control of the central bank? (S)

President Yeltsin: I won't give Fedorov's whole biography, but I will answer as I said before: We are working to control the central bank. It is time for us to start. (S)

- END OF MEETING -