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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Restricted Meeting with Russian President
Vladimir Putin (U)

PARTICIPANTS: The President
Condoleezza Rice, Assistant to the President
for National Security Affairs, Notetaker
Peter Afanasenko, Interpreter

President Vladimir Putin
Vladimir Rushaylo, Secretary of Security
Council, Notetaker
Interpreter

DATE, TIME: June 16, 2001, 2:50 - 4:30 p.m.
AND PLACE: Brdo Castle, Slovenia

President Putin: How has your trip been? (U)

The President: Good. People thought I was an isolationist;
that I didn't care about Europe. They were nervous. Perhaps my
coming from Texas bothered them. Now it's better with the
press. (S)

President Putin: You've damped them down. You have a flair for
that. (S)

The President: I won't say so publicly, but this is the most
important meeting of the trip. Everybody is watching. The
Europeans with whom I met told me that respect was important. I
read your book. I know you keep a cross. (S)

President Putin: (Describes the cross, the fire in the Dacha.)
(U)

The President: We should be frank and straightforward. (S)

President Putin: Yes. This meeting is for personal contact.
There are some issues we will be working on for a long time,

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like strategic stability. But why is the ABM Treaty restrictive for you? What does it prevent you from doing? Let our specialists get together to consider why it hampers you. (S)

The President: I invite you to Washington, perhaps to the Ranch. Our relations are much bigger than strategic stability. I don't want to diminish Russia. A strong Russia is in our interest. The ABM Treaty codified our relationship as enemies. A reliance on blowing each other up is not stability. The ABM Treaty codifies hostility, not stability. We must redefine new threats coming from those that hate America and may hate you. This is not Star Wars. It says, no rogue state can blackmail America or Russia. You have spoken of interception on launch. But the ABM Treaty prevents that. Think about it. (S)

President Putin: I'm pleased to accept broader framework of relations. There must be honesty in our relations. I'm popular in Russia and I'll tell you why: because I'm in touch. People in Russia feel deceived by large-scale changes that brought more freedom that they can't enjoy. Not just the poor, but the elite also feels frustrated. (C)

What really happened? Soviet good will changed the world, voluntarily. And Russians gave up thousands of square kilometers of territory, voluntarily. Unheard of. Ukraine, part of Russia for centuries, given away. Kazakhstan, given away. The Caucasus, too. Hard to imagine, and done by party bosses. (S)

Then there was Chechnya. Russia left in 1996 and then what happened? Radicals came in from Arab countries and attacked neighboring provinces. (S)

At the G-8 in Tokyo, and at the next and the next, Russia's debt was to be resolved. This was never done. Not like the case of Poland or Egypt. (S)

I know of concerns about Russia's relations with rogue states. Do you think I like them? (S)

The President: I don't know. I know you deal with them. (S)

President Putin: I went to North Korea because the United States was using North Korea's missile program as an excuse to abrogate the ABM Treaty. So I went. (S)

When the Soviet Union fell apart, dangers appeared on Russia's southern border. We face Islamic radicalism. I needed leverage and could get it no other way; the old leverage was gone. My new friends deserted me. There was no debt reduction. (S)

When I met Kissinger in St. Petersburg, he asked about my background. He said that all decent people got their start in intelligence. (S)

The President: Leaders inherit problems. I've got mine. I've heard your balance sheet. Your company is in trouble. I hope you move in the direction of democracy and free markets. (S)

Chechnya is a problem. The use of massive force, compromise of minority rights, is a terrible thing. This sends a very different signal from the one you are sending on the economy. This is not the way to handle that issue. (C)

I'm concerned by Iran. Weapons reaching that country could harm you, too. I can't do much with them now. (S)

We're not trying to disadvantage you. We need cooperation on a lot of issues, including Caspian Basin energy resources. (S)

I've got problems, too. It seems that if you are worried about problems on your southern border, you ought to welcome NATO enlargement, which could stabilize the region immediately to your West in the face of fundamentalism. (S)

Kim Dae Jung of South Korea visited me this spring. I told him that I don't trust Kim Jong Ill, and I don't, but there are things that can be done on the Korean Peninsula and Russia and the United States should cooperate on it. (S)

Russia belongs to the West; it is not an enemy. In 50 years, China could become a big problem. Russia's interests lie with the West. And you should be like the West: rule of law, entrepreneurship, freedom of the press. You have made some good choices, like the flat tax law and hope you keep it up. (S)

President Putin: Regarding rogue states: we have a complex history with Iran. History is important. I understand you studied history, and so you know how important it is. (S)

The President: We must learn to move past it. We're the ones writing history. (S)

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President Putin: I will restrict missile technology to Iran. There are those who want to make money with this country in these areas. Also, I heard you were moving to normalize relations with Iran? (S)

The President: That's not true. Congress makes that completely impossible now. (S)

President Putin: But Bud McFarland is in contact with the head of the Iranian Parliament on behalf of the United States Government. (S)

The President: That's not true. (S)

Dr. Rice: Rumors exist, but they are not true. (S)

President Putin: OK. But Germany has opened up a credit line of 28 DM for Iran. People are opening it up. Besides, trade in conventional weapons is a normal, commercial activity. (S)

Iranian experts do pose many questions about sensitive matters to our experts. There is no doubt they want a nuclear weapon. I've told our people not to tell them such things. And by the way, we will try to work jointly with you on Iraq. (S)

Let me raise Cuba and tell you why I went there: they had sent us a lousy nuclear power plant for which we had paid \$30 million. It was no good at all. That's why I went to Cuba: to collect. (S)

I am concerned about Pakistan. It is just a junta with nuclear weapons. It is no democracy, yet the West makes no criticism of it. Should talk about it. (S)

The President: Glad to. You see: the threat is not a United States-Russia clash. (S)

President Putin: I know. I never considered you a threat. Even during the Cold War. I agree and I wrote down what you said about China and 50 years. We are watching carefully. (S)

The President: The Cold War was a time of suspicion, competition and diminishing each other. (S)

President Putin: You did the diminishing part very well. (S)

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The President: You have a good reputation in Europe but why did you make the decision about the free press? (S)

President Putin: Let me finish with Pakistan and Afghanistan first. Afghanistan is at war. It rocks our boat. Usama Bin Laden is sitting there. We started to cooperate but then the leak about the Afghan Working group broke last year. I thought it was the work of forces opposed to this sort, or any sort of Russian-American cooperation. I lost agents because of that problem. (S)

The President: Armitage can do this. He's a good man. (S)

President Putin: What should we do with the Taliban? I asked Clinton, who never gave back a straight answer. (S)

The President: Armitage and George Tenet have my full cooperation. (S)

President Putin: Perhaps now, after your elections, there will be fewer games. (S)

The President: Rumsfeld and Ivanov have had great talks and they are the appropriate channel for figuring out the strategic framework. That's the place to determine what's possible. (S)

President Putin: That's agreed. Now let me return to NATO enlargement. You know our position. You have made an important statement when you said that Russia is no enemy. What you said about 50 years in the future is important. Russia is European and multi-ethnic, like the United States. I can imagine us becoming allies. Only dire need could make us allied with others. But we feel left out of NATO. If Russia is not part of this, of course it feels left out. Why is NATO enlargement needed? In 1954, the Soviet Union applied to join NATO. I have the document. (S)

The President: That's interesting. (S)

President Putin: NATO gave a negative answer with four specific reasons: the lack of an Austrian settlement, the lack of a German settlement, the totalitarian grip on Eastern Europe, and need for Russia to cooperate with the UN Disarmament process. Now all these conditions have been met. Perhaps Russia could be an Ally. (S)

But the real question is how we associate Russia with the rest of the civilized world. The fact is that NATO is enlarging and we have nothing to say about it. (S)

The President: Are you going to talk about the press now? (S)

President Putin: OK. I remember meeting years ago with a Nobel Prize winner who recommended giving away state property fast because it would find its way into the right hands. We gave away property but there was such weakness at the center. Well, the weakness spread out and the state grew very weak. Privatization was especially weak. Some persons grew very powerful. To preserve their "legally" obtained holdings, they bought up media assets. Gusinsky took \$1.5 billion of government holdings. He stole \$1.5 billion of state property and then complains that the state steals. (S)

You talk about a free press. A free press needs an economic foundation of its own. I want to set the conditions for a real free press to arise. It is not "freedom of the press" when somebody takes \$1.5 billion and pressures the state. (S)

The President: We should return to the meeting. You know that Aznar likes you a lot; he spoke to me of his respect for you. (S)

President Putin: You invited me to Washington and your ranch. I'd like to invite you to come to Moscow and my home. (S)

Now on the economy, I appreciate your support on the WTO. But we have some problems with the Europeans and your leadership could make a difference. They still claimed in a recent steel case that we were a non-market economy and the evidence they used included that fact that the price of land is lower in Novosibirsk than in Belgium! It is also troubling that Jackson-Vanik still applies. The Chinese already have permanent MFN. Are they more democratic than we are? And they even claim to be a developing country. (S)

The President: WTO membership will mean that Jackson-Vanik goes away. (S)

President Putin: I had heard you were going to send a business delegation to Russia? (U)

The President: I'll get Don Evans to organize this. We have a lot of potential. You won't be selling only oil forever! (U)

-- End of Conversation --