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2015-0782-M-1 (1.11)
3/13/2018 KBM

MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with President Boris Yeltsin of the Russian Federation (U)

PARTICIPANTS: The President
President Yeltsin
Interpreter: Dmitriy Zarechnak
Notetaker: John Beyrle

DATE, TIME
AND PLACE: December 22, 1993 9:10 - 9:40 am
Oval Office

The President: Boris, good evening. It's good to hear your voice. (U)

President Yeltsin: Good day, Bill. Yes, I haven't heard your voice for a long time. (U)

The President: Well, you've been through a lot recently. I wanted to congratulate you and the Russian people on your historic elections. In my public statements, I tried to emphasize the positive results of the elections -- that they were free and fair, that the constitution was approved, and that reformers will still be by far the largest faction in the Duma. (U)

President Yeltsin: That's absolutely correct. (U)

The President: I know that the anti-reform vote and the success of Zhirinovskiy pose problems for you. I've just received a report of your recent public statement, and I wanted to ask your thoughts on the impact of the elections in Russia. Will the reform parties come together and be able to work effectively with your government? And will the election results have an impact on your economic reforms or on Russian foreign policy? (S)

President Yeltsin: Bill, thanks for your attention to all of this. You see, there are two different types of constituencies in the parliament: a multiparty constituency and a single seat constituency. In any event, the democrats will have the majority in the parliament. It's a bicameral assembly. And in the upper house, 80 percent will be democratically minded people. And so I'm sure that we will be able to work well with this parliament, especially since the working relationship is supported by a strong democratic foundation in the new constitution. (S)

The President: That's great. I had one question regarding Zhirinovskiy. For our part, I think we've decided not to make

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too much of him or build him up too much. Do you agree with this -- how does he fit into your own calculations? Do you agree that we should play him down? I think that Vice President Gore was right to say the things he said about him, but now I think we're inclined to try not to say too much about him. (S)

President Yeltsin: I have just held a press conference to discuss the results of the recent elections, and I said we will judge Zhirinovskiy by his deeds. Words are words, promises are promises, but we will see how he works in the new parliament, and if his role and the role of his party will be a constructive one. That's the criterion we will use. But one thing is clear: there is no room for extremism or fascism in the new parliament. The President and the constitution will guard against that. I believe we shouldn't pay exaggerated attention to Zhirinovskiy and his party, but at the same time, we must not ignore him or exclude him. (S)

The President: I'm really looking forward to our summit in January. You know that Hillary and Chelsea will be joining me in Moscow on the 14th. Hillary will be pleased to see Naina again. This will be an important meeting. Some have questioned whether the U.S. and Russia can build an effective partnership. I think we can convince them otherwise. (S)

I wanted to highlight today three issues that I believe are critical to the success of our meeting: economic assistance to support your reforms; our common effort to convince Ukraine to go non-nuclear; and our foreign policy agenda. (S)

President Yeltsin: I fully agree with that. We are looking forward to your arrival and are preparing a good program for that. We have accepted fully the very good program that you presented, but with one small adjustment I'd like to suggest. It is maybe not needed, as Vice President Gore did, to invite to a meeting all the leaders of all the parties and all factions of the new parliament -- so as not to give them an exaggerated opinion of themselves. But I fully agree on the agenda you propose: bilateral issues; Ukraine -- a subject that gives me great concern; and international affairs. (S)

The President: Regarding economic reform and western assistance, I will give you a status report in Moscow of U.S. economic assistance since Vancouver. The \$1.6 billion package from Vancouver has been fully obligated and 71 percent of the funds have been expended. The larger \$2.5 billion package has been underway for two months and funds are now starting to flow. (U)

But I want to know your views on the course and pace of your economic reforms. It is critical to continue those reforms. You have a good team and a good reform program. I understand that you may have to react to domestic pressures and that this might require some adjustments to your policies. (S)

We have begun a quiet study within our government of possible ways the U.S. and other G-7 countries could help improve IMF and

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World Bank assistance to Russia. I intend to discuss these ideas with my G-7 counterparts and then to share them with you in Moscow. I hope the results would help you improve the situation of average Russians, and therefore to strengthen political support for you and for reform. But we will do this quietly and keep your experts informed. (S)

President Yeltsin: I thank you for the help you have provided and for your unfailing support. Regarding reforms, it's true that during the elections we slowed the pace down a bit, but now, with the elections behind us, with a new Parliament, the mood in our society has turned toward the economic agenda, and we are again busily engaged in the reform effort. We have our government in place. And we still have a President, and that President will not stand for elections in 1994. Under the new constitution, the President will stay in office until June 1996. This means that we will continue the strong implementation of our reforms. (S)

The President: Thank you. I also hope that the summit will produce historic progress in convincing Ukraine to become a non-nuclear nation. I know that you and Vice President Gore discussed this last week. As a result of those talks, and the talks that Strobe Talbott and Yuriy Mamedov held with the Ukrainians in Kiev, we have made substantial progress in agreeing on the outlines of a deal. (S)

Ukraine agrees that we should resolve outstanding issues by the time of our summit. So we would like to invite Deputy Foreign Minister Mamedov to Washington on January 3 for a trilateral meeting with us and the Ukrainians in order to make more progress. Your meeting with President Kravchuk on Saturday will be critical in moving this forward. If we can conclude this historic agreement, we might even consider inviting President Kravchuk to Moscow so that the three of us can announce it together, on your turf. (S)

President Yeltsin: I'll meet Kravchuk tomorrow [December 23] at the CIS summit in Ashgabat. We'll talk about this, and other issues, and I'll propose to him that he come to Moscow during your visit so that the three of us can decide how best to finish the final agreements and put the seal of approval on a deal, and possibly sign a document. (S)

The President: That's great.

President Yeltsin: So I'm looking forward very much to your visit and want to thank you for this call. (U)

The President: Can I make one other point? (U)

President Yeltsin: Please do. (U)

The President: It's about our foreign policy agenda. I will be in Brussels for the NATO Summit and in Prague before I see you and will want to discuss Russian participation in NATO's

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Partnership for Peace proposal. I also hope we can have a good discussion in restricted session of the many foreign policy issues, some close to your border, on our agenda. I especially want to discuss this because there is substantial concern in Europe and among your neighbors that the election results will make Russia more aggressive and intrusive in their affairs. (S)

I hope we can agree on cooperative efforts to dispel those fears. I would like to send Ambassador Jim Collins, whom you know well, to meet next week in Moscow with Foreign Minister Kozyrev to develop this further. It will be important to allay concerns by producing concrete movement on Ukraine nuclear issues and also on the Baltics. I don't know where you are on that, but I think it would be a good way to demonstrate the positive changes you have already brought to Russian foreign policy. (S)

President Yeltsin: Good -- send him. We are open to this discussion. We do not intend to interfere in the internal affairs of other countries. When I was in Brussels, I met with NATO Secretary General Woerner. We discussed a plan of action for the countries of Eastern Europe to cooperate with NATO in a way that would not be at the expense of Russia and also a plan of action for Russia to join NATO. So I fully agree with you and look forward to meeting with you. (S)

The President: One last point. I believe we should only invite Kravchuk to come to Moscow if we have an agreement with the Ukrainians on the nuclear issues. Otherwise, it might raise more questions than it answers. And we have a lot of work to do on our own. But if our experts can reach an agreement, then we should invite him. (S)

President Yeltsin: I agree. Thank you, Bill. Goodbye -- I embrace you. (U)

The President: Goodbye, Boris. (U)

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