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THE PRESIDENT HAS SEEN⁷

5/21/96

THE WHITE HOUSE

WASHINGTON

February 20, 1996

MEETING WITH

UKRAINIAN PRESIDENT LEONID KUCHMA

DATE: February 21, 1996

LOCATION: Oval Office

TIME: 11:00 a.m.

FROM: ANTHONY LAHE 

DECLASSIFIED
PER E.O. 13526

2016-0123-M (1.59)

10/2/2018 KSH

I. KEY OBJECTIVES

- Underscore support for an independent, prosperous and sovereign Ukraine;
- Stress the need to stay with reform to achieve Ukraine's aspiration of a stable polity integrated into Europe; and
- Propose a 1996 bilateral agenda focused on delivering results.

II. BACKGROUND

Kuchma's Perspective. Kuchma is in Washington to receive an award from Freedom House. He requested this meeting to seek your help as he faces growing regional and domestic tensions. Kuchma fears social dislocation will cause a political backlash at home while he faces Russian pressure to bend to CIS integration. You will be able to offer tangible support: \$330 million in grants and a trade and investment package of \$860 million. [Note: during your May '95 visit to Kiev, you committed the United States to providing \$150 million in trade investment package. Since last May we have been able to increase this commitment to the figures shown.]

Your Agenda -- Affirming Ukraine. We recommend you underscore U.S. support for Ukraine's independence and prosperity. You can praise Kuchma's success in promoting integration as key to enhancing Ukraine's security.

Reform. Kuchma needs to hear again from you that reform is fundamental to creating a stable polity and consolidating Ukraine's integration with Europe. He also needs assurance that good economics is good politics: adherence to a strong reform program will help Ukraine get through the economic contraction experienced by every post-communist regime.

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Reason: 1.5 (d)

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Easing the pace of reform would only drag out the pain and hardship that underlie Ukraine's current political malaise.

Kuchma wants to put in place a new constitution that institutionalizes a strong presidency before his extraordinary interim powers expire in June. Agrarian, labor and industrial factions, meanwhile, want Kuchma to suspend Ukraine's IMF program and threaten to hold the constitution hostage. Should the IMF program fail, Kuchma would lose \$1.2 billion from the IFIs and more from bilateral donors.

Ukraine took great strides toward economic stabilization in the first half of 1995, but performance slipped badly in the second half as Kuchma's level of engagement declined. Kuchma secured agreement with the IMF earlier this month to restart the program in April, once the Rada passes the 1996 budget.

Energy. The Vice President will focus on energy issues, but Kuchma may raise it with you as well. Severe winter cold and a just-resolved coal miners' strike plunged Ukraine into an energy crisis last week. Russia disconnected Ukraine from the joint power grid when surging Ukrainian electricity demand threatened the operational safety of nuclear plants.

Russia and the CIS. In addition to "energy politics," Kuchma will likely accuse Russia of discriminatory trade practices (e.g., excise taxes on imports from Ukraine) and complain that Yeltsin has yet to make an official visit to Kiev.

Bilateral Agenda. We recommend you propose to Kuchma a new theme for our 1996 bilateral agenda: implementation -- delivering results. The Ukrainians continue to seek new agreements as proof of our partnership. Instead, we should focus on delivering the concrete results Kuchma needs to sustain political support.

III. PARTICIPANTS

U.S.

The President
The Vice President
Secretary Christopher
Secretary Rubin
Anthony Lake
Leon Fuerth
Laura Tyson
William Miller

Ukraine

President Kuchma
National Security Advisor Horbulin
Vice Prime Minister Shpek
Foreign Minister Udevenko
Minister for Foreign Economic
Relations & Trade Osyaka
Ambassador Shcherbak
Interpreter

Chip Blacker
Interpreter

IV. PRESS PLAN

Pool spray at beginning of meeting (Points at Tab B).

V. SEQUENCE

After opening with a strong affirmation of U.S. support for Ukraine, we suggest you stress that consolidating reform supports Kuchma's political aspirations: integration with Europe, economic growth at home.

Attachments

Tab A Points to be Made
Tab B Points for Pool Spray
Tab C Bios