

THE WHITE HOUSE

WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Boris Yeltsin, President of Russia (U)

PARTICIPANTS: The President
James A. Baker III, Secretary of State
Richard Cheney, Secretary of Defense
Samuel K. Skinner, Chief of Staff
Brent Scowcroft, Assistant to the President for National Security Affairs
Robert Strauss, Ambassador to Russia
Dennis Ross, Director, Policy Planning Staff, Department of State
Lewis Libby, Principle Deputy for Strategy and Resources, Department of Defense
Nicholas Burns, NSC Staff (notetaker)

Boris Yeltsin, President
Andrey Kozyrev, Foreign Minister
Marshal Yevgeni Shaposhnikov, Commander in Chief, CIS Armed Forces
Yevgeniy Velikov, Vice President of the Russian Academy of Sciences
Vladimir Lukin, Chairman, Foreign Affairs Committee, Russian Parliament
Ambassador Vorontsov, Ambassador to UN
Mr. Ryurikov (notetaker)
Mr. Ilyushin, Head of Secretariat
Mr. Volkogonov, Military Advisor
Mr. Voschanov, Press Secretary

DATE, TIME February 1, 1992, 11:15am - 12:35pm
AND PLACE: Camp David

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The President: Welcome everybody to Camp David. Let me say at the outset that President Yeltsin and I had a good talk together. I had the opportunity to invite him for a State visit to the U.S. We left the timing open. It will probably not be April but will be before the G-7 meeting in July. We left it to our people to get together and discuss. President Yeltsin invited me to Moscow and I said I would visit before the end of the year. Mr. President, let me suggest that you take the floor keeping in mind that we have a press conference at 1:10 p.m. So, we should

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probably start lunch by 12:30 p.m. I would leave the floor to you for your agenda. (U)

President Yeltsin: Shall we determine our agenda, Mr. President? I would like to discuss the following issues: economic reform in Russia; Russia and the Commonwealth -- political, economic and other problems; nuclear disarmament initiatives; security issues such as dismantling and disposal of nuclear weapons; brain drain; non-proliferation of nuclear and conventional weapons. I also think it would be a good thing to issue a joint statement. ~~(S)~~

The President: That is a broad agenda. Let's see if we have time. We don't want to get into the details of arms control. There may be too much to cover. ~~(S)~~

President Yeltsin: On economic reform in Russia, we are five years late in starting. Economic reform only really became possible after the collapse of the empire and communist ideology. We have a clear program for reform. We raised prices on January 2. We have not followed a classical plan because we simply did not have time to take the other measures that were suggested before the price rise such as banking, tax and other measures. We knew that our popular credit was limited and so we had to act simultaneously on all issues. ~~(S)~~

Since we freed prices, there has been no major social unrest, but there have been hard times. I can only explain this relatively quiet reaction because I announced the price rises before they took effect. So people knew what to expect and they hoarded supplies. February, March and April will be critical. We hope people can stand it. If reform fails, the current forces in power will be replaced by conservative forces, hawks, who will reject these reforms. We will have a police state, repression and the arms race will recommence. It will be a waste of billions of dollars for the U.S. and involve all the world. ~~(S)~~

We are resolved to stay with democracy. We are observing all human rights principles and the principles of a market economy, with private property and demonopolization. We cannot allow this to stop. We need help, not aid. We need your support and cooperation. ~~(S)~~

Food is the main thing. I am thankful for the major airlift but still one cannot feed Russia with that. It will take the efforts of dozens of states. The EC has a surplus of food, roughly 20 million tons. We are short 25 million tons. We need to have mass transportation of food from all over the world. Thank you very much for arranging the Coordinating Conference here. Jim Baker told me that 54 countries participated. ~~(S)~~

So far, our cooperative relationship has moved slowly -- I am talking about the last seven months now. This was a period when you didn't know who to deal with between Gorbachev and Russia. Today the situation is crystal clear. You must send aid to Russia and the other Commonwealth states. Some believe it is a convenient moment to criticize us due to the price rises. But we

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still have popular support. We must survive these three winter months. ~~(C)~~

I don't want to delve into the small print of land reform. We will have 14 million hectares for private farms. There are 60,000 private farms now and will be 200,000 private farms by summer. The average size will be 100 acres. We must begin on banking reform. I met Corrigan at the FED in New York. ~~(C)~~

The President: Yes, Nick Brady told me he spoke to you. (U)

President Yeltsin: Yes, it was fascinating. I believe Brady is with Gaydar this morning. Gaydar is the architect of the reforms. He is young, but talented. His team is young, too. The President must protect this team from criticism in the Supreme Soviet and elsewhere. Gaydar would have been eaten by wolves without the protection of the President. I stand up for him and defend him as head of the government. ~~(C)~~

The President: I want to push the international financial institutions to give you full membership. I hope Gaydar can give us practical ideas on how to help. I think membership is vital. We will push them to do away with the bureaucratic foot dragging. I spoke to Bob Strauss and Jim Baker about this. We hope to do it by April-May. ~~(C)~~

President Yeltsin: Thank you. Time is essential. Gaydar and I have talked. We will reveal all information to the IMF. There will be no problem with information for the IMF. We want full membership by April. ~~(C)~~

The next item is Russia and the Commonwealth. First, I want to say that the move to form the Commonwealth was correct and inevitable. When the union collapsed, states would have moved in all different directions had there not been a Commonwealth. There would have been four nuclear states and the army would have divided into bits. Think of the border and defense problems. So, we decided to act swiftly and we formed the Commonwealth of eleven states. There is no unified structure but there is a small group that prepares meetings for the heads of state and government. The Council of the Heads of State is the supreme authority. We will meet monthly. We met last on January 16 and will meet next in Minsk on February 14. We will discuss the future of the military command and the Black Sea fleet. ~~(C)~~

On economics, so far only the Ukraine wants its own national currency. The rest signed an accord on a single ruble zone. Ukraine signed it too actually but we have information they are printing money and will introduce a currency sometime this year. The Ukraine is dependent on Russia. We give them 40 million tons of oil that they cannot buy elsewhere. Our manufactured goods are vital for them. We want maintenance of the ruble zone. And we won't allow conflicts between us and Ukraine. We seek to be flexible and not push Ukraine around (Note: Shaposhnikov nodded in agreement at this point). Russia has no imperial designs and has no wish to dominate others. We want all in the Commonwealth

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to be equal. Each meeting of heads of state emphasizes that. But we cannot idealize the situation. The baby is only two months old and we must take care of it and be careful not to drop it. ~~(S)~~

The President: Does Kravchuk have a group around him that looks at the situation differently than he does. Do they want to split off from the Commonwealth? Are they pushing him? ~~(S)~~

President Yeltsin: Yes, there is a group in the Supreme Soviet. It is ultra nationalist and its name is Rukh. It has clout but does not have a majority in Parliament. Rukh is exerting major pressure on him. I appreciate Kravchuk's position. He has no way out. His are natural sentiments. ~~(S)~~

There are 11 million ethnic Russians in Ukraine. They live in the east on the Russian border and Russians are the majority in Crimea. They could vote to join Russia. So, I don't think Ukraine will take any sharp turns due to this fact. This is off the record -- our main destabilizing factor is Ukraine. We have good personal relations with Kravchuk. I talk constantly with him by phone. ~~(S)~~

Now, on nuclear control. The launch button is in my control and is second with Marshal Shaposhnikov. The four heads of state have instantaneous communications. If, God forbid, anything happened, we could talk right away. It is incumbent on me to act and on Marshal Shaposhnikov. It is technically not feasible for the others to control the nuclear weapons. It is impossible. ~~(S)~~

On military issues, the eleven agreed to a strategic force under the single command of Marshal Shaposhnikov. Eight countries agreed they didn't want their own land forces, including Russia. So, Shaposhnikov has a unified force under his control. Russia cannot announce an army of its own because the others would want one too. Ukraine, Azerbaijan and Moldova want their own armed forces. We respect their rights. This is no great risk for us. We will comply with our share of CFE reductions. From the 13,000 ceiling on tanks, Russia has 9,000 and we will bring it down. The three others will have to comply too because their budgets cannot bear the burden. Russia is funding the military. We are putting in place 50 percent military procurement reductions. We are aiming for no deficit in the budget during the first quarter. ~~(S)~~

The Black Sea fleet is a thorny issue. But everything is clear about nuclear vessels. If we agree on reductions in strategic arms, we will remove them all to Russia, dismantle and store them there. By July 1, 1992, there will be no nuclear weapons in Ukraine. We have already removed the tactical nuclear weapons from Kazakhstan and will finish soon with Byelarus. Ukraine will be finished by July 1. Do you have any questions? ~~(S)~~

The President: You have outlined dramatic progress. This sends a reassuring signal. ~~(S)~~

Secretary Cheney: We at the Pentagon are very interested in President Yeltsin's strategic and conventional initiatives. We look forward to the opportunity to discuss strategic reductions. ~~(S)~~

President Yeltsin: Yes, on strategic weapons our initiatives are close to each other. Three matters stand out. ~~(S)~~

First, demirving land-based missiles. But what about SLBMs, your naval nuclear weapons? When we negotiate the specifics, we must establish ceilings on nuclear warheads so that the triads are equal. Say a ceiling of 5,000 today should be reduced to 2,500 total for land, air and sea nuclear warheads. This is a general view, but it must be worked out. We should instruct our negotiations to meet this goal. ~~(S)~~

Second, let's discuss our proposal for joint creation of a global defense system. The purpose is not to compete in creation of a space system like SDI. We have experience in space research and we have good nuclear weapons experts. We would like to float the idea, and discuss in general, establishing a joint global defense system with joint manufacturing. We have expertise in the design and launch of space stations and their operations. So far, we cannot think of nuclear weapons in space but the initial stage of development could include our 2000 nuclear experts, some of whom are seeking work. We could consider land-based anti-aircraft and anti-ballistic missile systems. You saw the S-300 in an exhibition. Your and our research could be combined on space-based systems of command and control and communications. We could have a joint project. This would be much cheaper for both of us and would be a measure of trust between us. It would remove all suspicions. If we could announce today that we are no longer enemies and that we seek to be allies, that would herald a new era in relations between the U.S. and Russia. ~~(S)~~

Oh yes, I forgot to mention the third issue -- the disposal of plutonium and uranium after dismantling of nuclear weapons. I am speaking of plutonium 239 and uranium 235. Hussein is not in a position to steal a nuclear warhead from the top of a missile, but plutonium and uranium could be taken from a storage facility. This could blackmail the world. We therefore want to turn weapons grade plutonium and uranium into cakes useable for atomic power stations. We cannot afford to have stockpiles. So we should reuse it. We can present our technology to you to create the cakes. We could build facilities together, one in the U.S. and one in Russia. Then we could make them non weapons grade. Velikov can go into the details with you. Do I sound like an expert? ~~(S)~~

The President: That is a fascinating idea. But we here at the table don't understand the technology. We should follow up on this. ~~(S)~~

General Scowcroft: I talked to Mr. Velikov about it briefly. ~~(S)~~

Secretary Baker: This should be related to the brain drain problem. It could be a function for the Russian scientists who might work in an institute for that purpose. (e)

President Yeltsin: Yes, a center (in english). (e)

Secretary Baker: How we do that and how we fund it -- we are beginning to explore those questions. (e)

The President: We asked Dr. Bromley, my Science advisor, to think about this. I have a paper from him. Let's follow up on it. (e)

President Yeltsin: Good! But before we do that, we need to store the uranium and plutonium carefully. We want to invest your \$400 million for that purpose since we have no facilities. It won't be enough, but we could use that money. We could also use it for dismantling. (e)

The President: You know that Jim Baker is coming to visit. We will get our act together and provide more specific answers for this very important issue. (e)

Secretary Cheney: Secretary Baker's trip is a good opportunity to follow up on the \$400 million which is in the DOD budget. We must satisfy Congress on how we use it. We would like to send someone to brief you on our current plans and discuss this initiative. (e)

President Yeltsin: One more question -- sales of enriched uranium to the U.S. I would like you to remove the barriers -- we are talking about only 100 tons per year. (e)

Secretary Baker: You want to ship it here for storage? (e)

President Yeltsin: No, our firms which are not subsidized by our government want to sell it to you. Your dumping legislation sees these as illegal sales. But look here, we have hundreds of tons of surplus uranium. (e)

Secretary Cheney: We have more enriched uranium than we can use. We use it in our naval reactors. But we stopped producing our own. (e)

President Yeltsin: But I mean for peaceful purposes. (e)

Secretary Cheney: Only our military reactors here use enriched uranium. (e)

General Scowcroft: Dick, you can downgrade the uranium. (e)

President Yeltsin: We want to sell it to your firms that want to buy it. (e)

General Scowcroft: Mr. President, some of our firms have offered to buy their uranium. (S)

The President: Before Jim Baker's trip, let's look into this and then let us present our thoughts to you. We'll try to see whether there is a market. (S)

President Yeltsin: Good! Any other questions? (U)

Secretary Baker: I think we figured out why you thought the President's strategic proposal was unbalanced. We think you computed the SLBM reductions from current levels. In the President's proposal, we come down by one third from the post-START level. If we do that, we would be roughly equal at 2300 warheads. (S)

President Yeltsin: Okay, I am clear on that. I had thought the reverse. Now, on the next question -- disposal of nuclear weapons. We think the problem of dismantling tactical nuclear weapons is manageable. We shall take the weapons by air to storage facilities and store them there -- land, sea and air missiles. We do not now have storage facilities but this should not be complicated, not like a facility for enriched uranium would be. (S)

We want a joint program on destruction. We don't have enough facilities to deal with all the weapons for the time period of the treaty. We have facilities at Chelyabinsk and Chapayev (sp.). They are for all dismantling and disposal. (S)

On the brain drain, we have 2,000 nuclear experts. These are our best minds. There are maybe 3,000 lower grade experts. They make 800-1000 rubles per month. I have ordered all of their pay to be increased to 5,000 rubles per month. If we launch a joint program, we can provide employment for many of them. For example, we could have joint space research and cooperation in building an orbital station. We could suggest the Soyuz 10 system for transportation. Boeing is interested in joining this but Congress will have to appropriate some funds. Our scientists are interested. (S)

Mr. Velikov: The situation is such that the U.S. program for an orbital station has no system to save astronauts. We have a transportation module for that. The cost of developing one would be reduced if you use our system. Boeing approached us and we are prepared to go ahead. (S)

The President: Good. This is a good development. On destruction of missiles, Jim Baker will talk to you in detail but where do we stand on space cooperation? (S)

General Scowcroft: We have looked at it. (S)

The President: I want to take a hard look at it. Brent, raise it with the space people. (S)

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General Scowcroft: Yes, sir. (U)

President Yeltsin: Good! I understand Jim Baker wants to add something on the destruction of nuclear missiles. (S)

Secretary Baker: When Reg Bartholomew was in Moscow, he made good progress on collection, storage and disabling. When I come, we will communicate specific ideas on cooperation in destruction. (S)

The President: I received a call from Helmut Kohl this morning. I think he felt excluded since he was not at the UNSC meeting. His message to me for you was that the Germans are interested in this issue and he asked me to convey that to you. The Germans are also supportive of our initiatives on strategic reductions. (S)

President Yeltsin: Good. We are working with the three Commonwealth states on the non-proliferation of weapons of mass destruction. We are calling on them to sign the Nuclear Non Proliferation Treaty as non-nuclear states. The nuclear weapons are not yet removed from their soil. On February 14, I believe we will convince the leaders of the three countries of the critical importance of signing the NPT. Kazakhstan has Iraq for a neighbor. This is a danger. We appreciate this danger. So, an early signing is essential. We are hurrying to remove tactical nuclear weapons first from Kazakhstan to prevent them from falling into Islamic hands. But the strategic weapons cannot be removed -- it is technically not feasible. (S)

Secretary Baker: The President wrote to President Nazarbaev about Kazakhstan's acceding to the NPT as a non-nuclear weapons state. When we were there in December, he gave us assurances on this if we supported Kazakhstan's accession to the UN and CSCE. That is now happening so we are hopeful they will sign. (S)

President Yeltsin: On February 14, I believe we will have their agreement. Yesterday, I met with Boutros Ghali. He assured me that the first meeting of the UNGA will vote for membership of all the Commonwealth states. The UNSC has already recommended them. I asked yesterday in my statement for their admission. (S)

The President: I don't think there will be much of an objection to that. (S)

Secretary Baker: Georgia and Azerbaijan haven't applied yet. (U)

Ambassador Vorontsov: That's right. (U)

President Yeltsin: We have some questions to ask Azerbaijan. We have no bilateral treaty with them. But there are problems -- violations of human rights and other problems. We removed the internal troops and will remove all of the Commonwealth troops from there soon. (S)

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The President: We met with the Joint Chiefs of Staff at the White House, and with Dick Cheney and General Scowcroft. We all agree that these military-to military meetings are very important. I would like these high-level meetings to continue. It is a good way to avoid misunderstandings. So, I think it is good and want it to continue. (S)

President Yeltsin: Yes. We had planned a visit of Shaposhnikov here but delayed it due to this meeting. We would welcome his visit here. (C)

The President: Yes. We found the military to military meetings useful in the past because they helped to eliminate misunderstandings. (C)

President Yeltsin: Let's discuss traffic in conventional weapons. You appreciate, of course, that slashing arms purchases by 50 percent is a difficult situation for our military industries. So we have started to export conventional weapons, and we don't want any problems with you on that. We do not operate on an ideal basis. But if there are markets, and you told me on the phone that our firms should look for markets -- we will sell to them. We are selling Kalashnikovs -- these are good machine guns. As we convert our military industry, we will reduce exports, but this will take time and money. (C)

I want a joint program on military conversion. For example, we closed down the Kirov tank plant in St. Petersburg. It used to produce 1300 tanks per year. Now it is closed, empty. I saw it. We are thinking of manufacturing small agricultural implements there. Why not a joint venture there with you? I talked to the Prime Ministers of Japan and the UK. They are interested. We should do a joint project. That would increase your confidence in us. (C)

The President: We had a Don Atwood visit. We want to cooperate. This is best done through our private people. Our farm machinery is made in several very fine companies. (C)

Ambassador Strauss: Atwood had a good visit, but there hasn't been much follow-up. (C)

President Yeltsin: I already saw the first agricultural machines and I drove one, just like you drove the golf cart today. But they need help. This is a huge plant, the size of football fields. (C)

On uranium, we have huge capacities for enrichment. We now need to utilize it for peaceful purposes. Velikov has talked to me about how to use it for gases and electronics. It is an extremely interesting proposition. We have two times the uranium we need. (S)

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These are huge plants we are talking about. In some of them, you must go by bike, not walking. It would be a miracle to help them. ~~(S)~~

Secretary Baker: The technical assistance working group from the Coordinating Conference had developed plans for demonstration projects in defense conversion. The U.S., Japan and Germany are willing. We should follow up. If we are able to develop a center or institution for brain drain, one of the useful aspects would be to have scientists look at conversion to civilian uses of advanced technologies. ~~(S)~~

Ambassador Strauss: One of the reasons there has not been much progress on conversion -- and the Atwood visit was a good visit -- is that the people he dealt with are no longer in power. ~~(S)~~

President Yeltsin: Yes, we must restart this process. On the brain drain, your scientists are given grants from the National Science Foundation. If your scientists could involve some of our scientists in these grants, it would help. This is a fundamental issue to be tackled. ~~(S)~~

The President: I suggest we have lunch. (U)

President Yeltsin: One last matter. Are we still adversaries or not? ~~(S)~~

The President: No, we are not. We have a statement to make on this which shifts the gears (the President proceeded to read from the statement). This moves us away from the old era. This joint statement will help to do that. I can assure you that I will emphasize this point at the press conference. Why don't you look at the statement. ~~(S)~~

President Yeltsin: You have nothing here which says that we are no longer adversaries and are moving to be allies. ~~(S)~~

Secretary Baker: It says friendship. (U)

President Yeltsin: No, no. We should say that we are moving from a stage of adversaries to allies. This gives a new quality. ~~(S)~~

The President: We are using this transitional language because we don't want to act like all our problems are solved. ~~(S)~~

President Yeltsin: Do we call it a joint declaration or a statement? (U)

The President: Declaration. (U)

President Yeltsin: I would rather term it "New Character of our Relations". (U)

The President: Okay. This is what we will do. No problem. (U)