MEMORANDUM OF TELEPHONE CONVERSATION

SUBJECT: Telcon with President Boris Yeltsin of Russia on March 19, 1992

PARTICIPANTS: The President
              President Boris Yeltsin
              Interpreter: Dmitri Arensburger
              Notetaker: Nicholas Burns

DATE, TIME AND PLACE: March 19, 1992, 11:49am - 12:17pm
                       The Oval Office

The President: Boris, how are you? (U)

President Yeltsin: Thank you, George. I had eleven days rest and feel quite good. We haven't exchanged views in a while and I wanted to inform you of recent developments. (U)

The President: Wonderful. I am delighted. Please go ahead. (U)

President Yeltsin: Concerning our internal affairs, things are proceeding according to plan. The situation is okay as of now. (U)

The President: That's good. (U)

President Yeltsin: Of course, prices are high and there is a certain amount of discontent in the country. Still, support for reform is quite high in the country. I am grateful for your banking experts, led by Corrigan, who have helped us to reform our banking and finance system. As for Commonwealth issues, the Commonwealth heads of state will meet in Kiev tomorrow to discuss problems which are numerous now. The major topics will be joint armed and nuclear forces and our cooperative actions. Russia will continue to be, however, the continuation state for nuclear weapons and we will continue our policies. (U)

The President: Good. (U)

President Yeltsin: I will provide you with a written briefing on the results of our Kiev discussions and let you know how things are going in this country. Humanitarian assistance is going well. But other economic and financial problems are not going as well since we are not yet IMF members. The IMF Board fully approved our program of activities. They have yet to determine...
the Russian quota in the IMF. We would be content with a 3.2-3.5 percent quota but U.S. experts in the IMF will not agree to more than 2.6 percent. This issue has been blocked for some time.

I think your personal intervention would help a lot. We would be content with 3.2 percent but the U.S. experts want 2.6 percent. Your good offices would help and would allow us to join the IMF by late March or early April and thus obtain credits from the IMF.

One more issue. At our June 18-20 meeting, I would like to be able to sign a general treaty between the U.S. and Russia.

The President: A general agreement on any particular subject?

President Yeltsin: I mean political, security and other issues. We have no treaty between Russia and the U.S., only U.S.-Soviet treaties. And on this basis, we could develop specific treaties for economic, cultural and other issues. Our meeting would then be filled with a specific, concrete, substance.

The President: Let me get with Jim Baker immediately on this. I am sure we can get substantive agreements on some of these issues. Also, Bob Strauss will be here tomorrow and we can discuss it. I am looking forward to seeing him here.

President Yeltsin: I think Kozyrev will deal with the general treaty and will contact Jim Baker. They will prepare the treaty together.

The President: Yes, I am sure they can. I like your idea.

President Yeltsin: Thank you, Mr. President. I would like to reiterate the importance of your personal intervention on the quota issue.

The President: Boris, look, I know the importance of this to you. We will do what we can to encourage the IMF to be flexible. But let's not let it slow down the implementation of the Stand-by program. We will try to get the resources you need whatever the quota is. But I will try to get the IMF to be flexible on this.

President Yeltsin: The thing is, Mr. President, we will not be accepted without an established, fixed quota.

The President: I see. Let me get on it right away.

President Yeltsin: Thank you. These were the two main issues. But let me ask: how are you personally?

The President: Personally, I am feeling terrific. We are caught up in a terrible electoral process that will go on all year. But I am doing well in it. But there is an ugly mood in this country. Everybody has turned inward because of the slow
President Yeltsin: Yes, sure. (U)

The President: Kravchuk announced a halt to shipments of tactical nuclear weapons back to Russia. But now we have conflicting reports on this. Do you know anything more yet? (O)

President Yeltsin: I will meet with him tomorrow and we will straighten this out. We signed an agreement on withdrawal by July 1. His statement was a staggering surprise. I want to look in his eyes and ask what he meant and I will report to you on the results and his final position on this. (b)(1)

The President: That's good. Anyway, I would also appreciate your using your great influence to get a peaceful resolution of the Nagorno-Karabakh conflict. We worry about this. Turkey is involved. If that issue comes up tomorrow, the influence of Boris Yeltsin would be very good. We worry a lot about it. (O)

President Yeltsin: I will raise it forcefully tomorrow in Kiev. I spoke today with the Acting President of Azerbaijan, Mamedov and the Armenian President, Ter-Petrosian. Differences exist, of course, but I believe we will discuss concrete issues and will hopefully make something of it. We intend to withdraw two armies from the area. But we believe the absence of a restraining force could mean they will come to blows. (O)

The President: It's a difficult situation there. I worry about your young soldiers. They are doing the right thing and are caught up in a bad rivalry. I worry about that. (O)

President Yeltsin: Thank you for your concerns. The mothers of those young soldiers are also worried. We withdrew one regiment to Georgia and tomorrow will discuss the possibility of withdrawing two armies. Today, I signed a decree to place the two armies under Russian jurisdiction. I did this so that neither the Armenians nor the Azerbaijanis could control them or direct them against each other. (O)

The President: It sounds like this could contribute to a peaceful solution, hopefully a lasting one. (O)

I will meet Kohl at Camp David and we will discuss G-7 support for Russia and your reforms. If there is anything I can do or say before your April 6 meeting to show that I support you strongly, please let us know. (S)

President Yeltsin: Yes. First, please ask Mr. Kohl to invite me to the G-7 meeting. (b)(1)
If this could possibly be included in the G-7 agenda, it would be appreciated. We hope this proposal could be supported by France, Britain and others. I could advance the proposal if I were present. This would allow the G-7 to give us positive results at the summit for us. Without positive results at Munich, I will lose politically at home.

The President: We don't want that to happen. Let's see what we can do.

President Yeltsin: Thank you. All the best. Best regards from my Naina to your Barbara. (U)

The President: Good luck. Our best to you. (U)

-- End of Conversation --