

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED
PER E.O. 13526
2016-0117-M (1.04)
10/2/2018 KBH

MEMORANDUM OF CONVERSATION

SUBJECT: Three-Plus-Three Meeting with President Kravchuk of Ukraine (U)

PARTICIPANTS: The President
Warren Christopher, Secretary of State
Anthony Lake, Assistant to the President for National Security Affairs
Rose Gottemoeller, Director for Russia, Ukraine and Eurasia Affairs, NSC Staff (Notetaker)
George Sajeovich, Interpreter

Leonid Kravchuk, President of Ukraine
Anatoliy Zlenko, Minister of Foreign Affairs
Anton Buteyko, National Security Advisor

DATE, TIME AND PLACE: January 12, 1994, 8:20 - 9:30 p.m.
Borispol Airport, Ukraine

The President: I am delighted to be here. (U)

President Kravchuk: We had a lot to worry about in setting up this meeting, but now everything is fine. (U)

The President: This is a beautiful room. (U)

President Kravchuk: We can show you much better places. (U)

The President: I will give you another chance one day. I was very impressed with your soldiers, playing their instruments in the cold. They showed great pride and spirit. I like that. I also liked your bread and salt ceremony. (U)

President Kravchuk: It's our tradition to meet guests with bread and salt and young girls. Ukrainian girls are famous for their beauty. And if you come in May or June, you will see all the beauty of the country. (U)

The President: I don't really get to see enough of the countries I visit, although I did get to take a run early one morning in Brussels. Mr. Christopher went running early in the morning in Prague. He was the responsible one. (U)

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[Question from the press (Helen Thomas): President Kravchuk, do you think you will be able to implement this agreement with the U.S. on nuclear weapons?] (U)

President Kravchuk: We have prepared certain documents and I am sure with certain assistance we will be able to implement them. (U)

The President: They have good bread here, Helen. This is your kind of place -- they like to eat first, then get down to business. (U)

[Pool spray concludes.]

President Kravchuk: I am glad to greet you here in Ukraine. The agreement the journalists are so fixed on -- it really is an historic moment in our lives. I am speaking not only in terms of global problems, but also in terms of relations between Ukraine and the United States. It might initiate a qualitatively new phase of our lives. As host, I would like you, the guest, to have the chance to express your ideas first. (U)

The President: I am extremely pleased that we have been able to work through this very difficult matter. You have shown enormous vision and courage in your dealings. I know this has been and will be difficult because of people in the Rada who do not agree. But I am here to tell you that I will do everything I can for the people of Ukraine and for you, sir, so that the people of Ukraine will see you have made the right decision. I will do everything I can to see that all commitments are met by all parties. (U)

Second, I want to help you move on to the more important job of stabilizing your economy. The United States wants to help. In the end, your security and the greatness of your nation will depend on your ability to unleash the economic power of your nation and have a security partnership with the United States. That will assure your security more than nuclear weapons could. I can say, for example, that I have just come from meeting with the heads of state of the NATO countries. I think you would have been pleased at the private discussions of the sixteen leaders. Every one of them understands the strategic importance of your independence and wants your country to have a strong and leading role in the center of Europe. (U)

I hope you will join in the Partnership for Peace that we have offered to all the republics of the former Soviet Union and Warsaw Pact countries. Our American military leaders are looking forward to military-to-military contacts and working together. I can also say that I told all the leaders at NATO that if we could work through the nuclear issue, we should all take on an economic commitment to Ukraine. On economic issues, I am well aware that putting a stop to inflation will take the same kind of political courage that it took to come to agreement on the nuclear issue. I can say that whatever you do, the United States will do its best to help. But the more you are willing to do, the more I will be able to get assistance from the IMF and World Bank and

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the more people out there will be willing to help. We can talk about the details. (S)

I would like to ask you a question. I would like to know if there is anything I can do or say while I am here, or after I leave, to ease opposition to the deal in the Rada. (U)

President Kravchuk: I thank you for the information about your discussions at NATO. It comes as states there show more respect for Ukraine. I took the political decision on the nuclear problem guided by concern about the future of Ukraine. My executive power stands on my decision and on the position expressed in the documents. Certainly, we will have opposition; I knew we would. Certainly, we should start our broader cooperation so that I can tell our people that after I took this position on the nuclear question, there was a change in attitude toward assistance to our country. That would help. When we have stabilization for our currency and private investment for Ukraine, then everyone will understand that the agreements signed by the three Presidents were the only possible step. (S)

We have managed these agreements thanks to the position of the United States. That is why your visit is of historic importance. The position of the United States as guarantor of the documents to be signed will raise the authority of the documents and of all of us. Problems are grave in the economy, especially inflation and problems of conversion. These are important and difficult. There are technical problems with elimination of the weapons and ensuring the rights of Strategic Rocket Forces officers, especially housing. We hope this will be sorted out in the way we agreed and put in documents we will sign. I hope our experts will be able to finish the charter and the agreements on technical programs. (S)

We shall act in accordance with the agreements we are going to sign. I am glad all the parties will do everything they can to implement the agreements. This is important for us and for Russia -- especially for Russia, where political and economic processes are not so stable. The United States can become the guarantor of the agreements and use its authority. (S)

The President: We should decide on when you will visit Washington. I would like to suggest to you the second week in March, the week of March 12. I know that you have parliamentary elections coming up at the end of March and you will be campaigning, so I wanted to be sure the time would be convenient for you. (U)

President Kravchuk: [After consulting with Mr. Zlenko and Mr. Buteyko] The week of March 12 will be fine. (U)

The President: We will be back to you shortly with an exact date. Between the visit of the economic delegation and your visit in March we can work out some aspects of our economic cooperation. We also have to get the negotiations completed for compensation for the tactical nuclear weapons that were

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transferred from Ukraine in 1991 and 1992. We are supposed to have that question decided by May 14. I will talk to Mr. Yeltsin about starting those negotiations in February. (S)

President Kravchuk: We are also interested in seeing the beginning of real activity. We have to start work on the strategic complexes. We have funds available for their safe and secure dismantlement. (U)

The President: We have made available at least \$175 million in Nunn-Lugar funds. I think you know that those funds can extend to defense conversion and the other areas you mentioned. Secretary Christopher told you in October that we can commit to \$155 million this year. This is an absolute minimum. We can do more, but how much more depends in large measure on what you do with reform. We have also decided to commit to an Enterprise Fund for Ukraine, Belarus and Moldova -- \$40 million in 1994, but we can build on it. It is very important to start. We are also prepared to support both trade and investment. We will do what we can. (S)

As I said, there are difficult decisions for you to make. Any help we give will not be effective unless you slow the rate of inflation. But I think we can do much here. I was please to see how clearly the NATO leaders understand. If you get started, the rest of the world will be ready to come here and help in whatever way possible. I believe if you go forward you could expect to receive between \$3 and 3.5 billion in the first year alone. (S)

I would like to mention one more thing of special interest to Ukraine. I am exploring with the other G-7 nations the possibility of setting up a program with the IMF to pay for energy imports. I believe I will be able to successfully persuade the G-7 to do so. So that, Mr. President is most of what I want to say. I am very impressed by your courage and vision on the nuclear issue. We can do more if you can move forward on reform. And we can get others to help as well, with trade and investment and in other areas. (S)

President Kravchuk: Thank you, Mr. President, for your good words. Your proposals and forecasts are of great importance for Ukraine and its independence. Tomorrow we will be considering in the Cabinet of Ministers the budget for next year. It is based on economic reform and a strict privatization policy. Our delegation to visit the United States will have all these materials and programs to show you. Ukraine would like to take the path of reform and democratization in the world. You should also know that now is a time of hardship for us. Energy prices have risen 5000 times over the past few years and the military complex is 33 percent of the defense industrial capacity of the former Soviet Union. (S)

The President: The world community should understand that the combination of military burden and energy burden that you bear are really quite unique. That is one reason why I would like to see a specific energy proposal out of the G-7. Then we could

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move on to other broad problems. You must get the inflation rate down to deal with the economy. You have managed well considering the problems you have. Secretary Christopher has something to add. (e)

Secretary Christopher: In an excess of caution I would like to say something about the signing ceremony. It will be an historic event and a celebration. It will not be a negotiating session. We are prepared to move promptly on the compensation issue, but it would be disconcerting if we moved to start negotiating on Friday. With regard to the confidential side letters, the United States intends to do everything it can to keep confidential their existence and their contents. In closing, I would like to thank President Kravchuk and his colleagues for their cooperation in these very important negotiations. (e)

The President: May I ask one more question? I would like to take this opportunity to get the benefit of your thinking on political conditions in Russia. What do you think about Zhirinovsky? Will there be any changes in the foreign policy of Russia? What do you think? (e)

President Kravchuk: On Zhirinovsky -- if it were only him, there would be no worries. But there are two forces very close to him, the communists and the peasants and in those two parties there is a majority. The only guarantee is the adoption of the constitution. But this is possible only while Yeltsin is in office. But there is no eternal president and we worry about expansion. There are extremist forces in Russia and Ukraine. My vision is to support Russia; otherwise, the situation in Russia will become more tense. Yeltsin and Chernomyrdin understand. Now there is no serious worry or danger but the situation is not stable. Russians were brought up in greatness. They dream of empire, especially the officers of the army. There are millions of them, especially in the Black Sea Fleet. They gave a lot of votes to Zhirinovsky, then to the communists, then to Gaidar. These are true data. That is why I told Mr. Yeltsin in Ashgabat to cooperate in a closer way. I think your participation in the processes may stop the negative trends. We too have nationalists, forces opposing the President on nuclear weapons. They are not numerous but we should not give them the possibility to spread. They are ready for unthinkable actions. They are actually speculating on the situation and making it even worse. Actually, I can now hold the political situation, but it is a hard process. Ukraine as a country will play a stabilizing role. The world public will understand the documents we sign the day after tomorrow, our cooperation in stopping the proliferation of nuclear weapons. (e)

-- End of Conversation --

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