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THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Leonid Kravchuk, Ukrainian
Supreme Soviet Chairman

PARTICIPANTS: The President
Lawrence Eagleburger, Acting Secretary of
State
Nicholas Brady, Secretary of the Treasury
John H. Sununu, Chief of Staff
Brent Scowcroft, Assistant to the President
for National Security Affairs
Robert S. Strauss, Ambassador to the USSR
Ed A. Hewett, Senior Director for Soviet
Affairs, NSC Staff (Notetaker)
Lawrence Napper, Director, Office of Soviet
Union Affairs, Department of State
George Sajewych, Interpreter

Leonid M. Kravchuk, Chairman of the Supreme
Soviet
Anatoliy Zlenko, Minister of Foreign Affairs
of Ukraine
Dmytro Pavlychko, Chairman of the Committee
on Foreign Affairs, Ukrainian Supreme
Soviet
Aleksandr Melnyk, Personal Advisor to the
Chairman
Oleh Semenets, Interpreter

DATE, TIME September 25, 1991, 1:35 - 2:15pm
AND PLACE: Cabinet Room

The President: Welcome. First I want to thank you for your
hospitality in Kiev. It was an unforgettable event, a visit at a
very interesting time. History has gotten even more interesting
since I left. (U)

I want to hear from you what your priorities are. Our Ambassador
to the Soviet Union, Robert Strauss, is here. He is interested
in Ukraine. [President also introduces the other U.S.
participants]. (U)

I am delighted to have you here. Please go ahead and start. (U)

President Kravchuk: I would first like to extend my gratitude
for the possibility to continue the conversation we began on

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August 1 in Kiev. Mr. President, you said that was an interesting visit. Kievites still remember my meeting with the President of the United States. (U)

There have been big changes since then. Ukraine has declared its independence. It has begun to directly construct its own independent structures: an independent legislature; legislation aimed at economic reconstruction and democracy. We will have a referendum and a presidential election in December. I am confident that the referendum will confirm Parliament's declaration of our independence. (U)

We must change all aspects of our economic and political life. This is no time for modest changes. We will change dramatically. (e)

I realize we face a complex situation. The Soviet Union is virtually disintegrating. There is no national government. There is no Supreme Soviet of the Soviet Union. I cannot tell you when it will be set up. It depends on the republics. This is an extraordinary historical period in which we have a state without a government. (e)

We control the situation in the Ukraine. Stability in the Ukraine is higher now than before the coup. There is less confrontation now. We have a common aim. We face concrete tasks. (e)

We have started forming a new constitution, which envisages democratic changes in the system of power. The new constitution will be centered on human rights, and the rights of national minorities. (e)

Ukraine should directly participate in international relations with other countries, and should have direct relations with other countries. (e)

On nuclear weapons, Ukraine wants to be a non-nuclear state, and is ready to participate in the Non-Proliferation Treaty. We will participate in the reduction of nuclear weapons. For now, nuclear weapons should be controlled by one center. We are against transferring nuclear weapons from one republic to another. We want to join in the START treaty. We favor eliminating these weapons throughout the world. (e)

We have severe economic problems. Production is falling; we are in a recession. Over the last 1/2 year, production has fallen ten percent. Privatization, and the move to a free market, is not going well. We favor drastic change. We have introduced legislation giving equal treatment to all forms of property, and creating conditions favoring a market economy: a law on economic independence of the Ukraine, a law on external economic activity, and an investment protection law. (e)

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We will create the most favorable conditions for investment in the Ukraine. We will forgive taxes on funds that are reinvested. We are moving to create our own currency, our own tax system, and our own national bank (which already has correspondent relations with other banks). (C)

We want direct, diplomatic, relations with the U.S. We request the U.S. to establish such relations. The U.S. should initiate programs for the Ukraine favoring investment and promoting bilateral economic relations. Our priorities are in defense conversion (we have 30% of the defense potential of the Soviet Union), processing of agricultural products, and communications. We ask that you give credits directly to Ukraine, not through the center. Credits to the center give us nothing. (C)

We would like to open a Ukrainian trade mission here in the U.S. We would also like to have MFN treatment for the Ukraine. (C)

Up until December 1 we would like to have a plenipotentiary representative here for contacts with the U.S. After December 1, we will ask for recognition. (C)

For now, we ask you to support democracy in the Ukraine and the aspirations for a new economic system. Ukraine has a favorable geopolitical position in Europe. We have good possibilities to use credits from abroad. The legislation we are now developing will help. (C)

On the Union and its future. The Union cannot exist in any serious form. There is a struggle for power there, and we cannot be part of a union in which there are some members more powerful than others. It is better for you to have direct ties with the republics. (C)

The President: Thank you for your presentation. Clearly the U.S. will be on the side of democracy and reform of the economic system. I know Secretary Brady has explained that we want to help with food and humanitarian assistance as soon as possible. We want to see an equitable distribution of our assistance, so that the assistance does not go to just one area. (C)

We need to know the results of your elections before you decide on independence. There is also the question of the relations you work out with the center. We think that some form of economic union is better, but one in which you enjoy your sovereign rights. (C)

American investors want a clear view of how this will all work. They want to know that a deal is firm, and that no other entity will have a claim. I am sure Secretary Brady discussed this with you. This must be sorted out. (C)

The Ukraine has a special standing in the minds of the American people. There are lots of Ukrainians here. They want what you want. But this must be determined by the people. (C)

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Businessmen must know what the rules are. You must work out an arrangement with the center, as I know you are. (C)

We are giving urgent attention to assistance. We would like to know -- not necessarily right now -- what you need. (C)

It is not the role of the U.S. to determine the final shape of the union. You must determine that. We must deal with the center on some matters, but not to the exclusion of the republics. (C)

Ambassador Strauss' responsibility will include the consulate in the Ukraine. This is a delicate situation we must walk through. (C)

I was pleased at your comments on nuclear weapons. We would like your support in concluding START and CFE. I hope you will work with the center on the conclusion of these treaties to see that they are ratified and implemented. This fits in with your idea of a nuclear-free Ukraine, unthreatened by nuclear weapons from anyone. The whole change in the Ukraine promises great changes in nuclear weapons. To the degree you influence those responsible for ratification, please help. (C)

Let me reiterate that our policy is on two complementary tracks. We will work closely with Silaev and the Interrepublican Economic Committee on assistance to republics. We must make sure that assistance is distributed equitably. (C)

It is crucial that this group [The IEC] come up with a market reform plan, working with the IMF and the World Bank. They should appoint one person as a contact with the republics. (C)

The U.S. must look to union-wide assistance. You work out the details. We will be dealing with the republics. (C)

I talked to Boris Yel'tsin today. He talks three times a day with Gorbachev by phone. (C)

The second point is that we want to work with Ukraine in other ways. The paper your Prime Minister gave me in Ukraine addresses this. We will work to increase trade, introduce a Peace Corp, and other measures. We will include Ukraine in technical assistance, food distribution, for example. (C)

We are running short on time. But did you have any final questions? (U)

President Kravchuk: I will not respond to all you said, but just focus on one thing: food assistance. (U)

The Ukraine does not need food assistance. We may be interested in buying fodder from the U.S. We have a difficult situation. The Soviet Union has received food assistance, but the Ukraine has not. Now we must pay these debts. While the Soviet Union was getting assistance, we were sending 60,000 tons of meat and

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milk to the Soviet Union. Maybe Silaev can get assistance from abroad, but we must pay. Our request is that you give us credits. We'll buy technology. We'll invite businessmen to invest in Ukraine. We'll work. (C)

The Soviet Union's debt to the world is \$70 billion. We'll pay our share. But in the future we cannot accept more central debt. We want technology. We want to work in a market economy. The Silaev Committee has no power. Six years of effort, and nothing to show for it. (C)

Tadjikistan, Uzbekistan, Turkmenstan, are each different republics, with their own specific features. We can only trade with them at a just price. Before we had to send them products at low prices. (C)

As for technical assistance, we have our priorities. We are thankful to you for including us in these programs. We must stop the drop in production. We must use our great potential. We need a push to market. (C)

We have proclaimed our independence. Now people expect economic support. That's our great problem. (C)

The President: Do you see that there must be an economic union with a center or not? We think that is a necessary step to encourage investment. (C)

President Kravchuk: I would be glad to have that if the center could do something. But the center is incapable of doing anything. We're losing time. The Soviet Union is a huge country. It is impossible to pursue economic reform at a rapid pace in the entire country. (C)

We would like these credits and assistance to go to the Ukraine. There should be coordination with other republics on the basis of treaties we've signed. (C)

In the Soviet Union we cannot find new technology. The reason Russia cannot sell us all the oil and timber we need is because their technology is outmoded, and their production therefore low. (C)

We must find some other way. Those in euphoria today are unrealistic about our situation. (U)

The President: This gives us a better understanding of the situation. Are you going to be here longer before going to New York? (U)

President Kravchuk: We will stay here today and tomorrow, then go to Chicago, Boston, then New York at the United Nations General Assembly. (U)

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The President: This has been very interesting, and I wish I had more time. Would it be possible for you to come back later and meet with Nick Brady, Ed Hewett, and others? (U)

President Kravchuk: We would be glad to. (U)

The President: OK. Ed [Hewett], can you set something up? (U)

Dr. Hewett: Yes sir. (U)

-- End of Conversation --

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