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THE WHITE HOUSE

WASHINGTON

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RELEASED IN PART  
B1, 1.4(B), 1.4(D)

## MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Azerbaijani President Aliyev:  
Bilateral Relations, Nagorno-Karabakh,  
Section 907, Iran (C)

PARTICIPANTS: U.S.

The President  
The Vice President  
Madeleine Albright, Secretary of State  
Samuel Berger, Assistant to the President for  
National Security Affairs  
Strobe Talbott, Deputy Secretary of State  
Steve Pifer, NSC staff (notetaker)

Azerbaijan

President Aliyev  
Hassan Hassanov, Foreign Minister  
Vafa Gulizadeh, State Advisor  
Hafiz Pashayev, Ambassador to the  
United States

DATE, TIME August 1, 1997, 11:45 a.m.-12:25 p.m.  
AND PLACE: The Oval Office

(Following still photos)

THE PRESIDENT: I am very glad to have you here. (U)

PRESIDENT ALIYEV: I'm also pleased to be here. This is an historic event for me. I would like to thank you for inviting me to pay an official visit to the United States of America. Thank you very much. (U)

THE PRESIDENT: We have all been looking forward to your visit, to the opportunity to continue our dialogue and the progress in our relations, which I think are excellent. (C)

PRESIDENT ALIYEV: I have been waiting impatiently to come. I was expecting this visit for over two years. After our meeting in New York in 1994, I believed that we had established a frank and friendly relationship. Later on, each time when we met, in

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New York, Budapest and Madrid. I was very happy with those meetings. Each time I meet you I am encouraged, and we have a chance to solve our problems. Thus my desire to come to the United States of America to the White House. I am very pleased to be here, and now I am here in the White House! (C)

THE PRESIDENT: And with good weather. (U)

PRESIDENT ALIYEV: Fine. We organized it! (U)

THE PRESIDENT: We are grateful. I like coming to work here in the office because there is so much light, especially on a day like today. (U)

PRESIDENT ALIYEV: Yes, it is very beautiful. Blair House is also beautiful. I have been feeling your warm reception since my arrival in New York. I am pleased to see your colleagues here. I have had meetings with Mr. Al Gore. Madame Albright is friendly towards us; I was pleased that you sent her to Azerbaijan in the past. I have had good discussions with Mr. Berger and Mr. Talbott in Baku. These meetings with all of them have brought us all the way here today. (C)

THE PRESIDENT: They have reported to me. I am jealous: they do all of the traveling and I have to stay here and work! (C)

PRESIDENT ALIYEV: I therefore have invited you to Azerbaijan and would like to reiterate that invitation. You have visited Asia, Russia and Europe a lot, but our region is even more beautiful. Therefore, I am awaiting you impatiently in Azerbaijan. In Azerbaijan you are considered the number one friend of Azerbaijan. During the last U.S. elections, everyone in Azerbaijan was praying to see you elected, and God listened to our prayers. (C)

THE PRESIDENT: I was very fortunate. (U)

PRESIDENT ALIYEV: The second time you were elected, it was a great success, and we are expecting that you will take into account several new steps for U.S.-Azeri relations and help Azerbaijan resolve the problems it faces. The Caucasus region has strategic importance for the United States of America. I feel that you look at this region but believe you must accelerate that process. (C)

THE PRESIDENT: I hope we can accelerate the process. We've been very impressed by the progress that you have made in leading your country under difficult circumstances. The prospect of prosperity, stability and security and close bilateral relations has become much stronger. (C)

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PRESIDENT ALIYEV: Yes. (U)

THE PRESIDENT: I hope they can continue to strengthen and think Congress will become more open to Azerbaijan as you make progress, especially on democratization and human rights, and if we can resolve Nagorno-Karabakh, I think there is no limit to what we can do between our two countries. When we first met, I knew the future would be interesting for your country because of the energy and the strategic location Azerbaijan occupies. The decisions you are taking will impact on the Azeri people and on people throughout the region. (C)

PRESIDENT ALIYEV: That is absolutely right. We managed to create political and social stability in Azerbaijan. The development of democracy and a market economy, the protection of human rights -- these processes are underway. We have been carrying out this policy; it is the strategic path for our country. We will resolve some issues, though others may be slower. It is a complicated process, but we are working. (C)

The most difficult problem facing Azerbaijan is the Nagorno-Karabakh conflict. I have given you the details in previous discussions. We desired the United States to become a co-chair of the Minsk Group. We made a lot of effort for this. [REDACTED]

[REDACTED] B1  
Azerbaijan's insistence led to three co-chairs. (C)

[REDACTED] We trust you more than anyone and believe the United States can play a most important role, more than anyone else. Even the small people in Azerbaijan believe in President Clinton. (C)

THE PRESIDENT: Maybe you should handle my public relations! (C)

PRESIDENT ALIYEV: I would be happy to come and propagandize for you on foreign policy. I know that you have done a lot. You enlarged NATO despite how much Russia shouted -- you did it. That was a remarkable victory and your victory. When I visited Congress, Congress was going to a vote, and that impeded our discussions. I got to know that for the first time that this was for a balanced budget, and you achieved your goal. That was a remarkable job. And you have created ten million jobs. (C)

THE PRESIDENT: He could do my public relations job! I should have my press secretary in here! (C)CONFIDENTIAL

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PRESIDENT ALIYEV: It was your victory. I want to congratulate you. The person who has achieved this much obviously can solve Nagorno-Karabakh. If you solve Nagorno-Karabakh, then it will be a great service to world history. (C)

THE PRESIDENT: First, we take our role as Minsk Group co-chair very seriously. [REDACTED] B1

[REDACTED] We already have some agreed principles about how we should proceed. Your position is critical: the parties have to resolve this among themselves. We can only be supportive and helpful, but we want to be. (C)

The occasion of your visit is an opportunity for a positive statement -- something on direct talks and more open communications -- that will send a signal of your interest in progress. We want this so we can go to the others and tell them to participate in good faith and to help as I try to repeal Section 907, so that we can have broader contacts. (C)

PRESIDENT ALIYEV: As you know, we have made several compromise steps, and the adoption of the Lisbon principles was the result of our compromises. Mr. Talbott and the other co-chairs presented the proposals of the Minsk Group, and I have accepted them as a basis for intensifying the negotiations. That was a compromise on our part. (C)

The proposals entail two stages. The first stage will include the withdrawal of Armenian armed units from six provinces and the return of refugees to those provinces. The second stage will define the status of Nagorno-Karabakh and then free two more provinces from occupying forces. If we achieve a solution to the first stage and ensure Armenian withdrawal and the return of the refugees, that will facilitate resolution of other problems. (C)

I am ready to announce that today. As for direct talks, Azerbaijan, Armenia and Nagorno-Karabakh are represented in the Minsk Group process. We will continue this, and I am ready to make a statement on this. (C)

But irrespective of Section 907, American oil companies have a big share in Azerbaijan. Today we will sign four more contracts.

[REDACTED] but we have opened the Caspian to the world -- first of all to the Americans. The 21<sup>st</sup> century will be the century of the development of the Caspian. (C) B1

[REDACTED]

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THE PRESIDENT: I believe we can make some progress in removing parts of it now. But Congress is controlled by another party. Under our system, the President can not tell Congress what to do -- even if Congress is controlled by the same party. Also, there is significant Armenian-American influence. But I think Congress understands that we need to do away with Section 907. I think they will support my attempt to change it if not repeal. Of course, if Nagorno-Karabakh is settled, there will be no problem. (C)

PRESIDENT ALIYEV: And we want to resolve Nagorno-Karabakh more than anyone. Twenty percent of Azerbaijan's territory is under occupation. More than one million Azeris have been ousted from their homes and live in tents. A solution for Nagorno-Karabakh will lead to peace in all of the region. We want peace. We have no claims. We want a long-lasting and reliable peace with Armenia. That will be beneficial for Armenia. Before we had good relations with Armenia, and we want to restore that. (C)

THE PRESIDENT: We expect critical negotiations this fall and will have to depend on your close involvement. But if you look out ten years to what Azerbaijan can become, with oil development and pipelines, it can reach out to the world. Nagorno-Karabakh will seem like a small problem. It is important that, when a country is on a great path, it not be knocked off the path by a small stone. This a powerful and emotional issue; today it's a giant boulder. But the advantages that Azerbaijan has in the future should force it to become a small stone, and we want to help you do that. (C)

PRESIDENT ALIYEV: That is absolutely correct. To achieve this, we need a Nagorno-Karabakh solution. I have made compromises. Armenia must make compromises, too. [REDACTED] (C)

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MR. BERGER: I suggest we move to the expanded meeting. (U)

(There then follows some back-and-forth about whether to continue in the small group and proceed to the signing and lunch or go first to the expanded meeting.)

THE PRESIDENT: I suggest we just continue with this meeting, if that is okay with you. I don't want to be rude. (C)

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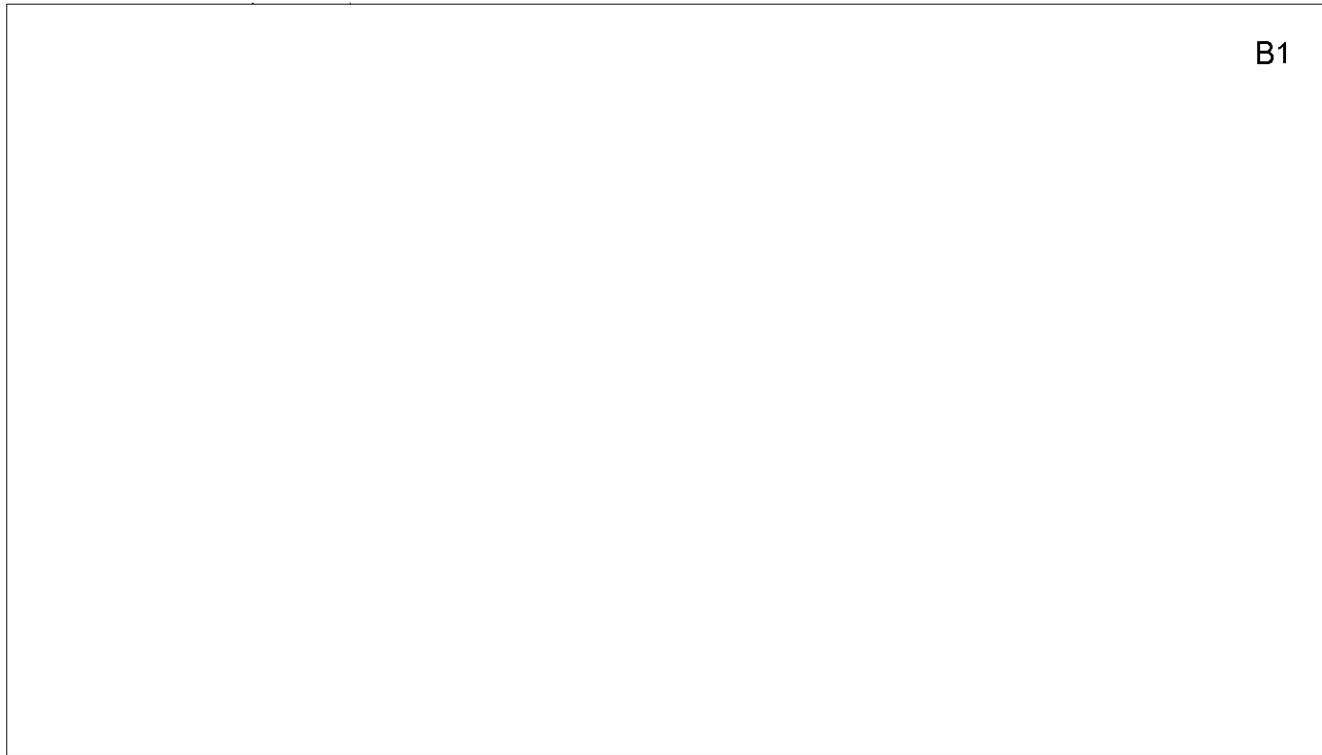
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PRESIDENT ALIYEV: (after an exchange with Ambassador Pashayev)  
Let's go into the expanded meeting. (C)

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(At this point the meeting adjourns, and the participants proceed to the Cabinet Room for the expanded meeting.)

-- End of Conversation --

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