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PRESIDENT  
GEORGE W. BUSH

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For Immediate Release  
Office of the Press Secretary  
September 6, 2007

## Press Briefing by Deputy Press Secretary Dana Perino and Senior Administration Officials

Press Filing Center  
Four Points Sheraton  
Sydney, Australia

### PARTICIPANTS:

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Jim Jeffrey, Deputy National Security Advisor  
Dan Price, Deputy National Security Advisor for Economic Affairs

 [APEC 2007](#)

7:31 P.M. (Local)

MS. PERINO: Good evening. I brought with me Jim Jeffrey and Dan Price of the National Security Council. Both attended the meetings today -- well, at least Jim was in the meeting this morning and then all three of us were in the Hu Jintao meeting. So we will give you a readout on both, and then I'll be -- Jim is going to take the foreign policy side of things, Dan Price is going to talk about the economic issues, and then I can bat cleanup -- if that's the right metaphor -- on the end of it. Thanks.

MR. JEFFREY: Thank you, Dana. Good evening. What I'd like to do is to go through on the record the meeting with Hu Jintao this afternoon, and the President. The meeting lasted 90 minutes. It went over the allotted time. The reason is that both of these leaders had a great deal to discuss on both international issues, political issues, and economic issues. As Dana said, Dan will describe the economic issues in more detail in a second.

The overall tenor of the meeting was very, very warm. These two gentlemen know each other well, they're friends, they've had good relations for a good, long time. And the meeting was very productive and it was a rich meeting from the standpoint of both.

The meeting began with a discussion of political issues. First of all, Taiwan. The President reiterated his position on Taiwan, reassured Hu that his position had not changed; went through our concerns, which we've just made public, about the referendum in Taiwan about U.N. membership. The President

of China indicated his concerns.

And they then discussed the Iran situation. The President underlined the need for international solidarity, particularly among the Perm 5, as we move forward with a possible third resolution against Iran. We had a good conversation on this subject. We discussed the situation with the implementation of U.N. Security Council Resolution 1737 and 1747, including the transfer of arms. We have some concerns about that, as do the Chinese, and we exchanged views on how to ensure that the implementation of these resolutions is further improved. As I said, we talked in general terms about the necessity of a third resolution and we'll see in weeks ahead how that develops.

On Darfur, the Chinese side indicated that it would be deploying an engineer unit soon, and both sides agreed that we've made a major step forward with 1769, and that we need to continue working this very, very important humanitarian and political issue.

President Bush and President Hu discussed the military issue of transparency in China, specifically the series of exchanges that we've had at high levels between the two countries. Both leaders agreed that we need to continue these, we need to expand that process. We're hoping soon to conclude an agreement on a hotline between the two country's militaries, and we hope to announce that soon.

President Bush also raised the issue politically of religious freedom and democracy in China. He agreed that he would -- he accepted the invitation to go to the Olympics, and he stressed that for him that he was going to the Olympics for the sports and not for any political statement.

That's all I have on the political side, and on the security side I'm going to turn it over to Dan now. Thank you.

MR. PRICE: Thank you, Jim. And good evening, everyone, and thank you for your forbearance in staying late. I want to cover several issues that were discussed. On the economic front, broadly speaking, I'll be covering currency, trade, including Doha and some bilateral issues, climate change and product safety.

Starting at the beginning. Both leaders expressed their recognition of the increasing importance of the economic relationship and their commitment to expanding that relationship. The leaders agreed also that, given the size and complexity of that economic relationship, the SED, or strategic economic dialogue process, led on the U.S. side by Secretary Paulson and on the Chinese side by Vice Premier Wu Yi, was really of great importance; that it was essential to work out our economic problems in the SED and through other channels in a constructive manner and in a way that did not foster or feed protectionist impulses on either side.

They also discussed currency and exchange rate reform. President Hu indicated that China would continue to reform the currency exchange system and let the market play an increasing role. Both sides acknowledged that currency reform alone will not solve all of our trade problems, but President Bush emphasized the importance for continued steps by China on the currency issue.

On Doha, both sides agreed that the U.S. and China needed to work together and would work together

for a successful round. The leaders agreed that this would require contributions from both developed and developing countries on the issues of agricultural subsidies, market access for industrial and agricultural goods, and market access for services. President Bush expressed optimism that the Doha Round could be concluded, but he also expressed concern that some countries appeared not, in fact, to be committed to its successful conclusion or prepared to do their share.

Bilaterally, President Bush raised concerns about Chinese restrictions on beef and on pork. As you know, beef is a longstanding issue whose resolution is of significance to our bilateral economic relationship.

On climate change -- President Bush raised the issue of climate change, and both sides welcomed the attention of APEC to climate, and they confirmed the importance of addressing this pressing problem cooperatively and responsibly -- sorry, responsibly, and in a manner that did not stall or stunt economic growth.

President Bush indicated the U.S. intended to support a strong leaders' declaration on climate change and encouraged President Hu to do likewise. President Bush also invited President Hu to consider eliminating tariffs on environmental and clean energy technologies.

Finally, on the issue of product safety, President Hu raised the issue of product safety, explaining that the Chinese government took this problem very seriously. He explained that it related to the health and safety of Chinese consumers, as well as those in export markets. The two leaders discussed new interagency structures of China, revisions to their laws and regulations, and enhanced enforcement and inspections being undertaken by China.

President Bush welcomed these developments, explained the U.S. concerns on safety, underscoring that the safety issue was not trade protectionism, and that both sides needed to continue to work together. President Hu expressed his welcome for expanded cooperation on the safety issue.

Thank you, and now we'll take questions.

Q You said that the President invited President Hu to consider eliminating tariffs on environmental and clean energy technologies. Can you elaborate at all on the President's suggestion? Why did he suggest this particular thing and how did President Hu respond to that?

MR. PRICE: Well, as you know, it has for some time been a strong U.S. interest to eliminate tariffs on environmental -- tariffs and non-tariff barriers on environmental goods and services. Given that the leaders were discussing climate change, energy security, environmental issues, I think the President saw this as a good opportunity to suggest to President Hu a concrete step that he can consider.

Q And what did President Hu say?

MR. PRICE: He took it on board.

Q Did the President think that maybe this was like a way that China could show a good-faith effort toward reducing greenhouse gas emissions or --

MR. PRICE: Well, as I say, the invitation to consider eliminating tariffs was in the context of the discussion on climate change. And I think it is fair to say that, from our perspective, the President thought that this was a concrete step that could be taken.

Q On the political front, in regards to Iran, can you characterize how President Hu responded to talks about Iran and whether there's a chance that China will change its stance in trying to block Iran from developing its nuclear program?

MR. JEFFREY: Well, China's stance has been very supportive of blocking Iran's acquisition of nuclear weapons. After all, China has supported three U.N. resolutions, two of them Chapter 7 resolutions, in roughly the last year. We're very appreciative of this.

In working on the way forward, the two leaders went over the state of play and our concern in particular that the international community has to work as a team to deal with this threat. We believe that the Chinese President is fully aware of this and that we will continue to cooperate with him.

Q It was the hope of President Bush to try to get China to be more aggressive on Iran -- at least that's what we heard going in. Do you think that he accomplished that?

MR. JEFFREY: Well, we would like to see the entire international community be more -- I wouldn't use the word "aggressive," I would use the word "concerned and active" on the Iranian account. Because President Bush believes, we all believe that this is one of the major threats to peace today, and our job is to ensure that everybody understands the same degree of urgency that we have. I think we made progress today. Once again, the proof will be in the pudding, we'll see how things develop. But again, we had a very good conversation on Iran.

Q Two questions, one following up on Bret's question, first. Did the Chinese President offer any commitment to let through another resolution on Iran or support it, anything like that?

MR. JEFFREY: I wouldn't characterize specifically what he said, but I would stand by my comment that we had a very good conversation on Iran and that we're going to work forward -- we're going to move forward together on this.

Q You mentioned that President Bush had expressed concerns about Taiwan's referendum on U.N. membership. What's the way forward on that? I mean, is there a next step for President Bush to take in this dispute?

MR. JEFFREY: Well, I think that, once again, the Chinese have to characterize their position. But I believe that they understand President Bush's position. I think that they were pleased at the public reiteration of our position last week by John Negroponte. We referred to that. Both sides are well aware of that and referred to that. And I think for the moment we'll continue to monitor the situation.

We are concerned very much about this step that Taiwan has undertaken. We also don't want to see this blown up too big. We don't want to see anyone provoked by the actions of the Taiwanese. So, for the moment we're going to stay with our position and continue to exert our good influence on the Taiwanese to see if we can change their position.

Q Can you elaborate a little bit on what was said about North Korea?

MR. JEFFREY: There was a fairly extensive discussion about the state of play in the six-party talks. Both leaders are very, very pleased at the progress we have made in the last few months since their last meeting four months ago. They were very pleased with the first steps, basically what we call phase one of the implementation, with the closure of the Yongbyon plant and the presence of the IAEA inspectors, on the one hand, and the first delivery of heavy fuel oil on the other from the South Koreans.

They reviewed -- basically what you have in the 2005 and the February 2007 agreements is a variety of steps that linked performance for performance. They reviewed where we are on them. There are a series of five working groups. The Chinese were particularly pleased at a successful -- a set of two successful American-North Korean bilateral meetings, and they're looking forward to making rapid progress on this. I would say that this was an area of considerable satisfaction and considerable optimism.

Q Is the President convinced that the Chinese are going to take meaningful action on the product safety? Did President Hu really get this? I mean, can American consumers feel like products are going to be safer coming with a China label on them?

MR. PRICE: Well, two points. A great deal of time in this meeting was devoted to the issue of product safety. It was a very thorough discussion. As I indicated, President Hu was the one who first raised the topic in this bilateral discussion, I think underscoring the importance that they attach to this issue and underscoring their recognition of the importance that others attach to this issue.

Q Can you tell us a little bit more about this military hotline? What do you hope in the end this will achieve, and how would it work? Is it like the old Moscow-to-Washington hotline type thing?

MR. JEFFREY: We're still working on the details. This was in the context of a discussion of how, as the Chinese military matures and modernizes, which it's inevitable and natural event, the sense of confidence between the two sides -- which is so important, so that people do not misinterpret this situation -- can be furthered. As I said, military exchanges at various levels is one, exchanges of information is another, and the hotline idea is a third. We're working on the details of it, and I don't have anything more for you right now.

Q So do you see it as something that would ease tensions if trouble developed, or if there were concerns about, say, weapons testing or something like that?

MR. JEFFREY: Well, hotlines have had a long history of basically serving as confidence-building

measures. I wouldn't say it will relieve tension, because right now we don't have tension in the military sphere. What we do have is, we believe, a developing military that, in order to ensure regional security, should be as transparent as possible, and should have very good military-to-military relations with us, and of course with other countries. But what we focused on today was those with us. And we think that this initiative could further that.

Q Any discussion of the alleged Chinese hacking of a Pentagon computer system?

MR. JEFFREY: There was no discussion of that.

Q Dan, can I ask, how do you interpret President Hu's comments on climate, with regard to the other issues that are on the table in this meeting -- the other climate agenda items?

MR. PRICE: I think there was a strong acknowledgment by both leaders that the issue of climate and energy security doesn't devolve into any single issue or single approach; that a comprehensive approach must be taken, and that approach can have a variety of factors, such as those that are under discussion among the APEC leaders. They were united in their commitment to addressing this issue, but addressing it in a manner, as I said, that did not stall economic growth.

Q It sounded from your opening comments there was no firm commitment from the Chinese President to agree to an APEC declaration on climate change. Is that correct, that he hasn't firmly committed to that yet, and do you get a sense that he is supportive of APEC tackling this issue? I think in the press conference with Prime Minister Howard this morning he talked about the U.N. being the proper forum for negotiating climate change. Do you see any contradiction between that approach and the U.S. approach?

MR. PRICE: No, I don't. I mean, let me respond to that in two ways. First, I would not draw the inference from my comments that the Chinese are not prepared to sign on to an APEC leaders' declaration on climate. I would not draw that inference at all.

My sense is, they're giving it very serious consideration. They indicated that it was important that joint work, as well as any declaration on this topic, recognize the principle of common but differentiated responsibilities. As those of you who follow climate know, that's a very well-recognized, established principle, and one with which the U.S. agrees.

In terms of do I see any tension between the view that negotiations should take place within the framework of the U.N. convention and APEC carrying forward work in this area, no tension at all. I think all are agreed that the U.N. framework is the appropriate framework. Our major economies conference we are hosting in September, later this month, and the series of meetings that that kicks off is intended to make a contribution to the negotiations and discussions that will take place under the U. N. framework.

Okay, thanks everybody.

MS. PERINO: Okay, anything else for me? Sheryl.

Q I have a question. Apparently today some kind of Australian comedy television show managed to take a faux motorcade up to the President's hotel. Did the President know about this?

MS. PERINO: That's the first -- well, I heard about it as a walked in the room earlier today. I don't know anything about it. But anything regarding his security, I have to refer you to the Secret Service. But that sounds absolutely hilarious.

Anyone else? No?

Q Any comment on security here?

MS. PERINO: Well, I think -- well, you heard the President yesterday and he's very sensitive to anything that the Australians might be feeling in terms of feeling confined or pinched or inconvenienced because of traffic delays or detours. He takes it very seriously. As you know, he's staying in tonight. It's unfortunate that security climates were as such, but as soon as we get out of town, then Sydney will return to normal, hopefully.

Okay, I'll see you tomorrow.

END 7:54 P.M. (Local)

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