






For Immediate Release  
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## President Bush and Australian Prime Minister Howard Discuss U.S.-Australia Defense Trade Cooperation Treaty in Joint Press Availability

InterContinental Sydney  
Sydney, Australia

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11:02 A.M. (Local)

PRIME MINISTER HOWARD: Mr. President, ladies and gentlemen. I'd like to welcome the media to this news conference. I'll say a couple of words, invite the President to speak briefly, and then we'll take a couple of questions from each of the press groups.

It's always a great pleasure, George, to welcome you to Australia. The United States President is always welcome in our country. We have no closer alliance with any country in the world than we have with the United States. Both historically and contemporaneously, the importance of the alliance between the United States of America and Australia is deeply embedded in the minds of millions of Australians.

And you, Mr. President, and I have shared a number of very special experiences over the past few years. I remember our first personal meeting was on the 10th of September of 2001. And of course, as a consequence of that meeting and the events that horrifically followed the other day, the paths of our two countries have been parallel in so many ways, in the fight against terrorism and the promotion of democracy and freedom around the world. And in that context, as well as the more generic national context, I welcome you very warmly on a personal basis to my hometown of Sydney, Australia's largest city and, in my view, the most beautiful big city in the world.

But we had a very broad-ranging discussion. We talked extensively about Iraq, about the climate change aspects of APEC, the American perception towards conditions in the Middle East and in relation to Iran, and also the prospects for something we both hope for, and that is a lasting settlement between Israel and the Palestinian people which does justice to the right of the Israelis to exist unmolested as a free and proud nation, and also the right of the people of Palestine to have a homeland.

On a bilateral basis, we have agreed to a number of new arrangements including a treaty relating to exchanges concerning defense equipment which effectively will remove layers of bureaucracy for defense industries in Australia acquiring American technology, and we'll enter that market on the same basis as do companies coming from the United Kingdom.

We also agreed on joint statements regarding climate change and energy, a joint nuclear energy action plan which involves cooperation on civil nuclear energy, including R&D, skills and technical training, and regulatory issues. Australia intends to participate in the Global Nuclear Energy Partnership, and there will be great benefits in terms of access to nuclear technology and nonproliferation. And the United States will support Australian membership in the Generation IV International Forum, which involves R&D to develop safer and better nuclear reactors.

I'm also pleased to announce that we've entered arrangements that will allow something in the order of 15,000, we estimate, young Australians who are students or graduates to visit the United States on the basis of some kind of gap year in their studies, and that will be a facility available in the United States which is currently available and very widely utilized by young Australians in the United Kingdom and other European countries.

We have also agreed that further detailed discussions involving taking our defense cooperation even further -- and this involves four components to be explored. The first of those is enhanced cooperation on humanitarian assistance and disaster relief. And that could, in fact, involve a stationing -- basing in Australia by the United States equipment and stores and provisions that would be available for ready use in disaster relief in our immediate region. And we think in particular of any repetition of the tsunami disaster or things of that kind which occurred a couple of years ago.

Secondly, a further enhancement of the joint training capability by providing additional support for training by American and Australian forces in Australia, and also further cooperative efforts to develop access and capabilities for international, surveillance and reconnaissance. And finally, a further enhancement of our already robust program of military exchanges and joint operations. We've asked our officials to work in more detail around each of those four headings, and as a result of that, I'm very confident that there will be further and very significant enhancement of an already very close relationship.

Can I just conclude by saying that in our discussions I made it very clear to the President that our commitment to Iraq remains. Australian forces will remain at their present levels in Iraq not based on any calendar, but based on conditions in the ground, until we are satisfied that a further contribution to ensuring that the Iraqis can look after themselves cannot usefully be made by the Australian forces. They will not be reduced or withdrawn.

It may over time be that their role will assume greater elements of training or greater elements of other aspects of what their capabilities include, but their commitment, their level and the basis on which they stay there in cooperation with other members of the coalition will not change under a government that I lead.

We believe that progress is being made in Iraq, difficult though it is. And we do not believe this is the time to be setting any proposals for a scaling down of Australian forces. We think that is objectionable on two grounds. Firstly, it misreads the needs of the Iraqi people, and secondly, at the present time, a close ally and friend such as Australia should be providing the maximum presence and indication of support to our very close ally and friend in the person of the United States. That is our position and I've made that very clear to the President in our discussions. And I make it very clear to you at this news conference.

George.

PRESIDENT BUSH: Mr. Prime Minister, thanks for your hospitality. You've been telling me how beautiful Sydney is. I now agree. Laura sends her very best to you and Janette, and we congratulate you on -- like your grandfatherhood. (Laughter.)

PRIME MINISTER HOWARD: Thank you.

PRESIDENT BUSH: I admire your vision, I admire your courage. One thing that's really important when it comes to international diplomacy is when a leader tells you something, he means it. And the thing I appreciate about dealing with Prime Minister Howard is that, one, you know where he stands, you don't have to try to read nuance into his words. And then when he tells you something, he stands by his word. And I thank you for that. I appreciate as well our personal friendship. I'm looking forward for you to buy me lunch today. I'm a meat guy. (Laughter.)

PRIME MINISTER HOWARD: We know that. (Laughter.)

PRESIDENT BUSH: I'm looking forward to some Australian beef.

We did sign a treaty today that was important. It's the U.S.-Australia Defense Trade Cooperation Treaty. And I think John put it best -- it helps cut through the bureaucracy so that we can transform our forces better, share technology better and, frankly, enable our private sectors to work together to develop new defense capabilities to defend ourselves. And it is an important treaty. It took a while to get here, but it's -- we were able to get it done. And I thank you for giving me a chance to sign it here.

We spent a lot of time talking about Iraq and Afghanistan. As I told John, we're in the midst of an ideological struggle against people who use murder as a weapon to achieve their vision. Some people see that, some people

don't see it. Some people view these folks as just kind of isolated killers who may show up or may not show up. I happen to view them as people with an objective, and their objective is to spread a vision that is opposite of the vision that we share.

There are two theaters in this war on terror; they're evident. One is Afghanistan, the other is Iraq. These are both theaters of the same war. And the fundamental question is, is it worth it to be there, and can we succeed? And the definition of success are countries that can govern themselves, sustain themselves, defend themselves, listen to the people, and serve as allies in this war against extremists and murderers. And if I didn't think we could succeed, I wouldn't have our troops there. As the Commander-in-Chief of our military, I cannot commit U.S. troops into combat unless I'm convinced it's worth it, important to the security of the United States, and we can meet our objectives.

And as you know, I just came from al-Anbar province in Iraq. This is a province that some six months ago, or eight months ago, had been written off by the experts as lost to al Qaeda. The people that presumably had taken over Anbar have sworn allegiance to the very same bunch that caused 19 killers to come and kill nearly 3,000 of our citizens. And the experts had said, well, Anbar is gone; al Qaeda will have the safe haven that they have said they want. By the way, a safe haven for al Qaeda anywhere is dangerous to those of us who believe in democracy and freedom. That's one of the lessons of September the 11th.

The province I saw wasn't lost to the extremists. The place I went had changed dramatically -- fundamentally because the local people took a look at what al Qaeda stands for, and said, we're not interested in death, destruction. We don't want to be associated with people who murder the innocent to achieve their objectives. We want something different for our children. And as a result of our alliance with these folks, we're now hunting down al Qaeda in this province. And the same thing has taken place across Iraq. The security situation is changing. That's the briefing I received from David Petraeus, our general on the ground, General David Petraeus.

He says the security situation is changing so that reconciliation can take place. There are two types of reconciliation, one from the bottom up. I met with sheiks that are tired of the violence. They're reconciling. They're reconciling after decades of tyranny. They're reconciling after having lived under a dictator who divided society in order to be able to sustain his power.

At the national level there is reconciliation, but not nearly as fast as some would like. By the way, people who don't believe we should be in Iraq in the first place, there's no political reconciliation that can take place to justify your opinion. If you don't think Iraq is important, if you don't think it matters what the society looks like there, then there's not enough amount of reconciliation that will cause people to say, great, it's working. If you believe like I believe, that the security of the United States and the peace of the world depend upon a democracy in the Middle East and Iraq, then you can see progress. And I'm seeing it.

Is it perfect? Absolutely not. Is there more work to be done? You bet there is. But the fact that their legislature passed 60 pieces of legislation I thought is illustrative of a government that's beginning to work. It's more than our legislature passed. They got a budget out. We're still working on our budget, Mr. Prime Minister.

Do they need an oil law? You bet they need an oil law. Why? Because it will be part of saying to Sunnis, Shia, and Kurd alike, the oil belongs to the people. It's a way to unify the country. On the other hand, they are distributing revenues from the central government. In Anbar province they have distributed \$107 million this year, about \$96 million last year. There's only one place they could have gotten the revenue from, the oil resources. So there is distribution taking place, in spite of the fact there's not a law. They got a budgeting process that's funding their military. In other words, there is a functioning government.

Again, I repeat, there's plenty of work to be done. There's more work to be done. But reconciliation is taking place. And it's important, in my judgment, for the security of America, or for the security of Australia, that we hang in there with the Iraqis and help them. If this is an ideological struggle, one way to defeat an ideology of hate is with an ideology of hope. And that is societies based upon liberty. And that's what's happening. And it's historic work, Mr. Prime Minister, and it's important work, and I appreciate the contribution that the Australians have made. You've got a great military, full of decent people. And you ought to be proud of them. And I know the Australian people are.

The same work goes on in Afghanistan. The degree of difficulty is just about the same. After all, this is a society

trying to recover from a brutal reign. But it's the same principles involved, and that is to help them have their style democracy flourish. And it's happening in Afghanistan. People who have been to Kabul will tell you it's dramatically different than what it was like when we first liberated Afghanistan.

I believe that when the final chapters of the 21st century are written, people will say, we appreciate the courage and sacrifice made by our respective countries in laying the foundation for peace.

It's interesting we're having APEC here in Australia. And the Prime Minister and I, of course, will be sitting at the table with the Prime Minister of Japan. Sixty years ago we fought the Japanese. We've got a great relationship -- I'm sure much is going to be made of, well, do personalities define the relationship? Well, this relationship has been forged based upon values and doing hard work together. Personalities matter. It helps that he and I are friends, by the way, in terms of the alliance. But the alliance is bigger than the individuals. Our alliance has been forged in battle and in friendship and through trade. And yet we're sitting down with the former enemy, which ought to be an historical lesson of what can happen when liberty takes root in certain societies. And of course, we'll be talking about the peace. We talk about North Korea, we're talking about Asia, we talk about we can work together to achieve peace.

We are talking about trade here at the APEC summit that the Prime Minister is ably leading. I happen to believe trade is important. I think the free trade agreement between Australia and the United States has been beneficial to both our peoples. Trade is up. When trade is up it means commerce is up, goods and services are flowing more freely. It means people are more likely to make a living. And by the way, when you're trading with somebody you want their economy to be good. And I congratulate you on having such a strong economy. That's important for our trading partners to be wealthy enough to have something to trade. (Laughter.)

And so the question is can we advance the Doha Round here at the APEC. And I believe we can. I want to thank you for your able leadership. It's a hard issue to get done, but I believe, with will and determination, we can get it done. And as I'll say in the speech here Friday, we'll show flexibility when it comes to making sure this round is as successful as possible.

I am looking forward to speaking out about Burma at the APEC conference. It's inexcusable that we've got this kind of tyrannical behavior in Asia. It's inexcusable that people who march for freedom are then treated by a repressive state. And those of us who live in comfort of a free society need to speak out about these kind of human rights abuses.

And so, Mr. Prime Minister, I hope you don't mind me speaking as clearly as I possibly can about the fate of Aung San Suu Kyi and her friends, and average citizens who simply want the same thing we have, to live in a free society.

I do want to thank you very much for your leadership on climate change. Now, I know some say, well, since he's against Kyoto he doesn't care about the climate change. That's urban legend that is preposterous. As a matter of fact, the United States last year reduced overall greenhouse gas emissions and grew our economy at the same time. In other -- we showed what is possible when you deploy modern technologies that enable you to achieve economic growth so your people can work, and at the same time, become less dependent on foreign sources of oil, and at the same time, be good stewards of the environment.

So I appreciate you bringing up the nuclear power initiative. If you truly care about greenhouse gases, then you'll support nuclear power. If you believe that greenhouse gases are a priority, like a lot of us -- if we take the issue seriously, if you take the issue seriously, like I do and John does, then you should be supportive of nuclear power. After all, nuclear power enables you to generate electricity without any greenhouse gases. Anyway, your leadership at APEC has been really strong.

And I'm looking forward to my discussions with the leader of China about a lot of issues, one of which, of course, will be climate change. And my attitude is as I explained to you, is that in order for there to be an effective climate change policy, China needs to be at the table. In order to get China at the table they have to be a part of defining the goals. Once we can get people to define the goals, then we can encourage people to define the tactics necessary to achieve the goals. I believe this strategy is going to be a lot more effective than trying us -- people -- countries to say, this is what you've got to do. We're telling you how to behave -- as opposed to why don't we work together to achieve a common consensus on being good stewards of the environment. APEC is a good

forum to do this. You provided great leadership on the issue, and I appreciate it.

We'll take some questions.

PRIME MINISTER HOWARD: We'll start with the American --

PRESIDENT BUSH: Bret Baier.

Q Thank you, Mr. President. You've described the U.S. relationship with China as complex. U.S. military sources are now confirming that Chinese hackers hacked into the computers at the Pentagon in June, hackers linked to the government in Beijing. And it's being described as a complicated cyber attack. Have you been briefed on this attack? How much more complex does this make the relationship with China? And do you plan to bring it up with President Hu Jintao on Thursday?

PRESIDENT BUSH: I'm very aware that a lot of our systems are vulnerable to cyber attack from a variety of places. And therefore, the first question should be -- not to put questions in your mouth, Bret, but -- what are you doing to defend America against cyber attack? Are you aware that we have vulnerabilities, that people can hack into sensitive systems? And are you then providing expertise and technology necessary to defend? And the answer is, yes. We understand that we're vulnerable in some systems -- some, by the way, more valuable than others -- or less valuable than others, I guess is the best way to put it.

In terms of whether or not I'll bring this up to countries that we suspect may -- from which there may have been an attack, I may. In this instance, I don't have the intelligence at my fingertips right now. Whether it be this issue, or issues like intellectual property rights, I mean, if you have a relationship with a country, then you've got to respect the country's systems and knowledge base. And that's what we expect from people with whom we trade.

Our relationship with China is complex. On the one hand, we appreciate the opportunity to trade goods and services. We certainly hope that China changes from a saving society to a consuming society. Right now, because of the lack of a safety net, many Chinese save for what we call a rainy day. What we want is the government to provide more of a safety net so they start buying more U.S. and Australian products. We want there to be a -- the middle class to feel comfortable coming into the marketplace, the global marketplace, so that our producers can see the benefits directly with trade with China.

By the way, our exports to China are up, Mr. Prime Minister, which is positive. We still have got a huge trade deficit with China, which then causes us to want to work with them to adjust -- to let their currency float. We think that would be helpful in terms of adjusting trade balances.

We've got great relations with China from a diplomatic perspective. In other words, we're able to talk with them openly and candidly. But do we agree on every issue? Not at all. I mean, for example, I've spent time talking about dissidents who have been jailed. I'm concerned about the treatment of the Dalai Lama. I want China to be more aggressive when it comes to Iran. I'm interested to hear President Hu Jintao's attitudes toward the humanitarian crisis in Darfur. In other words, there's a lot of issues which we wish they would -- wish they would have a different lean to their policy. So I'm going to discuss these with him. But it's best to be able to discuss these issues in an environment that is frank and open and friendly, as opposed to one in which there's tension and suspicion.

And so when I say we've got great relations, I will sit down with the President and have a good honest, candid discussion, and he's going to tell me what's on his mind and I'm darned sure going to tell him what's on my mind.

One area where we are making good progress is on North Korea. As you may remember, I shifted the whole strategic approach to North Korea. I'm convinced that it's more effective to have five countries to say to North Korea the same thing than just one country, so that if North Korea makes the decision not to honor their word, that there's a better chance that there's consequences that they'll feel. And so as a result of getting China to the table on North Korea, the North Koreans are going to realize there is a lot more than one voice. And China has been instrumental in helping move this process forward. Chris Hill, Ambassador Hill, briefed me and Secretary Rice this morning on the fact that North Korea still looks like they're going to honor their agreement to disclose and to shut down their nuclear programs which will be good for peace.

Anyway, a long answer because it's a complex relationship.

PRIME MINISTER HOWARD: Australian side.

Q Mark Riley (phonetic) for Seven Network Australia.

Mr. President, welcome to Sydney.

PRESIDENT BUSH: Thank you, sir.

Q I can assure you it doesn't always look like this, with steel fences and concrete barricades and armed guards on the street. But I wonder, is the --

PRESIDENT BUSH: I hope you feel safe.

Q I feel --

PRESIDENT BUSH: You feel inconvenienced, obviously.

Let me just say, before you get -- you're trying to maybe get a response. But to the extent I've caused this, I apologize. Look, I don't want to come to a community and say, you know, what a pain it is to have the American President. Unfortunately, however, this is what the authorities thought was necessary to protect people. And you live in a free society. People feel like they want to protest; fine, they can. And unfortunately, evidently, some people may want to try to be violent in their protests. But I apologize to the Australian people if I've caused this inconvenience.

Q Well, I wasn't going to blame you personally, sir. But anyway --

PRESIDENT BUSH: I guess I must be feeling guilty, you know what I'm saying? (Laughter.)

Q The point I was going to make is, as leader of the free world, the people of Sydney don't see their city looking all that free at the moment. And how's that going? We thought that we weren't going to allow terrorists to do this to our free society. And so your very positive view on Iraq and progress towards reconciliation there is of interest to us if you're meeting the opposition leader tomorrow, and his view is that there should be a staged withdrawal of troops from Iraq next year. How would that affect the positive view you put today? And what will you say to disavow him of that decision?

PRESIDENT BUSH: First of all, in terms of whether Sydney is going to return to normal after I leave, or after we leave, I suspect it might, don't you? I don't think this is a permanent condition. I think the great freedom of the city of Sydney is going to return quite rapidly, which is different from other societies in the world.

First of all, I'm looking forward to meeting with the opposition leader -- I believe I did that on my last trip here to Australia, if I'm not mistaken -- and I hope we have an honest exchange of views. You just heard my opinion about Iraq and whether or not, one, we can win, and two, if it's necessary to win. I believe it's necessary, and I believe we can. And I'm looking forward to hearing his opinion.

I'm also wise enough not to prejudge the election results here in Australia. Yours is a slightly loaded question in trying to get me to comment about what it would be like to work with somebody who hasn't even been elected. And therefore, I'm going to let the Australian people express their opinion. My own judgment is I wouldn't count the man out. As I recall, he's kind of like me: We both have run from behind, and won. So that's going to be part of my -- I can tell you relations are great right now. I also, as I told you earlier, and I believe this, that our relationship is bigger than any individual in office. It's a relationship based upon values, common values. It's also a relationship -- it's enforced during tough times. When we fought fascism we learned a lot about each other. And the American people have got great respect for Australians. Anyway, thank you.

Suzanne.

Q Thank you, Mr. President. Yesterday you said that General Petraeus and Ambassador Crocker -- if the kind of success we are now seeing continues, it will be possible to maintain the same level of security with fewer American forces. There are many who believe that you were suggesting you'd make an announcement to lower American troop levels. White House officials dismissed that. But later you were asked aboard Air Force One why it was that twice you mentioned troop levels that have peaked our interest, to which you said, "Maybe I was intending to do that." You pride yourself on being a straight shooter, not coy or cute, so what is it at this time?

PRESIDENT BUSH: Surely not cute, I agree. (Laughter.) Whatever you do, don't cause me -- call me cute, okay?

Q Okay. So is the administration at this time trying to play it both ways, by appeasing the critics, suggesting that troop withdrawal is right around the corner, at the same time making no real commitments?

PRESIDENT BUSH: Suzanne, I think I went on to say on Air Force One, if I recall, somewhere between Baghdad and Sydney, that, why don't we all just wait and see what David Petraeus says when he comes -- General Petraeus when he comes back to America. He and Ambassador Crocker are going to come back and they're going to report to me and report to the Congress and the American people about their recommendations on the way forward. I will then take their recommendations into account as I develop the strategy necessary to win in Iraq.

That's what I'm interested in. I'm not interested in artificial timetables or dates of withdrawal; I'm interested in achieving objective. I repeat, if you think it's not important that we're there, then you're going to find excuses to get out. If you think it is important to be there, then you ought to be thinking about ways to achieve our objectives. And we are achieving our objectives.

And so I was being as candid as I could with the people on the airplane. And what I said in Baghdad was exactly what they told me; that if conditions still improve, security conditions still improve the way they have been improving, is that we may be able to provide the same security with fewer troops. And whether or not that's the part of the policy I announce to the nation when I get back from this trip, after the Congress has been briefed by David Petraeus and Ryan Crocker -- why don't we see what they say -- and then I'll let you know what our position is and what our strategy is.

PRIME MINISTER HOWARD: Dennis.

Q Mr. President, John Howard put climate change at the center of this APEC meeting. Haven't you undermined his attempt to establish aspirational goals here by scheduling your own meeting in Washington? And to what extent do you regard ratification of Kyoto as being relevant to addressing climate change?

PRESIDENT BUSH: Let me start with the latter. Since I'm getting older, you may have to repeat the first part of the question. Kyoto may work for other countries -- it may have made sense for certain countries that ratified it. It just didn't make sense for the United States. And so, therefore, I told the truth. And by the way, prior to my arrival in Washington, the United States Senate was given a chance to express their approval or disapproval of whether or not Kyoto made sense to the United States: There was a 95 to nothing vote against Kyoto. So it's just not my opinion. There's a lot of people who thought Kyoto wasn't the way to go.

So we developed a different approach: energy efficiency standards based upon new technologies. And as I told you, we reduced greenhouse gases in America last year and our economy grew at 3 percent. I don't know if many countries can make that claim, but we can -- because our strategy of putting new technologies in place is working.

I happen to believe that we can do a better job of becoming less dependent on foreign oil. As an energy exporter, that might kind of frighten some of the energy exporters, but we've got to reduce our dependency on oil, and, therefore, have put forth what's called the 20-in-10 program. Over the next 10 years, we will reduce our gasoline consumption by 20 percent by using ethanol and other new technologies. I believe battery technology is going to be coming on so that people in Sydney can drive the first 40 miles in their cars on battery without your car looking like a golf cart.

There's new technologies coming to market and the fundamental question is how to get them to market as quickly as possible. And Kyoto didn't do that as far as we were concerned. As a matter of fact, if you begin to take an assessment or inventory of countries that are actually meeting the Kyoto targets, I think you'll find that maybe a

different approach makes sense. So the reason we rejected Kyoto is because it wouldn't have allowed us to do what we wanted to do, which is grow our economy, become less dependent on foreign oil and be good stewards of the environment.

John and I have talked about his desire to put climate change at the forefront of APEC, and I was a strong supporter of that. I also reminded him that at the G8, I took the message that said to our partners there that if you really want to really solve the global climate change issue, let's get everybody to the table. Let's make sure that countries such as China and India are at the table as we discuss the way forward. Otherwise, I suspect, if they feel like nations are going to cram down a solution down their throat and not give them a voice on how to achieve a common objective, they'll walk. And then you can't have effective global climate change, if a nation like China is not involved.

I thought the Prime Minister did something smart in this protocol. He announced that we need to cut back on tariffs that prohibit the exportation of technologies that will enable China, for example, to burn coal in a cleaner way. They've protected their environmental industries. And he wants to tear down those tariffs and barriers and we support him strongly on this, so that technology is more likely to be able to flow from those of us who have it to those who don't.

And there are fundamental questions: How fast can we get effective technology to the market -- coal sequestration technologies, nuclear spent fuel reprocessing technologies to the market? And once to the market, can we help developing nations acquire those technologies? Otherwise, it's an exercise that's not going to be effective.

I believe the strategy that we have laid forth is the most effective way to deal with this issue in a serious way. I also appreciate the fact that the Prime Minister is the one that brought the issue to focus; and two, is talking about energy dependency, energy efficiency standards, which is a part of the global climate mix. He shows that leadership on the issue and I'm proud to be here, talking about the issue.

Okay, thank you.

END 11:36 A.M. (Local)

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