



THE WHITE HOUSE
PRESIDENT
GEORGE W. BUSH

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Background Briefing by a Senior Administration Official on the President's Meeting with the President of China

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BACKGROUND BRIEFING BY

A SENIOR ADMINISTRATION OFFICIAL

ON THE PRESIDENT'S MEETING WITH THE PRESIDENT OF CHINA

JW Marriott

Bangkok, Thailand

10:45 P.M. (Local)

SENIOR ADMINISTRATION OFFICIAL: Welcome. This is Sunday night, so it must be Bangkok. I hope you're all having as much fun and getting as much sleep as I am. I'm not going to go into too great depth about the general themes because I think the President has already discussed them at some length in his comments earlier today.

In Thailand, we, of course -- excuse me -- with Prime Minister Thaksin of Thailand, we expressed our appreciation for the Thai efforts in both Iraq and Afghanistan. The President saluted Thai efforts on counterterrorism, particularly the recent capture of the terrorist Hambali. As the President mentioned, we are moving forward with designation of Thailand as a major non-NATO ally, and he is issuing instructions that will begin the process that will lead to negotiation of an FTA with Thailand.

On China, again the President briefed you at some length, but we did spend some time talking about the issue of North Korea. I'm sure you're all interested in the fact that we did discuss trade and economic issues, including the exchange rate. There was also an exchange on human rights.

I also want to mention that, as he did in Manila with President Arroyo, he did raise Burma with the Prime Minister of Thailand, describing Aung San Suu Kyi as a hero, saying that her immediate freedom is what we desire, and the process leading to world democratization, and he noted that the United States would continue to push to achieve those goals.

So with that, I think I'll open it up to questions.

Q Can you tell us exactly what the President said to President Hu regarding the exchange rates, and what the response was?

SENIOR ADMINISTRATION OFFICIAL: The President, once again, reiterated -- once again reiterated and repeated redundantly that -- the President said that we are in favor of a strong dollar policy and we look for exchange rates that are based on the market situation.

The response from President Hu was interesting. He said that that is, indeed, China's goal, too. China, however, is cautious about moving too quickly towards that goal and feels that rapid rapid changes in the renminbi could lead to unstable conditions not only in China, but in Asia, more generally.

He did agree, and, indeed, we have signed we have initialed an agreement with them to set up an experts group to see how China could move more rapidly towards a genuine floating exchange rate. So we're going to have consultations with them.

Q He didn't flatly refuse to not deal with it at all?

SENIOR ADMINISTRATION OFFICIAL: Not at all. In fact, as I did say, he says that, in theory, China supports moving towards a market-determined floating exchange rate. But he did caution that, in practice, he doesn't think China is there yet, that they have to take additional steps. And he worried that too-rapid movement towards a free-floating exchange would cause instability in exchange markets.

Q The consultation group, does it meet, is it a joint thing? What is it?

SENIOR ADMINISTRATION OFFICIAL: It's going to be a joint thing. We're going to send out experts, presumably from the Treasury, to talk to the Chinese about steps that they would need to take to move towards a floating exchange rate. You know, for example, they have huge, huge savings right now, \$400 billion or something like that. So how do you move to a free-floating exchange rate without causing an outflow of funds? How do you what steps do you need to take? How do you build that process? And those are the sorts of the conversations I think we're going to have.

Again, I'm not a financial expert, so please don't hold me too closely to that.

Q President Hu said that President Bush expressed opposition to Taiwan independence in the meeting. Can you describe how the discussion about Taiwan came up and whether President Hu's description of the exchange is accurate?

SENIOR ADMINISTRATION OFFICIAL: The President reiterated our one-China policy, noting that it has not changed, that we have a one-China policy that is based on the three communiquees, the Taiwan Relations Act, and the fact that we don't support Taiwan moving toward independence.

Q -- about that last part. You do not support Taiwan moving toward independence?

SENIOR ADMINISTRATION OFFICIAL: Correct.

Q To follow up on that, so when President Hu said that the President restated U.S. support for Taiwan in opposition to Taiwan independence, was he misrepresenting the U.S. view?

SENIOR ADMINISTRATION OFFICIAL: I don't know. I'm not going to get into a semantic game here -- does he not support, does he oppose, is it only moves toward independence. What we want to say here, as Dr. Rice said the other day, is that we don't want either party changing the status quo unilaterally in the Strait in a way that would upset peace and stability in the Strait. And I think we're trying to make that clear.

Q Could you tell us about in the discussions on North Korea, did the two leaders talk about timing, and specifically whether any such agreement -- security agreement will be offered in advance of North Korea discontinuing its nuclear weapons programs, simultaneous to doing that, or only after the nuclear weapons program was discontinued?

SENIOR ADMINISTRATION OFFICIAL: Well, what the President made very clear was that we're looking to come up with a -- security assurances within a six-party context, within a six-party context, excuse me, that any moves on our step -- excuse me -- any moves on our part would be conditioned on verifiable progress on their part.

Q President Bush congratulated the Chinese President on the space launch. Was there any talks of partnering or cooperating much, as we do with the Russians on the space program, or NASA?

SENIOR ADMINISTRATION OFFICIAL: No, that really didn't come up at all in the conversation. He did -- he congratulated him, he said he welcomed the program. He said he thought that this would probably lead to scientific advances that would help China and would probably end up helping the world.

Q To follow on North Korea. So the way you put that, that any moves on our part would be conditional on significant progress on their part -- in other words, it could conceivably be concluded before the North Korean nuclear program is completely dismantled, as long as there is at least some progress along the way, that there could be some kind of a -- to use a bad word -- quid pro quo?

SENIOR ADMINISTRATION OFFICIAL: Yes, we're saying, in effect, that we have to see progress before we can take steps. We're not saying that everything has to be done before we will do anything. In fact, we're saying just the opposite.

Q If I could follow up on that, you said before, verifiable progress. What do you mean by verifiable? Does that mean having a lot of inspectors already in the country? Does it mean something you can observe with your satellites?

SENIOR ADMINISTRATION OFFICIAL: This is basically what we want to talk about. We have some ideas; we want to explore them with the other five parties to see what they think is a go. So we're not going to give a whole bunch of details here. But, yes, the question is, are there things that we can see happening on the ground as opposed to just hollow assurances that we don't like nuclear weapons anymore because we woke up today in a good mood.

Q -- freeze on their nuclear programs that you could verify would perhaps be something that would prompt this agreement that --

SENIOR ADMINISTRATION OFFICIAL: I'm not going to get into specifics, but we would consider -- consider -- steps, and we'd have to look at them and say, does this make sense, and is there something that's verifiable here that leads towards the goal, and is there a reasonable step that we can take in response to that progress.

Q Could you describe a little bit more President Hu's reaction to this idea? Was this the first time that the two Presidents had discussed something like this? And his remarks were a little vague on whether he supported this idea, or not. Was he a little more specific in the meeting?

SENIOR ADMINISTRATION OFFICIAL: Yes, this was the first time that I think the Chinese have heard this specifically, and they have been pressing us, as you're aware, to come up with some form of security assurances. The President did make it clear that he thought that those security assurances have to be multilateral, that they cannot just depend on the United States. So I think that's an idea that the Chinese have to wrap themselves around.

I think it is fair to say that they firmly believe that the six-party talks, as we believe, are the best process going to try and get the North Koreans to peacefully abandon their nuclear weapons ambition. So I think they're interested in exploring this with us, as we had said earlier in the day.

Q Did North Korea clearly agree to the security assurance, in the context of six-party talks?

SENIOR ADMINISTRATION OFFICIAL: Has North Korea agreed to that?

Q China -- I'm sorry -- has China clearly agreed to this talk about it in the context of six-party talks?

SENIOR ADMINISTRATION OFFICIAL: Yes, China has clearly agreed to discuss with us -- and we said that this is in the context of the six parties, where we do want to be discussing with the other parties to the talks.

Q To follow on that, have the Chinese agreed to essentially be the messenger here and to go to the North Koreans with this idea? Or what's the next step?

SENIOR ADMINISTRATION OFFICIAL: You used a very interesting word -- messenger. Because the President again stressed that we're in this all together. I mean, that's the beauty of the six-party process, is it's no longer the U.S. bilaterally trying to convince the North Koreans to give up their

nuclear weapons ambitions. The President's analysis is we tried that once; the agreed framework didn't work. The North Koreans felt free to cheat on it, probably because it was a bilateral agreement. Therefore, we need China as a participant in this process rather than just the messenger in this process.

Q Was there any indication when the six-party talks might resume?

SENIOR ADMINISTRATION OFFICIAL: Not specific, but the Chinese say -- were clear that they hope to be talking to the North Koreans soon and hoping to get progress.

Q But they continue to be the country trying to organize the talks --

SENIOR ADMINISTRATION OFFICIAL: Absolutely. This is a China-hosted process.

Q What's the next step here? Will the President be talking about this tomorrow in his bilaterals with other leaders?

SENIOR ADMINISTRATION OFFICIAL: The next step here is -- yes, we will continue to talk about this. We will go back to our Japanese and South Korean allies, specifically, and we also have to discuss this in some detail with Putin.

More urgently, we hope that the Chinese do, indeed, succeed in convincing the North Koreans to come back to the table in Beijing for another round of six-party talks. So we've got to continue to consultation, but we also want to see movement on the part of the North Koreans.

Q -- that you would be able to present this proposal to the North Koreans the next time you convene the six-party talks?

SENIOR ADMINISTRATION OFFICIAL: It's fair to say that we hope to be able to, yes. And we do have to get agreement from the other parties, of course.

Q This would be something that you'd be putting on the table at the next round of the six-party talks?

SENIOR ADMINISTRATION OFFICIAL: Yes, and we would hope to do it jointly; in essence get the other parties to agree that, okay -- again, the concept here is a multilateral security assurance. So you have several parties signing on, providing assurances to the North Koreans, but also, in a way, implicitly warning the North Koreans that if you violate your agreement, you are, in effect, not just flipping the bird at the U.S., but also flipping the bird at the -- I'm sorry, I couldn't think of a better way of saying that -- (laughter) -- please, can we take a vote later on on how we would say that without making me look so foolish? Anyhow, they would not only be dismissive of the United States, but they would also be dismissive of the other parties that participated in the assurance.

Q The President spoke about getting nations to crack down on sex trade problems at the U.N. last month. Did the President bring that up today with the Thai Prime Minister? If not, why not?

SENIOR ADMINISTRATION OFFICIAL: Absolutely, he did. And he brought it up in the context of, this is a problem we all face, this is a problem that's in the United States, it's in Thailand, we have to work together on this. He said he has seen some good progress here in Thailand in cracking down on the trade itself.

Q What was the response to that?

SENIOR ADMINISTRATION OFFICIAL: It was interesting. The Thais said, yes, we know this is a problem; we are working on it; we want to work with you on this. It was an encouraging response.

Q Can you answer one last question about the state dinner tonight? What's the protocol guidance U.S. officials get? I noticed as you walked in the receiving line, U.S. officials gave a little bow to the King. Are American officials allowed to do that?

SENIOR ADMINISTRATION OFFICIAL: To bow to the King? Yes. Yes, we are. And I did it, so I assume I was allowed to do it.

There is a question, of course, that -- I think there are things that we don't do with royalty. You know, we don't get down on our knees. If you saw the Thais going in, you saw them having to lower themselves very consciously below the King, and we'd be very cautious about doing that. But we certainly want to follow customs as long as there is nothing in those customs that is objectionable to our own values.

Q And the King never shakes hands, is that your understanding?

SENIOR ADMINISTRATION OFFICIAL: Absolutely. And I've actually known people who won't, either I've known Americans who won't. Scratch that. It's late. (Laughter.) Time to get me out of here.

END 11:00 P.M. (Local)

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