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PRESS GAGGLE

BY

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Aboard Air Force One

En route Rome, Italy

MS. PERINO: Hi, everybody. We are on our way from Berlin to Rome. This is the President's sixth trip to Rome. And I can talk about that in a little bit -- and actually, Judy Ansley is going to talk about that in just a moment as well. I'm going to have Dan Price, the Assistant to the President for International Economics, and Judy Ansley, Deputy Assistant to the President and Deputy National Security Advisor for Regional Affairs talk a little bit about the meetings in Berlin and out at the country house with Chancellor Merkel that the President had, because they had a little bit more insight into those meetings beyond what the President and the Chancellor provided at the press conference. And then I can answer other questions.

MR. PRICE: Okay, I'm going to cover four topics: TEC, Transatlantic Economic Council; Doha; climate; and G8.

The leaders discussed the importance of the Transatlantic Economic Council in fostering transatlantic economic integration and removing regulatory barriers to trade and investment. As you know, the United States is of a view that where possible the United States and Europe should seek to align our regulatory approaches or explore mutual recognition.

As the United States made clear in the U.S.-EU Summit yesterday, regulations must have a sound scientific basis and should not simply be a reflection of consumer prejudices. In particular, protectionism should not be permitted to masquerade as so-called consumer preference.

On Doha, the President and Chancellor agreed that it was essential to make every effort to conclude negotiations this year, but recognized that a successful agreement must

create new trade flows in agriculture, industrial products and services. The leaders made clear that for the Doha Round to fulfill its development objectives and its goal of lifting people out of poverty it was essential that the major developing countries also open up their markets to goods and services. This is because 70 percent of the tariffs paid by developing countries are paid to other developing countries. It's also the case that developing countries need access to the fastest growing markets in the world, which are now the big emerging markets.

On climate, the President and Chancellor agreed that in order to advance the U.N. negotiations it was important that the major economies -- developed and developing -- reach agreement on a long-term emissions reduction goal. They also recognized that any new climate agreement would only be effective if it contained commitments by all major economies. As you know, the major economies process was launched at last year's G8 in Heiligendamm and both the President and Chancellor expressed their intent and hope that the major economies leaders meeting, to be held in July at the G8, would be able to reach agreement on these two critical issues: one, a long-term reduction goal; and two, a stated willingness to have midterm goals and national plans reflected in binding international commitments, while recognizing that those commitments would vary according to demographics, energy mix and other national circumstances.

The leaders also discussed the necessity for clean energy technology development and the importance of making both existing and new technologies available to developing countries to help them with their own efforts to increase efficiency and decrease greenhouse gas emissions.

Also on the G8 -- and this will be my final point -- also on the G8, the leaders agreed on the importance of each member of the G8 demonstrating how it has fulfilled past commitments in the G8 on health and development. The Chancellor also expressed interest in the President's initiative on neglected tropical diseases and interest in the joint U.S.-UK initiative to increase the number of health workers in Africa.

If I could, I'll turn it over to Judy Ansley.

MS. ANSLEY: Thank you, Dan. As the President said in the press conference, they discussed a broad range of issues. What I'd like to do is just highlight several of them and then Dan and I would be happy to take some questions.

On Iran, they reiterated the importance of Iran not acquiring a nuclear weapon. They agreed on the preference for a diplomatic approach, which means implementation of sanctions and additional measures against Iran. But as the President said in his press conference, all options remain on the table.

On the Middle East, they talked about the prospects for advancing the peace process this year and to the formation of a Palestinian state. They also talked about support for the democratic government in Lebanon and for having Syria stop its interference in Lebanon.

On Georgia, they talked about the risk of escalation in the region because of the Russian provocations since April, and talked about ways that they could work together to reduce tensions in the region.

On **Kosovo** and **Serbia**, they stressed two things: the importance of a rapid transition from the U.N. mission, the UNMIK mission in Kosovo to the EU mission -- we're hoping for that to take place very quickly -- this week, hopefully; and also the importance of remaining open to Serbia's integration into the West -- both integration into the EU and integration into NATO.

On Cuba, they talked about the importance of the Cuban government unconditionally releasing all political prisoners as a test of whether or not the Raul Castro regime is willing to move forward as they have stated, in terms of human rights for the Cuban people.

The President also thanked the Chancellor for Germany's involvement in Afghanistan and their assistance to the democratic government in Afghanistan.

Let me just say a word about the stop in Italy. The President looks forward to resuming his consultations with Prime Minister Berlusconi, as well as meeting again with President Napolitano. He will do both of those meetings tomorrow. And then on Friday looks forward to his third meeting with Pope Benedict.

In the meetings tomorrow with Italian government officials I expect that the full range of issues that were covered in today's stop will also be covered: Iran, Afghanistan, **Kosovo** -- really the same issues that were covered today.

Yes.

Q Judy, you just said that they agreed upon the preference for a diplomatic approach to Iran. Does that mean that Merkel was open to a military approach?

MS. ANSLEY: Well, Merkel, as is the President's preference, is for diplomatic --

Q You used the word "preference," that implies that there was discussion of another one.

MS. ANSLEY: No. There was really -- I mean, the President has always stated that his preference is for diplomatic. He did not take other options off the table, and obviously

Merkel would like to have a diplomatic, as well. But there wasn't any discussion beyond that and beyond what the President said in the press conference afterwards.

Q Can I ask about climate? Dan, can you just talk about how likely it is that there will be some sort of agreement at the G8 on climate? And would all of the major economies be involved in this agreement, necessarily, or could it be a subset of the major economies?

MR. PRICE: Well, what we are working towards is a leaders declaration coming out of the major economies leaders meeting at the G8 that represents the collective view of all major economies. As I said, what we are working towards is agreement on a long-term emissions reduction goal and also agreement that the future climate agreement, negotiated under U.N. auspices, will contain binding international commitments from all major economies -- recognizing, consistent with the principles of common differentiated responsibilities, that what each major economy does will differ according to its national circumstances. So that's what we are working towards in the major economies process.

There are other elements of climate that will be addressed and that we think are appropriately addressed by the G8 as the G8, having to do with adopting IAEA efficiency standards, funding for setting up the clean technology fund, to make available low-carbon technologies and high efficiency technologies in the developing world, and a number of other items that are appropriate for the G8.

But in respect of setting the long-term goal and expressing the view that every major economies midterm goals and national plans should be reflected in binding international commitments, we feel that those topics are appropriate for the major economies leaders meeting. Also in both the major economies leaders meeting and in the G8 we will be seeking to advance support for the elimination of tariffs on clean technology goods.

Q And how likely is it that the major economies will produce that language, that declaration?

MR. PRICE: We are all working very hard towards that end.

Q I have two questions on Italy. Any request to increase the troops in Afghanistan -- will it come up? And number two, the question of enlarging the 5-plus-1 and offering Italy the possibility of being part of that -- was it discussed with Chancellor Merkel by the President? Germany is resistant to that. What can you say about these two issues?

MS. ANSLEY: On the first one, about Afghanistan, Afghanistan will clearly be discussed. There have been requests out from both U.S. officials and NATO officials for all countries, as part of the coalition in Afghanistan, to increase their efforts there. So I imagine that the issue will be discussed and it will be, I'm sure, interesting to hear what

Prime Minister Berlusconi's views are on the Italian contribution to Afghanistan. Obviously, we're hopeful that there would be increased contributions, as was requested in Bucharest, of all NATO nations that are contributing.

In terms of P5-plus-one, again, I expect that that will be discussed; it has been in the past with previous Italian governments. I was not in all of the meetings, there was a lot of discussion that was one-on-one, so I don't know if the issue came up in the meetings in Germany. But I expect that the issue will come up in Italy.

Q Do you think that it's realistic that Italy would be --

MS. ANSLEY: I honestly don't know. I know it's been a long-time request of the Italian government to be included in that. And they're obviously included in consultations in connection with that, but whether they're made part of it, I don't know how realistic it is.

Q What have the signals been that you have received to date?

MS. ANSLEY: Well, the Germans have been -- they've publicly said that they wanted to keep the format the way it is.

Q I mean on Italy, to follow up on his question --

MS. ANSLEY: I'm sorry --

Q What signals have we received from Italy?

MS. ANSLEY: Oh, Italy. The Italians clearly want to be part of this format. They would like to be a part of the P5-plus-1, and that's something that has been fairly consistent.

Q And on the troops, more troops?

MS. ANSLEY: I think that the government is open to more contributions; I don't know in terms of troops or assistance or what it might be. But, you know, most of the governments -- the Bucharest Summit was very favorable in terms of Afghanistan, it was a very positive summit in that respect, and the meeting that we had as part of that, on Afghanistan, was very positive. And we've seen a lot of additional contributions since then. So we'll see; we just haven't had that discussion yet with the new government.

Q One last thing. Do you think that the President will invite Prime Minister Berlusconi before he leaves, to come to the U.S.?

MS. ANSLEY: I don't know. I honestly don't know.

MS. PERINO: What was the question?

MS. ANSLEY: Will the President invite Prime Minister Berlusconi to come to the states --

Q Before he leaves office, basically.

MS. PERINO: We'll see. Any questions for me on other issues?

Q What is the White House reaction to the Post article? They quoted a member of Iraq's parliament basically saying that the long-term for the expansion of staying in Iraq would amount to colonization. Is there a reaction?

MS. PERINO: I don't know if you saw the President's press conference, but the President addressed this as best as anybody in our government -- and what he said is that we continue to work with the Iraqis. And he, specifically, is working directly with Prime Minister Maliki, and they're working together.

In addition to that, we had officials up on Capitol Hill yesterday at the Senate Armed Services Committee, continuing on our commitment to keep them updated on the negotiations and on the agreement. And I think Senator Levin welcomed that, and we'll see.

Q -- that they had yesterday?

MS. PERINO: Yes, this is part of an ongoing series of briefings that we have offered. They have been constant, there's not been a break in them, and we are going to continue to do that.

Then I would point you to what the President said, in terms of the goals of the deal, and part of it is, just remember, that as of December 31st at midnight our troops aren't going to be under U.N. mandate anymore and they are going to have to have some sort of legal mechanism in order to continue to operate there. We know the Iraqis want us there. Is there a question of how that agreement is going to shape up at the end of the negotiations? Yes, there is. But I think one of the things the President pointed to that was most positive is that what you have is democracy breaking out across Iraq, and you have people from different parties voicing their opinions and using politics and using the press as a way to get their message out -- which we think is a very positive thing. Of course we don't think of it as colonization -- that might be some others' view.

But I think the best person -- the best two people to look at this agreement from their perspective, in terms of the big picture vision, is President Bush and Prime Minister Maliki, who are working with their governments -- us with our Congress and he with his parliament -- and his cabinet, because they have a coalition government; that's the best way to look at it. And I think that we will be able to get an agreement. There's a lot of

hard work ahead and the negotiations go back and forth. And we have Brett McGurk, who is our special assistant to the President, who is on the front lines for the President on this, and he is back and forth to Iraq often -- he was there at the Senate Armed Services Committee -- he'll be back in Iraq soon.

Q Do you think the Maliki meeting with Khomeini was a push back in any way?

MS. PERINO: No, and we answered this question previously, too -- which is that we understand that Iraq wants and needs to have good relationships with its neighbors, and so we saw that as a positive sign.

Q Will the President be looking for the kind of public statement from Prime Minister Berlusconi that's he's gotten from Chancellor Merkel and the EU leaders about putting pressure on Iran to come clean on its nuclear program --

MS. ANSLEY: I think that we would welcome such a statement from the Italians, as we welcome them from all countries, because the more countries that put pressure on Iran, the more likelihood that the diplomatic approach will work, in terms of getting Iran to stop its enrichment work.

Q Is that one of the President's goals, will be discussing -- will he be bringing Iran up?

MS. ANSLEY: It's certainly one of the issues that would be up for discussion; absolutely, yes. It's a normal issue for us to discuss with the Italians, absolutely.

Q -- as a major economy with trading relationships would be --

MS. ANSLEY: Yes. And also when the EU has to make its decisions, obviously Italy will be a key player in whether or not the EU goes forward in implementing 1803 and adopting additional measures.

Thank you.

Q Thank you.