

July 21 / Administration of George W. Bush, 2001

Now, obviously, on the tool of Kyoto, as such, we do differ when it comes to the assessment thereof. But obviously, we have done so in a very open, in a very friendly matter, dealing with one another in a constructive way as friends. And I think friends do deal with these things as friends, and we certainly do.

*Upcoming Meeting With President Vladimir Putin of Russia*

Q. Do you plan to make a specific proposal to President Putin tomorrow on a strategic framework? Did you see an outline or something?

*President Bush.* I plan to have a very honest and open dialog with the President that will continue our discussions about how to keep the peace. I intend to share with the German Chancellor the nature of our discussion in the past and, again, what I intend to talk about tomorrow.

I think it's very important for us to continue making progress on whether or not we can agree to a new strategic framework. As well, we will have high-level talks with others in my administration, with the Rus-

sians. It's a very positive development, I think, for the world.

I can tell you right now that my relationship with President Putin is better than it was in Slovenia by virtue of the fact that we're spending more informal time together. One of the benefits of these meetings is, is that we get to see each other at places other than just sitting around roundtables discussing issues. And so, at the receptions, we've been able to have some idle chatter. Some of it may be of interest to you; some of it probably wouldn't be. But nevertheless, we're able to continue a dialog in a very friendly and open way, and I think that's going to be very important for our ability to work together on a lot of issues, particularly that of a new strategic framework.

Q. But do you see discussing things like specific numbers or his plan for joint—

*President Bush.* I think it's probably best that I talk to him first.

NOTE: The President spoke at 6 p.m. at the Jolly Marina Hotel. Chancellor Schroeder spoke in German, and his remarks were translated by an interpreter.

The President's News Conference With President Vladimir Putin of Russia in Genoa

July 22, 2001

*President Putin.* Good morning. We've just finished a meeting with the President of the United States and discussed the issues on a whole wide range of subjects. First and foremost, I wanted to say with great satisfaction that our meeting was held in a very frank and open atmosphere, and there is no doubt, absolutely, that I can say and confirm that we've maintained, not only, but in many ways strengthened the spirit of Ljubljana.

Naturally, we discussed the issues that were raised at the G-8, issues of security,

environment, education, security. And the issue here led us to discuss the world architecture of the 21st century and the way to improve civilization in the future.

I can frankly tell you that this part we discussed together. Just one on one with the President, it seemed to me that his thoughts and his mental reasoning is very deep, very profound. We were both very interested in having a continuation of this dialog with the American people, with its leader. Approaches which were stated by the President in the past, without any

doubt, are going to be studied by us, and I can repeat once again will be positively accepted.

President Bush and I have analyzed how our recent accords are now being implemented. We've put forth several new steps in terms of setting forth a long-term cooperation which is not subject to any kind of dealmakings but a very good, sound, long-lasting attitude. Today in Russia we have a very positive dynamism, and we have stated that, as well.

The differences in approaches on a couple of topics is still there. However, what is more important is that we are aimed—both of us are aiming at partnership, to look forward to well-reasoned, well-balanced, carefully weighed approaches and solutions.

Naturally, we discussed the issue of strategic stability. There we spent a lot of time. We talked in great detail. We've reached a most important accord, agreement on the beginning and the schedule for consultations. In Ljubljana we talked about setting up a working group or series of working groups. As you know, in Moscow here, in a few days, Condoleezza Rice will come to visit us, and we will work out, finally, the group structure within the overall inter-agency structure of foreign ministry, defense ministry, and others.

I have to say that to some extent what was unexpected both for me and, I think, for President Bush, as well, was the understanding that was reached today between us on the issue that the offensive arms and issue of defensive arms will be discussed as a set. We're going to be talking about the mutual striving toward cutting back significantly offensive arms. We're not really ready at this time to talk about the threshold limits or the numbers, themselves, but a joint striving exists and the specialists will get together, and they'll make some recommendations. But we are aiming at moving in that direction.

I told the President of the United States about our proposal vis-a-vis the start of con-

sultations on strategic stability issues as a whole. And I think that in the very nearest future, I repeat once again that our specialists are going to work in this direction. I think they're going to make a lot of progress and be quite successful.

Naturally, we discussed very, very sharp problems in regional issues. We talked about joining our forces in trying to solve some conflicts. We repeat again that the overall dialog on getting our positions coordinated is the very best approach to U.S.-Russian relations.

Bilateral issues were especially stressed, economic cooperation. And I have to say here that we have a common approach towards developing very dynamically in this sphere. We have very good precedents and very good foundations for this.

We also know that our business societies are also very interested in this. We've discussed a series of contacts and the schedule for upcoming contacts in the economic field, talked about our next meeting—the nearest one will be the APEC meeting in Shanghai. And then the President very kindly confirmed his invitation to me to come to the United States, and we talked about that agenda, too.

So that's all I wanted to say as an opening remark.

Thank you very much.

*President Bush.* Thank you, Mr. President. First, both of us believe strongly that the summit we just attended was a success, and we want to thank the people of Italy and Genoa for their hospitality.

Secondly, we did have a very constructive dialog—certainly made—made my impressions of Slovenia—confirmed my impressions of Slovenia, that this was a man with whom I could have an honest dialog, that we can discuss our opportunities and have frank discussion of our differences, which we did.

I appreciate so very much President Putin's willingness to think differently about how to make the world more peaceful. He cares deeply about the citizens of his land.

I, obviously, care deeply about the citizens of my land. We're young leaders who are interested in forging a more peaceful world.

And along these lines, as the President said, that we're going to have open and honest dialog about defensive systems as well as reduction of offensive systems. The two go hand in hand in order to set up a new strategic framework for peace. And along these lines, as the President mentioned, my National Security Adviser, Condoleezza Rice, will be visiting in Moscow, the purpose of which is to lay out a specific timetable of discussions between our defense ministers and our foreign ministers.

So as we can continue progress to find common ground in a—to make the world more peaceful, both of us want to seize the moment and lead. And I appreciate this attitude so very much with President Putin.

Secondly, we did talk, spent time discussing economic cooperation. There will be a statement put out after the meeting on both, by the way, the strategic framework discussions as well as the economic cooperation along these lines. Secretary Evans and Secretary O'Neill will be in Moscow next week to discuss a wide range of topics.

But one of the things that is clear and evident is that the President understands the need to create a framework for entrepreneurial activity. As I mentioned in my last press conference, I will mention this again, I am impressed by the fact that he has instituted tax reform, a flat tax. And as he pointed out to me, it is one of the lowest tax rates in Europe. He and I share something in common: We both proudly stand here as tax reformers. And I think the American business leaders who look to Russia will appreciate certainty in the tax code and certainly will appreciate a lower tax rate than in other places.

But we've got a lot of areas for growth and discussion, ranging from international

trade to investment opportunities within the Federation.

With that, I will be glad to answer—both of us will be glad to answer a few questions from you. Let's make your questions short, so that we won't leave my wife waiting at the tarmac in Rome. [Laughter]

### *Strategic Stability/Global Warming*

*Q.* You were saying just a little while ago about how strategic stability and space has been discussed. How do you see the biggest difficulties in this dialog? What are the principal differences between the two countries? And how do you see overcoming these differences?

And your proposal on conference, holding a conference in Moscow on the environment, how were the other G-8 partners receiving your invitation to Moscow?

*President Putin.* As far as the ABM Treaty and the issues of offensive arms, I've already said we've come to the conclusion that two of these issues have to be discussed as a set, as one set. This is no doubt whatsoever; one and the other are very closely tied. Neither one nor the other side should feel it's somehow threatened or constrained.

I felt and continue to feel that these most important kinds of issues—we have to maintain a balance, thanks to which mankind could live in an environment of stability and relative peace. This is an issue of principle, and that's first.

Second, we share the position of the U.S. President on the need to have large cuts in offensive arms. I've already spoken to this, and together we're going to move forward in this direction, substantially changing the situation in the world, making it better throughout the whole world, reducing the thresholds of confrontation. Without any doubt, this would ameliorate the climate throughout the whole world. There has to be absolutely no doubt that this is going to happen.

Now, as far as your issue on the international conference in Russia on the ecology or the environment and reducing the dangers to the environment, I can say the following: Prior to coming here to Genoa, I held a meeting with our specialists, with our physicists, our scientists, members of the cabinet who are involved in environmental affairs. And I have to say that in Russia, we have some people, some specialists who are known throughout the world, really big-time specialists, and they told me that even if we fully implement the Kyoto Protocol, fully, this is going to affect the climate as it is today, but the changes to that will be very minor. In other words, the Kyoto Protocol is simply not sufficient to substantially improve the ecology in the world, although the movement that we're moving in is in the right direction.

But I want to say that Russia is still for the Kyoto Protocol. But what's important is that the scientists themselves, political leaders, ecologists, people in society, Government leaders, never, ever got together once. Each of these groups sits there alone and out of their own corner reviews this issue. And the thought was to get everybody together on one common platform.

This was supported very energetically by the President of the United States and by other colleagues. Along with that, President Chirac stressed the need to attract the civilian population, the nonspecialists, to have them participate, people from society at large. And for this, I want to thank our colleagues for having supported this.

Thank you very much.

#### *ABM Treaty/Nuclear Arms Reductions*

Q. President Putin said several days after your first meeting that Russia would increase its nuclear arsenal—[inaudible]. Have you convinced him to scrap the ABM Treaty without building up his nuclear arsenal?

And to you, Mr. President: You just said there is absolutely no doubt that there will

be reductions on the Russian side of its nuclear arsenal. Does that mean that you are no longer saying that you will increase your arsenal if the U.S. proceeds with missile defense? Have you changed your position?

*President Bush.* Well, first, Ron [Ron Fournier, Associated Press], let me start by saying how optimistic I am about the possibilities of reaching an accord. One of the things about the person with whom I'm talking, President Putin, is that he has agreed, like I have agreed, to find common ground, if possible. So I believe that we will come up with an accord. Let me say this: I know we'll work hard to an accord, to see if we can't reach an accord about both a new strategic framework for defensive weapons as well as the need to reduce offensive weapons in order to make the world more peaceful.

The only thing I can do is characterize, once again characterize our discussions as open and optimistic and very positive. I was struck by how easy it is to talk to President Putin, how easy it is to speak from my heart, without, you know, fear of complicating any relationship. And I enjoyed listening to what he has to say, as well.

I'm optimistic that we can get something done. And it's with that spirit that we send Condi Rice to Moscow to formalize the process, to answer questions. Inevitably, there will be questions because, after all, what we're talking about doing is changing a mind-set of the world. We're basically saying, the cold war is forever over, and the vestiges of the cold war that locked us both into a hostile situation are over. And we're exploring the opportunity to redefine the strategic framework for keeping the peace not that as existed in the past but a strategic framework as we go out in the 21st century. It's an exciting opportunity. And I can tell you that the discussions have been very meaningful.

Mr. President.

*President Putin.* Thank you. Now, as far as possible answer or response, as you say, from Russia, in the event that one side leaves the ABM Treaty, from the 1972 treaty, then I can say the following: We were talking about the possible kinds and versions of response in the event that one side comes out unilaterally. I was not talking about increasing the missiles. I was talking about how you would substitute single-unit warheads, make them MIRV warheads.

But as we said today—if as we said today and if as we understood from each other today, we are ready to look at the issue of offensive and defensive systems together as a set, we might not ever need to look at that option. But this is one of the subjects of our future discussions.

As a whole we agreed, in general, that in any version, today we can go forward toward reducing offensive arms. I'm telling you this with full responsibility, and I'm telling you that within—this is an issue of the qualitative and quantitative numbers. But this is, of course—we'll let the specialists sit down and talk about those numbers.

#### *G-8 Summit*

*Q.* A question to both Presidents: Please tell us how you assess the Genoa summit results from the point of view of the future G-8s, because you've got all these anti-globalist demonstrators and others.

*President Bush.* Well, I'm looking forward to future G-8 summits. People should be allowed to protest in a peaceful way. The great thing about freedom is, it provides an outlet for people to express their differences. Having said that, I believe that which we discussed today and the last couple of days will make the world a heck of a lot more prosperous and peaceful place.

The philosophy of free trade and starting a new round of free trade discussions makes eminent sense, not only for those who happen to be prosperous today but for those who aren't. And all the demonstrators and all the folks have to do is

ask the leaders who came from the developing nations. Ask my friend from El Salvador what trade means to him.

And so I reiterate what I said before: People are allowed to protest, but for those who claim they're speaking on behalf of the poor, for those who claim that shutting down trade will benefit the poor, they're dead wrong.

*President Putin.* I have to tell you that the people who are out on the streets, then talked about the issues of the poor countries and their problems, and those who gathered within the framework of the 8 were all taken by one and the same series of issues. In this sense, we can say that we're all of the same mind. But unlike those who chose the extremist ways of expressing their minds, those who worked here tried to find solutions, ways to get to the end solution, specific kinds of solutions, which realistically could affect, I hope, will affect the condition in which the very poorest countries are living in the world today.

That's why I very highly praise the results, the level, and the nature and the character of these discussions. I think we need these kinds of meetings, and I think they will continue. Naturally, we're going to have to pay more attention to the quality of the kinds of decisions that we take and how to implement them fully to the end.

Now as far as the dialog with civil society, one of the fora and one of the ways of discussing is in a civilized fashion. We can only—and one of the ways of doing it is holding the international conference in Moscow in 2003 and talking about the environment.

Thank you.

#### *Strength of the Dollar*

*Q.* Mr. President, I understand that currency issues were discussed at the leaders' summit. I'm wondering, how did you explain the benefits of a strong dollar, since you've already acknowledged that it hurts U.S. exporters, and over here it's putting

inflationary pressure on the ECB and stopping them from cutting interest rates?

And President Putin, I'm just wondering, how does a strong dollar affect your economy? Thank you.

*President Bush.* Well, let me reiterate what I said after my World Bank speech. The dollar needs to float in the marketplace, and that the dollar—if the market is allowed to function, the dollar will be at an appropriate level. And there are both, obviously, there are some that want us to artificially—the dollar in our country, and that's not the role, in my judgment, of the country. The market ought to do that, not the Nation.

And so I continued to assure my friends and allies that we will let the market adjust. I also assured them that we were taking the steps necessary within our country to strengthen our economy.

I was able to herald the fact that the first rebate checks made it into the mail, and I heralded it from a remote location, here in Genoa. And the reason I bring that up is that many of the world leaders are deeply concerned about the slowdown of the U.S. economy and its effect not only on the dollar but also the effect on trade. And I assured them that from a fiscal perspective: One, we're going to hold the line on spending, that we had a budget, and I expect Congress to meet the budget; secondly, that we did reduce taxes substantially and the first wave of tax relief was in the mail; and thirdly, that our Fed, independent of the Government, was making the monetary decisions. And I think people were pleased to hear that we're working hard to revitalize our economy.

*President Putin.* The United States are the main trade and economic partner for Russia. And this is the main investor in Russia, of all the investors, and one of the main economic and trade partners. So the stability of the U.S. economy substantially affects our economic situation.

As you know, over the last year in Russia we've noticed certain positive trends, and

there is no doubt in our minds that we're interested in the stability of the U.S. economy as a whole and their currency. The dollar for us is the most important—the main form of payment in most of our operations.

Thank you.

#### *Situation in the Balkans and the Middle East*

*Q.* Which regional conflicts, in your estimation, are the greatest threat to international security? What were the results when you discussed these issues at the G-8? And what jointly could U.S. and Russia do in this arena?

*President Putin.* Well, of course, these are the Balkans and the Middle East, above all. I have to say that I'm satisfied by the nature of the results of this discussion. But it seems to me that this time we heard each other—heard each other much more, much better, understand each positions much better in all these conflict areas.

And what's important—I don't know if my colleague will agree with me, but I get the feeling that trust in each other, within the framework of trying to settle these issues, is beginning to arrive. This is very important foundation, trust. So we're going to continue coordinating our efforts both in the Balkans and the Middle East, taking into account the interests of all the parties that are drawn into this conflict.

And on the way toward coordinating our efforts, we have to work out unified approaches. And this—here lies the success. This is very important. Because if we create some kind of cracks or fissures through which you can have leakage of certain extremist forces, it's going to wreck the whole process. So here, getting together, drawing together, here was very positive and a positive nature.

Thank you.

#### *U.S. Global Warming Proposal*

*Q.* Thank you, sir. Mr. President, President Chirac and Prime Minister Chretien

both say that you promised to have a global warming package ready for the Marrakech meeting in September. Your staff says that that's not quite true. Who is right, sir? What exactly did you tell the leaders?

*President Bush.* Well, given the room temperature here, I'm not surprised you brought up the subject of warming. [*Laughter*] So I'll try to keep my answer short, for the benefit of all, particularly those of us who must do something in Rome.

Here's what I said: I said my administration has had a full-scale review of the climate issue; that we're in the process of developing a strategy as quickly as we possibly can and one that we look forward to sharing with our friends and allies, a strategy that begins with the notion that we want to reduce greenhouse gases in America, a strategy also that takes a realistic look at how best to do so, a look based upon science and a look with the notion that we can have economic growth and sound environmental policy.

I made it clear to our friends and allies that the methodology of the current protocol is one that, if implemented, would severely affect economic growth in America, and that I believe that it makes sense for those who trade with us to make sure that our environmental policy is one that continues to stimulate economic activity so that trade means something between nations.

The spirit of our dialog was very positive. I guess you could say that I broke the ice during my last trip to Europe, so people understood exactly where I was coming from. There should be no doubt in their mind about our position, that we share the goal, but we believe that—strongly believe that we need to find a methodology of achieving the goal that won't wreck the U.S. economy.

And we're making progress on that. I'm very confident that the leaders appreciated my straightforwardness the last time I came to Europe and my willingness to continue to dialog on this very important issue.

We have a representative at the Bonn summit. I saw her on TV the other day; she made the case very clearly—Paula made the case very clearly about what our position is. And the Europeans are interested in the strategy that we're going to adopt. And when it's formulated, I will present it to them, and I look forward to doing that. And they're going to find out that when I say we're interested in reducing greenhouse gases that we mean it. They're also going to be pleased to hear that it's going to be in such a way that won't damage their largest trading partner, and so will the American people, who want to make sure that there's work and jobs available.

With that, I want to, again, thank my friend. I look forward to future dialog. Thank you all very much for your questions. And again, we thank the good people of Italy for their kind hospitality.

*President Putin.* Thank you very much.

NOTE: The President's news conference began at 2:52 p.m. at the Palazzo Doria Spinola. In his remarks, he referred to Paula J. Dobriansky, Under Secretary of State for Global Affairs. A reporter referred to Prime Minister Jean Chretien of Canada. President Putin referred to President Jacques Chirac of France; MIRV, the Multiple Independent Reentry Vehicle; and ECB, the European Central Bank. President Putin spoke in Russian, and his remarks were translated by an interpreter. A portion of this news conference could not be verified because the tape was incomplete.