

our businesses to work together, and they're generating recommendations to each of us in terms of how we can improve ties between the United States and India.

I am very pleased to have accepted a visit on behalf of myself and Michelle to India. It is a trip that I'm very much looking forward to, and I know that the Prime Minister and his gracious wife will extend great hospitality to us. We are also just excited because of the tremendous cultural as well as political and social and economic examples that India is providing the world and has in the past.

So, Mr. Prime Minister, thank you so much for your friendship, and we look forward to working with you in the months to come, leading up to the visit so that we know that we're going to have a very productive stay when we're in India.

*Prime Minister Singh.* Mr. President, thank you very much for your warm words. I attest that India attaches the greatest importance to this relationship with the United States, with which we have a steady partnership.

It is our common endeavor, Mr. President, to give this strategic partnership a new trust, a new meaning, a new content. And it's my privilege to be associated in this global endeavor with you, Mr. President. You are a role model to millions and millions of people all over the world. Your life history is a history which inspires millions of people everywhere where there are people who have risen by the sheer depth of their austerity, of their hard work, and their commitment to the values on which you have worked and you've stood for.

It has been my privilege, Mr. President, to enjoy your friendship, and this is something which I will cherish forever in my life.

The dinner that you hosted for me and for my wife last year was a most memorable evening for both of us. And we look forward to your visit, the First Lady's visit, and your children's visit to India later this year. A very warm welcome awaits you, Mr. President. And I have every reason to believe that you will find it a productive and exciting journey to a country of India's diversity, of India's complexity.

And we are engaged in getting rid of chronic poverty, ignorance, and disease, which still afflict millions and millions of our people. And it's our common desire to work together to get rid of this scourge in our lifetime. And in that, the United States support means a great deal to us. Your personal commitment to social justice is something we cherish.

And I look forward to have the privilege of welcoming you and your family to our country so that you can see for yourselves what we are trying to do, the difficulties of managing social and economic transformation in the framework of a democracy committed to the rule of law, committed to all fundamental human freedoms. I think that's what India seeks to achieve. And in this, we seek your active involvement and active participation.

Thank you very much.

*President Obama.* Thank you, everybody.

NOTE: The President spoke at 4:13 p.m. at the InterContinental Toronto Centre. In his remarks, he referred to Minister of External Affairs Somanahalli Mallaiah Krishna of India; and Gursharan Kaur, wife of Prime Minister Singh.

## The President's News Conference in Toronto June 27, 2010

*The President.* Please, everybody, have a seat. Good evening. I want to thank our wonderful hosts—first and foremost, my friend and partner, Prime Minister Harper, as well as

the Canadian people and the people of Toronto—for their extraordinary hospitality.

The success of these summits—the G-8 in Muskoka and the G-20 here in Toronto—is a

tribute to Canadian leadership. I also want to thank my fellow leaders for the sense of purpose that they brought to this summit.

The G-20 is now the premier forum for international economic cooperation. We represent East and West, North and South, advanced economies and those still emerging. Our challenges are as diverse as our nations. But together, we represent some 85 percent of the global economy, and we have forged a coordinated response to the worst global economic crisis in our time.

In London last year, we took unprecedented action to prevent an even larger economic catastrophe, to put our economies on the path to recovery, and to begin reforming our financial system so that the crisis like the one we were emerging from never happened again.

In Pittsburgh, we went further, moving beyond the old economic cycles of boom and bust by committing our nations to a new framework for growth that's balanced and sustained, as well as specific financial reforms.

Our bold action has succeeded. In the United States, we are committed, above all, to leading by example, and because of the steps that we've taken to get our economy moving, we are growing again, and this growth is beginning to translate into job creation. And we're now poised to pass the toughest financial reform since the aftermath of the Great Depression.

Globally, economic contraction has given way to economic growth. Trade that had plummeted is rebounding. Emerging economies in particular are seeing impressive growth. So we have pulled ourselves back from the brink and begun to move forward with economic recovery.

But as we all know, that's not good enough. In the United States and around the world, too many people are still out of work. In too many economies, demand for goods and services is still too weak. As we've been reminded in recent months, a financial crisis in one country can have consequences far beyond its borders. And history teaches us that growth and prosperity is never guaranteed. It requires constant effort, and it requires continued leadership.

So we came to Toronto with three specific goals: to make sure the global recovery is strong

and durable, to continue reforming the financial system, and to address the range of global issues that affect our prosperity and security. And we've made progress in each of these areas.

First, to ensure the recovery is strong and durable, we agreed to continue coordinating our efforts so we're creating jobs. That's my highest economic priority as President. And this is why we are focused on increasing global demand. Every economy is unique, and every country will chart its own unique course. But make no mistake: We are moving in the same direction.

As I reiterated to my colleagues, after years of taking on too much debt, Americans cannot and will not borrow and buy the world's way to lasting prosperity. No nation should assume its path to prosperity is simply paved with exports to the United States. Indeed, I've made it clear that the United States will compete aggressively for the jobs and industries and markets of the future.

And that's why I've set the goal of doubling our exports over the next 5 years, an increase that would support millions of jobs in the United States. It's why I've launched a National Export Initiative to help meet this goal. It's why we focused earlier this week on deepening our economic cooperation with Russia, which would benefit both of our countries, including restarting our poultry exports and accelerating our efforts to support Russia's entry into the WTO.

And that's why I announced that my administration will work to resolve outstanding issues regarding the United States-Korea Free Trade Agreement by the time that I visit Korea in November. This will create new jobs and opportunity for people in both our countries and enhance America's competitiveness in the 21st century.

A strong and durable recovery also requires countries not having an undue advantage. So we also discussed the need for currencies that are market driven. As I told President Hu yesterday, the United States welcomes China's decision to allow its currency to appreciate in response to market forces. And we will be watching closely in the months ahead.

And because a durable recovery must also include fiscal responsibility, we agreed to balance the need for continued growth in the short term and fiscal sustainability in the medium term. In the United States, I've set a goal of cutting our deficit in half by 2013. A number of our European partners are making difficult decisions. But we must recognize that our fiscal health tomorrow will rest in no small measure on our ability to create jobs and growth today.

The second area we focused on was advancing the goal of financial reform. Just as we're on the verge of passing financial reforms in the United States, our European partners have committed to the process we went through in the United States: a new level of transparency and a stress test for banks to rebuild confidence.

Here in Toronto, we reaffirmed our commitment to the highest global standards. To maintain momentum, we directed our teams to finalize for our meeting in Seoul a global framework to ensure that banks hold enough capital to withstand the stresses of government intervention. Rules must be clear. Oversight must be strong. Complex trades like derivatives must be brought into the light of day. Excessive risk-taking and abusive practices must be prevented. Consumers must be protected. In short, we have to do everything in our power to avoid a repeat of the recent financial crisis.

Finally, we made progress on a range of global challenges that are critical to shared prosperity. We're moving forward with the food security initiative that we announced last year, including by launching a special fund at the World Bank which will strengthen farmers' productivity in the poorest countries. And we made progress towards a new, coordinated approach so that we can invest more than \$20 billion to reduce hunger and promote agricultural development.

The G-20 leaders renewed our commitment, made in Pittsburgh, to phase out fossil fuel subsidies. The United States has laid out our plans for achieving this goal, and we're urging our G-20 partners to do so as well. This would be one of the most important steps we

can take to create clean energy jobs, increase our energy security, and address the threat of climate change.

And I'm pleased we endorsed my proposal to broaden the G-20 agenda to include the fight against corruption. In too many places, the culture of the bribe is a brake on development and prosperity. It discourages entrepreneurship, destroys public trust, and undermines the rule of law while stifling economic growth. With a new commitment to strengthening and enforcing rules against corruption, economic opportunity and prosperity will be more broadly shared.

Let me conclude by saying that I know that much of the focus coming into these meetings was on whether our nations would be divided by different approaches. But as we've proven repeatedly over the past 18 months, our nations can and have come together through the G-20 to build on the foundation of our shared interests. Indeed, that's the purpose of these meetings. We can bridge our differences. We can coordinate our approaches. And we can continue our relentless focus on durable growth that puts our people to work and broadens prosperity for the world.

So with that, let me take a few questions. I've got a handy list here, and I'm going to start with Darlene [Darlene Superville] from AP.

*Global Economic Stabilization/North Korea*

*Q.* Thank you, Mr. President. Do you think the decision by your G-20 counterparts here to endorse stiff deficit reduction goals is a repudiation of your view that cutting deficits too quickly and too fast would hinder the global economic recovery?

And then if I could ask you just quickly on North Korea, you said yesterday that North Korea must be held to account for the sinking of the South Korean warship and that there must be consequences for such irresponsible behavior. What, specifically—what kind of punishment would you like to see imposed on North Korea, short of some sort of condemnation from the U.N. Security Council?

*The President.* Okay.

*Q.* Thank you.

*The President.* Darlene, I'm—since you're the first, I'm going to give you two questions. Everybody else, let's try to stick to one, please, especially big questions.

With respect to the first question, we helped to draft this communique, which reflects our policies. I know leading up to the conference, leading up to the summit, there was some sense of a divide. In fact, the policies that we've been promoting are reflected in the communique and entirely consistent with what the G-20 leaders came up with.

Keep in mind that we had already proposed a long time ago that we were going to cut our deficits in half by 2013. And so the timeframe and the measures that have been adopted are consistent with our view that it is important for us to make sure that in the medium and long term, we are paying attention to the big deficits and debts that we have out there.

What we did say coming to this conference is, we can't all rush to the exits at the same time. So countries that have surpluses should think about how can they spur growth and how can they spur demand. Not all of those involve stimulus. Some of them might involve structural changes in their economy. Some of them might involve passing financial regulatory reforms so that their banks are lending again.

But the point is that in each country, what we have to recognize is that the recovery is still fragile, that we still have more work to do to make this recovery durable. But we also have to recognize that if markets are skittish and don't have confidence that we can tackle the tough problems of our medium- and long-term debt and deficits, then that also is going to undermine our recovery.

Now, there are going to be some countries—Greece being the most obvious example—that has to act immediately because they're facing a sovereign debt crisis. There are going to be other countries where the issue really has to do with how do we start putting in place some plans that are credible for deficit reduction, even though they don't kick in significantly in this first year.

So, for example, Germany, which cares deeply, obviously, about the issue of fiscal consolidation, if you actually look at their plans, they're

no more front-loaded than ours are. In fact, you can make the argument that some of the steps that I've already taken—freezing domestic discretionary spending for the next 3 years in my budget, passing PAYGO, setting up a fiscal commission to tackle issues like entitlements long term—that many of those decisions are comparable to some of the decisions that have been made by those who are promoting fiscal consolidation.

So I think this has really been an issue in which there is violent agreement between the parties. We have to make sure we're not rushing to the exits too quickly and all at the same time. But we also have to be mindful that the debt and deficit levels that many advanced countries have right now are unsustainable and have to be dealt with in a serious way.

With respect to North Korea, our main focus right now is in the U.N. Security Council, making sure that there is a crystal-clear acknowledgement that North Korea engaged in belligerent behavior that is unacceptable to the international community. And the United States participated in the investigation that was conducted around the *Cheonan*. Our experts concluded that North Korea had carried out that attack. That was consistent with South Korea's assessment and others who were observers in the process.

I think President Lee has shown extraordinary restraint given these circumstances. And it is absolutely critical that the international community rally behind him and send a clear message to North Korea that this kind of behavior is unacceptable and that the international community will continue to step up pressure until it makes a decision to follow a path that is consistent with international norms.

And my expectation is, is that those who were here at the G-20, as they look at the evidence, will come to that same conclusion. I think it is a bad habit that we need to break to try to shy away from ugly facts with respect to North Korea's behavior in the interests of—or under the illusion that that will somehow help to maintain the peace.

All right. Hans [Hans Nichols, Bloomberg News]. There you go.

*China*

Q. Okay. Thank you, Mr. President. Before the summit, you said it was too early to tell if China's revaluation of their RMB would lead to real evaluation. You suggested that you'd take a year to look at the trajectory to see whether or not it was real. You've just said a couple of months——

*The President.* Did I say a year at the press conference in the White House?

Q. On the 24th with Medvedev, you said——

*The President.* Did I say a year?

Q. ——you would take a year to monitor the RMB's—that was the trajectory.

*The President.* Okay.

Q. I just want to know if there's a reason for——

*The President.* No, the—you know——

Q. ——the change in the intervening time?

*The President.* Look, the—I'd have to look at the transcript, but let me just make sure that I'm absolutely clear here. Number one, China has determined that it is in its own interests, its own sovereign interests to move back towards a path of flexible exchange rates. We think that is a very positive thing. We think, in part, it is a positive thing because a undervalued RMB has given China a significant trading advantage, and we have been very clear to them that we don't consider that acceptable or consistent with the principles of balanced and sustainable growth that were discussed in Pittsburgh and that all G-20 countries signed on to.

So we are pleased that they've made this first step. But like, I think, a number of other countries, a number of other trading partners with China, the proof of the pudding is going to be in the eating. We didn't expect a 20-percent revaluation in a week. That would be disruptive to the Chinese economy; it would be disruptive to the world economy.

We do expect that as more and more market forces come to bear, that given the enormous surpluses that China has accumulated, that the RMB is going to go up and it's going to go up significantly. And so we are going to

be paying attention over the next several months to make that determination.

Now, I don't have a perfect formula. Will I have a clear idea after 3 months as to whether it's moving fast enough or not? I will leave that up to Treasury Secretary Geithner, who makes these determinations. That's not my job. But——

*Trade*

Q. How long do you expect people like Senator Charles Schumer and American manufacturers who've lost so many jobs so quickly—how long do you expect them to wait?

*The President.* Well, Hans, we're not going to have a colloquy here, but my expectation is, is that they're going to be serious about the policy that they themselves have announced.

Now, what I'm going to do is I'm going to work with people like Senator Schumer, manufacturers, workers who are affected by these trade imbalances. And I think we all have the same interest, and that is, the United States can compete with anybody as long as we've got an even playing field.

And as I indicated in my opening remarks, we're prepared to enter into trade agreements with Korea. One of the things that we discussed here was, is there a way to reinvigorate the Doha round, which has been stuck for a very long time? So I agree with the statement in the communique that trade can be a source of prosperity for everybody, but it's got to be a fair deal.

And it's not just currency, by the way. I mean, we've had discussions with our Chinese partners about what are they doing on nontariff barriers; what are they doing with respect to intellectual property protection; what are they doing with respect to state-owned enterprises or state-owned banks that are subsidizing industry. So there are a whole host of issues.

Now, undoubtedly, they've got some issues with us. And I think we can manage these trade frictions, but it's going to be important, I think, for China to take seriously not just what we're saying, but what a number of countries, including countries like Canada, are saying.

All right? Jackie [Jackie Calmes, New York Times]. Where are you at?

*Afghanistan/Pakistan*

Q. I'm back here. Thank you, Mr. President. One of the noneconomic issues you covered here was Afghanistan. And I'm curious whether you believe that the talks that Pakistan is reportedly brokering between the Taliban and President Karzai of Afghanistan hold promise, or do they concern you? And a related question—not a second question—[laughter]—is, do you agree with the new Prime Minister of Great Britain, David Cameron—David, to you—that the—we can be totally out of Afghanistan by 2015 and turn the lights off?

*The President.* I'm not sure that's a quote from David, but I'll take the second question first. We have been in Afghanistan now for 9 years. Next year, we will have been there for a decade. This is now America's longest war. And what that means is that all of us have an interest not in occupying Afghanistan, but an interest in making sure Afghanistan is stable, can stand on its own two feet when it comes to security issues, and is not a base for terrorist activities launched against the United States of America.

Now, I think that we're going to need to provide assistance to Afghanistan for a long time to come. They are still building up a national government. They are in a very tough neighborhood. They are a very poor country. So on a whole range of issues—from economic, development, setting up courts, setting up effective police forces, a political system that is transparent and fair, as well as with respect to security—we intend to be a partner with Afghanistan over the long term. But that is different from us having troops on the ground.

Now, I've been clear about the policy that we're pursuing. It was announced last November, and we're several months into it. The policy involves us sending in additional troops—we already had approximately 68,000; we put in an additional 30,000—with the intent of providing the Afghan Government the space and the time to build up its security forces, for us to be able to help blunt the momentum of the Taliban, to clear some of the areas in which the Taliban had gotten a very fierce foothold, to start moving Afghan security forces in, even as we are improving governance and we're improving the le-

gitimacy and credibility of the civilian Government.

That is the policy that General McChrystal was pursuing. That is the policy that General Petraeus is pursuing. That is the policy that all of our ISAF allies have fully endorsed, as has President Karzai.

Now, it's tough. It is a tough challenge, for reasons that have been amply recorded. As I said, this is a—this is the third poorest country in the world. It has an extraordinarily high illiteracy rate. It has suffered through 30 years of war. And so this is going to be tough. But what I expect is that by the end of this year, we will have seen progress on the strategy that was laid out. We will conduct a full review. Those things that are not working, we will fix. Those things that are working, we will build on, both on the civilian side and on the military side, as well as on the diplomatic side. Because ultimately, as is true in—as was true in Iraq, so will be true in Afghanistan: We're going to have to have a political solution, not simply a military solution.

Now, with respect to the negotiations and efforts at reintegration, I think it's too early to tell. I think that we have to view these efforts with skepticism, but also openness. The Taliban is a blend of hardcore ideologues, tribal leaders, kids that basically sign up because it's the best job available to them. Not all of them are going to be thinking the same way about the Afghan Government, about the future of Afghanistan. And so we're going to have to sort through how these talks take place. But I think that President Karzai's peace jirga was a useful step. He's going to be having a Kabul conference that I think will be a useful step in this direction.

I think that conversations between the Afghan Government and the Pakistani Government, building trust between those two Governments is a useful step. I think to the extent that we can get all the regional players to recognize that it is in everybody's interests that this region between Pakistan and Afghanistan are not used to launch terrorist attacks, that will be a useful step. And that's what we're moving towards.

Peter Maer [CBS Radio].

Q. I'm here.

*The President.* There you are.

*Supreme Court Nominee Elena Kagan's Confirmation Process*

Q. Thank you, sir. Looking ahead to the Supreme Court confirmation hearings of your choice, Elena Kagan, tomorrow, first of all, what do you say to the critics who are portraying her as a politically motivated liberal? And given your own support when you were in the Senate for a filibuster of a Supreme Court nominee, what's your guidance to Republicans who may be threatening that at this point?

*The President.* I think they should pay attention to Elena Kagan's record and her testimony. Under our constitutional system, the Senate is entrusted with the process of providing advice and consent, and I am absolutely confident that if you give a fair reading of Elena Kagan's record and her performance in every job that she's had, what you see is somebody with an extraordinarily powerful intellect; somebody with good judgment; somebody who understands the impact that laws have on individual Americans; somebody who's able to broker understandings between people of very difficult ideological bents; somebody who is extremely hard-working, extremely diligent, extremely personable; knows how to build consensus; has been an outstanding lawyer; has been an outstanding dean of one of our top law schools—notice, even though it's my alma mater, I just said “one of”—has performed brilliantly as Solicitor General; and has the support, by the way, of a number of very conservative jurists who she's worked with.

So as I examine some of the arguments that have been floated against her nomination over the last several weeks, it's pretty thin gruel. Now, having said that, I expect that my Republican colleagues and my Democratic colleagues should ask her tough questions, listen to her testimony, go through the record, go through all the documents that have been provided to the Senate Judiciary Committee, and then vote their conscience.

Q. [*Inaudible*]*—the filibuster threat, sir—[inaudible]—in your experience—*

*The President.* Vote their conscience.

Mr. Kimura [Kazuhiro Kimura] of the Kyodo News.

*North Korea/China/Japan-U.S. Relations*

Q. Thank you, Mr. President. I have a question with two parts, if I may. [*Laughter*]

*The President.* But they're related. [*Laughter*]

Q. Yes, of course.

*The President.* Yes.

Q. Okay. The *Cheonan* incident once again indicated unstability of Northeast Asia and the importance of the U.S.-Japan security—

*The President.* Yes.

Q.—treaty that just marked the 50th anniversary this month. And you will be meeting with new Prime Minister Kan after this. And on this occasion, would you please talk about your long-term vision on the alliance and the security treaty? I mean, is this current structure of the treaty sustainable for the coming decades, especially with the Chinese military expansion and the unpredictable North Korea? And—or would—there would be more responsibility required on the Japanese side?

And the related second-part question is, in your meeting with Hu Jintao yesterday, you called for the cooperation from Chinese side to send a clear message to North Korea as a consequence. How do you look at the response so far? Is it favorable and strong enough to send a united, clear message to North Korea? Thank you.

*The President.* Let me answer the second question first. I had the conversation with President Hu. I was very blunt. This is not an issue where you've got two parties of moral equivalence who are having an argument. This is a situation in which you have a belligerent nation that engaged in provocative and deadly acts against the other. And I think it is very important that we are clear about that.

Now, I am sympathetic to the fact that North Korea is on China's border. They have a security interest in not seeing complete chaos on the Korean Peninsula or a collapse that could end up having a significant impact on them. And so I think the United States and the international community should be mindful that this is in China's backyard.

And so when they adopt a posture of restraint, I understand their thinking. But I think there's a difference between restraint and willful blindness to consistent problems. And my hope is, is that President Hu will recognize as well that this is an example of Pyongyang going over the line in ways that just have to be spoken about seriously, because otherwise, we're not going to be able to have serious negotiations with the North Koreans.

I, like, I think, every participant in the six-party talks, would love nothing more than to see these issues resolved diplomatically. So in that, China and the United States and Japan and South Korea and Russia all share a common interest. We'd like to see a denuclearized Korean Peninsula. We'd like to see a North Korea that is a responsible member of the world community, which would be good for the people of North Korea. But that's only going to happen if we're honest about what's taking place right now and if we're honest about our basic expectations of how nations behave in an international order.

With respect to the alliance between the United States and Japan, we marked 50 years; I expect that alliance to sustain itself for another 50 years. I think the condition of the alliance is very strong. I'm—have already had the opportunity to meet with and discuss issues with the new Prime Minister over the last several days. I think he is as committed as I am to making sure that the U.S.-Japan alliance remains strong and vibrant. It is good for Japan's security; it is good for America's security. And by the way, I think, again, it helps to serve China's interests and South Korea's interests.

I think rather than set it up as a rivalry, rather than see—view this as an issue of spheres of influence, which is, I think, an old way of thinking, what we want to do is to say, we are always going to be there for Japan; we are always going to be there for South Korea; we are going to be a presence in the Pacific because we are a Pacific nation as well as an Atlantic nation. But we want to partner with all countries to create an environment in which trade and commerce and the exchange of goods and people and ideas and cultures is thriving.

And look, Asia is obviously on the move. China's on the move. That's a positive thing. That shouldn't be a threat to anybody. What we want to make sure of, though, is, is that through dialogue, through forums like the G-20, through forums like ASEAN or APEC or some of the other multilateral institutions that we've set up, that all countries are meeting their responsibilities, even as their rights are also being recognized. And I think if we adhere to that basic principle, then a strong U.S.-Japan alliance is something that can continue to be a cornerstone of a peaceful and prosperous Asia, which will benefit all people.

Okay? Dan Lothian from CNN.

#### *Afghanistan/Iraq*

Q. Thank you, Mr. President. To follow up on Jackie's question, you talked about providing assistance in Afghanistan for some time to come. But given the challenges there and the history in Afghanistan, what makes you think that after declaring victory in Afghanistan, that it won't slide back into becoming a haven for terrorists?

*The President.* Well, I don't have a crystal ball. I think that right now the debate surrounding Afghanistan is presented as either we get up and leave immediately because there's no chance at a positive outcome, or we stay, basically, indefinitely and do, quote, unquote, "whatever it takes for as long as it takes." And what I said last year, I will repeat, which is, we have a vital national interest in making sure that Afghanistan is not used as a base to launch terrorist attacks.

It is true that Al Qaida right now is in Pakistan. And you'll often hear, "Why are we in Afghanistan when the terrorists are in Pakistan?" Well, Al Qaida is pinned down and has been weakened in part because they don't have the run of the territory. We would be less secure if you returned to a situation that existed prior to 9/11, in which they had a Government that was friendly to them and willing to house their operations. And I don't think anybody would dispute that.

So A, we've got a vital interest in the region; B, we do not expect, because of our involvement in Afghanistan, that the country is going



to completely transform itself in a year or 2 years or 5 years. President Karzai does not expect that; the Afghan people don't expect that. Afghanistan has its own culture. It is a very proud culture. It has a lot of work to do with respect to development, and it's going to have to find its own path.

But I reject the notion that the Afghan people don't want some of the basic things that everybody wants: basic rule of law, a voice in governance, economic opportunity, basic physical security, electricity, roads, an ability to get a harvest to market and get a fair price for it without having to pay too many bribes in between. And I think we can make a difference and the coalition can make a difference in them meeting those aspirations, even as we are meeting our security interests. Those two things are tied together.

Now, there has been a lot of obsession around this whole issue of when do we leave. My focus right now is how do we make sure that what we're doing there is successful, given the incredible sacrifices that our young men and women are putting in. And we have set up a mechanism whereby we are going to do a review—and I've signaled very clearly that we're not going to just keep on doing things if they're not working—and that by next year, we will begin a process of transition.

That doesn't mean that we suddenly turn off the lights and let the door close behind us. And if you look at what's happening in Iraq right now, we have met every deadline. By the way, there was a timetable in place, and we are—we have—by the end of August, will have removed all of our combat troops from Iraq. We will maintain a military presence there, we will maintain military-to-military cooperation, and we are providing them assistance, but we're meeting this deadline.

And I think it is worth the extraordinary sacrifices that we are making—and when I say “we,” not just the United States, but all coalition members—to try to see a positive outcome in Afghanistan as well.

All right? Last question, Scott Horsley [National Public Radio]. Where's Scott?

#### *U.S. Federal Budget Deficit/President's Agenda*

*Q.* Mr. President, are there steps your administration can take now to build confidence that the U.S. will, in fact, meet its deficit reduction targets in the medium and long term?

*The President.* I'm sorry. Could you repeat the question? Put the mike a little closer to you.

*Q.* Are there steps your administration can take now to build confidence that the U.S. will, in fact, meet its deficit reduction goals in the medium and long term?

*The President.* The several steps we've already begun to take, number one, as I indicated, the budget that we're presenting, 3 years discretionary domestic spending freeze. And I've sent a clear signal to the leadership when we met, even if we do not get the entire budget package passed through Congress, that top line number needs to stay firm. And I'm serious about it.

We've initiated a whole host of measures to cut programs that aren't working, including, by the way, in the defense area. Bob Gates has been, I think, as successful as any Secretary of Defense in recent memory in actually killing programs, which, I think, anybody who follows Washington knows is very tough, very difficult.

We have instituted PAYGO. And although there were baselines built in that took into account the fact that some of this stuff was not going to be solved overnight, it is starting to provide budget discipline to Congress as they move forward.

And we have set up this Fiscal Commission, who will provide reports starting in November. And one of the encouraging things—although there was resistance, ironically, on the part of some of the Republicans who originally had been cosponsors of legislation to create the Fiscal Commission, and they, in fact, ended up voting against it—what's been encouraging, based on what I'm hearing both from Democrats and Republicans, is that there's been a serious conversation there. People are looking at a whole spectrum of issues to get at what is basically a structural deficit that preceded this financial crisis.

Even if—the financial crisis made it much worse, but even if we had not gone through this financial crisis, we’d still have to be dealing with these long-term deficit problems. They have to do with Medicaid; they have to do with Medicare; they have to do with Social Security. They have to do with a series of structural problems that are not unique to America. Some of it has to do with an aging population. And we’ve got to look at a tax system that is messy and unfair in a whole range of ways.

And so they’re looking at the gamut of steps that are going to be taken. And one of the interesting things that’s happened over the last 18 months as President is, for some reason, people keep on being surprised when I do what I said I was going to do. So I say, I’m going to reform our health care system, and people think, well, gosh, that’s not smart politics, maybe we should hold off. Or I say, we’re going to move forward on “don’t ask, don’t tell,” and somehow people say, “Well, why are you doing that? I’m not sure that’s good politics.”

I’m doing it because I said I was going to do it, and I think it’s the right thing to do. And people should learn that lesson about me, because next year, when I start presenting some very difficult choices to the country, I hope some of these folks who are hollering about deficits and debt step up, because I’m calling their bluff. And we’ll see how much of that—how much of the political arguments they’re making right now are real and how much of it was just politics.

All right? Thank you very much, everybody.

NOTE: The President’s news conference began at 6:03 p.m. at the InterContinental Toronto Centre. In his remarks, the President referred to Prime Minister Stephen Harper of Canada; President Hu Jintao of China; President Lee Myung-bak of South Korea; Gen. Stanley A. McChrystal, USA, former commander, and Gen. David H. Petraeus, USA, commander-designate, NATO International Security Assistance Force, Afghanistan; President Hamid Karzai of Afghanistan; and Prime Minister Naoto Kan of Japan.

## Remarks Following a Meeting With Prime Minister Naoto Kan of Japan in Toronto June 27, 2010

*President Obama.* Well, Prime Minister Kan and I just had an excellent conversation and bilateral meeting after 3 days where we’ve had an opportunity to share ideas on not only the most pressing issues that are facing our economies, but also a range of security issues.

I congratulated Prime Minister Kan on his leadership. And we both noted the significance of 50 years of a U.S.-Japan alliance that has been a cornerstone not only of our two nations’ security, but also peace and prosperity throughout Asia.

We discussed some very pressing security issues, in particular, North Korea, the sinking of the *Cheonan*, and the importance of both our countries standing in solidarity with South Korea and the entire international community standing with South Korea in condemning the incident and making sure that North Korea gets

a clear signal that such provocations are unacceptable.

I also expressed appreciation to Japan for its support for the Iran sanctions that we passed through the United Nations Security Council, and we discussed issues of implementation.

But of course, in addition to significant dangers, we also talked about great opportunities. We see the possibilities of strengthening our economic ties across a whole range of issues. That’s been, obviously, the subject of this summit.

We’re both determined to pursue opportunities in clean energy and job growth and promoting the kind of sustainable recovery that will create opportunities for our people and increase opportunities not just for this generation but for future generations.

And I’m very much looking forward to visiting Japan and enjoying the hospitality of Prime