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BACKGROUND CONFERENCE CALL
BY SENIOR ADMINISTRATION OFFICIALS
ON THE PRESIDENT'S MEETINGS
WITH PRESIDENT XI JINPING OF CHINA

Via Telephone

4:18 P.M. EDT

SENIOR ADMINISTRATION OFFICIAL: Thanks, everybody, for joining this call. We wanted to preview the President's upcoming meeting with President Xi of China. Just to reiterate ground rules, we're going to do this on background. We can do it as White House officials.

I'll just open by making a few comments and then turn it over here to my colleague, and then we'll take your questions.

First of all, just to go through the planned schedule as well as the overarching purposes of the meeting, the President will be meeting with President Xi in California. This is at a site, Sunnylands, that has been used dating back to President Eisenhower for presidential meetings, and it provides a really perfect venue for the type of discussions that we'd like to have with the Chinese President, which I'll reference in a minute here.

But the meetings will begin on Friday afternoon, we anticipate around 4:00 p.m. There will be -- this will begin with a bilateral meeting between the two Presidents. We anticipate the two of them being able to make statements at the beginning of that meeting and take a couple of questions at the end of that meeting. So they'll have an extensive bilateral meeting that afternoon for several hours.

Then after the bilateral meeting, the two leaders will have a private dinner. And then, the next day, Saturday morning, they'll continue their discussions with some informal meeting in the morning followed by a bilateral meeting between the two leaders to conclude midday Saturday.

Just stepping back, we felt that this is an important opportunity for President Obama and President Xi to meet early in President Obama's second term and shortly after President Xi took office in China. We have a very broad agenda that we cover with the Chinese that touches upon issues that are directly relevant to the lives and interests of the American people -- from our efforts to promote economic growth around the world to some of the leading security challenges that we face like the situation in North Korea, to the ongoing necessity of cybersecurity, which is so important to U.S. businesses and security.

Early in the term of both Presidents, we felt that having this type of wide-ranging, informal setting for discussions between the two leaders would allow them to cover the broadest possible agenda, but also to forge a working relationship that we will be relying on very much in the years to come, given the fact that the U.S.-China relationship is as important as any bilateral relationship for shaping the trajectory of the global economy and global security in the 21st century.

With that, I'll turn it over to my colleague here to get a little bit more in depth about the goals for the meeting and the agenda.

SENIOR ADMINISTRATION OFFICIAL: Thanks very much and thanks to all of you for joining this call. I'd start with a word of context to put this meeting in perspective. President Obama has led a four-and-a-half year effort to rebalance our approach to the Asia Pacific region. And a big part of that has been to work to shape the region and to influence China's behavior and China's emergence as a major actor in a positive way. One line of effort has been for the President to strengthen America's alliances in the Asia Pacific, and another is the work that he has done to build and develop institutions.

But a big part of the rebalancing strategy has been to ensure high-level and direct communications with leaders, and particularly with the Chinese leadership. I think the Chinese system is one that puts a premium on direct dialogue with leaders. And President Xi Jinping, as my colleague pointed out, is at the very beginning of his probable tenure.

Now, President Obama had invested in an effort to get to know him when Xi was the Vice President of China, partly through the good efforts from Vice President Biden who traveled there -- he visited then-Vice President Xi Jinping last year in February -- also through an extended meeting that President Obama had with the then-Vice President in the Oval Office, but also through the recent conversations since Xi took office that have been conducted during visits by the Secretary of State, the Secretary of Treasury, the Chairman of the Joint Chiefs of Staff, and most recently and very importantly, the National Security Advisor.

So President Obama is beginning this conversation from a very substantial basis of communication with the Chinese. And it's also worth pointing out that since beginning the second term, he has also hosted in the Oval Office the new Prime Minister of Japan, a close treaty ally; the new President of the Republic of Korea, another treaty ally; the Chairman of ASEAN in 2013, the Sultan of Brunei; other major security partners like the Prime Minister of Singapore and so on.

The setup of the meeting, as my colleague mentioned, is a smaller, informal format that I think will allow for real conversation and some candor -- a little bit less scripted perhaps than the formalities of a state visit. The fact that the new Chinese leader agreed to an untested and unprecedented format for a meeting with an American President is I think encouraging.

In terms of timing, we saw value in an early discussion on priorities, on our goals, as well as on our concerns. And in terms of substance, I think the expectation is that the discussions will sort themselves out into the categories of political and security issues as well as economic issues. And we can go through those in detail if you like. But the fundamentally obvious candidates -- even though, as I said, this is not a state visit with a rigorously negotiated detailed agenda -- would be priority issues of concern to both of us, such as North Korea, such as the territorial disputes and maritime security issues in the Pacific area.

As always, the President will forthrightly -- and I think persuasively -- raise American human rights concerns. And it's an opportunity for the two leaders also to talk about questions such as how our two militaries operate and will operate in the Asia Pacific theater.

On the economic side, we see this as an opportunity to get a better understanding of the kind of domestic policies and reforms that President Xi and his new Prime Minister have spoken about. It is clearly important to President Obama to look at how we can expand our bilateral economic ties in a balanced manner; how we can cooperate on global economic issues like climate and energy security; how we can work in institutions like the G20; and how to deal with issues, such as my colleague mentioned, of the cyber-enabled theft of intellectual property.

So to sum up the way that I would characterize the goals of the meeting are, one, to get to know and to start work with the guy who the President will be dealing with over the next four years. Two, to communicate the President's priorities and his concerns, but also to hear from Xi Jinping. Third, to identify and hopefully to develop out further some areas for practical cooperation and push for convergence around things that both leaders judge to be priorities like denuclearization, like economic growth and so on.

And this is important now because the two sides will be meeting in July in the regularly scheduled strategic and economic dialogue which constitutes an important mechanism for us to generate more specific deliverables.

And then, lastly, come away with some ideas about how we can interact in the future and how to better position ourselves to manage some of the areas of disagreement or the problems that we both face.

Q Thank you very much. On cybersecurity, a high-level working group has already been agreed to. And as we know, it will begin its meetings in July as well. What, if anything, can the two leaders accomplish on this issue at the summit? Especially if you keep in mind that the Chinese have yet to actually admit that hacking is emanating from their territory and from their institutions like the military, does the President expect to get an agreement from Xi to rein in cyber hacking of U.S. targets?

SENIOR ADMINISTRATION OFFICIAL: Thanks for the question, Matt. I'll just say a couple things. First of all, this is an issue that we've paid increased attention to over the course of the last several years as we saw an increased number of cyber threats and from a range of actors, and as we saw the need to strengthen our own defenses. That's why the President announced an executive order in the State of the Union that allows for better information-sharing and cybersecurity practices, both by the government and the private sector. That's why we're working to achieve cybersecurity legislation with the Congress that will better enable us to set high standards for cybersecurity.

But we also feel the need to have very direct and candid discussions about cybersecurity with other countries, notably China. And we have raised this issue publicly and privately as it relates to cyber intrusions on, for instance, U.S. businesses and the need to protect both intellectual property and the U.S. economy from cyber threats.

And to advance that agenda, the two Presidents will address the issue of cybersecurity. They also, as you note, the two Presidents will also discuss the agenda for a working group between the U.S. and China that takes on cybersecurity issues that will move forward in the strategic and economic dialogue meetings that take place in July.

But we expect this to become a standing issue in the U.S.-China relationship, given the importance of cybersecurity to the global economy. As the type of responsibility that that entails, we believe that all nations need to abide by international norms and firm, clear rules for the road as it relates to cybersecurity. And that, frankly, means dealing with actions emanating from within your territory, so that if there are cyber threats emerging from within another country

that pose a risk to U.S. businesses, we're going to raise that. And so we're going to do that with China just as we would insist that every country meet their responsibilities.

So I think that the message that the President will send is that there's an expectation that all of us are working together to protect the infrastructure of the global economy against cyber intrusion, and that countries need to meet their responsibilities. And that will be a focal point not just of these discussions, but importantly of this working group going forward.

Q Thanks so much. Following up on that, is the President seeking an acknowledgment from China that, according to the studies and according to what Secretary Hagel has said and others, that there is government involvement, particularly in that center in Shanghai? That this is not some sort of diffuse cyber-attacks and that some of them have been, in fact, against American government institutions and political institutions.

SENIOR ADMINISTRATION OFFICIAL: I'd just say a couple of things. First of all, you've seen the reports that have been issued privately, also by the Pentagon regarding cyber intrusions. Frankly, the fact of the matter is governments are responsible for cyber-attacks that take place from within their borders. And so there's a responsibility for governments to uphold international rules of the road as it relates to the protection of digital infrastructure.

And we certainly, as a part of our interest in protecting U.S. businesses, will raise with the Chinese any concerns we have about intrusions that we believe emanate from China. And we will make clear that, frankly, it's not in anybody's interest for there to be a situation in which businesses don't have the confidence that they have certain protections in place such that their intellectual property can't be compromised and sensitive data can't be compromised. So you have the issue, obviously, of the government's ability to protect our own networks, and that's something we do every day here in the United States government. But we also have a significant concern that our businesses have confidence that there's not a threat being posed to their sensitive information.

So I think we will raise it in that context and make clear that we need to have an open and candid and ongoing bilateral dialogue on this issue, so that our concerns can be met and so that we have an international framework for dealing with cybersecurity that protects the lifeblood of the global economy.

Let me just turn it over to my colleague here real quick.

Q Let me just follow up and just ask -- how do you keep this summit from being a cyber summit? How do you keep the balance between the getting to know you, building the personal

relationship, and these very serious concerns?

SENIOR ADMINISTRATION OFFICIAL: Andrea, that's one of the reasons that we decided to invite Xi Jinping to a venue such as Sunnylands and developed a format that allows for adequate time and opportunities to meet the multiple goals that we've outlined. We think that it's possible to develop the personal relationship by the means of a candid and serious discussion of a range of issues both in terms of goal and targets, as well as identifying risks to our respective interests and to the U.S.-China relationship.

One of the issues that threatens to damage U.S.-China relations, as well as potentially damage the international economy and China's reputation, is the use of cyber technology -- particularly as a means of obtaining intellectual property from American companies and institutions.

So to your first question, I think the thing to look for is recognition on China's part of the urgency and the scope of the problem and the risk it entails to their and our respective interests. And as my colleague said, every government has a responsibility to seriously investigate what may be happening within its own borders, including its virtual cyber borders, and make best efforts to put a stop to activities.

If there is untoward involvement of government officials in any nation, that's something that needs to be dealt with directly by the government concerned.

Q Does the U.S. have a fix on exactly what Xi plans for the U.S.-China relationship when he talks about sort of a new great power relationship and where he wants to go with this? And do you see aspects of his character and his style, and the way he kind of establishes power in China since taking the presidency that leads you to think that the sort of interactions you can have with him in the summit will be more open and less kind of stilted, perhaps, than the ones that the President had with Hu Jintao?

SENIOR ADMINISTRATION OFFICIAL: Thanks for the question. On this issue of building a new model of great power relations, I think both leaders have recognized that there is a danger that a rising power and an established power could come into conflict at some point, and that to avoid kind of this trap of rivalry between a rising power and an established power, that it's important to put in place kind of ways -- patterns of interaction between the two bilateral mechanisms that allow them to deal with the greatest sources of instability and competition that could take this relationship down the pathway toward rivalry. And I think there's an understanding on both sides that that's an approach that we want to avoid.

And so when the Chinese talk about this new model of great power relations, the focus is to

avoid this so-called historic inevitability of conflict between the two.

SENIOR ADMINISTRATION OFFICIAL: Yes, I'd just add to that. The question that Andrea asked about cyber is a good example of that, which is that we are going to have issues where we disagree and we have strong differences -- we have on certain economic issues, for instance, in our first term.

And the point is that the U.S. relationship with China is so broad, it encompasses so many issues that we need to have the ability to work well in some areas even when we're in competition or have strong differences in other areas. And so, therefore, we have, for instance, had pretty constructive cooperation with China as it relates to North Korea in recent weeks, even as we've been raising concerns on cyber.

We've made good progress on some of our economic agenda with China even as we would like to see them take additional steps to respect the interests and the rights of our companies doing business in China. So it's having a relationship that is broad enough that it can encompass both cooperation and a degree of competition. I think that's what we've sought to establish with China.

On Xi Jinping, I'll just say a couple of things. One is we have seen him -- when the Vice President traveled to China, for instance, or when he came here -- he can be both a formal and an informal interlocutor. He's somebody who is clearly well-established in the Chinese system.

And getting to a venue like Sunnylands allows for a more informal set of discussions than we've had with China to date in the sense that it's a less scripted, less formal, less rigid agenda, but rather there is some space for the two leaders to interact and have more open-ended discussions about the issues that underlie the U.S.-China relationship.

So it's not just dealing with the irritant of the day, but also stepping back and getting more of a blue-sky sense of where the United States and China stand on these issues. And I think we've seen Xi Jinping, he's a leader who both has a firmly established (inaudible) and also the ability to have that type of informal interaction with the President.

Q Hey, thanks for doing the call. And I just want to pick up on that last question and ask if you can describe the extent of President Obama and President Xi's relationship to date. I know they've met before, but have they talked on the phone much? Do they interact at all before Sunnylands? And obviously, this is an important relationship they're both trying to develop, and I'm just wondering if you could point out what in President Xi's kind of character, his background, his training, his education, his career, what kind of clues do you see that might

indicate that he could hit it off well with President Obama. Sort of what similarities might they have in their style.

SENIOR ADMINISTRATION OFFICIAL: Well, when then-Vice President Xi Jinping came to the United States in February of last year, he visited President Obama in the Oval Office and they had a meeting, which to my recollection lasted over 90 minutes or so, which in leaders' terms is a pretty substantive and a pretty significant conversation. More recently, in March, virtually the day that Xi Jinping was named President of China, he had a substantive and fairly extended conversation with President Obama.

But what I'd also point out is that dating back to the state visit of Hu Jintao in early 2011 when the two leaders asked their respective Vice Presidents to get to know each other and to exchange visits. As my colleague referenced, Vice President Biden, who is quite an experienced interlocutor in foreign affairs and has come to know personally many leaders of the last 40 years, traveled to China and spent several days with then-Vice President Xi Jinping in formal and in informal settings.

And then you will recall that when Vice President Xi came to the United States, not only did he come to Washington, but he traveled with Vice President Biden and spent some time in Los Angeles, and then he alone revisited the venue of a homestay experience that he had had in Muscatine, Iowa, and visited the family that had hosted him at the time and met and traveled a bit in Iowa. The significance of that is twofold, one that not everything that President Obama has learned about Xi Jinping or has communicated to Xi Jinping has been done directly by him. He has worked through his Vice President just as he gotten full and detailed reports from his National Security Advisor and Secretary of State, Secretary of Treasury and Chairman of the Joint Chiefs of Staff of their conversations with President Xi Jinping over the last few months.

The second part is that for any of you who covered then-Vice President Xi Jinping, either in Iowa or in his public engagements in Washington, I suspect you will have come to the same observation that many of us and many other observers of China did, which is that he seems to be someone who is fast on his feet, who is open to engagement, who is willing to speak directly to Americans and to issues of concern to Americans in a manner that was not the hallmark of some of his predecessors. He spoke I think openly and directly in his public remarks. He met in Los Angeles with a group of U.S. governors, and talked knowledgeably about a range of economic and investment-related matters.

So on that basis, there is reason to hope that President Obama and President Xi can, beginning from a high starting point, have a substantive, candid, and productive conversation, but of course, this is a proposition that we are seeking to test.

SENIOR ADMINISTRATION OFFICIAL: Yes, the only thing I would add to that is that President Obama believes it's important to invest in relationships with his counterparts. That investment can pay off down the line when there are major crises that emerge or issues that we need to make progress on.

And I think you've seen that he enjoys interacting with leaders who can be at times more informal, who are direct and candid and can put aside talking points. And we have seen indications that President Xi brings a bit more of that type of style than has been the case in the past.

So we have always had a very deep and substantive engagement with the Chinese. I think the combination of a new leader in this unique venue was intended to allow for that type of more open-ended discussion. And as my colleague mentioned, there are elements of President Xi's personality that lend themselves to that type of exchange, including his past experience in the United States in a state that is very important to the President personally -- Iowa.

Q Hey, guys. I hate to bring everyone back to cybersecurity, but I had one follow-up question. You guys, as you mentioned, have pointed out pretty repeatedly and publicly that hacking is a problem from China. And it's not really had too much of an effect on stopping some of the hacking coming from China. So should we expect the President to put forward any sorts of new punishments if China doesn't address as what you guys said is its responsibility to take care of some of the intrusions originating within its borders? Should we expect some punishments there?

SENIOR ADMINISTRATION OFFICIAL: I'd just say a couple of things here. First of all, I think we, on a broad range of issues, have made clear that we're willing to be direct with the Chinese when we have differences and take measures to protect our interests.

So for instance, on the economic side, in addition to the dialogue we've had with them on economic issues, we've brought cases at the WTO at a greater pace than any previous administration, and we won those cases in terms of sticking up for U.S. businesses. So we have demonstrated that when we believe that we're not making progress simply through dialogue, we're willing to use the measures available to us within the international system to elevate those concerns.

On cybersecurity -- this is something we've raised, and there are different components of this. One, the United States needs to get our own house in order to the best that we can. And that means having the strongest cyber defense as possible. And that's why in addition to the

executive order, we would like Congress to pass legislation that allows for higher standards on cybersecurity.

But it also means raising these issues directly with the Chinese. These are things that we monitor very closely in terms of cyber intrusions. They ebb and flow. There are times when the threat is reduced. There are times when we see it elevated. Those are the times I think that you've seen us speak out. And the whole purpose of having a working group is so that we're not simply addressing these issues on an ad hoc basis, but that we're putting an architecture of rules of the road and greater transparency and communication around cybersecurity practices.

And what we've essentially done is elevate this issue within the bilateral relationship so that it's a constant, just as economic issues are a constant focus and just as certain security issues are a constant focus. We want to have that type of regularized exchange with the Chinese on cybersecurity.

We believe that the most fruitful avenue towards progress is through that type of direct exchange. At the same time, we're going to do what's necessary to protect U.S. networks and U.S. businesses from cyber intrusions, both through our own cybersecurity measures and through how we engage with other countries in the international community.

So we monitor this closely but the purpose of rolling this into a standing working group is to provide a venue where we are constantly addressing it so it's not simply in response to a spike in activity, because what we have seen is -- we've seen periods of time when there have been less of these intrusions and periods of time when there have been more. Attributing those directly is not a simple thing, so I wouldn't oversimplify it in that regard, but the point we made earlier is an important one, which is that no matter who is responsible, countries have a set of responsibilities for what is emanating from within their borders as it relates to cybersecurity. And that's the backdrop to the discussions that the two Presidents will have.

Q My question would be about -- expect the Presidents are going to talk about Syria. Do you think China could be of any help? And what do you make of the French new allegations of the weapons -- of chemical weapons? Thank you.

SENIOR ADMINISTRATION OFFICIAL: On your second question, we feel like the French statement tracks closely the things that the United States has said. We, too, have intelligence assessments that determined the use of a chemical agent, sarin gas, within Syria. We have every reason to believe that any use would be by the Assad regime since they maintain custody of these weapons.

We have also pursued our own investigation to build on our intelligence assessments and to establish the firmest basis of facts to confirm not just the use of chemical weapons but the place and manner in which it was used so the chain of custody by which chemical weapons were used. And we, in that process, I should note, are going to be working closely with our allies -- in particular, I would highlight France and the United Kingdom as important allies who we have been sharing information with and will be sharing more information with on chemical weapons.

So I believe that we are of similar views, and we both believe it's necessary to continue to gather evidence, to continue to share information, and to build the strongest evidentiary basis to guide not just our public presentation but the decisions that we make about how to respond to what the President has said would change his calculus in Syria.

On your first question, we believe that, frankly, all nations should be working together as best we can to help bring about an end to the violence within Syria. And that means, in the first instance, seeking to bring about a negotiated political solution. And we have the ongoing Geneva II process, which aims to bring the parties together, both the regime and the opposition, to negotiate a transition. Now, the United States has been clear that that transition should include Bashar al-Assad stepping down from power.

Outside of that process, given the various difficulties that we've encountered, the United States is working with a number of like-minded countries to significantly ramp up our support for the Syrian opposition and to apply pressure on the Assad regime, because ultimately we believe it's the Assad regime that is responsible for the initiation of violence within Syria, and it must come to an end in order to bring about an improvement in the humanitarian situation and the political future that the Syrian people deserve.

Frankly, I will say that on this issue, Russia has been at the forefront as a supporter and longstanding ally of the Assad regime, and so this is something that we do discuss with the Chinese. But at the same time, to be candid, this is one of those instances where we see Russia taking more of a leading role within the Security Council and within other venues in terms of, frankly, in our view, blocking previously U.N. Security Council resolutions that should have passed and standing in the way of the future that the Syrian people deserve.

Now, we're seeking to enlist Russia's support and China's support in a political transition. At the same time, even as we raise this issue with the Chinese in that context, this is something we're working particularly aggressively with the Russians.

The other side of that coin is North Korea is an issue where we work with Russians, but the Chinese tend to be a critical interlocutor, both at the Security Council through the Six-Party

Talks and also in our efforts to manage the situation on the Korean Peninsula.

Q Do you think the two leaders will share the message from North Korea delivered by Kim Jong-un's personal envoy who met with President Xi recently? And if so, how would that opportunity contribute to further discussion on the North Korea issue at the summit?

SENIOR ADMINISTRATION OFFICIAL: There is no doubt that North Korea is of concern in the forefront of the minds of both President Obama and President Xi. I think without prejudice to what the two leaders actually say, we can recognize two things about the visit of the special envoy, General Choe, from North Korea to China.

Number one, the public statements by President Xi in the wake of that visit directly and forcefully restated China's commitment to and priority on the complete denuclearization of the Korean Peninsula. Second, I would point to a statement issued by the North Korean government the day after General Choe returned to Pyongyang in which they repudiated denuclearization, something which not only are they obligated to abide by under the U.N. Security Council resolutions, but the essential element of what North Korea committed to in the Six Party process. The starting point for both leaders is security and stability in the region -- that directly affects the welfare and national security of the U.S., of our allies, but also of China.

The key driver of instability and the principal threat from the region is the North Korea continued dogged pursuit of a nuclear weapon and a ballistic missile capability. The challenge for the two leaders undoubtedly will be to identify more specifically the areas of shared concerns and the range of actions that the two governments acting in tandem can take to try to mitigate that threat by halting, rolling back, and verifiably eliminating North Korea's nuclear program.

SENIOR ADMINISTRATION OFFICIAL: Great. And I'll just reiterate there that it's very important that we've been united and sending a continued message that denuclearization has to remain the goal on the Korean Peninsula -- consistent, frankly, with North Korea's previous commitments and the security interests of both the United States and China, as well as our allies, Japan and South Korea.

With that, we'll wrap up the call. We'll have plenty of opportunity to engage with those of you in the next couple of days, including those of you who are going to California. I look forward to seeing you and answering your questions as this meeting unfolds.

END

5:00 P.M. EDT