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**PRIME MINISTER'S PRESS CONFERENCE WITH PRESIDENT
OBAMA**

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DIMITRI SOUDAS (Press Secretary to the Prime Minister): Bon après-midi, good afternoon. We'll start with David Jackson, USA Today.

REPORTER: Thank you. Mr. President, Mr. Prime Minister, I have Afghanistan questions for you both. Mr. President, General McKinnon requested 30 000 extra troops. Your new order calls for 17 000. How likely is it that you'll make up that difference after the review you've mentioned, and more importantly, how long can we expect all US combat troops to be in Afghanistan?

And Mr. Prime Minister, based on your discussions today, are you reconsidering the 2011 deadline for troop withdrawal, and are you also thinking about increasing economic aid to Afghanistan?

BARACK OBAMA (President of the United States of America): Well, David, the precise reason that we're doing a review is because I think that over the last several years, we took our eye off the ball, and there's a consensus of a deteriorating...that there's a deteriorating situation in Afghanistan. I don't want to pre-judge that review. I ordered the additional troops because I felt it was necessary to stabilize the situation there in advance

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of the elections that are coming up, but we have 60 days of work to do. That review, which will be wide-ranging, will then result in a report that's presented to me, and at that point, we will be able to, I think, provide you with some clearer direction in terms of how we intend to approach Afghanistan. In terms of length, how long we might be there, obviously that's going to be contingent on the strategy we develop out of this review, and I'm not prejudging that as well.

I should mention just to pre-empt, or to anticipate Prime Minister Harper's...the question directed at him, that I certainly did not press the Prime Minister on any addition commitments beyond the ones that have already been made. All I did was to compliment Canada on not only the troops that are there, the 108 that have fallen as a consequence of engagement in Afghanistan, but also the fact that Canada's largest foreign aid recipient is Afghanistan. There has been extraordinary effort there, and we just wanted to make sure that we were saying thank you.

RT. HON. STEPHEN HARPER: Just very quickly, as you probably know, it was just last year that we were able to get through Parliament a bipartisan resolution extending our military engagement in Afghanistan for an additional close to four years at that point. As we move forward, we anticipate an even greater engagement on economic development.

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That's part of the strategy that we adopted. I would just say this. You know, obviously we're operating within a Parliamentary resolution. I would just say this in terms of the United States looking at its own future engagement: we are highly appreciative of the fact United States is going to be a partner with us on the ground in Kandahar. The goal of our military engagement, its principal goal right now beyond day-to-day security is the training of the Afghan army so the Afghans themselves can become responsible for their day-to-day security in that country. I'm strongly of the view, having led, you know, as a government leader, having been responsible now for a military mission in Kandahar province, that we are not in the long term through our own efforts going to establish peace and security in Afghanistan, that that job ultimately can be done only by the Afghans themselves. So I would hope that all strategies that come forward have the idea of an end date, of a transition to Afghan responsibility for security, and to greater western partnership for economic development.

DIMITRI SOUDAS: We'll continue with Emmanuelle Latraverse, Radio-Canada.

JOURNALISTE: Bonjour. En français pour vous, Monsieur Harper, au chapitre de l'environnement, au-delà des technologies vertes, jusqu'où est-ce que vos deux pays sont prêts à aller pour harmoniser

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vos stratégies dans la réduction des gaz à effet de serre, et surtout, comment est-ce que vous pouvez réconcilier vos approches alors qu'elles sentent différentes, entre autres au chapitre des sables bitumineux, des cibles.

And for you Mr. President, I can repeat in English. On the file of the environment, beyond research, technology and science, how far are your two countries willing to go to harmonize your strategies in terms of greenhouse gas reductions, and how can you reconcile your two approaches when they seem so different, especially considering the fact that Canada refuses to have hard caps, in part because of the oil sands? Thank you.

RT. HON. STEPHEN HARPER: Do you want...want me to answer first?

BARACK OBAMA: Please.

TR. HON. STEPHEN HARPER: Yeah. Premièrement, les États-Unis n'ont pas encore développé son propre stratégie nationale, et évidemment il y a des décisions...il y aura des décisions aux États-Unis, et le Président devra faire ses décisions à l'avenir, et il devrait prendre ses décisions à l'avenir et c'est plus tôt de parler de l'harmonisation et des choses comme ça. Nous établissons aujourd'hui une dialogue très importante sur les stratégies pour la réduction des gaz à effet de serre, par le développement de technologies. Le Président et son administration font des investissements bien

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importants à cet égard, et nous faisons la même chose. Pour les différences en approche, comme je viens de dire, les États-Unis viennent de commencer son approche, et comme vous savez, le Canada avait des difficultés pendant une décennie maintenant d'avoir une approche unique dans une économie continentale intégrée. Et nous, à notre côté, nous devons examiner, comme les États-Unis font des progrès, feront des progrès dans ce système, nous chercherons des opportunités d'harmoniser pour nos propres besoins. Mais les approches ne sont pas très différentes. Si j'examine des propositions dans la plate-forme électorale du président Obama et la nôtre, la réalité est que les cibles en général sont de plus ou moins le même. Si on parle des cibles...des cibles intermédiaires d'intensité ou d'une façon absolue, c'est juste deux façons de...de mesurer la même chose. On peut convertir l'une à l'autre. Et je suis convaincu que nous aurons beaucoup en commun, comme on fait du progrès.

Just...briefly, first of all, really premature to talk about anything like that, anything like harmonization with the United States. The United States has not had a national dialogue and debate on its own detailed approach, and obviously that's something the President's administration will be doing. What we have agreed to today is a dialogue on clean energy, and particularly on the development of clean energy technology. Both of our governments are making large investments in things such as carbon capture

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and storage and other new technologies designed to fight climate change. We share...our document on this clean energy dialogue talks about things we can do together to improve the electricity grid in North America. There are all kinds of things we can do together independent of any American regulatory approach on climate change. We will be watching what the United States does very...with a lot of interest for the obvious reasons that as we all know, Canada has had great difficulty developing an effective regulatory regime alone in the context of an integrated continental economy. It's very hard to have a tough regulatory system here when we are competing with an unregulated economy south of the border. So we'll be watching what the United States does. We'll be looking ourselves for our own sake at opportunities for harmonization to make our policies as effective as they can, and I don't think the differences are near as stark as you would suggest. When I look at the President's platform, the kind of targets his administration has laid out for the reduction of greenhouse gases are very similar to ours. You say we have intensity, they have absolute, but the truth is, these are just two different ways of measuring the same thing. You can convert one to the other if that's what you want to do. So I'm quite optimistic. I'll be watching...I'll be watching what's done in the United States with great interest, but I'm quite optimistic that we now have a partner on the North American continent that

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will provide leadership to the world on the climate change issue, and I think that's an important development.

BARACK OBAMA: Well, this is not just a US or a Canadian issue. This is a worldwide issue that we're going to have to confront. There are good, sound economic reasons for us to address this issue, to the extent that on both sides of the border, we can make our economies more energy efficient. That saves consumers money. That saves businesses money. It has the added advantage of enhancing our energy security, and we are very grateful for the relationship that we have with Canada, Canada being one of...being our largest energy supplier. But I think increasingly we have to take into account that the issue of climate change and greenhouse gases is something that's going to have an impact on all of us. And as two relatively wealthy countries, it's important for us to show leadership in this area. I think the clean energy dialogue is an extraordinary beginning because right now there are no silver bullets to solve all of our energy problems. We're going to have to try a whole range of things, and that's why sharing technology, sharing ideas, sharing research and development is so important. Here in Canada, you have the issue of the oil sands. In the United States we have issues around coal, for example, which is extraordinarily plentiful and runs a lot of our power plants, and if we can figure out how to capture the carbon, that would

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make an enormous difference in how we operate. Right now the technologies are at least not cost-effective. So my expectation is, is that this clean energy dialogue will move us in the right direction. We're not going to solve these problems overnight, as Prime Minister Harper indicated. We have to complete our domestic debate and discussion around these issues. My hope is, is that we can show leadership so that by the time the international conference takes place in Copenhagen, that the United States has shown itself committed and ready to do its part. I think the more that we can coordinate with Canada as well as Mexico, a country that has already shown interest in leadership on this issues, and when I spoke to President Calderon, he indicated this is an area of interest to him. The more that within this hemisphere we can show leadership, I think the more likely it is that we can draw in countries like China and India, whose participation is absolutely critical for us to be able to solve this problem over the long term. And as Prime Minister Harper suggested, there are going to be a number of different ways to go after this problem. You know, we've suggested a cap and trade system. There are other countries who've discussed the possibilities of a carbon tax. I think there's no country on Earth that is not concerned about balancing dealing with this issue on the environmental side, and making sure that in the midst of a severe recession, that it's not having too much of an adverse impact on economic growth and employment. So we

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think that we can benefit by listening and sharing ideas, and my hope is, is that we emerge from this process firmly committed to dealing with an issue that ultimately the Prime Minister's children and my children are going to have to live with for many years.

DIMITRI SOUDAS: Continue with Jonathan Wiseman, Wall Street Journal.

REPORTER: Thank you, both of you. I've got a question for both of you. Mr. President, on Tuesday you said that now is not the time to reopen NAFTA, but your aide said that you would be trying to convince our friends in Canada and in Mexico of the rightness of your position. So, first, did you convince our friends in Canada, and when is the right time to incorporate labour and environmental standards into the main body of NAFTA?

Second, for Prime Minister Harper, Mr. Prime Minister, is there a way for a "buy American" provision to be compliant with the US obligations under the World Trade Organization.

BARACK OBAMA: Well, first of all, Jonathan, I'm not sure that was my exact quote. I always get a little nervous about responding to quotes without me actually saying it. I think what I've said was is that now is a time where we've got to be very careful about any signals of protectionism,

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because as the economy of the world contracts, I think there's going to be a strong impulse on the part of constituencies in all countries to see if they can engage in beggar-thy-neighbour policies. And as obviously one of the largest economies in the world, it's important for us to make sure that we are showing leadership in the belief that trade ultimately is beneficial to all countries. Having said that, what I also indicated was that with a NAFTA agreement that has labour provisions and environmental provisions as side agreements, strikes me if those side agreements mean anything, then they might as well be incorporated into the main body of the agreements so that they can be effectively enforced. And I think it is important, whether we're talking about our relationships with Canada or our relationships with Mexico that all countries concerned are thinking about how workers are being treated, and all countries are concerned, are thinking about environmental issues of the sort that Emmanuelle just raised earlier. So you know, I've raised this issue with Prime Minister Harper. My hope is, is that as our advisors and staffs and economic teams work this through, that there's a way of doing this that is not disruptive to the extraordinarily important trade relationships that exist between the United States and Canada.

Now, you didn't ask me about the "buy American" provisions, but since it relates to our recovery package, let me just reiterate,

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and I said this very clearly before the bill was passed and before I signed it, that I think it was very important to make sure that any provisions that were there were consonant with our obligations under WTO and NAFTA. And I think that is what we achieved. I recognize the concerns of Canada, given how significant trade with the United States is to the Canadian economy. I provided Prime Minister Harper an assurance that I want to grow trade and not contract it. And I don't think that there was anything in the recovery package that is adverse to that goal.

RT. HON. STEPHEN HARPER: I'll answer both questions as well. First of all, I just think it's important to reiterate that since NAFTA came into force, and more importantly, since Canada signed its free trade agreement with the United States in 1988, trade agreements between our two countries have been nothing but beneficial for our two countries. There has been a massive explosion of trade. It was already the biggest trading relationship in the world. It's so much bigger now, and that trade supports, you know, countless millions of jobs. And I don't think we should also forget the leadership that was established in that. You know, this was about the end of the cold war, and Canada and the US signed the first modern generation trade agreement that really started the proliferation of these types of agreements, which really gave us the growth of the global economy. Now,

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you know, I know some aspects of trade invariably cause political concerns, but nobody should think for a minute that trade between Canada and the United States is anything but a benefit between the two of us, and quite frankly, the trade challenges we face are common trade challenges. The trade challenges we face in North American are common trade challenges. They're not problems between our countries. So I just think it's always important to keep this in mind. The President and I did have a good discussion of his concerns. You know, our position is that we're perfectly willing to look at ways we can address some of these concerns, which I understand, without, you know, opening the whole NAFTA and unravelling what is a very complex agreement. But we had a good discussion on that, and I think...I'm hopeful we'll be able to make some progress.

On the "buy American provisions", let's also be very clear as well that in both WTO and NAFTA, there are...there are industries and there are ways in which, and there are levels of government at which one can have domestic preferences in purchasing policies. These things are allowed in some cases, but they're certainly not allowed without limit. We expect the United States to adhere to its international obligations. I have every expectation, based on what the President's told me and what he said publicly many times in the past, that the United States will do just that. But I can't

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emphasize how important it is that we do that. We have agreed in Canada and, you know, all the major countries of the world through the G20, we agreed to pursue economic stimulus measures, not just to stimulate our own economies, but to recognize that we have a synchronized global recession that requires policies that will not just benefit ourselves, but benefit our trading partners at the same time. If we pursue stimulus packages, the goal of which is only to benefit ourselves, or to benefit ourselves worse at the expense of others, we will deepen the world recession, not solve it. So I think it's critical that the United States has been a leader for a long time in the goals of an open global economy. I think it's critical that that leadership continue and I'm quite confident that the United States will respect those obligations and continue to be a leader on the need for globalized trade. If I could just comment on our stimulus package, one of the things we did in our stimulus package was actually removed duties on some imported goods. Now part of the reason we did that, it's in our own economic interest, but also as well, it will help stimulate continental and global trade, and this is important for our recovery. We know as a small economy, we can't recover without recovery in the United States and recovery around the world, but that's true for all of us these days.

DIMITRI SOUDAS: We have time for one last question,
Jennifer Ditchburn, Canadian Press.

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REPORTER: I have a question for both of you. Mr. President, during your meetings today, did you discuss the possibility of Canada stepping up its stimulus plans? And secondly, for both of you, what do you think the Canada-US relationship will look like in four years? What will the auto sector look like? Will the border be thicker or thinner, and will you have a carbon market?

BARACK OBAMA: See, you stuffed about six questions in there. (LAUGHTER) Were you talking to Jonathan? Is that... (LAUGHTER) Ha! I'll bet. Well, first of all, I'll answer your last question first. I expect that four years from now, the US-Canadian relationship will be even stronger than it is today. I expect that you will see increased trade. I think we will see continued integration of efforts on energy, in various industries, and I think that's to be welcomed. I'm a little biased here, because I've got a brother-in-law who's Canadian and I have two of my key staff people who hail from Canada, and I love this country, and think that we could not have a better friend and ally. And so I'm going to do everything that I can to make sure that our relationship is strengthened. You mentioned a couple of specific issues, the idea of thickening of borders. One of the things that I would like to see – and Prime Minister Harper and I discussed this – how we can use some of our stimulus and infrastructure spending that is already being

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planned around potentially easing some of these bottlenecks in our border. Now, we've got very real security concerns, as does Canada, but I think that it is possible for us to balance our security concerns with an open border that continues to encourage this extraordinary trade relationship in which we have \$1.5 billion worth of trade going back and forth every single day.

With respect to the auto industry, obviously we are concerned...we're deeply concerned about the current state of the North American auto industry. It is an integrated industry. When we provided our initial federal help to the auto industry, Prime Minister Harper stepped up and provided assistance that was commensurate with the stake that Canada has in the auto industry. We have just received the report back from GM and Chrysler in terms of how they intend to move forward. My economic team is in the process of evaluating it. One thing we know for certain is that there's going to have to be a significant restructuring of that industry, and as that restructuring takes place, one in which all parties involved, shareholders, creditors, workers, management, suppliers, dealers, as all of those parties come together to figure out what is a sustainable and vibrant auto...North American auto industry, it's going to be very important for our government to coordinate closely with the Canadian government in whatever approach that we decide to take. And we are committed to doing that.

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And finally, with respect to stimulus, I think that as Prime Minister Harper mentioned, Canada has put in place its own stimulus package. We obviously are very proud of the recovery act that I recently signed, not only because it provides a short-term boost to the economy, and provides relief to families that really need help, but I think it also will lay the groundwork for long-term growth and prosperity. We were talking earlier about the issue of the electric grid. The potential that exists for creating ways of delivering energy from wind and solar across vast plains to get to urban areas and populated areas is enormously promising. That's why we are investing billions of dollars to help jump-start that process. And so we think we've taken the right approach to not only get the economy moving again and to fill domestic demand as well as global demand, but also I think Prime Minister Harper's taken the same approach, and to the extent that as we go to the G20 summit, that we are seeing the most significant economies in the world all taking these steps in concert, the more likely we are that we're going to be able to slow the recessionary trends, reverse them and start growing the economy again, which ultimately is the bottom line for both the Prime Minister and myself, making sure that Americans, Canadians have good jobs that pay good wages, allow them to support a family and send their kids to college and let their children aspire to new heights. So I think we're going to continue to coordinate as

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closely as possible to make sure that we are helping families on both sides of the border.

RT. HON. STEPHEN HARPER: You did ask several questions. I'll try and touch on a few of them. On stimulus, first of all, it's important to understand that Canada's economic stimulus package is very large. It's certainly larger than the kind of numbers the IMF was talking about in the fall. With the provincial action that we will bring into our stimulus spending, we'll be close to two percent of GDP for this year, a percent and a half for next year. This is not as large as the stimulus package in the United States, but the issues in the United States are different, and in fairness, they are bigger than in Canada. Let me just give you a concrete example of the difference, and I could talk about housing, or the banking sector, but American stimulus package contains significant money, a significant pot of money being transferred to lower levels of government to deal with healthcare. Well, in Canada, as you know, we already have permanent healthcare transfer arrangements with our provinces before this economic crisis, so not all of these things are directly transferable to the Canadian experience, but by any measure, ours is a very large stimulus program. As the President mentioned, we talked about today how we can use our investments in infrastructure to focus specifically on border infrastructure that we share. We know well,

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Detroit, Windsor and elsewhere in Canada that the growth of our trade is straining our border infrastructure. That's independent even of security demands, so there may be things we can do there jointly in the name of economic stimulus that are beneficial for the long term. Statement lays out today a whole bunch of initiatives we're undertaking, and I think President Obama mentioned them. Beyond border infrastructure, we have joint action going on on the auto sector. We were working closely with the outcoming administration. We will be continuing to work with President Obama's administration on what is an integrated industry, needs an integrated solution. We are engaged in Afghanistan. We've talked about that at length. We are launching a clean energy dialogue on one of the most important challenges of the next decade, and that is climate change. So you know, I see a range of initiatives that'll carry us forward for many years.

I do want to address two specific things, though, you raise. One is border thickening and one is kind of four years from now. On the thickening of the border, I just want to make this clear, and I want to make this clear to our American friends. Not only have we since 9/11 made significant investments in security and security along our border, the view of this government is unequivocal. Threats to the United States are threats to Canada. There is no such thing as a threat to the national security of the

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United States which does not represent a direct threat to this country. We as Canadians have every incentive to be as cooperative and alarmed about the threats that exist to the North American continent in the modern age as do the government and people of the United States. That's the approach with which we treat the border. Obviously we've been concerned about the thickening of the border. You know, in our judgement, and we'll have some time to talk about this as we move along in our respective governments. We're looking at...the key is to look at how we can deal with security in a way that does not inhibit commerce and social interaction. That is the real challenge, but let there be no...and that's where thickening of the border concerns us. But let there be no illusion about the fact that we take these security concerns as seriously as our American friends.

In terms of big picture, you know, I think this'd be the safest prediction in the world, that today Canada and the United States are closer economically, socially, culturally, in terms of our international partnerships, than any two nations on the face of the Earth, closer friends than any two nations on the face of the Earth, and I think we can safely predict that in four years' time, we will be in exactly the same spot. What we can do with that in the meantime, and what I'm sure President Obama will want to do with that, is to take that close relationship that is so deeply integrated when it comes

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to things like trade, and military and defence considerations, things where we have not only established a close friendship, but where we have established models that others who want to pursue close friendships have used around the world, that we can take those things and we can continue to lead in the future. We can continue to show how two countries can work together in ways that pursue global cooperation and integration to mutual benefit. And as we all know, one of President Obama's big missions is to continue world leadership by the United States of America, but in a way that is more collaborative. And I'm convinced that by working with our country, he will have no greater opportunity than to demonstrate exactly how that model can operate over the next four years.

BARACK OBAMA: And let me just say that, to echo what the Prime Minister said, we have no doubt about Canada's commitment to security in the United States as well as Canada. Obviously we've got long lasting relationships around NORAD, for example, and the same is true with respect to border security. There's been extraordinary cooperation, and we expect that that will continue. And Prime Minister Harper's right. It's a safe bet that the United States and Canada will continue to enjoy an extraordinary friendship and together I think we've got an opportunity to show the world that the values that we care about, of democracy, of human rights, of economic

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growth and prosperity, that these are values that the world can embrace and that we can show leadership and I'm very much looking forward to working with this government and all Canadians in order to promote these values. I want to also, by the way, thank some of the Canadians who came over the border to campaign for me during the election. (LAUGHTER) It was much appreciated. And I'm looking forward to coming back to Canada...as soon as it warms up. (LAUGHTER)

DIMITRI SOUDAS: This brings an end to the press conference. Cela met fin à la conférence de presse. Thank you very much, everybody.

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