

American NEWS & VIEWS

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Transcript: Development Tied to Democratic Reform, Security, Secretary Powell Says

(Secretary of state outlines three pillars of U.S. development policy)

Secretary of State Colin L. Powell says economic development in poor countries remains a complex and difficult task but inextricably linked to achieving a more democratic and secure world.

In September 30 remarks to the Bretton Woods Committee Conference in Washington, Powell described Bush administration policy aimed at promoting development with the understanding that no single formula fits all countries.

The conference took place in connection with the annual meetings of the International Monetary Fund (IMF) and World Bank in Washington, which continue through October 3. The Bretton Woods Committee is a non-profit group that aims to increase understanding of international finance and development as well the role of the IMF and World Bank.

Powell identified three pillars of the administration's development policy.

"The first of these is a program of economic growth that emphasizes good governance and economic freedom, the key conditions that make possible the success of individual enterprise," Powell said.

Most important for that first pillar, he said, is the Millennium Challenge Account, a supplementary U.S. foreign aid program that rewards developing countries where the governments rule justly, invest in their people and promote economic freedom.

Other aspects of the first pillar, he said, are reducing the debt of developing countries, allowing more transnational movement of workers and allowing those workers to send remittances back to their home countries more easily.

Powell said the second pillar of U.S. development policy is a commitment to social development, including the fight against hunger and malnutrition and the fight against disease, especially HIV/AIDS.

The third pillar, he said, is sound stewardship of natural resources. The Bush administration has initiated 17 major programs to promote sustainable development, he said.

Powell said the administration's development policy is tied to promotion of freer trade and foreign investment regimes.

The U.S. goal is to eradicate poverty, and the vision to achieve that goal embraces democracy, rule of law and economic freedom, he said.

"And we have a strategy that sees economics, politics and security as three parts of a whole," Powell said, "and that combines effective growth methods with social development and sound environmental stewardship."

Following is a transcript of Powell's remarks:

SECRETARY POWELL: Well, thank you all very much. It's a great pleasure to be introduced as the dessert. Probably the nicest thing I'm going to hear about me for the rest of the day. And I was privileged to be a member of this Committee and I was a member of a number of organizations before returning to government, and they made me resign from all of them, some 52 nonprofit organizations of various kinds and manner -- the Boys and Girls Clubs of America, Howard University, United Negro College Fund and the Bretton Woods Committee. And the only saving grace is I save 250 bucks a year that I no longer have to contribute to the Bretton Woods Committee.

But I do appreciate being with you today. I'm pleased to be able to extend my gratitude for the Committee's 20th annual meeting, commemoration. The very impressive program that you put together every year is testimony to the intellectual sophistication and well-deserved reputation that the Committee has enjoyed over the years.

I was privileged to address your meeting last year, and before that in 2001, and I look forward to these opportunities.

Today I'm going to focus on our development policies, our development agenda, and how those policies connect to both the promotion of democracy around the world and the promotion of global security around the world.

But we can't talk about global security without discussing terrorism. And the promotion and establishment of democracy is necessary because it is democracy that is the ultimate enemy of terrorism and that which will eventually defeat terrorism.

We've recently passed the 3rd anniversary of 9/11. We have been fortunate that our nation has not been struck again in the manner we were hit on 9/11. And I believe, therefore, that we're safer as a nation today than we were then, but we're not yet safe. But under the President's

leadership we have tightened our borders, but without compromising the openness that defines us as a society.

This has been quite a challenge for me and for Secretary Tom Ridge and Attorney General Ashcroft to make sure that we know who's coming into our country, to make sure that we have visa and identification policies in place that protect us, and also protect those who are visiting here, the traveling public. But at the same time, we would lose who we are, we would fail to communicate to the world the nature of our society, if we got so tough with these restrictions that people cannot come to our country.

It's a problem that Tom and John and I and the President especially have been dealing with, trying to find the right balance. And in recent months we have increased the interconnectivity of our databases, we have done more with respect to making it easier to get the interviews needed to come into the country, we have worked with our Transportation Security Agency people and Homeland Security people to make it easier to pass through our airports.

And I hope that the world will see that the United States is as open as ever. We are a nation that touches every nation, we are touched by every nation, and it is essential that we always be seen as a nation protecting itself but welcoming the rest of the world to come visit, to come learn, participate in our business activities, go to our universities, come to our hospitals, go to Disneyworld, that whatever you choose to do in this country, know that you are welcome.

And so we are safer because the President's instructed us to make sure that our borders are secure and, at the same time, we remain open. We've created a Department of Homeland Security and we're now in the process of creating a National Intelligence Director in order to make sure that we are doing the best job we can to protect ourselves and to use the intelligence that we get in the best way possible.

We've achieved unprecedented intelligence and law enforcement cooperation not only here within the United States but with dozens of countries around the world, and not just to fight terrorism, but also to stop the proliferation and the transfer of weapons of mass destruction to keep such weapons from ever falling into the hands of terrorists, those who mean us harm.

And we've led coalitions, proudly led coalitions that have unseated two detestable and dangerous regimes: the Taliban in Afghanistan and Saddam Hussein's reign of blood and terror in Iraq. We've freed 55 million people from lives of fear, repression and stagnation.

We've given two nations a chance to build a future in freedom, and to be a beacon of hope and justice to all of their neighbors.

We've made the necessary start toward these goals, but we're not there yet. Achievements of such significance are never easy, cheap, or painless. Remnants of the old regimes in Afghanistan and Iraq know what coming democratic elections mean.

They mean the end to their hopes of regaining their undeserved privileges.

So these regime remnants and terrorists are doing everything they can to resist this, to resist freedom, and they do it with fury, murdering innocents, as we saw again today so tragically in Baghdad, destroying progress as they go.

What are they fighting? What are they blowing up? Why are they killing people? To keep people from deciding who they will be led by. To keep people from ratifying the constitution that will protect the rights of the minority and protect the rights of the individuals and society.

Why are they blowing up children? Why are they killing people? To go back to the past. To go back to a past where they invaded neighbors, where they tyrannize their own populations.

But their fury can't match the determination of the Afghan and Iraqi peoples to be free, and the determination of the United States and its allies to stand by them until they are free.

These elections will be held, a presidential election in Afghanistan on October 9th, next weekend. If you had told me a couple of years ago, after my first trip to Afghanistan after the Taliban was kicked out in the fall of 2001, that just less than three years later 10 million Afghans would have registered to vote, if you had told me 10 million Afghans were going to register to vote just six months ago, I would have told you we can't get there. And if you told me that over 40 percent of them are women who registered to vote, I would have said, "Can't be." But it is.

So many of them are refugees who were living in camps in Iran and Pakistan just a few years ago. Three million of them have walked home. They have already voted. They have already voted to go back and help build a new Afghanistan. And these people will vote next weekend.

There will be terrorists out there. There will be remnants of the Taliban. There will be al-Qaida out there. They will do

everything they can to disrupt this process of democracy to keep the Afghan people from expressing their will.

But they won't succeed. They won't deny what 10 million people have asked for by the simple act of registration.

The same thing will happen in Iraq. It won't be easy. We face a very, very difficult insurgency. We see it every day on our television sets. I need not belabor it. Our commanders are working hard to defeat it. Iraqi leaders -- Prime Minister Allawi, President Sheikh Ghazi, all of the other cabinet officers who are involved in this -- are working hard to defeat it because they know what it means for their own people and they know what it means for the region and they know what it means for the world.

Iraqis are standing up to defend their country. They are signing up to become policemen and members of the armed forces, members of the border patrol, securing their pipelines and doing other things.

Elections are taking place in Iraq. You don't read about it, but municipal elections have been taking place in various parts of the country. The whole country is not aflame. There are parts of the country that are settling down, creating municipal councils, rebuilding their schools and hospitals, getting ready for a better future.

Our challenge, principally, is in the Sunni triangle, and our commanders and our political leaders are working on that. We have to stand tall and firmly with our Iraqi colleagues.

As the President has said repeatedly, American policy is about so much more than the military side to the war on terrorism. It has to be, because we all realize that we can't defeat evil except through the process of building a greater good.

And that brings me to my main topic for today, which is precisely about such a process of building a greater good.

And I can't think of a more appropriate moment to address such a topic, as we mark the Committee's 20th birthday, and the 60th anniversary of the World Bank and the IMF [International Monetary Fund], those great institutions that have done so much over a 60-year period.

The Bank and the Fund have been trying to build a greater good throughout their entire existences.

So it's appropriate to reflect back on the Bretton Woods experience to see what lessons we might learn as we go about a similar ambition here in the 21st century.

The pioneers of Bretton Woods and the Bretton Woods system were practical visionaries. They had to be visionaries because no one had ever done what they were getting ready to do, what they were trying to do. History records many instances of leaders gathering after major conflicts to reconstruct the global power balance. Remember the Treaty of Paris after the Napoleonic wars, the Versailles Treaty after World War I, and many, many other similar efforts.

But Bretton Woods is the only case of leaders sitting down to reconstruct global economic relations after a major conflict, and not merely to slice up the world into power centers.

With no precedent to guide them, the pioneers of Bretton Woods had to rely on their own education, their own imagination, their own perspiration in order to be practical and to be effective. They worked hard to match what they understood about theory to what they knew from experience during a time of great and enormous historic change.

The three veterans of the 1944 conference who are with us today will testify to that. Jacques Polak, Burke Knapp and Raymond Mikesell, gentlemen: we thank you for your hard work, and through you we thank all your colleagues. The whole world remains in your debt.

As we think back about the origins and development of Bretton Woods, the key lesson is that we've got to keep doing what the Bretton Woods pioneers did: match theory against experience.

As Secretary Snow emphasized this morning, we've got to keep learning and adapting to a changing world if we're going to make a difference.

Of course, the IMF and the World Bank have been trying to do this for decades. And after all the debates and disputes we've endured, and all the policy reforms and recalibrations that we've tried, one thing has become clear: development is not easy; development is difficult.

Development has far more moving parts and far more nuance associated with it than most experts thought when the IMF and the World Bank were in their early decades. We know now that development doesn't work as a narrowly economic or a technical exercise, anymore than economics makes sense when it's entirely divorced from politics or psychology.

And that's because human beings, and human nature in all its complexity, are at the center of all the action, of development.

So of course political attitudes and cultural predispositions affect economic behavior. So do external factors, including security conditions under which development is taking place.

This doesn't mean that some societies are doomed forever to poverty and underdevelopment because of their cultures, or some other social or political circumstances.

As President Bush has often said, freedom and development are the birthright of all people.

It does mean that there's no one-size-fits all formula to make it happen. All the moving parts are still moving. Development remains difficult.

The Bush Administration has taken this point very much to heart. We see democracy, development and security as inextricably linked one to the other, and linked to what's happening throughout the world.

So we recognize that we can't succeed at poverty alleviation unless we take the challenge of good governance seriously, and simultaneously.

We can't sustain fragile new democracies and spread democratic values further without working on economic development.

And no nation, no matter how powerful, can assure the safety of its people as long as economic desperation and injustice can mingle with tyranny and fanaticism.

This is why President Bush wrote in his National Security Strategy about "expanding the circle of development by opening societies and building the infrastructure of democracy."

He doesn't separate in his mind or in his strategy the economic from the political, development from democracy. And he doesn't see security, as some might suggest, in narrow military terms. He doesn't think in stovepipes. His vision is an integrated one, so that it can be a practical one, one that will work.

Understanding the true scope of the challenge is important, but it doesn't make our jobs easy. For example, although we know that democracy and development go hand-in-hand, it's not always obvious what to work at first.

A country doesn't have to be wealthy to be a democracy, but it helps to be pointed in the right direction. That's because to a poor family in Africa, Asia or Latin America, democracy is an abstraction. It doesn't mean any, who cares if you have a democracy? Give me anything. Call it democracy, call it totalitarianism, call it anything you want, as long as it translates into a decent job for me, food on my table, a roof over the head of my family, an education for my children, a doctor when I need one, and a better future for my children. If democracy will do that for me, then I'm all for democracy. And if it doesn't do that for me, then let's go move on and find another system that will.

So, just as growth aids and sustains democracy, democracy aids and sustains growth. Totally interlinked.

Genuine democratic politics makes it hard to shelter corruption, makes it hard for small cliques to distort the market by manipulating access to credit, licenses and jobs. Genuine democratic politics produces maximum economic freedom, and that, in turn, produces growth, growth which produces jobs, jobs which give people hope, jobs which give people dignity. Dignity. Go home on a Friday night with a paycheck or with the results of one's labor and bring dignity into the home, to the family, to the children.

So we work to advance both development and democracy. We make progress where and when we can, using one success to reinforce another. We take it step by step, case by case.

Our vision for development and democracy is joined to our pursuit of global security. As the President wrote in that same strategy document, "A world where some live in comfort and plenty, while half of the human race lives on less than two dollars a day, is neither just nor stable."

Nor is that world safe. We don't see development as a soft policy issue. It's a core national security issue, particularly in a time of terrorism.

Most of my days are spent on these sorts of issues, rather than what some might call hard power. A large part of my day is spent on open trade issues, on the Millennium Challenge Account, on what we have to do about HIV/AIDS, which is also an enemy of development and an enemy of democracy.

And here again a burden of difficulty tests our understanding and our ability to act effectively.

We do see a link between terrorism and poverty. But we don't believe that poverty directly causes terrorism because the facts say otherwise. Few terrorists are poor. The

leaders of 9/11 were all well-educated men, far from the bottom rungs of their societies.

What poverty does do is breed frustration and resentment which ideological entrepreneurs can turn into support for terrorism in countries that lack the political rights, the institutions, necessary to guard the society from terrorists. Countries that are lacking basic freedoms.

So we can't win the war on terrorism unless we get at the roots of poverty, which are social and political as well as economic in nature.

Sure we want to bring people to justice if they engage in terrorism. But we also want to bring justice to people.

We want to help others achieve representative government that provides opportunity and fairness under the rule of law. We want to unshackle the human spirit so that entrepreneurship and investment and trade can flourish anywhere in the world under any system -- cultural system, religious system. It shouldn't be restricted to those of us in the industrialized West.

This is the indispensable social and political pre-condition for real, sustainable development. This is how we uproot the social support structures of terrorism, even as we go after terrorists themselves by hard power means.

Development is a big and complex job, and we approach it with an integrated policy composed of three essential pillars. The first of these is a program of economic growth that emphasizes good governance and economic freedom, the key conditions that make possible the success of individual enterprise.

The Millennium Challenge Account [MCA] is the touchstone of this first pillar, and you've heard Paul Applegarth say quite a bit about it already today.

I want only to reinforce the point that the Millennium Challenge Account isn't reserved for an exclusive club of emerging democracies. Nor is USAID [U.S. Agency for International Development] going out of business. In fact, it's quite the contrary. USAID has come close to doubling the funds available to it over the last four years. We have been very successful in getting Congress fund more and more USAID programs at the same time we went forward with the Millennium Challenge Account.

Just as the President believes that no child should be left behind in education, that every child can learn, he believes that no nation should be left behind in development, that every nation can prosper.

We announced the first tranche of countries for the Millennium Challenge Account and later today we'll be announcing some countries that are not qualified for it, they're not ready for it -- it may take them a long time to be ready -- but we're going to use some of the money Congress has given us to point them in the right direction, give them some seed money so they can work in those areas where they need major improvement to even start becoming competitive for the Millennium Challenge Account.

One of the interesting and exciting things for me is a lot of countries who weren't picked in that first tranche, but thought they should have been and were annoyed by it, come to my office, sit across from me, express their annoyance, and then they say, "What do we have to do? What do we have to do to get ready for the next tranche? What do we have to do when the program really scales up in 2006 to 5 billion new dollars a year?"

And the answer I give them is pretty straightforward, and you've heard Paul, no doubt, talk to it this morning. We want to see honesty in government. We want to see the rule of law. We want to see the end of corruption. We don't want to pour any more money down rat holes that ends up in Swiss bank accounts. We want to see dignity for individuals within your society. We want to see you committed to economic reform that will ultimately get rid of the need for aid because you're trading, because you've joined the world that's moving forward, a world of trade, a world of investment.

We want to see you create conditions where people want to invest in your country. We don't want to keep sending you money from either USAID or the Millennium Challenge Account, nor should you want it. You should want to reach that point where you're standing on your own two feet. It might take years, and we'll be with you for years, but you've got to be moving in the right direction if you want to benefit from this account.

So it's a development program. It's a pillar of our policy that supports those nations that have made the right choices and are moving in the right direction.

It isn't the only aspect of our first policy pillar -- the MCA. As the President said to the General Assembly nine days ago, and as Secretary Snow, I believe, repeated this morning, we're stressing debt reduction as well, debt reduction for the world's poorest most heavily indebted nations, who may have made bad choices in the past to get into the situation that they find themselves in, but unless we help them, unless we help them relieve themselves of that burden, we will just keep them underfoot forever, and that is not in our interest.

We've made a good deal of progress on this issue already, and we want to make more.

We also want to get at the problem of restricted labor migration and remittances. The international community needs to do better at matching labor that wants to work with markets that need that labor.

President Bush has taken the initiative here, specifically with regard to the U.S.-Mexican relationship. But it is a worldwide problem that takes a toll on all of us.

Because there's too little legal labor mobility, there's too much illegal migration -- with all the security, public health and humanitarian liabilities that go with that illegal migration.

The global economy also pays a cost in the reduced flow of remittances, which contributes more to developing countries each year than all the official foreign assistance combined. And here too we've taken the initiative, trying to find ways to make it easier and cheaper to send remittances back to countries and the families desperately in need, to make a more reliable system available to those who rely on those remittances.

The second pillar of our policy is a commitment to social development.

Sound economic and political institutions can't work unless people are healthy and educated enough to take advantage of them.

So we fight hunger and malnutrition through the Food for Peace program and in other ways. We encourage poorer nations to invest in their own people, especially the most valuable investment of all -- in education.

And we fight diseases, particularly the scourge of HIV/AIDS.

President Bush sees the struggle against global HIV/AIDS as a moral imperative, but he also sees the ravages that HIV imposes on development. Its victims include not just those who become ill, but whole societies held hostage by this tragedy.

This is a sophisticated audience. You all have traveled the parts of the world where HIV is rampant. You've seen what it does. It takes out the teachers. It takes out the doctors. It takes out the military. It takes out those in the age group roughly 18 to 40 and it leaves you orphans and grandparents, neither of whom can really generate the income needed to take care of either group. It's a destroyer

of societies, a destroyer of families, a destroyer of democracy and a destroyer of development.

The President's Emergency AIDS Fund devotes \$15 billion over 5 years to prevent new infections, to treat millions of our fellow citizens of the world who are already infected, and to care for orphans that have been left behind.

Under President Bush's leadership, the United States is now contributing more than twice the resources of the rest of the world combined in fighting HIV/AIDS. But we all know it's not enough. We need to do more. The rest of the world needs to do more. The need is great.

But here, too, fighting disease as a part of our development strategy can't be separated from its political and security dimensions.

Fighting AIDS isn't just a medical problem, and money alone won't conquer it. It's a problem with social roots.

It's a challenge where political obstacles often loom large in some countries to fighting this disease. It's a challenge with very serious global security implications if we fail the test before us.

And it's a challenge that intertwines with other issues that may seem unrelated at first glance.

We have so much to do with respect to HIV/AIDS, and as I talk to my colleagues around the world, especially those not necessarily in the developing world but in larger countries, countries that are more sophisticated, countries that have the capacity to go after this problem now, I sense an increasing awareness of the need to do something about this in places such as Russia, India, China, as well as the places you know so much about in Africa and in the Caribbean.

The third pillar of our development policy is the sound stewardship of natural resources. Development must be a process that invests as well as it pays dividends, plants as well as harvests. You don't eat your seed corn. You husband your resource base so future generations can prosper.

And we believe deeply in the sound stewardship of natural resources. Let me point out that the relationship between the word "conservation" and the word "conservative" is not coincidental. It's organic.

Remember that it was a Republican President, Teddy Roosevelt, who invented the modern concept of conservation, about a century ago.

So no one should be surprised that this Administration has initiated 17 major programs promoting sustainable development - from an initiative against illegal logging to clean water and sanitation initiatives in Africa and in South Asia.

And we're getting results from these initiatives by working with other governments and with the private sector. And these results are not just what we can show in bar graphs and in charts.

Here's what an elderly woman, Madam Bambini from Kasai in central Ghana, said when after one of our water projects had reached her village: "Today I thank God that he made me live to see safe, clean water in my village. Now I can 'go home' to my ancestors knowing that my grandchildren and their children will have better lives."

It's that's the kind of result that matters. We talk about it in the Department all the time. Don't think of this in terms of nation-states. Don't think of this in terms of geo-power politics. Think of this in terms of people. Think of this in terms of families that will be saved. Think of this in terms of children who will have a better life. That's what development is all about and those are the kinds of results that mater. Those are the kinds of results that will turn people on, results that stir people's imagination, so that they know in their hearts that yes, they can have better lives.

Our 3-pillar development agenda is linked firmly to our broader international economic policy, particularly our push for freer trade and a more liberalized investment climate. I said it last year to this Committee, but it's so important that I'll say it again, and I touched on it earlier:

Aid can be a catalyst for development, but the real engines of growth are entrepreneurship, trade, investment. All of these things come together. That's what produces jobs, and a job is the most important social safety net of all for any family.

So we're pleased, very pleased, with the G-8's "Agenda for Growth," which Secretary Snow [Treasury Secretary John Snow] discussed with you this morning. And we're pleased that a new multilateral framework for trade negotiations is now in hand. Turns out there is life after Cancun after all [World Trade Organization negotiations collapsed at Cancun, Mexico, in 2003 and were revived in 2004.].

My friends, we in America have a goal: to eradicate poverty.

We have a vision of how to achieve that goal, too: we see the multiple births of political systems where access to opportunity is fair, and where democracy and the rule of law enable free people to use their God-given talents to prosper.

And we have a strategy that sees economics, politics and security as three parts of a whole, and that combines effective growth methods with social development and sound environmental stewardship.

We have a goal, a vision, and a strategy -- but we also have something else of supreme importance. We have faith in the capacity of our fellow human beings to care about one another and to love one another, to take care of one another.

Why do I say this? Because most people don't work to get rich. They work because they're in love. They're in love with their family. They're in love with life. They work to provide for spouses, for children and grandchildren, sometimes parents, grandparents, other family members and dear friends.

When we understand this, when the all-important moral dimension of what we're striving for stands out, and that provides both our highest motivation and our greatest hope for success with our efforts.

We now have a tremendous opportunity to translate our hope into lasting achievements.

We Americans have been telling people around the world for many years that representative government and market systems unleash the energies that best produce prosperity.

We've been telling everyone that respect for human dignity empowers people, motivates people to dream and to work for those dreams.

And now, just a dozen or so years after the Cold War, more and more people who believe in these principles can act on their beliefs. More and more national leaders accept this. More and more societies are trying it.

But it's not easy. Results don't spring up overnight.

There are complications to understand, difficulties to overcome, even when ample resources are at hand and intentions are pure all around.

So we in America feel a particular moral obligation to help overcome these difficulties, and we are helping them. The development policies of this Administration are very creative, perhaps the most creative since the birth of USAID

back in 1961, and the most generous by far since the Marshall Plan.

We can do more. We have to do more. I'm so pleased that this Committee exists to give us guidance and to point us in the right direction.

With all the challenges that we are facing today, with all of the difficult scenes that we see on television every day, I believe that there are great opportunities every day as well.

A good part of my day is spent trying to make sure we do not lose sight of these opportunities. So many nations that used to be my enemies, I joke with them. They come in and they sit in my office and we sit around, and they're from the Balkans or the Caucasus or Central Asia or somebody who used to be in the Warsaw Pact but now they're in NATO or the European Union, and I joke with them, "It's great to have you here. You all used to be on my target list. Now you're all here."

And it is the most wonderful thing for me now to sit and talk with them, not about nuclear exchange, not about the Cold War, not about the Iron Curtain, not about that which I am an expert in from my 35 years as a soldier, but instead to talk to them about democracy and openness, dignity of the individual, the desire that we all have to see the world a better, safer place, free of terrorism, but also free of hunger, free of poverty.

This is something we can all rally around. This can be our great cause for the 21st century, a cause that governments can unite around, that individuals can unite around, that corporations can unite around. It's a great cause and I think that destiny has put America in place in this 21st century to lead that cause and to do everything we can to defeat terrorism -- yes -- but also to defeat poverty and defeat disease and to make sure that people throughout the world can dream like our youngsters dream and can achieve like our youngsters achieve, as long as they're willing to work hard, as long as they're willing to believe in themselves and to believe in their political systems and in their societies.

So we need the work of everyone in this room, in your individual capacities but especially when you come together as the Bretton Woods Committee. So I thank you for your service and I thank you for your attention today and I look forward to working with you in the months and years ahead.

Thank you so much.

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Transcript: Secretary Armitage Discusses NATO, Iraq, Afghanistan, Iran, N. Korea, Russia

(Journalists from NATO countries interview deputy secretary of state)

U.S. Deputy Secretary of State Richard Armitage said during an interview with journalists from NATO countries that the United States was "gratified" that an expanded NATO training mission in Iraq "has been accepted fully by all members of the alliance," and that he would be "delighted if there were other aspects in Iraq that NATO would be willing to take up."

NATO ambassadors agreed September 22 to create a military training academy in Iraq, raising the number of trainers from 40 now to approximately 300.

Armitage discussed NATO, Iraq, Afghanistan, Iran, North Korea and Russia in a wide-ranging interview at the State Department September 27.

Regarding the elections in Iraq scheduled for January 2005, Armitage said "our view is there should be elections in all of Iraq Every Iraqi citizen who wants to vote should be afforded the opportunity to vote."

The great majority of Iraqis and the neighboring countries "are delighted to be rid of Saddam Hussein," he said. "And now we have to get the security situation in such a state that they can be rid of us and be free of foreign presence."

Acknowledging that "it's going to be a tough slog," Armitage said that, given the number of American soldiers dead in combat and from accidents, "the president is not going to turn away and he's going to see it through to the end."

The United States fully expects violence in Iraq to increase through the U.S. presidential election in November and the Iraqi election in January 2005, he said.

On the subject of NATO, Armitage said he has worried for years that, "if our friends in NATO don't make appropriate investments in defense, then we end up with what I think is a terrible situation."

Europe could "be left with low-tech capabilities which would force you just to be the ones with your boots on the ground. I think it's better to make the investments now alongside us to be able to participate in every facet of the endeavor."

He denied that the United States sees NATO as a cleanup organization to be called upon after the United States has acted unilaterally or with a so-called "coalition of the willing." "Our view is it's much better to have all our friends in on the takeoff, the flight and the landing," Armitage said.

When asked about U.S. relations with Europe, he responded, "We've gotten a little bit behind the 8-ball, if you will, in some of our relations with some of our European friends," using an expression from pocket billiards or pool meaning "in trouble."

"We think we're working our way out of it and are eager to prove that," he added.

Regarding Afghanistan, Armitage disputed the notion that the Taliban are a growing threat. He expressed pride that the international coalition "has brought about sufficient security" and confidence in holding the upcoming elections and delight that "some of our friends have surged forward some troops to bring about a little greater degree of security."

When asked about the possibility of a preemptive U.S. strike on Iran, Armitage replied that the president "always has all options on the table and it would be bad business to remove any options."

He added, however, that the United States is "very content with the pace" of discussions with Iran. The U.S. policy, he said, is to "keep the international spotlight, led by our European friends, on Iran and the need for Iran to come clean with their program, or else we have the ability to refer this to the [United Nations] Security Council for a discussion, at least, of possible sanctions."

Regarding North Korea, Armitage said that, although "Kim Chong-il's regime doesn't seem to be responsive," the similar views of Japan, South Korea, China, Russia and the United States provide "a good basis on which to move forward."

"They seem to think they can wait us out. They are mistaken," said Armitage.

Regarding Russia, Armitage said the United States understands the anger of the Russian Federation after the recent terrorist massacre at a school in Beslan in the North Ossetia region of Russia. "We share in it, and our hearts went out to everyone who suffered in Beslan," he said.

"But ... as we fight the global war on terror, we must remember to be consistent with the principles of democracy," the deputy secretary of state said.

Following is the State Department transcript of the interview:

DEPUTY SECRETARY ARMITAGE: Well, first of all, let me welcome you here to the seventh floor of the Department of State. I'm delighted to have our friends representing, in this case, NATO nations. I'll try to answer your questions. You'll be the judge of whether I do it or not. But please, go ahead.

QUESTION: Okay, since we are from Europe, we will start with a question about the European-U.S. relations. So we'd like to know if, for the U.S., is the European Union now, or Europe, in general, a partner of necessity or a partner of choice?

DEPUTY SECRETARY ARMITAGE: I think you're clearly a partner of choice. We're all involved in a global war on terrorism. Many of our friends in Europe have been struck, most tragically, Spain. But this is matter of relationship choice for us. We've gotten a little bit behind the 8-ball, if you will, in terms of some of our relations with some of our European friends. We think we're working our way out of it and are eager to prove that.

MR. MATONIS: According to you -- I'm from Lithuania. According to you, does the mission define the coalition, or does the coalition define the mission as has always been to NATO? This question is concerned with NATO transformation and the new missions emerging throughout Afghanistan.

DEPUTY SECRETARY ARMITAGE: Well, I guess it's a little of both. What we're seeing in NATO through the Istanbul Summit, particularly, was a coalition, which is trying to come to grips with the new challenges that we all face.

I think we're seeing a -- even before that, in Prague, when we had the decision on the NATO Response Force, we've seen a coalition trying to come to grips, again, with how to be mobile, hostile, agile, lethal and maintain a sufficient amount of defense spending to be able to respond to multiple challenges.

So I think the mission to some extent, defines the coalition, but in a way, the coalition would define what sort of mission we're willing to undertake, what sort of things we ought to bite off, if you will. So I think it's a little of both.

MR. MATONIS: But do you conceive NATO as an organization to do the cleanup after, once the U.S. acted unilaterally or with some allies or --

DEPUTY SECRETARY ARMITAGE: No, I don't. No, our view is it's much better to have all our friends in on the takeoff, the flight and the landing. We don't want to look at a situation where we are in the takeoff and the flight and we ask our friends in NATO to land it. We'd much rather have all of our NATO friends in from the beginning if possible.

QUESTION: The U.S. intervention in Iraq was meant to bring democracy and freedom, but didn't you create a new sanctuary for terrorists, instead?

DEPUTY SECRETARY ARMITAGE: No. We get that question quite often. Our President had the feeling that we were going to be involved in Iraq sooner or later. And after the surprise attack on us on 9/11 the President made the decision that he was not willing to wait while, as he said, the storm gathered.

So he made what I would describe as a cold calculation of national security. And after his discussions last week with Prime Minister Allawi of Iraq, I think we certainly came away with the feeling that democracy, elections, et cetera, are very possible for the people of Iraq, and quite to be desired by the majority of those in Iraq.

MR. STEPHENSEN: Olafur Stephensen from Iceland.

Shall there be elections in Iraq at the end of January even if not all Iraqi citizens will be able to take part?

DEPUTY SECRETARY ARMITAGE: Our view is there should be elections in all of Iraq. We wouldn't conceive of holding elections without California, well maybe without California. No, it wouldn't be fair. We need to have full up -- that's a U.S. joke -- they need to be full-up elections. Every Iraqi citizen who wants to vote should be afforded the opportunity to vote. And I know that Prime Minister Allawi, and certainly the United States are dedicating themselves to that proposition.

QUESTION: Radim Klekner, Czech Republic.

QUESTION: The Kurds are expelling Arabs from Kirkuk and Mosul. Are you afraid of a new civil war in Iraq?

DEPUTY SECRETARY ARMITAGE: Am I afraid of it?

QUESTION: Is there a possibility?

DEPUTY SECRETARY ARMITAGE: The, as we know, the Kurds were -- had their land expropriated during the Saddam Hussein years; land tracts were given to Arabs. And so now there's an attempt to correct that situation. Thus -- and there are dispute mechanisms.

And from the beginning of our, what's described as our intervention in Iraq, we had dispute mechanisms to try to resolve land issues -- and primarily in Kirkuk more than Mosul, but Kirkuk is really the hot place -- that have worked to a greater or lesser degree.

We have been pleased thus far that civil war has not come forward. And, indeed, historically, any look at Iraq would show you that civil war is not known in Iraq. It's not something they've had. But you are correct to point to Kirkuk as a potential flash point if the land ownership issues aren't managed very carefully.

QUESTION: Okay, this is, talking about the (inaudible) and I'd like to ask a question about Iran.

DEPUTY SECRETARY ARMITAGE: Sure.

QUESTION: So the West has presented intelligence on Iran trying to produce nuclear weapons.

DEPUTY SECRETARY ARMITAGE: Right.

QUESTION: Now, is this intelligence resting on less shaky places than some of the intelligence you had about Iraq, as a whole? And is there a case for preemptive strikes in the near future?

DEPUTY SECRETARY ARMITAGE: Well, let me say the obvious, that any President of the United States, just as a president for any other country always has all options on the table and it would be bad business to remove any options.

Having said that, we're very content with the pace of our ongoing discussions with the international community about the Iranian nuclear program. We had a pretty good statement out of the IAEA [International Atomic Energy Agency] during this month of September. We're looking forward to the November Board of Governors meeting. And our view is that we'll keep the international spotlight, led by our European friends, on Iran and the need for Iran to come clean with their program, or else we have the ability to refer this to the Security Council for a discussion, at least, of possible sanctions.

So we're very content with the direction and the pace of those discussions. And we're content with the leadership of

our European friends on this, particularly the EU-3 [the United Kingdom, France and Germany].

MS. OZYURT: Azu Ozyurt from CNN Turk.

So we won't probably have a chance to come back to Iraq, but let me switch to Afghanistan for a moment, anyway.

DEPUTY SECRETARY ARMITAGE: Sure.

MS. OZYURT: Now that the elections are getting near, do you have a second scenario if President Karzai doesn't get elected? Or how would you work with the --

DEPUTY SECRETARY ARMITAGE: Well, we'll work with whatever government is voted in. First of all, let me review the bidding if I may. We're awfully happy, and I think the people, most importantly, the people of Afghanistan should be awfully happy that more than a million, 10 million of them, rather, have registered to vote and almost 42 percent of them are women.

The shocking thing to me was that women were registering to vote at a higher rate in the countryside than in the city, leading me to the understanding that they've had enough and they want to be able to take more charge of their own fate and their own lives. So, having said that, that's a pretty good deal.

Second of all, all the opinions polls, which are completely available for you, as us, show that Hamid Karzai is the most popular politician. The second most popular politician is a woman, who's also one of the 18 candidates for president.

And as I understand the process, if no candidate in the first round gets 50 percent or above, then there will be a runoff with the top two. So we'll let the people of Afghanistan decide whom they want, but we're awfully proud of the international coalition, which has brought about sufficient security, confidence to be able to have these elections. We are very proud of such developments as the Conventional Reconstruction Teams in which NATO and others take part in. We do as well.

We are delighted at the fact that, for security surrounding the elections, some of our friends have surged forward some troops to bring about a little greater degree of security. There's a lot of good going on in Afghanistan. The only negative thing on the horizon is the drugs and the opium poppy. There is so much in Afghanistan.

MR. STROOBANTS: Jean-Pierre Stroobants for France.

I'd like to follow up with another question about Afghanistan. There are currently 17,000 U.S. soldiers and 8,000 from allied countries --

DEPUTY SECRETARY ARMITAGE: Right.

QUESTION: If more troops are needed --

DEPUTY SECRETARY ARMITAGE: We're talking Afghanistan here?

MR. STROOBANTS: Yeah. If more troops are needed to fight the remaining Taliban, the growing terrorist threats, and to protect reconstruction workers, who should send them?

DEPUTY SECRETARY ARMITAGE: Well, wait a minute. Why did you say this threat was growing? It has maintained pretty much steady at about two incidents a day and thus far the Taliban has been unable to surge. And I would note that our allies in Pakistan have been very muscular and very rigorous in their prosecution of particularly foreign fighters in Waziristan, so I dispute the growing threat. We have expected the Taliban to pop up and they haven't yet done it or they're not able to do it.

You forgot to mention the almost 11,000 trained Afghan forces that have been fully trained and are not disappearing into the woodwork. They are staying and fighting. So we're always alert.

If General Abizaid felt that more troops were needed, he would talk to the Secretary of Defense, and the President, I am sure, would agree to send them. We've also talked with others who have been very involved in this. Right now, the feeling is the troops aren't needed. We've only got two weeks and October 9th is the election, so it's -- by the time we got the troops there the election would almost be over. So I think we're about where we need to be.

MR. KAAS: Kaarel Kaas from Estonia.

MR. KAAS: With all the pictures about bombings and beheadings coming in from Iraq, do you have sometimes this feeling that Iraq is kind of, I would say, ungrateful for their liberation?

DEPUTY SECRETARY ARMITAGE: I don't know if you happened to be here last -- I guess you got here yesterday, did you, or two days ago?

Prime Minister Allawi spoke to a Joint Session of Congress in a very moving way. He thanked the people of the

United States. He thanked the families of those who had died in the invasion of Iraq.

In the Czech Republic last week, or a week and a half ago, I found that 48 judges from Iraq were just doing some training. I asked to go see them. I went down to see them and while I was there I made a presentation to them. And one of their fellows started -- made a return presentation to me, and right in the middle of it he stopped and started crying. A judge. He stopped and started crying, and yet all he could say is, "We're so grateful for liberation. Thank you."

These are just anecdotes, true, but they are not unmeaningful. The great majority of people, I think, are delighted to be rid of Saddam Hussein. All the neighbors are delighted to be rid of Saddam Hussein. And now we have to get the security situation in such a state that they can be rid of us and be free of foreign presence.

Prime Minister Allawi last week said he wants that as much as we do, and he and the Iraqi people don't want us to be there -- the coalition -- any longer than absolutely necessary. And that that's why he's putting so much emphasis on the training of his soldiers.

But the larger picture -- you started off by talking about bombings and all that stuff. It's going to be a tough slog. There's a lot of violence in Iraq and we've lost 782 soldiers to combat and another 250 to accidents and other, and that's a big investment to make. But having made that big investment, that big of an investment, the President is not going to turn away and he's going to see it through to the end.

MR. KULCSAR: I'm Ferenc Kulcsar from Hungary. Not mainly about Iraq. We tried the lessons learned in your first term and how do they affect U.S. foreign policy in the second term -- the possibly second term, sorry.

DEPUTY SECRETARY ARMITAGE: The lesson is the one that --. No, I appreciate the vote of confidence. And I suspect there will be a second term. We learned a lesson again, and that is that nobody in the whole world, including us, wants us to be the policeman of the world. But every single time there's a problem and people dial 911, who do you think they want to answer the phone? And it's us. And whether it's Darfur or whether it's another, or HIV/AIDS -- it doesn't have to be a sort of combat situation, but combating an infectious disease, I have learned yet again that if we don't start it, if we don't start moving, it won't happen and it won't happen in a timely fashion.

So the biggest lesson is nobody, including most of you, want us to be the policeman of the world, but all of you, or most of you, would want us to answer the phone when you dial 911. So it puts us in a very difficult position.

MR. GUTSCHKER: Thomas Gutschker, German weekly Rheinischer Merkur.

I would like to come back to Iraq, if I may. Last week, NATO has given the go-ahead on the training mission.

MR. GUTSCHKER: Now, obviously, this was going to happen in the upcoming months. But if you look further to the future, the next, say, one or two years, could you see a role for NATO other than just training, taking over more responsibilities? Or would you rather say that NATO has already so many missions which is it involved with that it should not be further involved in Iraq?

DEPUTY SECRETARY ARMITAGE: Well, I've got several things to say about it. First of, what, 75 days or so after the Istanbul summit, here we've had the agreement of NATO, of the alliance, to take on a rather interesting and, I think, a heavy, weighty, responsibility by this training area east of Baghdad. Number one.

Number two, that now we'll let the men in the military committee discuss how to exactly go about it in the best possible way. I thought it was very good that Lieutenant General Dave Petraeus was double-hatted or dual-hatted as the commander for this NATO mission, and that allows us to continue to have unity of command, which is an important military term.

I'd be delighted if there were other aspects in Iraq that NATO would be willing to take up. I don't think we have anything to lay before our friends in Brussels. I haven't heard of that. We will continue to keep people completely briefed on just what's going on in the security field, but I'm uninformed of any new sort of request to make of the alliance. We're awfully happy and gratified that this training mission has been accepted fully by all members of the alliance. I underline all, but I mean no particular country.

MR. SECHI: I'm Mario Sechi from Italy.

Two French journalists and two young girls, Italian girls --

DEPUTY SECRETARY ARMITAGE: The Italian girls, yeah.

MR. SECHI: Yeah, are hostages in Iraq by terrorists -- are kidnaps a new weapon for -- against Europe and allies?

DEPUTY SECRETARY ARMITAGE: Well, I think that it's an old weapon for us. We were very involved -- it's been used against us. I was in the Pentagon at the time when it was used in Lebanon to such a large degree. And some of you -- Terry Waite comes to mind, the Anglican, I believe, bishop who were mistreated so sorely, along with many American citizens. So, for us, it's an old weapon.

I think what's new is, particularly in the tragic situation of the two French journalists, is because France was not involved in this.

MR. SECHI: Yeah.

DEPUTY SECRETARY ARMITAGE: And it's been punished for reasons that are beyond, I think, France's understanding and certainly ours. The two Italian women, it's a terrible situation. We hear it from time to time that they've been killed but I've seen no evidence of it, and thank God for that. We pray for their eventual release.

What you have going on with these kidnappings is an attempt of these killers to try to break our will, whether it's Italian will, U.S. will. You've had other hostages killed in this Iraq and have stood your ground very solidly and very well.

Allawi spoke about this last week and he said if we break and run, if we seem to cower in front of this threat, it will actually put other citizens of other nations at risk.

The interesting phenomenon to me about these kidnappings is that there is a condominium between criminals and terrorists, and criminals who will kidnap people for money. They don't care to whom they sell. They'll kidnap people for ransom, sell them to the terrorists, and then the terrorists use them for political ends. So it's this marriage of criminals and terrorists, which is new, but it wasn't the situation that we found, for instance, in Lebanon.

MR. SECHI: Thank you.

QUESTION: What kind of democracy do you think that realistically Iraq can have? Because just yesterday, the Republican senator who said it might not be a legal one, kind of Romanian one, he made this kind of joke.

DEPUTY SECRETARY ARMITAGE: You know, our own democracy developed slowly over a lot of years. At the beginning of the 20th century, women weren't allowed to vote in my democracy. It wasn't till 1965 that African Americans were allowed to vote. The Secretary of State of the United States was not allowed to vote. So democracies

don't develop like that. They develop over time. And I think that's what I'd expect to see in Iraq.

But the difference in Iraq is parts of Iraq have a head start. Kurdistan has been basically democratic for 12 years. So they've got a little understanding, feeling of it. Certainly in the south with the Shia, the leading Shia cleric, Grand Ayatollah al-Sistani is very keen on the democratic process and having a democratically elected government. That's a pretty good basis on which to move forward.

But anybody that said that democracies develop slowly, I would agree with, our own being a sort of prime case of that.

QUESTION: I would like to address the issue of Central European and Eastern European bilateral relations to the United States. The -- candidate, Kerry, said that he would reconsider visa waiver program if he was elected. Do you think there is a need to reconsider that in respect of those new allied nations and new EU members?

SECRETARY ARMITAGE: Yeah. I thought that Mr. Kerry's saying that was a little cynical, because there's an Act of Congress involved and it's a law about visa-waiver programs. Having said that and just having come back from the Czech Republic, Poland, Latvia, Norway and -- where else did we go?

A PARTICIPANT: Slovakia. The Slovak Republic.

SECRETARY ARMITAGE: Huh? Ah, the Slovak Republic, exactly -- where, I, as you can imagine, I heard plenty about visa-waiver programs, and so much so that I came back here and have sent our top people in the consulate affairs operations out to those countries to try to resolve as many of the issues that exist as possible. I can't just go like that and make people in the visa-waiver program, but I can try to remove every other obstacle that exists, try to make it very clear to all of our European friends that we very much want them to visit the United States.

We're open for business, and I'm not talking money, I'm talking the intellectual business, exchanges, et cetera. So, we're making progress and I'm going to continue to push on. I'm seized with the issue. If people want to visit our country, they damn well ought to be able to do it and I'm working as hard as I can to get it done.

QUESTION: Have you decided about the redeployment of U.S. bases from Western Europe to Eastern countries and could you elaborate on this?

SECRETARY ARMITAGE: Now, this is all -- this global defense posture we call it -- we've been having for two years now, consultations with our friends globally -- not just in Europe. Primarily, the Department of Defense is in charge of that and they've made up their minds, changed their minds, made it up again, changed it again, so I don't think they're ready to settle on a full and complete plan yet.

We have briefed, to some extent, sort of in grand terms, a certain number of troops coming out of Europe and certain other capability moving in, particularly to Stryker Brigade. Just where we'll have these capabilities hasn't been worked out with the host countries yet.

QUESTION: We were talking about Iran, but I would like to talk about North Korea.

SECRETARY ARMITAGE: Sure.

QUESTION: Negotiations concerning North Korea's nuclear programs haven't really gone anywhere. Do you think it makes sense, trying to talk with the current regime there?

SECRETARY ARMITAGE: How do you mean?

QUESTION: Well, they don't seem to be responsive.

SECRETARY ARMITAGE: True. Kim Chong-il's regime doesn't seem to be responsive, but we've got a very good situation in that the five countries most interested -- Japan, South Korea, China, Russia and us all have a similar view. So, that's a good basis on which to move forward. I think it's very unlikely that the North Koreans will do anything before our election. Now, they seem to think they can wait us out. They are mistaken. I think the Chinese and others have told them they are mistaken, but we're in no hurry.

The reason we're in no hurry is we have what we feel is a pretty high-deal situation with all of the most important countries having exactly the same view and it gives us a good basis to move forward within our diplomacy. And we're, as I say, the President is very patient on this because of the alignment of the other five -- four countries and ourselves. Yes, sir.

QUESTION: Might I follow up on what you said on your wish to have NATO allies with you on both the takeoff, flight and the landing? Do you believe that the European allies have the capabilities? Both have lived up to their promises and aims on military capabilities and do they have the political capabilities to support you all the way?

SECRETARY ARMITAGE: Well, these are -- depends on what the situation is. Each of the NATO countries, to some

greater or lesser extent, is wrestling with their own transformation. I think almost all of our European friends are wrestling with something that's much larger and that is the need to resolve the social contract, the societal compact; and that -- Social Security, we call it -- how to resolve that, and at the same time, to go two or more percent to defense.

So, these are the issues which everyone is wrestling with at different paces and different scopes. The political will is something that you have to look at your body politic, look at the case in point, and make a decision. The military capability is one that I've worried about for years and that is that if our friends in NATO don't make appropriate investments in defense, then we end up with what I think is a terrible situation. That is, that the United States would kind of be above the battlefield, seeing it very well and knowing a lot about it, but our European friends would be left with low-tech capabilities which would force you just to be the ones with your boots on the ground.

I think it's better to make the investments now alongside us to be able to participate in every facet of the endeavor and not just on the -- sort of boots on the ground thing.

QUESTION: What will the United States do if the Kurds one day will demand a fully independent state, they have deserved?

SECRETARY ARMITAGE: Look, the Kurds have a very finely developed sense of their own destiny and their own geography. I think your colleague across the table would probably have a view about this.

And one of the reasons that our friends in Kurdistan have not done such a thing is because of the absolute need for them to live in peace and harmony with our friends in Turkey, and this would be putting that at risk. So, I think it's unlikely.

They've pointed out continually to us -- and we go into Kurdistan fairly regularly that they are Iraqis.

QUESTION: Well, normally the U.S. are promoting free trade across the world. But, in Europe, one has, some, probably, impression that they don't need -- that they sometimes do it when it suits their interest. I refer to the question of steel tariffs or the Airbus question. Isn't there a need in the U.S. for the policy to have a more constant approach to this question?

SECRETARY ARMITAGE: Were you referring to the Airbus -- Boeing controversy and the 1992 agreement? Look, we feel that subsidies are a thing of the past and we ought to be walking away from it. And that was kind of the thrust of the 1992 agreement. But if governments aren't

willing to do away with subsidies, then the playing field isn't level and we are opposed to that. We're having discussions right now on how to level the playing field.

QUESTION: Very quickly, one link to my colleague's question and what you said just a minute ago, that they call themselves Iraqis, the Kurds?

QUESTION: Would General Petraeus, at some point, demand the Kurds to join the regular army as well, or general Peshmerga?

SECRETARY ARMITAGE: Peshmerga? Peshmerga are participating in it already.

QUESTION: In the training missions?

SECRETARY ARMITAGE: In -- well, in forces, in units.

QUESTION: Yeah.

SECRETARY ARMITAGE: Prime Minister Allawi made that point to our President. I was at the meeting. He said that some of the Peshmerga are actually fighting alongside Sunni and Shia in the units.

QUESTION: But whether the regular army, they will be a part of it?

SECRETARY ARMITAGE: Not all of them, some of them.

QUESTION: Okay. And General Abizaid yesterday just said that there might be violence during that election period. Do you have a beef with that?

SECRETARY ARMITAGE: Yeah. (Inaudible) and saying that there will be violence. We expect an increase in violence through our election and through the Iraqi election, and we fully believe that the insurgents want to confuse our elections, as they seem -- as they think they did to the Spanish election and they certainly don't want elections to be held in Iraq. So we fully expect the violence to increase as we approach this.

QUESTION: How would you define the relation between the U.S. and old countries of Europe, old European countries like France today after the crisis about Iraq?

SECRETARY ARMITAGE: I, personally, have never used the term, old or new Europe. It's all Europe to me.

Having said that, I'll answer your question directly. With Germany, for instance, I think we're in much better shape that Chancellor Schroeder and George Bush have agreed to

disagree on the questions of the war in Iraq and things of that nature. But my view is that it's water under the dam and we're moving forward in a much better way, and I think witness the decision, the Istanbul decision on the training center at NATO. I think that's indicative of the fact that at least some in France want to have a somewhat better relationship with us. And, of course, our relationship with Great Britain is one that is unparalleled -- perhaps only paralleled by our relationship with Japan, but that's a little bit out of Europe.

QUESTION: I would like just to jump from the Middle East and Europe to Russia. Two weeks ago, we witnessed this huge crisis in city of Beslan.

QUESTION: How do you find the operations of Russians and Caucasus, part of global war on terror or not?

SECRETARY ARMITAGE: We -- I chair the U.S. side, along with a Russian counterpart who was formerly First Deputy Foreign Minister Trubnikov in something called the U.S.-Russia Counterterrorism Working Group. It's global in nature. It's been very helpful to both of us. It started out just being concerned with Afghanistan, but it's gone -- and it pre-dated 9/11, but after 9/11, it took off and it's truly global in scope.

For us, and we said that we understand the anger of the Russian Federation after the tragedy of Beslan. We share in it, and our hearts went out to everyone who suffered in Beslan. But as our President has said, those who engage in this war against us, including the Russian Federation, those who are against all of us, are people who are trying to thwart democracies. And as we fight the global war on terror, we must remember to be consistent with the principles of democracy. I think the Russian Federation is wrestling with that now.

QUESTION: Did the U.S. count on the situation that some allied country like Spain finishes its Iraq commission after a terror attack or a kidnapping, what we hope won't happened?

SECRETARY ARMITAGE: Did we take it into consideration? No, we were surprised by the decision of the new government of Spain. We understand that popular opinion was very much against this war, but we had hoped that the Spanish authorities would take into consideration the impact of such an action to others in the coalition, but they didn't and that's that. So, we hadn't expected it and we're not real happy about it, but it's the sovereign decision of Spain, and we certainly don't contest the right of Spain to make those decisions.

QUESTION: Mr. Secretary, in Europe, we very often hear a position from the State Department and one from the Department of Defense, and they tend to not always agree. How do we find out what the position of the government is?

SECRETARY ARMITAGE: You could ask the President or listen to what he's said.

SECRETARY ARMITAGE: And I think you'll find that in general, if you look at the actions of the President of the United States, they're generally those of the Secretary of State; many times, those the Secretary of State has recommended. So, having several voices is not unknown, certainly to our European friends who also seem to have many voices in their internal discussions. It's just a little unfortunate that sometimes, ours are so public.

You know, to have differences of opinion is very important. Yeah, we believe it's almost vital. I liken it to parents. If mothers and fathers always agreed on just exactly what needs to be done for the child, it would be a pretty off-balance child. I think that you should debate these issues, where does a kid go to school and what, the extracurricular activities -- all of those things. So you get a little tension. That's what we have here in the Pentagon -- between the Pentagon and the State Department, a little tension that's supposed to be creative and then we present our views to the President and then he can make his own mind up. He likes that. He likes people to fight things out in front of him.

It would be nice, however, to be able to fight it out in front of him and not have to fight it out in the front pages of our newspaper. Last question.

QUESTION: Who wins the race for the White House? Are you ready for a second term?

SECRETARY ARMITAGE: Me, personally? I think George Bush will be elected to his second term. I think that the American people like his clearer vision, his strength of his views, even if they don't agree with him sometimes, they like that. So, I would say George Bush. Regarding me personally, I have never accepted or rejected a job which hasn't been offered.

SECRETARY ARMITAGE: Best of luck to you.

*EPF505 10/01/2004

Text: United States, China Discuss Ways to Stop Terrorist Financing

(China also pledges to "push ahead" toward flexible exchange rate)

U.S. and Chinese delegates to the 16th Session of the U.S.-China Joint Economic Committee September 30 discussed a range of topics, including macroeconomic policy, financial sector issues, and efforts to combat terrorist financing and money laundering, according to a joint statement released by the U.S. Department of the Treasury October 1.

During the discussions, the Chinese delegates reaffirmed their country's commitment "to push ahead firmly and steadily" to a market-based flexible exchange rate, and described the steps the Chinese government has already taken to create the conditions needed for such a transition, according to the statement. The U.S. delegation expressed support for continued efforts by the Chinese government "to bring about this goal as rapidly as possible," the statement says.

According to the statement, the Chinese participants also described steps their government is taking to strengthen the banking system and to develop domestic capital markets, including recent steps in capital market reform. Both sides acknowledged the value of ongoing bilateral discussions, including the technical cooperation program established as a means to accelerate China's reforms in the financial market and currency regime.

With respect to countering terrorist financing and money laundering, both the United States and China pledged to continue their cooperation and noted efforts being made through the Financial Action Task Force (FATF), according to the statement. The United States also expressed strong support for China's efforts to obtain full membership in the FATF.

Regarding poverty-reduction efforts, the two sides discussed U.S. voting policies on multilateral development bank (MDB) loans to China, with the U.S. side noting China's view that the United States should support the full range of Chinese MDB projects.

The Chinese delegation expressed its intention to join the Inter-American Development Bank (IADB), and reiterated China's willingness to make a greater contribution to the cause of poverty reduction in Latin America and the world at large. The United States expressed its support for China's endeavor to join the IADB.

Following is the text of the statement:

U.S. Department of the Treasury
Press Room

FROM THE OFFICE OF PUBLIC AFFAIRS

October 1, 2004

JS-1972

Joint Statement

16th Session of the U.S.-China Joint Economic Committee
Washington, DC, September 30, 2004

At the invitation of U.S. Treasury Secretary John W. Snow, Chinese Finance Minister Jin Renqing led an official delegation to the United States to co-chair the 16th session of the China-U.S. Joint Economic Committee (JEC), a forum first held in 1980, on September 30, 2004. U.S. Federal Reserve Board Chairman Alan Greenspan, People's Bank of China Governor Zhou Xiaochuan, and China Banking Regulatory Commission Chairman Liu Mingkang also participated in the meeting. Both sides noted the importance of the ongoing constructive and substantive high-level dialogue between the two countries involving key economic policymaking agencies on economic and financial issues. The two sides discussed a range of topics, including macroeconomic policy, financial sector issues, and efforts to combat terrorist financing and money laundering.

The two sides discussed the global economic situation and the outlook for their two economies. They noted that strong economic performance in both the United States and China contributed to the fastest rate of growth of the world economy in two decades. They noted with satisfaction the continued favorable outlook for 2005, notwithstanding the risks to the outlook, including those associated with high oil prices. Participants discussed monetary, fiscal, and exchange rate policies to support continued strong growth in both economies. They noted the policy measures taken in China to assure sustained and stable growth. The Chinese affirmed that they would continue to implement market-oriented reforms to promote sustainable, long-term economic growth in China. U.S. officials described the strong U.S. recovery brought about by timely fiscal and monetary policy measures. The budget deficit in 2004 is now projected to be well below earlier forecasts. The U.S. side confirmed the Administration's goal to cut the deficit by half within five years. The U.S. side explained that strong growth and favorable US investment opportunities have led to an expansion of the US current account deficit, but these pressures should diminish as international growth becomes more balanced and widespread. Both sides emphasized the importance of the Doha Round of

multilateral trade negotiations, and promised their full effort to bring the Round to a successful conclusion.

Participants underscored the importance of healthy, competitive, and efficient financial markets in assuring that their economies achieve their full growth potential. Chinese participants described steps being undertaken to strengthen the banking system and to develop domestic capital markets, including recent steps in capital market reform. China reiterated its commitment to further liberalization and opening of its financial services sector. The Chinese side reaffirmed China's commitment to further advance reform and to push ahead firmly and steadily to a market-based flexible exchange rate, and described the steps the Chinese government has taken to create conditions to establish a more flexible exchange rate. The U.S. side expressed support for continued efforts by the Chinese government to bring about this goal as rapidly as possible. Both sides acknowledged the value of ongoing bilateral discussions on these issues, including the technical cooperation program that had been established as a means to accelerate reforms in the financial market and currency regime.

Both sides pledged to continue their cooperation to counter the financing of terrorism and money laundering on a global basis. Both sides noted the important efforts being made through the Financial Action Task Force (FATF). The United States welcomed China's intent to participate in the inaugural meeting of the Eurasian FATF-style regional body on money laundering in October. China affirmed its willingness to be actively involved in an anti-money laundering and anti-terrorist financing regional body and to take the necessary steps to obtain full membership in the FATF. The United States strongly supports China's involvement in anti-money laundering and anti-terrorist financing activities, and its steps to obtain full membership in the FATF.

The two sides discussed U.S. voting policies on MDB loans to China. The U.S. side noted China's view that the United States should support the full range of Chinese MDB projects.

The Chinese side expressed its intention to join the Inter-American Development Bank (IADB), and reiterated China's willingness to make a greater contribution to the cause of poverty reduction in Latin America and the world at large. The United States supports China's endeavor to join the IADB.

Participation on the U.S. side included representatives from the Treasury, Federal Reserve Board, Council of Economic Advisers, Office of the Comptroller of the Currency,

Commodity Futures Trading Commission, Securities and Exchange Commission, and the Department of State.

The Chinese delegation included the Ministry of Finance, People's Bank of China, China Banking Regulatory Commission, Ministry of Foreign Affairs, National Development and Reform Commission, and China Securities Regulatory Commission.

*EPF506 10/01/2004

Text: Up to 70,000 Refugees Authorized for U.S. Entry in 2005

(President makes annual declaration on refugee admission ceilings)

President Bush determined October 1 that up to 70,000 refugees may be admitted to the United States in fiscal year 2005 for resettlement.

The president also designated that the number of refugees should be divided among the world regions. Because of U.S. humanitarian concerns, the largest number -- 20,000 -- is reserved for Africa, the second largest -- 13,000 -- for East Asia, and the remainder divided among Europe and Central Asia, Latin America/Caribbean and Near East/South Asia.

U.S. laws regarding refugees and immigration require the president to make the annual determination on admissions as a new fiscal year begins in October. The 2005 plan was outlined in a memorandum for the secretary of state who will direct the Bureau of Populations, Refugees and Migration (PRM) to enact the policy.

The text of the presidential determination on refugee admissions follows:

MEMORANDUM FOR THE SECRETARY OF STATE

SUBJECT: Presidential Determination on FY 2005 Refugee Admissions Numbers and Authorizations of In-Country Refugee Status Pursuant to Sections 207 and 101(a)(42), respectively, of the Immigration and Nationality Act, and Determination Pursuant to Section 2(b)(2) of the Migration and Refugee Assistance Act, as Amended

In accordance with section 207 of the Immigration and Nationality Act (the "Act") (8 U.S.C. 1157), as amended, and after appropriate consultations with the Congress, I hereby make the following determinations and authorize the following actions:

The admission of up to 70,000 refugees to the United States during FY 2005 is justified by humanitarian concerns or is otherwise in the national interest; provided, however, that this number shall be understood as including persons admitted to the United States during FY 2005 with Federal refugee resettlement assistance under the Amerasian immigrant admissions program, as provided below.

The 70,000 admissions numbers shall be allocated among refugees of special humanitarian concern to the United States in accordance with the following regional allocations; provided, however, that the number allocated to the East Asia region shall include persons admitted to the United States during FY 2005 with Federal refugee resettlement assistance under section 584 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1988, as contained in section 101(e) of Public Law 100-202 (Amerasian immigrants and their family members); provided further that the number allocated to the former Soviet Union shall include persons admitted who were nationals of the former Soviet Union, or in the case of persons having no nationality, who were habitual residents of the former Soviet Union, prior to September 2, 1991:

- Africa 20,000
- East Asia 13,000
- Europe and Central Asia . . 9,500
- Latin America/Caribbean . . 5,000
- Near East/South Asia . . . 2,500
- Unallocated Reserve 20,000

The 20,000 unallocated refugee numbers shall be allocated to regional ceilings as needed. Upon providing notification to the Judiciary Committees of the Congress, you are hereby authorized to use unallocated numbers in regions where the need for additional numbers arises.

Additionally, upon notification to the Judiciary Committees of the Congress, you are further authorized to transfer unused numbers allocated to a particular region to one or more other regions, if there is a need for greater numbers for the region or regions to which the numbers are being transferred. Consistent with section 2(b)(2) of the Migration and Refugee Assistance Act of 1962, as amended, I hereby determine that assistance to or on behalf of persons applying for admission to the United States as part of the overseas refugee admissions program will contribute to the foreign policy interests of the United States and designate such persons for this purpose.

An additional 10,000 refugee admissions numbers shall be made available during FY 2005 for the adjustment to permanent resident status under section 209(b) of the Immigration and Nationality Act (8 U.S.C. 1159(b)) of aliens

who have been granted asylum in the United States under section 208 of the Act (8 U.S.C. 1158), as this is justified by humanitarian concerns or is otherwise in the national interest.

In accordance with section 101(a)(42) of the Act (8 U.S.C. 1101(a)(42)), and after appropriate consultation with the Congress, I also specify that, for FY 2005, the following persons may, if otherwise qualified, be considered refugees for the purpose of admission to the United States within their countries of nationality or habitual residence:

- a. Persons in Vietnam
- b. Persons in Cuba
- c. Persons in the former Soviet Union
- d. In exceptional circumstances, persons identified by a U.S. Embassy in any location

You are authorized and directed to report this determination to the Congress immediately and to publish it in the Federal Register.

GEORGE W. BUSH

*EPF509 10/01/2004

Text: United States Correcting Climate Change Outside Kyoto Protocol

(Protocol not in U.S. national interest, State Department official says)

The United States has not changed its position on the Kyoto Protocol, despite approval of the protocol by Russian President Vladimir Putin and his cabinet, State Department spokesman Richard Boucher said during his September 30 press briefing.

"We felt it just wasn't the right thing for the United States," Boucher said, "but it's up to other nations to independently evaluate whether ratification is in their national interest."

Australia also has declined to participate in the United Nation's global warming treaty. The Kyoto Protocol requires developed-nation signatories to limit or reduce emissions of six greenhouse gases to 1990 levels. The greenhouse gases include carbon dioxide, methane and nitrous oxide, which come mainly from industrial and transportation sources.

"The administration is focusing on carrying out the president's commitment to address the long-term challenges posed by climate change by advancing a comprehensive set of domestic and international activities,"

Boucher said. The activities include domestic programs and incentives to meet the president's goal of reducing the nation's greenhouse gas intensity 18 percent by 2012.

The Kyoto Protocol will enter into force when it is ratified by 55 industrial countries that together produce at least 55 percent of greenhouse gas emissions. The United States produces 36 percent of world greenhouse gas emissions. Without the United States as a party, Russia is the only industrialized nation that can make up the necessary 55 percent.

Russian approval will not be complete until the lower house of parliament, the Duma, ratifies the protocol.

Text of the State Department briefing excerpt follows:

QUESTION: The Russians took action toward ratification of the Kyoto Protocol today. Do you have any thoughts on the implications of that action?

MR. BOUCHER: Let me try to explain where we are. And just, first of all, to say that the United States' position on the Kyoto Protocols has not changed. We felt it just wasn't the right thing for the United States, but it's up to other nations to independently evaluate whether ratification is in their national interest. Our understanding is Russia has not ratified it at this point. The Government has decided to submit it to the Duma and it's not clear when the Duma would complete its role in the ratification process.

I would point out that the United States continues to participate actively under the UN Framework Convention on Climate Change. President Bush's support has reaffirmed our commitment to that treaty, and we are carrying out climate change initiatives. The Administration's focusing on carrying out the President's commitment to address the long-term challenges, posed by climate change, by advancing a comprehensive set of domestic and international activities.

These include domestic programs and incentives to meet the President's goal of reducing the nation's greenhouse gas intensity 18 percent by 2012; dramatically enhanced commitment to develop and move to the marketplace cleaner energy technologies that are the key to addressing climate change while promoting global prosperity; regional and bilateral agreements with major international partners to pursue research on global climate change and to deploy climate observation systems to collaborate on energy and sequestration technologies and explore methods for monitoring and measuring greenhouse gas emissions; and finally, innovative multilateral partnerships such as the Carbon Sequestration Leadership Forum, the International

Partnership for the Hydrogen Economy, the Methane-to-Markets Partnership, the Earth Observation Initiative, the Generation IV Nuclear Forum and the International Project to Harness Fusion Energy.

So we're working on all these efforts with other partners from both the developed and the developing world in order to make our own contribution to preventing climate change.

*EPF508 10/01/2004

Text: Seven Potential Millennium Challenge Account Qualifiers Announced

(United States to help countries meet criteria but success not guaranteed)

The Bush administration has named the first seven countries that can qualify for new U.S. development assistance if they undertake the required reforms with U.S. help.

In a September 30 news release, the Millennium Challenge Corporation (MCC) announced that those countries have been invited under the Threshold Program to submit plans for improving performance in areas essential to Millennium Challenge Account (MCA) eligibility.

The seven countries are Albania, East Timor, Kenya, Sao Tome and Principe, Tanzania, Uganda and Yemen.

In May, the MCC named the first 16 countries eligible for MCA assistance in the fiscal year that began October 1, 2003.

Under the Threshold Program, countries that came close to MCA eligibility and have demonstrated a commitment to meeting MCA's criteria can receive U.S. help to achieve this goal in the future.

Following is the text of the news release:

Millennium Challenge Corporation

September 30, 2004

PRESS RELEASE

Millennium Challenge Corporation Names Seven Countries Eligible for Threshold Program

Washington D.C. -- Today Millennium Challenge Corporation (MCC) announced the selection of the first

seven countries eligible to apply for Threshold Program assistance. This program is open to countries that came close to, but did not qualify for, Millennium Challenge Account (MCA) eligibility and have demonstrated a commitment to meeting MCA's selection criteria. Millennium Challenge Corporation believes that a sound policy framework creates an environment where development assistance can be most effective, and so has designed the Threshold Program to help countries that are committed to making policy reforms improve their performance in areas of ruling justly, encouraging economic freedom, and investing in people.

Albania, East Timor, Kenya, Sao Tome and Principe, Tanzania, Uganda, and Yemen are invited to submit their plans for improving performance on policies that Millennium Challenge Corporation evaluates. Both the US Agency for International Development and MCC will assess the proposals based on the political commitment of each country to undertake reforms. Although the Threshold Program is designed as a way to help countries work toward Millennium Challenge Account eligibility, simply participating in this program will not guarantee that they will qualify for MCA selection. Success under the Threshold Program will be judged based only on concrete and significant efforts made by governments.

In announcing the start of the Threshold Program, MCC Chief Executive Officer Paul Applegarth emphasized that "Making policy changes will require strong leadership and commitment, and Millennium Challenge Corporation will support countries that are willing to undertake these efforts." Welcoming today's announcement, USAID Administrator Andrew Natsios said that his agency looks forward to working with MCC and Threshold countries on the new program, although he noted, "Progress is not going to be quick or easy; it is going to require sustained leadership in the countries themselves." The Threshold Program will be managed mainly through a partnership between Millennium Challenge Corporation and the U.S. Agency for International Development, although other US government agencies may also implement parts of the program.

Millennium Challenge Corporation, a new government corporation designed to work with some of the poorest countries in the world, is based on the principle that aid is most effective when it reinforces sound political, economic, and social policies that promote poverty reduction through economic growth.

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