

Press Briefing by Secretary of State Rex Tillerson

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SECRETARY TILLERSON: It is a pleasure to be back in Beijing. As you know, this is the third stop of the President's lengthy trip. So we're kind of at the halfway mark -- great meetings in Japan, South Korea -- good capstone to it all here in Beijing. And then of course we'll head on for the rest of the trip.

I know President Trump has been very gratified, and you've heard him express that himself with the warm welcome he's received here in China. He and President Xi continue to build a personal relationship that's defined by deep respect for each other, a frank, open, and productive exchange.

Also, I want to thank Ambassador Terry Branstad for the outstanding job he's doing. The Ambassador and his team have been working hard to ensure a successful visit for our President. And I also want to reiterate my appreciation for all the hard work our folks at the embassy here in Beijing do implementing our policy here on the ground.

Our two Presidents have had a candid and constructive set of conversations about issues of shared interest and concern. They agreed that we need to work together to expand areas of cooperation and generate positive outcomes for the benefit of both of our citizens. Our President has affirmed that by directly and frankly addressing these issues where we have differences, we can find ways to solve problems.

The key topic of discussion was our continued joint effort to increase pressure on North Korea, to convince them to abandon their nuclear and missile program. President Trump and President Xi affirmed their commitment to achieve a complete, verifiable, and permanent denuclearization of the Korean Peninsula. President Trump and President Xi will not accept a nuclear-armed North Korea.

We're grateful for China's cooperation. President Trump has made clear the need to not just maintain the current peaceful pressure efforts, but to do even more.

We also had a candid conversation about our economic relationship. President Trump called for China to give fair and reciprocal treatment to U.S. companies and exports to reduce the U.S. trade deficit and rebalance the economic relationship.

On critical issue of opioids, we've made some good progress on actions to curb the flow the harmful narcotics into the United States in order to save American lives. The President committed to take new actions, including agreements to control the export of new fentanyl precursors, sharing intelligence on drug trafficking, and exchanging trafficking information packages to identify individuals and criminal networks responsible for trafficking.

This is my third trip to China, as many of you know, since I became Secretary of State. And I know that Defense Secretary Mattis is planning to come early in 2018. This underscores the importance we place on the diplomatic and security relationship that he and I have developed jointly. In addition to engaging on today's most pressing issues, we're also discussing ways to prevent mishaps, misunderstandings, and miscalculations.

We've also discussed our respective positions on cyberspace, outer space, and nonproliferation. We plan on continuing our engagement in these and other areas over the coming year.

As you know, we'll next be going to Vietnam for the APEC Summit and then on to Manila for ASEAN and the East Asia Summit. We had a frank exchange here, in China, on maritime security issues and the South China Sea. The U.S. position remains unchanged: We insist on upholding freedom of navigation that claims to be consistent with international law, and that claimants should stop construction and militarization of outposts in order to maximize prospects for successful diplomacy.

The President also committed to promote exchanges and understanding between our peoples, and had a frank exchange of views on human rights issues.

On behalf of the United States, I repeat our gratitude to China for hosting President Trump and our entire U.S. government delegation.

And I'm happy to take questions, and I think Sarah is going to referee for me because she's better at that than I am.

Q Mr. Secretary, on North Korea, the President was asking Xi Jinping to do more -- to close down bank accounts, send North Korean workers back, cut out the oil supplies. Where did you get on that front? And will the President meet with Vladimir Putin in Da Nang?

SECRETARY TILLERSON: The President and President Xi did have a very, very detailed exchange on what both sides are doing, and in particular what China is doing with respect to first fully implementing all the provisions and the intent of the U.N. Security Council resolutions that are imposing sanctions.

President Xi shared very specific actions they've taken, including the bank accounts that you just mentioned and other areas to comply fully. We talked about foreign labor, as well. And a lot of businesses up along the China-North Korean border are shutting down as a result of the sanctions.

President Xi took the views that the sanctions are going to take a little while, that he didn't expect immediate results, but that, clearly, from his perspective, the North Korean regime is feeling the full effects of the sanctions themselves. In terms of how much stress it will create on them, time will tell.

Q (Inaudible.) They are complying with the U.N. Security Council resolution to not allow any increases in delivery of oil. And as you know, that resolution put a cap on fuel products -

- primarily fuel products, and then a capital no increase in oil exports. With respect to the potential meeting between President Trump and President Putin, that's still under consideration.

Q Mr. Secretary, if I could ask you quickly a little bit on trade. You mentioned the President said this was an unbalanced relationship. So in what way did China promise to balance out that relationship? And then, secondly, the President talked a lot about his personal chemistry with President Xi. Can you sort of bring us inside the room and tell us what that chemistry looked like, and then also how you anticipate that chemistry will help the U.S. get what it wants from China?

SECRETARY TILLERSON: Well, on the trade issues, there were very, very specific exchanges from the U.S. Trade Representative, Bob Lighthizer, as well as Secretary of Commerce Ross. As you know, there have been very lengthy and many discussions on many of the trade-specific issues, whether it be barriers to U.S. imports of goods to China, forced transfer of technology concerns. So it was a very detailed discussion of the progress that has been made and the lack of progress.

I think the best way to characterize it is, while we appreciate the long hours and the effort that our Chinese counterparts have put into those trade discussions, quite frankly, in the grand scheme of a \$300- to \$500-billion trade deficit, the things that have been achieved thus far are pretty small. I mean, they're not small if you're a company, maybe, that has seen some relief. But in terms of really getting at some of the fundamental elements behind why this imbalance exists, there's still a lot more work to do. And that was made very clear by both the Trade Representative and the Commerce Secretary. And the Chinese acknowledge much more has to be done.

So I would say there's a lot of work left to do to progress trade to the point that it will achieve President Trump's objectives and our objective, which is to rebalance what has really occurred over many years, this trade imbalance itself.

I think in terms of the chemistry between the two, at most it manifested itself in just the very open -- just the openness that exists around that table. I don't sense there's any reservation on the part of President Xi to express exactly his views on certain issues, and there's certainly no reservation on the part of President Trump to express his view. And so that means sometimes it's an expression that we don't agree. And that's useful in and of itself to have a clear understanding of why we don't agree and whether it's something that we're just going to set aside or whether it's something that we ought to spend more time trying to understand better to see if we can't close the gap between those differences.

But I think the chemistry has really manifested in just the very open nature of their meetings.

Q Thank you, Mr. Secretary. In that vein, the conversation when the President was pressing China to ramp up the pressure on North Korea, if you could get into some detail on that for us. And also, is one of the areas of disagreement North Korea?

SECRETARY TILLERSON: There is no disagreement on North Korea. In fact, we were quite pleased and gratified that President Xi himself and all the representatives that we deal with -- our counterparts on the Chinese side -- have been very clear and unequivocal they will not accept a North Korea with nuclear weapons. So there's no space between both of our objectives. There are -- clearly, we have our own views of the tactics and the timing and how far to go with pressure, and that's what we spent a lot of time exchanging views on.

President Trump, our President, has been very clear with President Xi that he takes the view that you are a very powerful neighbor of theirs; you account for 90-plus percent of their economic activity; you're a strong man -- you can, I'm sure, solve this for me. And so he was very clear with him and said he believes it can be solved.

I think our task now is how to work jointly with our efforts. Our efforts are complementary, and not in any way contradictory, but complementary to bring the regime in North Korea to the negotiating table ready to start the long process of how they denuclearize their country.

Q Mr. Secretary, the President said (inaudible) that he does not blame China for the trade imbalance. He said during the campaign that China was raping the economy and threatened to declare China a currency manipulator. Why the change of heart here? And can you explain why the President said, "Who can blame a country that is able to take advantage of another country for the benefit of its citizens? I give China great credit." Does he seem like he's praising them for taking advantage of the United States?

SECRETARY TILLERSON: Well, as I was sitting there listening to that, there was a little bit of tongue-in-cheek in that characterization. But there was also a lot of truth to it.

During our discussions, the U.S. Trade Representative went over the history of U.S.-China trade imbalances from the time that China joined the WTO. And that trade imbalance -- he kind of went year by year by year -- and he made the point that if you look at the 15 highest trade imbalances by year that we've had in the history of the country, all 15 of them were with China.

And it's been an issue that has just grown over time. It just keeps going up from year to year to year. And so I think what the President was just reflecting on is, look, we are where we are because previous administrations, whether through benign neglect -- which is my own characterization of it -- or for whatever reasons, allowed this to happen, and allowed it to get so out of balance that now it's not an easy thing to rebalance.

But I think to President Trump's credit, he recognizes -- and these are the words we have used with the Chinese -- it is not sustainable. We can't just continue on this path and this trajectory that we're on. We have to change -- the word that we're using -- we have to change the paradigm.

And so how do we do that? And we have to do it together. You know, we have to work through this together. But I think his characterization of not blaming a large developing country from doing what they can do -- you know, I feel the same way about a number of actions that countries take -- if the door is open, you're going to walk through it. And I think

in this case the President was simply saying, look, previous administrations have kind of left this trade door open.

Q (Inaudible.)

SECRETARY TILLERSON: I didn't (inaudible) that at all.

Q Mr. Secretary, one question about this agreement between China and the U.S. on North Korea. You said China will not accept a nuclear-armed North Korea. Well, clearly it has accepted a nuclear-armed North Korea. North Korea has nuclear weapons now. Are you telling us that China has agreed with the President that the era of strategic patience is over, and they've reached a new determination about this threat that they didn't have before President Trump took office?

And when President Xi said sanctions will take a little while, did he give any clarity on what that length of time is? And is the President comfortable waiting however long President Xi thinks sanctions will take?

SECRETARY TILLERSON: Well, I don't want to speak for President Xi or the Chinese government as to how they view the statement they've made to us now that they will not accept a nuclear-armed, nuclear-weaponized North Korea. I'll let them speak for themselves.

But they're unequivocal in that statement. And so that puts us both on the same objective, policy-wise, to achieve that denuclearization.

I think in terms of how long will it take, no one is making any predictions. I think there's just a recognition that it's taken us about the last four to five months, really, is when we finally got all of these sanctions provisions passed by the U.N. It takes a while for countries to then comply, and so I think -- and I have the expectation we're going to have to wait and let this take its effect.

There are clear signs, and the Chinese side has shared with us some of the signs they're seeing. We see certain signs of our own through intel and other sources we have that it is creating some stress within North Korea's economy and with some of their citizens, potentially even within some of their military.

So it is something, though, that sanctions themselves always require some time for inventories to be used up, for alternatives to be closed off. And a lot of the sanctions compliance is us identifying places where they're re-shifting to try to maintain certain economic activity, but we try to close that off them.

Q And you said the two nations have their own views on tactics and timing. Would you describe that as a large gap in the two countries' views on timings and tactic?

SECRETARY TILLERSON: I don't think it's a large gap. It's kind of back to your other question of do we have a prediction on when we think sanctions are going to really bite. I think the Chinese clearly have always taken a view that this needs to be solved through dialogue, it needs to be solved through diplomatic efforts.

The President, I think, made clear in his address in Seoul yesterday to the general assembly a similar view, and he invited North Korea to come to the table in those remarks -- please come to the table and talk to us. But there's also -- that's backed up, though, but the strong military posture that the President has been very unequivocal that if we deem the threat to be sufficient to require a military response, we will be ready with that response. That's not his first choice, it's not our first choice. We are going to work hard on the diplomatic effort as well.

Q Another thing the President said today that they agreed on were the solutions when it comes to North Korea. Could you explain to us a little bit more about that?

And then also on that note, on this trip, the President used very strong words for Kim Jong-un's government when he was in South Korea, but we didn't hear him use some of the same derogatory language for him that we've heard from him in the past, like at the United Nations, like "Little Rocket Man." I'm wondering if the Japanese government, or the South Korean government, or even the Chinese government asked him not to use that kind of language and to kind of tone it down while he was so close to North Korea.

SECRETARY TILLERSON: We had no such request that I'm aware of. I think, if you really look at the entirety of the President's speech to the general assembly in Seoul yesterday -- which I thought was a historic speech -- it was a great contrast in what is possible -- what is possible for North Korea. And it's a bright line of what democracy, democratic values, allowing the will of the people to advance their lives under their own aspirations against what life under an autocratic dictator looks like.

I mean, I don't know of another place -- you can search the globe -- and I don't know where else on the world's surface you'll see such a contrast of the same peoples. And it's been, I think, an exhibit in the power of democracy and democratic values when people are allowed to govern their lives that way.

And he was really, I think, creating that aspiration for North Korea. And that is part of the way forward. So when you said, "what is the way forward," I think the Chinese government feels the same is that the way forward is to enable North Korea to advance its economy -- advance opportunity for its citizens, who, as you know, struggle -- many of them struggle.

Q But that is a different sort of message and tone than we've heard the President take to this North Korea situation in the past. So if it wasn't another government that asked him not to use some of the same kind of derogatory language, what did make him change his approach to that situation? Was the U.S. concerned that that language might be seen as provocative?

SECRETARY TILLERSON: This was a speech that the President worked on personally. Many of us had input to the original draft. We then sat down with him; he went through the speech more than once. And he made a lot of changes in the tone of that speech, up and down, and landed where he landed. And he was making changes to the tone of that speech, I can tell you, up to the last five minutes before he walked in to deliver it. He was still looking at certain phrases and deciding whether to leave those in or not.

So the answer is, the President of the United States decided what the tone of that speech was going to be, and he delivered it with that tone.

Q Mr. Secretary, I was wondering on the possible meeting with the Russian President on Thursday. Just to follow on John's question, is it still under possible plan? The President seemed to suggest when he was flying here on Air Force One that he expected to meet him on Thursday. Has something changed since then, or it's just not nailed down yet?

SECRETARY TILLERSON: There's never been an agreement to -- certainly not to a formal bilat. I mean, clearly the leaders are going to be at the summit together. It wouldn't be at all unusual if they ended up with some kind of a pull-aside. The question is whether we've got sufficient substance. And we're working with the Russians, as you know, in a number of very difficult areas. And we have been in contact with them, and the view has been if the two leaders are going to meet, is there something sufficiently substantive to talk about that would warrant a formal meeting.

And so I would just say there's been no conclusion made on that. We continue to have conversations. I have conversations at my level with counterparts, as well, as to -- you know, if we're going to have a meeting, let's make sure it's a meaningful meeting.

Q What do you believe is substantive to talk about? What do you want to bring to them?

SECRETARY TILLERSON: I think you well know we have a significant effort underway in Syria, with Russia, to find a solution to Syria beyond the defeat of ISIS, which is what we're concentrated on right now. We have significant conversations underway with Russia on the situation in Ukraine. We have conversations with them on other areas. I mean, you probably can make that list yourself.

But we have had a significant effort in the Middle East and in Ukraine underway with them. And we'd like to know, if the two heads of state are going to meet, is there something we can point to that's useful to meet. Otherwise, we'll just keep working it.

Q Do you believe that Russian meddling and the investigation is still on that list of things to talk about, or did they say everything they had to say in Germany?

SECRETARY TILLERSON: It stays on that list.

Thank you.

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