

**NATIONAL COUNCIL ON U.S.-ARAB RELATIONS**  
**16<sup>TH</sup> ANNUAL ARAB-U.S. POLICYMAKERS CONFERENCE**

**“REVISITING ARAB-U.S. STRATEGIC RELATIONS:  
GEO-POLITICAL, ENERGY, DEFENSE COOPERATION,  
AND DEVELOPMENTAL DYNAMICS”**

**12:30-1:30: LUNCHEON AND KEYNOTE ADDRESS**

**H. E. Dr. HUSSEIN HASSOUNA**  
**Ambassador of the League of Arab States to the United States**

**AMBASSADOR LAWRENCE E. BUTLER**  
**Deputy Assistant Secretary of State for Near Eastern Affairs**

**1:45: CONCLUDING REMARKS AND ADJOURNMENT**

**DR. JOHN DUKE ANTHONY**  
**President and CEO, National Council on U.S.-Arab Relations**

**FRIDAY, OCTOBER 26, 2007**  
**RONALD REAGAN BUILDING & INTERNATIONAL TRADE CENTER**  
**WASHINGTON, D.C.**

*Transcript by  
Federal News Service  
Washington, D.C.*

JOHN DUKE ANTHONY: Ladies and gentlemen, may I call your attention? We have the privilege at this final session of two speakers, not in equal time and length and focus, but one Arab, one American, both of them officials; each of them tasked with representing their country – or in the case of the first speaker, Ambassador Hussein Hassouna a commonality of perspective and viewpoint of the twenty-two Arab countries.

In introducing Ambassador Hussein Hassouna, he is known to most individuals here, though it took a few years for him to be included as a participant in many forum seminars, think tank discussions, and dealings with the Arab diplomatic community and the Arab Ambassador's Council representing the League of Arab States.

And the League of Arab States has had its obituary written, I think, even amongst the specialists in the United States since its establishment, first with the Alexandria Protocols in 1944 in September, and then coming into existence in February of 1945, before the passing of Franklin Delano Roosevelt, before the convening of the meetings in San Francisco, when if truth be known, the United States was, relatively speaking, out of its depth in terms of dealing with international organization affairs; because it had been the visionary in World War I with regard to the League of Nations, and everybody followed the American inspiration except the American people. And so, the United States had no experience in international organization affairs comparable to the guests at that particular conference. But there was one Arab regional organization up and running, and it was then the only regional organization dedicated to addressing disputes, intentions, and issues peacefully, legally, and diplomatically.

Every now and then, somebody corrects me and says, no, no, no, there was a Pan-American Union, which is older. But the League of Arab States, unlike the Pan-American Union, has not engaged in piano recitals and ballet and operatic performances. Its role in regional and diplomatic affairs has been quite different there.

In terms of Ambassador Hassouna's preparation, he comes with his distinguished wife, Mrs. Navin Hassouna who is a leading fixture, role, and personality in the Mosaic Foundation, which many of you are familiar with. It is a supporter of the Model Arab League, Arab youth – U.S. youth leadership development program that I mentioned yesterday and is discussed in your program. Ambassador Hassouna has had the unique distinction of being Egypt's ambassador to Morocco, as was mentioned by one of the speakers, America's first friend, America's oldest friend, the first country on the planet to recognize the United States when America was in the founding, fledgling days of the first republic during the lifetime of President George Washington.

He was also Ambassador to Yugoslavia before it broke up, and therefore has intensive, intimate, personal experience and exposure to what can happen when national unity in a country is shattered. And particularly in a country where its head of state was one of the five heads of state who founded – co-founded with Egypt, with India, and with Ghana, and with Indonesia – the Non-Aligned Movement in 1955 that ultimately included 140 countries. So he's not a marginal individual in terms of his exposure, education, and empirical experience on the kinds of issues that the United States faces certainly in Iraq at the present time, also in Afghanistan and some would say perhaps over the horizon east of Iraq, west of Afghanistan in a theatre of operations perhaps soon to come near you. I'm trying to be facetious here.

In any case, with regard to the League of Arab States, all twenty-two Arab countries accepted the Arab peace proposal with Israel at the end of March 2002. So we would like to hear from Ambassador Hassouna who will look at "Arab-U.S. Relations: The Way Forward" from here, Ambassador Hassouna.

(Applause.)

AMBASSADOR HUSSEIN HASSOUNA: Good afternoon, everyone. It's a pleasure to be here once more and to share with you my thoughts about U.S.-Arab relations. I have done this over the years and thanks to Dr. John Duke Anthony who organizes these meetings, we are here to reflect about the dynamics of U.S.-Arab relations. And it's certainly a good way to deepen the awareness of Americans and Arabs as well about the state of our relations, where we are heading, what are the challenges, but also what are the opportunities.

I'd like to mention also that John Duke Anthony is the founder of an excellent program called the Model Arab League, where I've been participating with students from all over the United States, sitting for two days discussing the issues of the Arab world, and representing different Arab countries. I must say, I've been taking part in Arab League meetings, but sometimes, I feel that those young students know more about the Arab world and the Arab issues than maybe some former representatives. It's very impressive. But this is the way also to increase the awareness of young people about our issues.

I'd like today to speak briefly about a personal view of the Arab perception on Arab-American relations. We had two days of heated debates, eloquent speakers, passionate points of view presented, and we have yet to listen to Ambassador Butler who was the main keynote speaker at this event, but I will have to say a few words before that, so I beg your indulgence.

Today, the Arab world looks at the United States as a friend. The Arab world seeks to maintain and to develop friendly relations, based on common interests and mutual respect. But the United States is also acknowledged today by the Arab world and by the rest of the world as being the only superpower in this unipolar world. Today, the

United States has acquired unchallenged supremacy in the military fields, in the economic fields, which gives it a lot of also political power in the world.

But this power has another side to it. It confers upon the United States responsibility, a responsibility to lead the world and to be a model for the world. And this requires the United States to follow policies that are fair, policies that understand and relate to the rest of the world, that engage the rest of the world, that listen to the rest of the world, and understand the concerns and the aspirations of the rest of the world, including the Arab world. It also requires the United States to resort to multilateralism and not to unilateralism. It requires the United States to observe and respect international law, if it wants the rest of the world to do likewise. And it requires the United States to resort to dialogue and negotiations in dealing with the crises and the difficult issues of the world, and not only to impose sanctions and resort to threats of using force.

This is how the Arab world sees the United States and expects it to behave. And this certainly will help the United States to improve its image in the Arab world and to regain its credibility, which has been lost for some time.

Let me now briefly talk about, as I see it – and this is not the official position – as I see it, the sources of Arab concern regarding U.S. policy. I was the other day invited to an interview on al Jazeera. And it was an open interview. For an hour, I had people from all over the world picking up the phone and asking questions. And the topic was U.S.- Arab relations. And, to be frank with you, I was surprised by the amount of skepticism, the amount of frustration, the amount of mistrust towards American policies in the region. So there's certainly something wrong. And I think American public diplomacy has a long way to go if it wants to correct this image and perception.

So talking about the sources of Arab concern, let me tell you briefly, after being a diplomat for many years, representing Egypt first, and now the Arab world, that I feel that sometimes there is a concern in the Arab world and in the world in general about the clear policy of the United States. The United States sometimes, according to this perception, speaks with different voices. You have the Congress speaking with a voice; you have the administration speaking with a voice.

I'll just give you a few examples. The Congress calls for the partition of Iraq. The Congress calls for the removal and for the transfer of the U.S. Embassy from Tel Aviv to Jerusalem. The Congress calls for imposing additional sanctions on Darfur when the administration is asking the companies not to disinvest in Darfur because we are at a critical stage of bringing peace to Darfur. The administration also decides that Jerusalem is a negotiated issue and there shouldn't be this transfer. So there are different voices sometimes, and this is confusing. And whatever comes out of the Congress, although it's not binding sometimes – it's just a resolution, a sense of Congress – it resonates in the Arab world. It resonates all over the world.

The second thing, which I wanted to point out as well, is that there is a tendency in this country and among supporters to generalize about the Arab world. When there is

something wrong in their world, when there are terrorist acts committed, when there are some extremist views expressed, there is a tendency to generalize and not to be aware that this does not represent the view of the majority, that mainstream Arab opinion is tolerant, is rational, but that these are a few extremists that do not represent the Arab world, do not represent Islam. But you find many people here talking about the Arab world or the Muslim world as being backwards, as representing a culture of violence. And this is very detrimental, I think, to U.S.-Arab relations.

Another remark I'd like to make is the tendency sometimes to underline the differences in the Arab world, the difference between moderates, between extremists, between sects, Shi'ites, Sunnis, between Christians and Muslims, Muslims and Jews. Yes, there are differences in the Arab world. But the Arab world is a big melting pot, where for years and years and centuries, all those different religions and sects have lived and coexisted together.

Sometimes, of course, these differences are being used by people for their own political agenda. But in general, these different groups and sects and religions have lived in peace, and I don't think it's healthy for the United States to underline, to support these differences, to talk about them, to make them as if they are only divisions, because the perception we have in the Arab world today is that the United States is sometimes using the old policy of the colonial powers, the old mottos of divide and rule. What we do need in the Arab world is a policy of unite and succeed, and not divide and rule.

I also would like to say that the media – there was a panel on the media this morning. The media is becoming a very important power, not only in the United States, in the world at large. But the media also has a great responsibility, because it helps shaping public opinion. And public opinion can also affect policies. And that is why the media, when they sometimes talk about the Arabs in terms of a violent people, extremist people, trying to profile them, trying to demonize them sometimes, I think they have a tremendous negative effect on U.S.-Arab relations, because it provokes a reaction also in the Arab media. So this is something, which, of course, is very unfortunate.

Let me briefly – I don't want to be the main speaker – but let me briefly just talk about the Arab perception, as I see it on some key issues before us today on the agenda of U.S.-Arab relations. First of all, peace – everyone talks about the Annapolis peace meeting or peace conference, as we call it in the Arab world. The Arab world supports this Bush initiative, because it is the Arab world that for the first time has called for the convening of a peace conference. Already a year ago, the Security Council, the foreign minister of Bahrain on behalf of all the Arab states have presented this proposal of convening the peace conference. So there is a peace conference.

And regardless of the motive of the United States – and we have heard that the United States might have different motives – the Arab world will go there united. Already, during the last United Nations meeting of the General Assembly, I was present in New York. The Arab delegations have met with Condoleezza Rice. And they spoke in a unified voice. Our position is that we need real negotiations. We do not need just a

photo session. We want a comprehensive peace. This is the beginning of negotiations between the Palestinians and Israelis, but it should lead to a comprehensive peace, which means that all the main actors have been involved, including Syria and Lebanon. We want this to be undertaken within a certain frame type and not be open-ended. We want a monitoring mechanism.

But also, the most important thing, we need the right climate for it. And this means that the Israelis have to stop in changing facts on the ground. They have to stop expropriating Palestinian lands. They have to stop building settlements. They have to stop the wall that was defined by the advisory opinion of the International Court of Justice a couple of years ago as being illegal, because it's built inside Palestinian territory and not on the borders.

So unfortunately, the climate is not the best available. But still, we believe that we should give it a try. And this is an opportunity, which should not be lost. The Israelis are claiming that they have internal differences, that President Abbas does not represent the voice of the Palestinians in view of the split between the Palestinians, in view of the split with Hamas now. But I think the world should not give in to those views and excuses.

If this meeting is successful, the Palestinians will be achieving their aspirations and not just for some of them, it will reunite the Palestinians. And we believe that failure should not be an option. We should all try to make this meeting a success.

On Iraq, while you will hear a lot from Ambassador Butler, but let me tell you that the Arab world is supporting Iraq. It is supporting it politically, economically, and in every way. But its main concern is to preserve the unity of Iraq, and also to help the Iraqis in national reconciliation. These are the two main objectives of the Arab world today.

And that is why we feel very alarmed when the Congress proposes a certain scheme to reduce violence and talks about a partition of Iraq. The proponents of this proposal say that this is in conformity with the constitution of Iraq, that the constitution of Iraq, which has been accepted by all Iraqis, talks about federation. But the main difference, if you look into it, is that those proponents talk about dividing Iraq into different regions on a sectarian and ethnic basis, and not a federation, like you have in the United Arab Emirates, like you have in the United States, like you have in Switzerland. This is not the concept they are calling for. And that is why we reject it, because this is a recipe for more bloodshed and it is a recipe for intervention of other states in the region, which we condemn.

The question of regional security is another extremely important issue. Regional security in the Middle East can only be achieved if there is a comprehensive settlement of the Arab-Israeli problem, if security is restored to Iraq and if it's preserved as a unitary state, and if the Iranian nuclear ambitions are settled through diplomacy and not through the use of force. And this is the feeling of the Arab world. We had a war already. We

had a war in Iraq. We had a war in Palestine. We do not need another war in Iran. We want to settle this problem peacefully.

At the same time, we strongly believe that Iran, as every country in the region, has the right to acquire nuclear power for peaceful purposes, and under international supervision. And we think that in order to solve this problem of the potential capacity of Iran to develop nuclear weapons, the only solution is to establish in the Middle East a zone free of all weapons of mass destruction. And this would apply to all countries without exceptions, including Israel.

Yesterday, I was watching at night on the Charlie Rose show Mr. Hans Blix, the ex-inspector for Iraq, saying that the Israelis have today probably about 200 nuclear warheads. And he talked about this region free of all weapons. I think it is a necessity, because these regions exist already in Africa; they exist in Latin America; they exist in Asia. Why not in the Middle East? And we should start on it now. It has to be a process started now parallel, and not wait until we achieve a lasting peace in the region, because peace and security are reinforcing each other.

On the question, briefly, of reform in the Arab world, there is a collective vision of reform that was put forward by all League member states at the summit in Tunisia a few years ago. And we support the efforts of everyone, and we welcome the United States when they support reform of the Arab world. But the reform has to come from within our societies. And it cannot be imposed on us as an outside model.

A lot of people say today that maybe reform is no more on top of the U.S. agenda, that the U.S. is giving more precedence to stability than to democracy in the region. But I can tell you, reform is a top priority on the agenda of the Arab world, because we need it and we want it. And economic reform is very successful. The president of the World Bank the other day mentioned Egypt and Saudi Arabia as being very successful examples of economic reform. And we need also political reform.

And one of the most successful aspects of reform has been the reform of education. And again, at the last summit of the Arab League in Riyadh, the leaders decided that this should be a top priority for the Arab world. And the next 10 years have been declared the decade for reform in education. But again, this reform has to come consistent with our values and consistent with the cultural and religious heritage of the Arab world.

Well, looking forward now, I just want to close now. I want to say that in spite of these differences between the Arab world and the United States, there are many commonalities; there are many common interests. And we have to look for changes in Arab perceptions towards the United States, and changing also of American perceptions to the Arab world. We must take into account the public opinion also.

And I think that we can build bridges of understanding. Arab-Americans have an important role, because Arab-Americans can be a bridge between our societies in the

Arab world and American society. So can people who know the Arab world – businesspeople, academics who lived in the Arab world, who understand the issues and the concerns. They can also play an important role in bridging this gap.

And I think there must be many initiatives, partnerships, and I would like just to refer to two of them in which I am involved personally. And this is that we are holding next year in May the Third U.S.-Arab Economic Forum that is bringing together officials and the business community with officials and business community in the United States. It's a great event. We had one in Detroit. We had one in Houston. And the next one will be in Washington, D.C. So you'll be all invited to attend.

The other initiative we are working on is in 2009 to have the first Arab cultural festival in Washington. And we are working with the Kennedy Center on that. It will be a great event bringing together the 22 Arab countries, and having them present the best they have in arts, and in all kind of culture. And this will show that the Arabs have a great culture and a great civilization and great arts. And this is the best way through this people-to-people contact to bridge the gap in our relations.

So I think we have common challenges. But we also have a common destiny between the Arab world and the United States. And that is why we have to join hands and work together. Thank you very much.

(Applause.)

DR. ANTHONY: I now have the pleasure to introduce Ambassador Larry Butler. Ambassador Butler is the Deputy Assistant Secretary of State, Bureau of Near East Affairs, with primary responsibility for Iraq affairs, the formulation and the execution of American policies, positions, and actions as they pertain to the department's presence in Iraq.

He shares, with Ambassador Hassouna, a former assignment to what was Yugoslavia when Ambassador Hassouna was there, with something quite different unfolding, breaking up, when Ambassador Butler served there, and subsequently as American ambassador to Macedonia. But he was the Principal Deputy and Chief of Staff to Lord Ashdown and the High Representative dealing with these issues, Dr. Schwarz-Schilling.

He has been in the United States Foreign Service as a senior officer for 31 years, during which he has also been involved with Northern Ireland and the Good Friday Agreement having to do with Northern Ireland affairs, which would rank probably in the first category of the longest unresolved civil conflicts in the last century and partially into this century. While ambassador to Macedonia, he was involved in implementing successfully the Ohrid Agreement which ended internal conflict in Macedonia.

He was also heavily involved in the so-called Dayton Accords, because they were negotiated in Dayton, and former Ambassador Holbrooke and others were involved,



which had to do with Bosnia and Kosovo and Serbia. So these are two particular areas that he has been involved in that are conflict, crisis-ridden, in addition to the ongoing role that he has with Iraq. And on top of which, having served for two years – '97 to '99 – in the National Security Council as the Special Assistant involved in the presidential semi-annual participation in the American-European Union summits, which was alluded to in the last session there in terms of the cooperative arrangements between the United States and Europe. And in addition to looking out for the U.S. presence in Iraq and activities, he is the interface with all of those countries in the allied coalition presence in Iraq. Ambassador Butler.

AMBASSADOR LARRY BUTLER: You're very brave and very patient to stay with me. I know traditionally, you're supposed to start an after-lunch remark with a speech to kind of wake everybody up while the coffee gets going through, but the only thing I can say is, today is the dawn of a new era with the Red Sox two games away from winning the World Series. I know that's got nothing to do with U.S.-Arab relations, but it might be something we can all agree on, unless you're from New York, in which case I'm really sorry. There's always next year. You can borrow that line from us if you want to.

Dr. John Duke Anthony, Ambassador Hassouna, Mrs. Hassouna, it's a pleasure to be with you. And I really feel like a duck out of water. You didn't hear any Near Eastern affairs in that 31-year biography, which started – because the new chapter in my life started in January when I was asked to shift away from the Balkans and peace efforts there and work on Iraq. And I'm sort of wondering what was I waiting for? It's a tremendous challenge, tremendous people, tremendous friends of the United States. And I want to associate very much, Ambassador, with many things you said during your remarks. And I'm sorry we didn't have a chance to overlap in Belgrade. I missed by just a couple of years.

I'd like to acknowledge the National Council for U.S.-Arab Relations and the truly outstanding work that you and your corporate sponsors do in forging strong bonds between our peoples, our governments, and our companies, all the aspects of civil and corporate and government life that you can think of. You have a daunting task, as we just heard outlined a little bit earlier. Educating Americans about Arab countries, the Middle East, and the Islamic world is not easy when the headlines and newscasts shout about the unrest and the violence and the extremism that capture headlines as it always does.

You have not let this divert yourselves from your goal of building a relationship between the U.S. and its Arab friends that rests on a solid and enduring foundation, characterized by strengthened and expanded strategic, economic, political, commercial, and defense ties by a reciprocity of respect for each other's culture and heritage, by increasing partnership, and by overall mutuality of benefit. Your success enriches us, makes my job and my colleagues' jobs at the State Department a lot easier, and I want to thank you for that.

I'm going to cover four items. I'm going to try and shrink this down in the interests of time here. You don't need me to tell you that U.S. policy in the region is broad and multi-faceted. And we heard the Secretary [Secretary of State, Condoleezza Rice] in front of the House Foreign Affairs Committee earlier this week repeat one enduring message. We are not leaving the region. We are going to remain engaged. We're going to stay engaged. We're finding new ways to work with our allies, our friends, to develop peace, stability, the reform agenda, all of it.

Among other things, the issues include Iraq, Iran, Israel, and the Palestinian peace process in Lebanon. And those are the four things I would like to talk about today. We have a vital and enduring national interest in the Middle East. And that's simply going to stay there forever, because that's just the reality. For six decades over the courses of many administrations, American leaders on both sides of the aisle have worked for peace and security in the region. And not always perfectly – and as Winston Churchill once famously said, you can count on Americans to do the right thing once we have tried everything else. Eventually, together, we'll get this one right, just because that's what is demanded.

The goal we seek is a secure and peaceful region. But for that peace and security to be lasting, it has to be rooted in what President Bush has called non-negotiable demands of human dignity. The rule of law, limits of state power, free speech, religious freedom, religious liberty, equal justice, property rights, and tolerance of difference, and respect for women – these values are the source of success for nations around the globe, and they are the only ones that can give the people of the Middle East a future of modernity with dignity. This, we believe, will ultimately defeat the ideology of violent extremism and ensure our collective security.

Iraq – this is kind of what I do 24 hours a day. It is front and center in our efforts to build a lasting peace and security in the region. The mission in Iraq is critical. We have incredible Americans, men and women in the military, and in civilian service from many countries in Iraq serving under extremely difficult circumstances, working with their counterparts from a cross-section of Iraqi government and civil society. They are away from their homes; they are away from their families. They often serve in danger.

Those of us who work in State Department consider it a moral duty to do the best we can here in Washington to support their efforts in Iraq. We agree that Iraq cannot be won by military means alone. What the military has been able to do in an effort to create an improved security environment in which the Iraqis themselves can turn to political matters has been impressive.

Candidly, we have been disappointed with the reconciliation efforts at the national level and the lack of passage of legislation, such as the de-Ba'athification laws or the hydrocarbon law package report, and we continue to press that. But I would like to talk about the oil law just for a quick second. One of the key elements for a national compact for reconciliation for Iraq is that they have a modern hydrocarbon legislation encompassing the oil and gas industry that features an equitable sharing of revenue. The

legislation will increase Iraq's prospects for economic development, obviously, gives incentives for everybody in the country, whatever sector or ethnic group that they identify themselves with, to work together, to pull together in Baghdad as well as out in the provinces, together for the benefit of Iraq.

We continue to advise companies from outside of Iraq that they incur significant political and legal risk in signing any contracts with any party inside Iraq before a national law package is passed by the Iraq parliament. We understand there are frustrations amongst many companies that I deal with at the pace of deliberations on the framework law, and we are concerned that the Kurdish regional government passed its own regional law in August and assigned a number of contracts before coming to an agreement with the central government on the framework of the national oil law. These contracts have needlessly elevated tensions between the KRG and the central government who share a common interest in passage of national hydrocarbon framework and revenue sharing laws.

But I would also think it to be a mistake to believe that nothing is going on politically in the country until these particular laws are passed. There is a lot happening. First, Iraq has passed a lot of laws, including a pension law, a modification, which allows all Iraqis, regardless of who they worked for and under what circumstances – and this reaches back before 2003 – unless they are the worst sort of war criminals, they get a pension. This is an incredible step forward in the reconciliation process.

They have improved their budget execution, meaning they're spending Iraqi money on the behalf of Iraqis, to the point the money which is mostly derived from the oil sector is being spent by central government ministries at increased rates, double so far this year of what they managed to do last year, and is being distributed out to the provinces. And this is a piece of decentralization we didn't actually anticipate. Again, referring to Winston Churchill, sooner or later, we get it right. Iraq never had a decentralized system where provincial governments actually were responsible for developing and spending their own budgets. It was all handed out by the center. And we're seeing it in Ramadi, in Basra, and in Fallujah, governments standing up and behaving as if they were governments and providing services for their people.

Secretary Rice noted just yesterday before the House Oversight and Government Reform Committee that the legislature of Iraq has passed a national budget this year, something our own Congress has not yet been able to accomplish. So it would be a mistake to ignore the significant local developments that are emerging, and the relationship of local and central governments.

Local governments are building on success, and we are reinforcing what they are doing in the lead. They are ensuring security. They are providing electricity. They are picking up their trash. They are providing their citizens with safe drinking water, schools for their children in a viable economy. This is huge. Electricity generation is up. It's the highest level it's ever been in Iraq. And this is a good sign.

I think we have found a formula, which takes the old big R, reconstruction, that was led by us and has put it into redevelopment, and put it in the hands of the Iraqi officials of the state and provincial levels. As I said earlier, we get decentralization. If you're in Cincinnati, you're not looking to Washington to solve your local sewage problems. You do that locally. This is something new and the roots are sinking in all over the country.

We have been working very hard on local responses to the challenges of security infrastructure and reconstruction. And no place more than Anbar Province – and if you read the Los Angeles Times today, there is a remarkable story of an American Marine lieutenant standing out in the street watching garbage being collected and a sewage repair team fixing a pipe. A year ago, Anbar was lost. Al Qaeda reigned supreme.

Now, the local authorities are clearing the streets and providing for jobs. This is an incredible transformation in less than a year, and something that I just salute the efforts of the local government who have borne the risks, because they have been the ones who have been killed and targeted by al Qaeda and others, together with the Marines and other coalition forces that have figured out how to follow their lead and reinforce their efforts.

And they are pushing the national government to provide them with more resources so they can continue to deliver. This is an example of local, responsible government. This is good governance in practice, and is the key to success, and the way we will keep pushing forward in Iraq.

Don't need to tell you that the American military has shifted into what someone has called classic counterinsurgency mode. Push the bad guys out; allow the local, good government to come up in its place. Make sure they get the resources to make sure the bad guys don't have a reason to come back in and offer an alternative to what the locals have chosen.

We have the crisis du jour in the PKK-Turkey problem. There is an Iraq delegation that was in Ankara today. They met for 90 minutes this morning. I don't have a readout about how the meetings went. But we're aware that a Turkish-designated terrorist group, the Kurdistan People's Worker's Party, or something along – it's either known as PKK or PGK, because they change names periodically – has been conducting attacks on Turkish security forces north of the Iraq border, and they've been coming out of Iraqi territory.

You've seen us engaged in intensive diplomacy to avert a larger crisis. We have spoken with Turkish Prime Minister Erdogan, Iraqi Prime Minister Nouri al Maliki, and the Iraqi Kurds themselves indicating that the United States takes this situation extremely seriously. We said early on that Iraq should not be a place from which PKK terrorism can strike at Turkey. We take the PKK threat seriously. We were the first country after Turkey to designate the PKK as a terrorist organization. We have led efforts amongst our allies in the region and in Europe to address PKK terrorism. We support the Turkish

government in the defense of their country against terrorism, at the same time as we urged them to exercise restraint against actions that would have the effect of destabilizing the region.

Now, we're encouraged by a couple things. As I said, the Turkish foreign minister was just in Ankara a couple of days ago. The Iraqi Defense Minister and the Minister for National Security had meetings this morning in Ankara. We welcome statements from Iraqi leaders that PKK offices inside Iraq will be closed. They will impede logistical support to the PKK, but we need to see action back up the words, because we've heard the words before. The bottom line is it's incumbent upon the Iraqi government, both in Baghdad and in Erbil to address the Kurdish issue, to demonstrate to Turkey that they take sovereignty and control of their country seriously.

Moving eastward, you would have seen Secretary Rice's and Secretary Paulson's announcement yesterday in the Benjamin Franklin room at 9:00 regarding our actions on Iran. We are grappling with the ongoing refusal of Iran to meet the demands of the IAEA and the U.N. Security Council. We are concerned that the policy of Iran constitutes perhaps the single greatest challenge for American and Arab security interests across the Middle East, and probably around the world, because the combination of Iranian terrorism, Iranian repression at home, Iranian dreams of regional dominance, and the pursuit of nuclear weapons technology is a dangerous, dangerous mix. We're working with our international partners and we're following a two-track approach.

Most importantly, we are committed to a diplomatic solution to the Iranian nuclear question. We back EU foreign policy chief Javier Solana's negotiations with Iranian nuclear negotiators – (inaudible) – Larijani and Jalili who recognize that the IAEA Iran work plan has the potential to resolve the outstanding questions we have about Iran's secret weapons program.

But I want to be really clear about this. The Iranians must change course. They must accede to the global community's demand that they comply with their international nuclear obligations as spelled out in the Non-Proliferation Treaty, and the IAEA, by suspending uranium enrichment and reprocessing, so that negotiations can begin.

If Iran takes this step, the P5 plus one has made a generous offer to Teheran to assist in their development of a civilian nuclear energy program. I point out that Secretary Rice made a historic gesture in May of last year to sit down with her Iranian counterpart if Teheran would simply suspend. Up until now, Teheran has refused.

The second track is to increase pressure on Iran inside and outside the United Nations until it comes into compliance. The Security Council has passed two Chapter VII sanctions resolutions unanimously. Member states are reporting back to the United Nations on how they are implementing U.N. Security Council Resolution 1737 and 1747. Further, we're working with our P5 plus one counterparts on a draft for a third resolution unless Mr. Solana and IAEA chief Mohammed El Baradei give passing marks to Iran in their reports that are due out next month.

Outside of the United Nations framework, the United States and other nations are taking additional steps to defend the international financial system and augment the pressure on Teheran. The United States yesterday designated Iranian entities, including banks, companies, parts of the regimes, and individuals associated with the proliferation of weapons of mass destruction, Iranian missile programs, and terrorist financing. Likeminded nations such as Japan, France, the United Kingdom, other members of the European Union are considering similar messages.

Departments of State and Treasury have engaged foreign firms and governments reminding them of their financial and reputational risks of doing business with Iran, encouraging the reduction of official export credits and trade insurance, and more generally urging an end to business as usual. HSBC, Credit Lyonnais, Credit Suisse, and Deutsche Bank, have already pulled out of the Islamic Republic. BMP Pariba, Kommerz Bank, and Dresdner Bank have severely curtailed their business with Iran.

We're also working with our allies in the Gulf to strengthen their defensive capacity and the threat of further Iranian aggression in the region. On July 30<sup>th</sup>, Secretary Rice announced our intent to initiate discussions with the Gulf States on a proposed package of military technologies that will help support their abilities to secure peace and stability in the Gulf region. As Secretary Burns – who by the way, would be State Department's number one Red Sox fan – we believe it is time for diplomacy to become more effective. The Iranian government must understand the costs of their behavior. And so, we are committed to a peaceful, diplomatically negotiated outcome here.

Over quickly to Israel and Palestine, I heard a quick mention of Annapolis. You note that we have reenergized our engagement with Israel and Palestine. And the truth is that in the long term, nothing would have a greater impact on shaping a positive future for the Middle East than the realization of the President's vision of two states, Israel and Palestine, living side-by-side in peace, security, and dignity.

But for that to happen, Israelis and Palestinians must see a different reality emerging from the one they see today. Israelis must see an end to terror and hope for a final end of the conflict and full acceptance in the region. Palestinians must see their dignity respected, their hope restored for an early, negotiated end to the occupation, which began in 1967, and the creation of a viable, independent state of their own.

We're in a different world than we were in '73 or '83 or even, for that matter, just seven years ago, the last time this effort was tried seriously. And that is a world now in which, as much as the Palestinian-Israeli conflict needs to be resolved on its own terms, and certainly needs to be resolved with due regard for and respect for Israeli security concerns, and for concerns the Palestinians have about their future, it does take place in the context of a larger battle between extremists and moderates throughout the Middle East.

In that regard, our concern is growing that without a serious political prospect for the Palestinians, that gives to moderate leaders a horizon where they can show to their people that there is a two-state solution that is possible and achievable, we will lose the opportunity for a two-state solution, and we will see the further radicalization of Palestinian politics and of politics in the region.

A particularly troubling development is Iranian support for Hamas. We always knew that Iran supported some of the more marginal terrorist groups such as the FLP and so forth, but to see Iranian penetration now of these more radical elements of Palestinian terrorist groups is really troubling. And so, what we're trying to do here is to give moderate forces a chance to demonstrate that statehood is a reality.

The parties themselves I think have recognized the importance of this moment in doing precisely that, which is why the principal reason for the international meeting to be held this fall in Annapolis would be to support the bilateral track that President Abbas, Prime Minister Olmert have themselves entered onto. They have said they want to write down some of the understandings between them. Obviously, it's going to be very important that they not just deal with the issues with the establishment of a state, but also the on the ground issues.

Moving around the clock and finishing up with Lebanon, I'm a firm believer in the point that Lebanon is one of the key elements in getting a policy that will promote moderation and enhance the ability to resist extremism. I would say to you that diplomacy on Lebanon is very active at this stage. It's clear that Lebanon is under assault by those who want to turn back the clock on Lebanon's hard-won democratic gains. Enemies of peace and freedom want to gain through violence, threats, and intimidation what they couldn't win in free and fair elections.

The world should speak with one voice in calling for an end to violence in Lebanon intended to subvert the democratic processes in that country. The process of electing a new Lebanese president, which is underway right now, must proceed in accordance with the constitution, but without the threats of foreign interference, and without further violence.

We are trying to maintain pressure on Syria to cease these destabilizing tactics in Lebanon. We've called attention to the fact that Syrian and Syrian-backed forces are trying either to intimidate or literally destroy the very people who would be able to bring about a democratic solution for Lebanon. We are concerned about the ongoing assassination of anti-Syrian figures in Lebanon and about the ongoing shipment of weapons across the Lebanon-Syrian border in violation of the arms embargo established in U.N. Security Council resolution 1701. We remain closely engaged in Lebanon and we are absolutely committed to supporting the sovereignty of Lebanon.

In conclusion, there is one thread of an idea that runs through all our policies in the Middle East, and that is that success in the Middle East will be measured by whether we are able to achieve a partnership with the people of the region based on a common

vision. And we have to be as clear as what we stand for as what we stand against, convey a message of freedom, opportunity, and dignity to the region's people.

And just in conclusion, as we said about sovereignty and the indivisibility of Lebanon, the same goes for Iraq. I'm not going to be an apologist or attempt to explain what was going up on Hill, but we are committed to Iraq with a strong federal system with a good central government with strong decentralized provinces. But it's up to the Iraqi people to decide what their country looks like, not for us from the outside.

Thank you very much for your attendance, your attention, the fact that you stayed awake, even laughed occasionally. And thank you. (Applause.) We have a few minutes to answer any questions or attempt to dodge them.

Q: Thanks for your remarks. On Iraq, since that's your major focus, one dimension of this is what is called the refugee problem. The tremendous dislocation of Iraqis, and actually they're moving, leaving the country, specifically to Syria and Jordan – more than I think 2 million. I've heard that the Jordanians and the Syrians have sort of reached the limit in supporting this influx. And they're looking for help. But the United States government should be in a position to extend more financial assistance, for example, through Syria despite the political complications there and Jordan.

AMB. BUTLER: At the request of Secretary Rice, Under Secretary Paula Dobriansky earlier this year set up a taskforce that brought together all of the stakeholders in an interagency format to address the issue of displaced Iraqis both internally and externally. And it's also worth remembering that there were more than a million Iraqis who had fled Iraq before 2003. And our goal, up until the Samara golden-dome mosque bombing, was to help Iraqis go home. And that was quite successful.

But since then, of course, we've seen substantial outflows; we don't have precise numbers, but there could be two million Iraqis inside and outside the country. And indeed, it's just not Jordan and Syria where they've gone. Many of the Arab countries – Egypt, Lebanon, and others – have been extremely gracious in hosting persons who want to stay in the region so that they have the opportunity to go home some day. We have mobilized resources through UNHCR. As you know, we don't have direct programs with Syria and we have real problems getting visas for our refugee processors to get into Syria to facilitate those who qualify for refugee processing in the United States to get there.

So yeah, we do work with UNHCR, as we call, our proxy, someone who can operate on the ground as well as with other NGOs to ameliorate the needs of the most vulnerable groups as far as we can identify outside. UNHCR has been very active, very successful in raising money; they've met all of their goals. And we continue to look for new ways to address education needs and as I said, to minimize the impacts on the most vulnerable of the populations.



Our goal is to build on the security that is coming back to Iraq right now, not perfect, not complete, and maybe not self-sustaining yet, so that people can return home in safety as soon as conditions on the ground permit it.

DR. ANTHONY: Thank you, Mr. Ambassador.

AMB. BUTLER: Thank you. (Applause.)

DR. ANTHONY: The reason we limited it to just one question is a couple of people have to catch a plane. Bringing this to a close, I wanted to thank the National Council's vice president, Patrick Mancino, and its director of development. (Applause.) Patrick has been the interface with just about every single logo on this platform here in terms of the sponsors.

In the closing remarks, I would simply like to focus on a couple of key aspects here in terms of what some of the specialists pointed out, that despite the sort of negative and contentious and controversial, pessimistic images of U.S.-Arab relations that pass for established thought in the media or on the Capitol Hill and even some parts of academia, as well, Odeh Aburdene and others pointed out that the United States still remains a beacon because of its superpower status and preeminence in several areas of excellence there with regard to economic, financial, technological, educational, industrial, and military.

To those, one could add the following, that whereas the United States is the world's single largest consumer of energy, that particular region is the single largest producers and exporters of it. So the more natural commonality of interdependence and mutuality are benefited, reciprocity of reward and comparative advantage would be hard to imagine. But one that's not focused on often is the fact that the United States is also the most prodigiously productive agricultural power on the planet.

And for all of the assets that the 22 Arab countries have, I count only five that have rivers there, in terms of Sudan, Egypt, Morocco, Algeria, and of course, Iraq. If I'm on the arithmetic there, that means that the other 17 have not one single river, not one single perennially flowing stream, brook, estuary, or creek, barely a pond, scarcely a pool, hardly a puddle. And so, in terms of the agricultural food needs of the region, there is a natural complementarity and mix there which would please economists trying to match needs and concerns and mutual benefits there.

Much has been talked about rule of law, accountability, and transparency. But if I heard correctly, much of it was in terms of Americans looking for this in the region of the Arab world. Someone used the phrase mirror imaging there, but I think it wouldn't hurt if we italicized, neonized, and capitalized rule of law and particularly constitutional law, on our mirrors, and accountability and responsibility on our mirrors, too, rather than that we look at others as though through a glass house, having stones in our pocket, per se.

And likewise, where as none of us are in an ideal situation, hardly a human is bereft a blemish; no one is devoid of defect there. We have to acknowledge that we were the primary drafters of the United Nations Charter, which is the founding principle framework reference for world order and cooperation and development over the last sixty-some years. And we took great care to put in italics in the preamble to the United Nations Charter that the members of that august body would be those who manifested and reflected their national sovereignty, their political independence, and their territorial integrity.

Now, we just had a speaker, and several speakers, who were focused on issues that are the direct result of American policy's positions, actions, and attitudes that have not necessarily enhanced national sovereignty or Arabs' political independence. And hanging the balance, as well, is Arab and Afghani territorial integrity. And so, in these particular cases, as well as the Israeli-Palestinian conflict and challenge, namely U.N. Resolution 242 and 338. In the operative beginning paragraph, it underscores the inadmissibility of the acquisition of territory by force.

And so, we, in holding this up to our own mirror image, need to be constantly be asking ourselves, do we say what we mean? And do we mean what we say? And to step back and look at this from a more philosophical, cultural, value-laden context, we Americans largely use unquestioningly the phrase that we are the products of the Judeo-Christian culture. That's true, but it's only two-thirds true.

We are the products, we are the descendents, we are the progeny of the Judeo-Christian-Islamic culture. And of the last third, far more intensively and extensively than most Americans are want to or taught to believe. So in this, we are underscoring a degree of us-ness that doesn't yet necessarily constitute basic central consensus knowledge and understanding of the United States. And therein lies its own challenge.

And particularly for those who focus on the region as "those", "them", and "other", as objects, as inanimate, we can ponder the following, that we are the beneficiaries of the following facets of the region. It was, for Westerners at least, and most, if not everyone in this room, the crucible of culture. As we identify and define culture for the most part, it was the cradle of civilization. As we defined it largely, for the most part, it was the source of the three monotheistic faiths on the earth – Judaism, Christianity, and Islam – which constitutes the religious beliefs and institutions and practices of half of humanity. It was also the anvil of antiquity and the source of sunshine on the classical world and the point of intersection between three continents – Africa, Asia, and Europe – and not least, the center, the epicenter, indeed, of prayer and pilgrimage, of faith and spiritual devotion for half of humanity.

Thank you for being part of this particular conference. We have our work cut out for us. We look forward to working with all of you. Please give us feedback as to how we could do various things differently and better and try to strengthen and expand and improve the U.S.-Arab relationship. This conference is adjourned. (Applause.)

MR. MANCINO: Just one last point before you leave. I just want to say thank you very much, as Dr. Anthony has noted, to our sponsors and to the staff at the National Council. If you're in the room and Christine, you're probably out there, just wave your hand. I know, of course, Dr. Anthony, his lovely wife, Cynthia, who has endured with us over the weekend, Mark Morozink, Christine O'Donnell, Megan Geissler, Andrew Vincent, Dr. Jim Winship, Dr. Mario Pasqual, Abby Hogan, our wonderful Model Arab League student delegation from Converse College, our videographer extraordinaire, Si Witt, the Embassy of the United Arab Emirates for a great reception last evening, and all of you for coming. Thank you very much and we look forward to seeing you next year, as we'll celebrate our 25<sup>th</sup> silver anniversary here at the National Council. Thank you. (Applause.)

(END)