

NATIONAL COUNCIL ON U.S.-ARAB RELATIONS

17TH ANNUAL ARAB-U.S. POLICYMAKERS CONFERENCE

“TRANSITIONING THE WHITE HOUSE: CHALLENGES AND OPPORTUNITIES FOR ARAB-U.S. RELATIONS”

FRIDAY, OCTOBER 31, 2008

**RONALD REAGAN BUILDING & INTERNATIONAL TRADE CENTER
WASHINGTON, D.C.**

12:30-1:30: LUNCHEON

Speaker: Ambassador Chas. W. Freeman, Jr. – President, Middle East Policy Council; former Assistant Secretary of Defense for International Security Affairs (1993-94), earning the highest public service awards of the Department of Defense for his roles in designing a NATO-centered post-Cold War European security system and in reestablishing defense and military relations with China. He also served as U. S. Ambassador to Saudi Arabia (during Operations Desert Shield and Desert Storm) and Principal Deputy Assistant Secretary of State for African Affairs during the U.S. mediation of Namibian independence from South Africa and Cuban troop withdrawal from Angola.

Remarks by: H.E. Ali Suleiman Aujali – Chargé d’Affaires, People’s Bureau of the Great Socialist Libyan Arab Jamahiriya; former Chargé d’Affaires Libyan People’s Bureau in Ottawa, Canada; former Libyan ambassador to Malaysia, Argentina, and Brazil.

“An Update on Libyan-U.S. Relations – The Process of Renewal”

Transcript by Ryan & Associates

[DR. JOHN DUKE ANTHONY] I've been asked to put some of what we've been deliberating in a sort of poetic or literary context as the gifted Doctor Abdul Rahim Foukara did last year and is back by popular demand.

And that is when people talk about the clash of civilizations aspects and so many of us seek ways to respond to that, to refute that, to have a counterpoint to that, one might consider the following in addition to what has been said in previous sessions.

If one takes into consideration that this is the birthplace of the three monotheistic faiths of Judaism, Christianity and Islam, one could add to those realities undeniable, indisputable facts, the following, that this, certainly in a Western context, and somewhat Eastern as well, that this is the place that in terms of recorded Western history the first person died, the first child cried, the first lovers sighed. It is also the crucible of culture as it is known and appreciated, certainly in the Western world and its close associates. It has been the anvil of antiquity. It has been the source of sunshine on the classical world. The cradle of civilization. The crossroads of three continents, Africa, Asia and Europe. And as the birthplace of monotheism, Judaism, Christianity and Islam sometimes appearing to represent the traffic jam of the devout. And first and foremost from Morocco to Muscat, Baghdad to Berbera, Algiers to Aden and Aleppo in between it is also one and the same as the epicenter of prayer and pilgrimage and of faith and spiritual devotion for fully a fourth of humanity.

With regard to our next speaker, Ambassador Chas Freeman, who is no stranger to these conferences.. Ambassador Freeman was Ambassador to Saudi Arabia during Desert Shield and Desert Storm, was Assistant Secretary of Defense for International Security Affairs where he helped design a NATO security strategy in the aftermath of the Cold War. He was also a noted specialist in China and received part of his education in Mexico and as President of the Middle East Policy Council has teacher training institutes and Congressional briefing series on Capitol Hill. Chas Freeman.

[AMBASSADOR CHAS FREEMAN] Thank you very much, John. It's a pleasure to be back with the National Council, which I congratulate on the wonderful attendance at this year's conference. Usually I get to give the last speech when only those who are desperate for a drink or are too crippled they can't move from their seats are still there. The tradition continues you're sitting there over lunch and I'm afraid you're going to have to sit there as I speak on the subject of West Asia and the next President.

Next Tuesday, just four days from now, we Americans will select a new President and his back-up. Exactly eleven weeks later they will take office. They will inherit a dog's breakfast of policy catastrophes from the outgoing Administration. Everyone will look to them to clean these up. In West Asia, the Bush Administration's legacy to America and the world includes two ongoing wars, a hostile relationship with Arabs and Muslims, and the loss of our ability to inspire others to follow our lead.

Here at home, we've avoided socialized medicine but we've spent ourselves into socialized banking. The incomprehensibly large operations of our government, including its military

operations and those of our vastly expanded public sector, continue to rely on foreign-financed credit rollovers for their sustainment. We've more than doubled our national debt over the past eight years and we're driving hard for a debt level equal to our GDP.

The next President must help us survive a deep recession. At the same time, he must restore pay-as-you-go government. He must talk Americans into paying the taxes and foreigners into lending us the money needed to make this transition. Our financial system and economic model have been discredited. The next Administration will have to come up with a financial workout plan. We need to convince creditors that we are en route to national solvency. Those we are asking to buy our debt – Arabs, Chinese, Brazilians, Europeans, Russians and others – are the very peoples who object to the self-righteousness and global domination we have unilaterally asserted. They have seen our recent behavior as bullying. Persuading them to pay for continuing military adventurism will be far from easy. It's said that salesmanship starts when the other party says no. The next President is going to have to be a wicked good salesman.

In 1967, Britain was forced to the conclusion that it could no longer afford to police the world East of Suez. The United States is not at such a moment but we are much too close for comfort. Our sticks are foreign-financed; our carrots are being sought by the repo man as we speak.

Long wars cannot be fought on other peoples' money, especially when those who must lend us the money suspect that we see them as eventual targets of the military campaigns and modernization we want them to finance. For the first time in living memory, resource constraints will compel the United States to choose between domestic and overseas, and between civilian and military priorities. These constraints will also force us to stop trying to do everything on our own and to seek partners to share the human and financial costs of global and regional order and energy security

The fact that you and I haven't heard a lot from either Presidential candidate about these challenges is instructive. It suggests that much of what both of them have been saying on the campaign trail is irrelevant. The campaign rhetoric provides no guide to what the next president will actually do in the radically changed circumstances of post-meltdown America.

Very likely he doesn't know himself. So rather than try to predict what he'll try to do, perhaps we should ask what he ought to try to do. One way or another, there will be major changes in how America operates at home and abroad. Given the terrible mess in the Middle East in particular, thinking about new approaches there seems especially appropriate. Let me offer a few thoughts on the current situation and what might be in store for us.

I'd like to begin on a note of optimism. Miracles evidently still happen in the Middle East. After all, God just spoke, though somewhat belatedly, to Ehud Olmert. And, lo! God convinced Mr. Olmert that there can be no two-state solution in Palestine without ample land for the Palestinians and that creating a one state solution, a single Eretz Yisrael but dividing it into two zones – in one of which Arabs have limited rights as second-class citizens and in the other of which they have no rights at all – is a very good way to destroy the state of Israel.

It promises, among other things, to set off an international campaign to isolate and punish the Jewish state for the practice of apartheid and related sins. Earlier, God had spoken to our retired President, Jimmy Carter on the same subject.

Since God now seems to be into the business of counseling retirees, perhaps He'll also speak to Calamitous George as he leaves office, to convey the insight that writing blank checks to Israel harms it by depriving Israelis of any incentive to make the hard choices they must make to achieve long-term security for themselves and their state. In our own interest, we must act to create conditions that allow Israelis and Arabs to accept and coexist with each other on a mutually respectful basis. In this connection, it benefits no one for the United States to continue to underwrite the injustices, indignities, and humiliations of the occupation. These injustices have corrupted Israel's moral standing. These indignities invite terrorism. These humiliations are so intolerable as to make peaceful coexistence with Israel impossible for Palestinians and unacceptable to other Arabs. They therefore preclude the broad regional embrace of Israel proposed in the Arab peace plan of 2002.

Mr. Olmert is a bit late but far from alone among Israelis in his recognition of what needs to be done. The prerequisite for both peace and the survival of Israel as a Jewish state is the end of the Jewish holy war for Arab land and the withdrawal of Jewish colonists from the properties they have grabbed from Palestinian owners since 1967. There is, of course, a common retort to this observation. It is that, even if decolonization is both right and necessary to achieve acceptance of Israel's existence where it counts, it is politically impossible for Israel to do it. This amounts to saying that it is politically impossible for Israel to do either what is right or what is necessary to secure its own existence. The long-term implications of this self-imposed moral and political incapacity are not pleasant to contemplate. Israel is a small country surrounded by much larger neighbors of growing wealth and power. It has done much to secure their enmity and nothing to win their affection.

Meanwhile, divine intervention is unlikely to be required for U.S. taxpayers to choose between alleviating the suffering of Americans made destitute by the collapsing economy here at home and sustaining, subsidizing a prosperous lifestyle for some but not all inhabitants of the Holy Land. If Americans are asked to make tough choices and pay our own way – as we will be asked to do – most will not see it as either unreasonable or anti-Semitic to ask Israelis to do likewise. Given the attitudes of our creditors in this matter, it's also possible that, at some point, when Israel tries to cash a subsidy check, it will bounce.

Whatever the next President does to encourage peace between Israelis, Palestinians, and their neighbors, the last eight years show that doing and demanding nothing can and will make things worse. But, even as he repositions the United States to promote peace in the Levant, the next President must deal with the challenges of the Afghan-Pakistan region and Iraq. The seven-year-old war in Afghanistan is not going well for anyone except opium farmers, Pashtun nationalists, and al Qaeda. More than five and a half years after we invaded Iraq, changes in our campaign plan there, backed by higher troop levels and lots of cash to pay off insurgents, have stabilized both our occupation of Iraq and the politics of the war here, but they have not stabilized Iraq itself. The \$859 billion we have so far committed to the so-called "Global War on Terror" has yet to win us a significant victory anywhere. In Afghanistan and Iraq too, more of the same is not an

option.

This is not just because we can't sustain the current pace of military operations or their costs without breaking our army or bankrupting ourselves. It is also because much of what we are doing in these two very different countries seems to be harming rather than advancing our national interests. Reconnecting our policies to those interests, tying our core objectives narrowly to them, and not allowing ourselves to be diverted from the efficient pursuit of them will be the keys to success.

Let me start with Afghanistan. I am sure I am not alone in recalling that we went there to accomplish two straightforward tasks. First, to avenge ourselves on the sponsors of 9/11 – to kill them or bring to justice, that is to bring al Qaeda to justice. Second, to punish those who had given safe haven to them. We sought to ensure that neither the Taliban nor anyone else would ever again risk the consequences of harboring terrorists who plot violence against the United States. Our enemy, we understood, was al Qaeda. Our dislodgement of the Taliban from power was the means by which we expected to ensure that that enemy could not reconstitute itself in Afghanistan.

In broad terms, what we sought was strategic denial of Afghanistan to terrorists with global reach. We had pretty much achieved this by the time of the battle of Tora Bora, only two months after our invasion began. It is not clear that we have advanced much since then. We may in fact have slipped backwards. Al Qaeda has not been smashed. The Taliban and its fellow travelers in other Muslim lands no longer view us as too formidable to defy.

What began as a punitive raid aimed at beheading al Qaeda and chastising its Afghan household staff has somehow morphed – with no real discussion or debate – into a prolonged effort to pacify Afghanistan and transform its society. This moving of the goal posts frankly gratified neo-conservatives and liberal interventionists alike. Our new purpose became giving Afghanistan a centrally directed state – something it had never had. Our aid programs focus on making it safe for women's rights and a growing list of other noble causes, regardless of how many Afghans these programs agitate into enmity. The fact is: we lost our strategic focus in Afghanistan well before we shifted our attention from it to the unrelated topic of Saddam Hussein's secular regime in Iraq.

Most observers judge our position in the Afghan-Pakistan theater to have become precarious. Pakistan's support for us and our military operations is increasingly shaky. Our intervention is fostering attitudes among Afghans conducive to terrorism (and congenial to the poppy cultivation that funds terrorist insurgents). The Pashtun homeland that straddles the Afghan-Pakistan border has become a zone of lawlessness in which terrorists operate with reliable local support. That is the very opposite of what we hoped to accomplish. While intelligence operatives and special forces do continue to hunt al Qaeda, our overall war effort now seems mainly aimed at keeping "our guys" in power in Kabul by suppressing uppity Pashtun warlords and a resurgent Taliban.

Almost everybody believes we need a different strategy and approach. Both Presidential candidates have pledged to add many more American soldiers to the 31,000 now in Afghanistan

and to escalate our military struggle there. But a strategy that continues to rely primarily on military means seems likely to deepen our confrontation with Pashtun nationalism, push the destabilization of Pakistan to a new stage, and promote the further spread of anti-American terrorism.

We need to recall the reason we went to Afghanistan in the first place. Our purpose was not to reform it or to rectify our lamentable lack of attention to it after the Soviet defeat there twenty years ago. It was to deny the use of Afghan territory to terrorists with global reach. That was and is an attainable objective. It is a limited objective that can be achieved at reasonable cost. We must return to a ruthless focus on this objective. We cannot afford to pursue goals, however worthy, that contradict or undermine it. The reform of Afghan politics, society, and mores must wait. First things first. Our policies and programs toward that country must aim above all to reduce the likelihood of its involvement in terrorist attacks on the United States or Americans abroad or allies. Bombing, strafing, seizing, and mercilessly interrogating villagers from a warrior culture do not support this objective. Nor does denigrating and seeking to erase aspects of Afghan culture we consider benighted – even if they are benighted. A little collateral damage and disparagement can convert a lot of formerly harmless people into supporters of terrorism.

We must now ask ourselves some very basic questions, drawing on our experience in Iraq as well as in Afghanistan. In a struggle to dominate and deny human rather than physical terrain, is the large-scale use of force an effective way to achieve positive political results? Can measures that produce less collateral damage, like intelligence and law enforcement efforts, backed as required by commandos, obviate the need for conventional military operations? Does foreign military occupation of xenophobic Muslim societies inevitably evoke an allergic reaction that generates rather than inhibits terrorism? If so, can counterterrorist operations be staged without occupying the countries in which their targets are located? And how are we to avoid reprisal from those whose sovereignty we violate?

In the case of Afghanistan in particular, does our effort to prop up a largely ineffectual national government raise or lower Afghan support for terrorists who have us in their sights? Can we coopt hostile local authorities and insurgents with respectful dialogue, cash, and programs of material assistance, as we did in Iraq? Are there allies with Islamic credentials who could do a better job than we at these tasks? If so, how do we enlist them? Arab governments are threatened by the same extremists who threaten us. Would they be willing to design, fund and staff religious curricula in Afghanistan and adjacent areas of Pakistan that could discredit extremist ideology and delegitimize terrorism, as Saudi Arabia has finally done? Should we be talking to the Taliban about a deal that drives al Qaeda from the Pakistani part of Pashtunistan as well as from Afghanistan as a whole? Should we be talking to Afghanistan's powerful neighbors – China and Iran -- as well as to Pakistan – about these things?

If our next President listens, he will find that these questions and others like them, absent as they are from public discussion in our own country, are very much on the minds of our allies and friends abroad. The lack of evidence that we have seriously considered them or are prepared to answer them accounts in large part for our allies' unwillingness to commit more forces to the US-led "Global War on Terror" in Afghanistan. The Bush Administration has just launched a thorough review of our strategy there. The next President will receive its recommendations. He

doesn't have to agree with what he hears, but he does have to decide how to steer us on a new course. We cannot succeed with more of the same in Afghanistan. And that is also true in Iraq.

We finally know where we are headed in Iraq. We are headed out. At the insistence of the Iraqi authorities, the U.S. military will spend the next three years or so redeploying. Our patrols are to leave Iraq's city streets by next summer. All U.S. combat forces are to be gone from Iraq no later than the end of 2011. It will be quite a trick to accomplish this sort of disengagement without tipping the country back into anarchy and civil war or facilitating even greater political inroads by Iran.

The purpose of the so-called "surge" was to create the preconditions for political reconciliation in Iraq. Its focus on Baghdad prevented the fall of that city, stabilized the foreign occupation of Iraq, and took the war off the front pages of U.S. newspapers. In the process, our military became active participants in Iraqi politics and governance at the local level. But the only reconciliation there has been is between the U.S. military and Iraq's Sunni Arab insurgents, whom we have put on our payroll. There has been no reconciliation and there is no trust between the Sons of Iraq and the Shiite-dominated administration in Baghdad, still less the various Shiite militias that support or sympathize with that administration, or the Iranians on whom some of them rely.

It was the U.S. military, assisted by Iraqi troops and militias, not the Iraqi government, that impartially separated communities and combatants and kept the lid on intercommunal strife in Iraq. Iraqis still look first to their American occupiers for the just and efficient provision of community services and support. Many of them see their own government as inefficient, sectarian, and corrupt. Some regard it as a running dog of Tehran. In short, stability in Iraq, such as it is, has depended on foreign occupation authorities doing what the Iraqi government has been either unable or unwilling to do. The withdrawal of U.S. forces will rebalance power and patronage in Iraq with consequences that are difficult to predict.

Iraq's infrastructure has been smashed, its domestic tranquility shattered, and a fifth of Iraqis – the equivalent of sixty million Americans – are displaced from their homes, driven into exile, or dead. Iraq resembles nothing so much as many of the American veterans who have served there: it is battered, embittered, and in physical and mental pain. The fact that the Iraqi polity has been somewhat stabilized in this condition is better than the alternative, but it does not provide much cause for celebration.

As Ambassador Ryan Crocker has observed, "in today's Iraq, Sunni Arabs fear the future; Shiites fear the past; and Kurds fear both the past and the future." Our current attempt to hand off to the Maliki government responsibility for command, control, and cash transfers to the Sons of Iraq is a test, but only the first test, of whether that government can and will conduct itself in such a way as to gain the confidence of those beyond its political base and avoid renewed communal violence. If Iraqis pass this test, as we must hope they will, there will be many more tests ahead of them.

The Jihadi movement in Iraq was a by-product of our invasion and Iraqi resistance to it, on which its members gorged like jackals after a slaughter. It never consisted of very many people,

but it succeeded in igniting the sectarian hatred that now casts such a shadow over Iraq's future. In the laboratory for terror that Iraq became, it innovated and learned. It invented weaponry and techniques of asymmetric warfare that are now being applied not just in Afghanistan but in many other places – from Chechnya to Colombia, from Sri Lanka to Spain.

In the end, we had the good sense not to interrupt al Qa`ida as it made the mistake of making enemies of our enemies. With our help, Sunni Arab tribal leaders and their forces have now mopped up most but not all of al Qa`ida in Iraq. But the defeat extremists have suffered in Iraq do not equate to decisive victory on any level. The preconditions for intercommunal mayhem have not been eliminated. We are not yet out of Iraq. No one knows who will be king of the mountain in Mesopotamia. There may be quite a fight among Iraqis to decide this. Al Qa`ida's focus has shifted to other opportunities but a rebirth of anarchy or civil war in Iraq could quickly revive its franchise there.

By now it is a cliché that the only victor in Iraq has been Iran. For five years, Iraqis have been struggling to regain their freedom from foreign domination. Many have turned to their coreligionists in Iran for support. The result has been the emergence of something resembling an Iranian political occupation of Iraq to parallel the American military occupation. The only effective or long-term counterbalance to Iranian dominance of Iraqi politics remains Iraqi nationalism. The withdrawal of U.S. forces upon which Iraqis now insist offers them an opportunity to take back the independence they have yielded not just to us but to their Persian neighbors.

The United States and the countries of the Arab League and the GCC have every reason to back the aspirations of Iraqi nationalists. The rebirth of Iraq as a strong regional actor independent of Iran and with close ties to its Arab and Turkish neighbors is essential to regional stability. The U.S. military presence in the Gulf must now be reduced to affordable levels. The only way to do this is to adopt a strategy of using our weight and that of our allies from over the horizon. Our purpose would be to buttress the independence of the states of the region and to help them achieve and sustain a balance of power. A less intrusive approach like this is needed to reduce the US military presence to levels that do not feed terrorist reaction in the conservative Muslim societies of the Gulf. But for "offshore balancing" of this kind to work, the Gulf must recreate the possibility of an equilibrium that the U.S. and others can tip toward stability. No such equilibrium is conceivable without the return of Iraq to full independence.

Offshore balancing would return primary responsibility for regional peace and stability to the states of the region. But it would not end U.S. military involvement in the Gulf. It is a burden-shifting strategy, not a cop-out. It would require the United States to retain – and occasionally to demonstrate – a credible capability to intervene rapidly and decisively in support of regional balance. A framework for accomplishing this might in time be supplemented by burden-sharing arrangements with major energy-consuming nations. It is not unreasonable to expect them to help defend the energy supplies and supply lines on which they, like Americans, depend.

Drawing Iraq out of the Iranian orbit is also a prerequisite for peace and stability in Iraq itself. Sunni Arab Iraqis must learn to live with Shiite-domination of their country's politics but neither they nor any other patriotic Iraqis will accept a government in Baghdad that they see as a pawn

of Persia. Iraq's neighbors will react badly to this too. Iran must be brought to realize that overly ambitious policies excite opposition that threatens rather than serves its national interests. But we must acknowledge that Iran has legitimate security interests and that it cannot be excluded from an appropriate role in its own region.

American ambivalence over what to do about Iran has given the Iranian hardliners everything they have wanted – a justification for building a nuclear deterrent and an excuse to develop the capacity to conduct asymmetric warfare directly and indirectly through proxies. We have continually said and done things that increase Iran's concern about its security from attack, even as we demand its disarmament. We have professed a desire to constrain Iran's influence and the threat it may pose to Israel, but we have simultaneously driven Palestinians into an unnatural dependence on Tehran, cemented Syria to it, and empowered it in Lebanon. Both Presidential candidates have recognized that our Iran policy is bankrupt and that we need to engage Iran rather than ignore it. They just differ on whether to engage it with bombers or at the negotiating table. The next president will have to develop a coherent policy toward Iran, persuade our allies and friends that it is workable, and press forward with it. Without military power, diplomacy is toothless, but without diplomacy, the use of force yields no political outcome.

On every issue that I have mentioned today, the United States cannot succeed without Arab and Muslim allies. We need their cooperation to bolster peace in Iraq, to balance Iran, and to achieve acceptance for Israel in its region. We need them to combat extremist ideology among their compatriots and coreligionists. We need them to prevent Muslim youth from turning their anger at perceived humiliation and injustice into the vicious retaliation of terrorism. We need them to help us identify and eliminate active threats to our nation, its citizens, and our allies. These threats are also threats to Arab and Muslim leaders and their societies. So they need us too. But they want us to act in ways that limit collateral political damage. They need U.S. policies that can enlist Muslim support, that harness our military prowess to their political strength, and that reflect consideration of their long-term interests as well as our short-term interests.

There is a widespread sense among Muslims that their modern societies have wandered off the straight path. Many are attracted to the argument that to renew these societies and themselves, Muslims must revisit the earliest days of their faith. That is perhaps right. It is not for non-Muslims to say. But it is up to Muslims to insist that the extremist vision of early Islam as a totalitarian faith with a closed mind, intolerant of other religions, systematically unkind to women, and dedicated to the imposition of joylessness on humanity is wrong. The achievements of the Beit al Hikma; the flourishing of non-Muslim communities in the midst of the first Muslim societies; the participation of Jews and Christians in their governance; and the great achievements of early Islam in the world's sciences and arts, including music, all stand as a rebuke to the parody of Islam espoused by al Qaeda and its like. Muslims who seek to renew their faith by reference to its tolerant and humane traditions should be able to look to Americans as well-wishers, as friends, and as allies. We have the same enemies.

But Muslims cannot ally with us safely or in good conscience if our policies and our statements feed fears that we are engaged in a Crusade against their religion. We cannot enjoy their sympathy and support – or, for that matter, that of other foreigners – if we allow assertive ignorance and aggressive xenophobia to dominate our national discourse. By the same token, we

help no one but Osama Bin Ladin when we accept his deviant views as an authentic description of the religion he has done so much to discredit. The next President must adjust our policies to make them more effective. But he must also help Americans to persuade the world that we are fit partners in the pursuit of global prosperity and tranquility. Nowhere is this task more urgent than in the realm of Islam.

In my own travels in Arab and Muslim lands I find the same nostalgia for America as it was before 9/11 that one encounters in other parts of the world. No one likes how we now behave or what we have become, but they remember when we behaved with greater humility and when we more closely resembled what we aspire to be. They admired that America. They are ready to work with it, if it can be restored. The next President must restore that America. I think the world is ready to meet him halfway.

Thank you.

[ANTHONY] Thank you Ambassador Freeman. That was marvelous and majestic. The kind of thought and originality and creativity that went into that address did not happen over the weekend. We appreciate that someone as busy and committed to other responsibilities as you took that much time out and deployed that much effort to give us all food for thought and something serious in terms of the implications if we do not consider it as positive food for thought.

Ambassador Freeman will stay here. We will have a few minutes from Ambassador of Libya Suleiman Aujali. If he will come to the podium please. And then we will take some questions that have been provided

Ambassador Aujali is Libya's highest official in the United States. This is his 37th year of being a diplomat starting in 1971. In addition to postings and responsibilities in his country's Ministry of Foreign Affairs he has been Ambassador to Brazil, Ambassador to Argentina, Ambassador to Malaysia and he comes here at a time of epochal transformation and transition in Libyan-U.S. relations. Ambassador Aujali.

[AMBASSADOR ALI SULEIMAN AUJALI] Thank you very much Doctor Anthony. Congratulations for this very successful conference, very well attended and very good speeches and panelists I have heard here this morning.

Ambassador Freeman you make my job difficult after this very interesting lecture I heard. But I am not making a speech. I'm just going to say a few words about Libyan-American relations. This year the first seven months were the most difficult and frustrating months for me since we reestablished our relations with the United States in 2003. And that's because a simple reason that Senator Lautenberg, he was sponsor of a draft resolutions to the Congress to impose a new sanction on Libya until the agreement reached between the two countries to compensate some American victims which Libya is being held responsible for their injuries or being killed.

Both countries realize how important is this relationship and we work very hard with the Americans, with the business community, with the think tanks. I spend hours and hours on

Capitol Hill. I spend hours and hours in my office consulting with people and friends and we've been able to achieve our goals after seven months of hard work.

A meeting took place in London, in Bonn and in Berlin and Rome and different places and we succeed. We succeed because both parties realize that how much we achieved in our new relations and we did not achieve anything in 25 years of sanctions and no relations.

Now this bad time is over. Both sides they reach agreement and we are going to hear very good news, very, very soon. We have to increase our activities and the investment of the American companies in Libya. The American companies are back to the country. The Libyan citizens are now back in the United States. We have about 1500 students and we are expecting a few thousand. The last Libyan student to graduate from the United States they are about to retire now and the new generation is responsible. It is important for us to have more students back in the United States and this is what is happening for the last few months.

I'm not going to take more than I said, because I've been told I have eight minutes and I think this eight minutes is about over.

Congratulations and thank you very much.

[ANTHONY] Thank you Mr. Ambassador. This is indeed a turning page in Libyan-U.S. relations.

We have four straightforward questions for Ambassador Freeman and leave it to him as to fully he responds to them or avoids them. The first is will.. and I'll ask all four of them and you can either weave them together or merge them as you wish.

Will U.S. domestic politics allow any U.S. president the space to take an active and evenhanded role in shaping a peace between Israel and Palestinians. A second one. Regarding China's role. Will China become a regional player, possibly becoming a major oil purchaser even more than it already is from the Arab countries of the Middle East and Islamic world, and become a major diplomatic, political, geopolitical, geostrategic player in the region. Third, has U.S. foreign policy made a mistake by de facto encouraging de facto autonomy and sovereignty by the Kurdish region of Iraq in spite of the rhetoric talking about Iraqi national sovereignty and Iraqi national unity. And last, what can this year's presidential candidates learn from the experience of the Bush 43 Administration?

[FREEMAN] The question of whether our politics will allow the flexibility and the space for any administration to move vigorously on the Arab-Israeli issue has been answered by history. The first Bush Administration found such space and freedom and acted quite vigorously to produce the Madrid process and create the context in which Israelis and Palestinians could contrive the Oslo agreements. It didn't work out in part because the follow up that was needed was not there. But it does demonstrate on occasion the United States can rise to the occasion on this issue. I think it's very hard to predict where the financial panic and deep recession we're going into will leave American politics. We are not in the commanding position that we imagined after the Cold War anymore. And it is entirely possible I believe with the right

leadership we can reposition ourselves on this issue. As Prince Turki said earlier today there is an Arab offer of a comprehensive peace on the table and we need to help Israel respond to that.

On the question of China in the region. China is already a major customer for the region's energy exports. It's becoming a significant force in the engineering services and contractual area. It's obviously a major economy that's growing very rapidly and is bound to deepen its ties with this important region. There is great opportunity for financial cooperation between China and the Arab Gulf as two of the great centers of the world's financial resources. Perhaps the Chinese will find some merit in Islamic banking after their experience with credit default swaps and other derivatives. So I think that in these senses China and the region are bound to deepen their ties.

What China will not do, does not have the capacity to do, and does not have the intention to do is to become a military force in the region. There is and will be for many years to come an alternative to the United States as the only major country with the capacity to project force across half the globe. I think it would be wise for us to cooperate with others to the extent we can to protect the world's oil supplies, those who produce the oil and the supply lines from the Gulf. But the Chinese role in this, I suspect, will not be major.

Finally, with regard to Iraqi Kurdistan, the question of whether this was a wise or an unwise move depends on your time perspective. If you're concerned about momentary gratification for the Kurds it's been a very good thing. If you are concerned about the longer term, than you must be mindful that every century the United States betrays the Kurds four times. We haven't done it yet this century so I suppose it's time to do it. I do not think that the Iraqi Kurdistan is a sustainable enterprise at the level of autonomy that it now enjoys. I do not believe that Iraqi Arabs, or Turks, or Iranians will tolerate this situation after the withdrawal of U.S. forces and I hope that the adjustments that the Kurds will have to make will be made peacefully rather than by violence. But I do not think that the current situation is sustainable.

Finally, what can be learned from the Bush Administration. Well, we all know that we learn much more from mistakes than from triumphs and it supplies very rich fodder in the form of many mistakes from which we can learn and we must hope that the new Administration will apply itself to that learning.

Thank you.
