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Featured Speaker:

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United States Senate

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P R O C E E D I N G S

MR. INDYK: Good afternoon, ladies and gentlemen.

Welcome to our Statesman Forum at the Saban Center for Middle East Policy at the Brookings Institution. I am Martin Indyk, the Director of the Saban Center. We are very honored and delighted to have an opportunity to host a statesman in his own right, Senator John Kerry. Of course, he's known, I think, to all of you but there are a few points about his background and his role as a Senator that I wanted to emphasize in introducing him today.

The most important thing is that after graduating from Yale, he went to Vietnam and fought there and came back to Washington and had the independence of mind, and thought, and courage to compel to question the decisions of our government at the time and to do it in a very public and effective way.

That launched his political career and in 1984 he joined the United States Senate as the junior Senator for Massachusetts where he continued to establish and reinforce that reputation for independence of mind and action; always making tough choices on the difficult issues of the day. It was in that way that he became a leader of the Democratic Party in the Senate. He became the Democratic Party's nominee for President in 2004 and now has risen to the position of Chairman of the Senate Foreign

Relations Committee, where it's very clear that he intends to make a difference as he has in every other part of his distinguished public service.

In that capacity, Senator Kerry made a trip just a couple of weeks ago to the Middle East where he traveled to Syria, to Egypt, to Jordan, to Lebanon, to Israel, to the West Bank, and to the Gaza Strip. I think being the first American Senator for, well certainly at least since I was in Israel back in 2001, to have visited the Gaza Strip.

And that's what he intends to speak to us about today; his -- in a sense his analysis of the situation and his recommendations for the way forward. So ladies and gentlemen, please welcome Senator John Kerry.

SENATOR KERRY: Well thank you very much Mr. Ambassador, Martin, friend, and counselor. I'm very, very appreciative for the opportunity to be here today. I've just come from a joint session with the Prime Minister of Great Britain, Gordon Brown, who announced that he -- the queen is giving an honorary knighthood to Ted Kennedy, Sir Edward Kennedy; sounds good to me.

But it hit me because when Martin said John Kerry is still a junior Senator and I think of 26 years and I'm the junior Senator. I am now the longest junior, senior act in the United States Senate. The longest I think before us was Strom Thurman so there's hope for all of us folks.

I really want to thank Martin Indyk, and the Saban Center, and Brookings Institution for hosting me here today. In the nearly seven years

since its founding, the Saban Center has made its name as an invaluable forum for dialogue on America's Middle East Policy; and that's what we're here to do today.

And it's a special honor to be here with Martin, who is America's Ambassador to Israel and is a member of President Clinton's Middle East negotiating team, knows first-hand the pitfalls and the promise of making peace. That's what I'm here to talk about today.

We have reached a new moment in an old conflict. A conflict that has confounded leaders and diplomats for decades and which to many seems more intractable today than in any time in recent memory. But I'm convinced that despite Palestinian divisions, renewed outbreak of war, continued firing of rockets from Gaza, over a dozen in the past week alone, and Israel's political turns, despite all of this, this can actually be a moment of opportunity.

We all understand that peace will not come to the Middle East overnight or easily but my friends, there is a path forward. And if we are to avoid greater conflict, and perpetual confrontation, and countless lost opportunities and lives, we have to pursue that path now with urgency.

In my recent trip to Egypt, Jordan, Syria, Lebanon, Israel, the West Bank, and Gaza, I felt first-hand, in personal ways, the frustration and the hunger of people on all sides who have grown tired of broken promises,

tired of peace talks that lead to more war, tired of more war that leads to more desperation and more cynicism.

I saw a region made wary by the failures of the past, but also, keenly aware of the critical two truths, if you will, about this particular moment. On the one hand, the election of not just a new President, but of Barack Obama in particular, presents an extraordinary chance to signal a new approach, a new pragmatism, a new spirit of possibility, and especially a renewed willingness to listen and to lead.

On the other hand, we've reached a moment of grave danger when rising extremism and facts on the ground threaten the basic future of viability of the Israeli-Palestinian peace process. Leadership, quite simply leadership, will determine which side of the ledger we will fall on. Leadership by all, by each state in the troubled region, but let me tell you above all, leadership by the United States of America.

There's a window of opportunity that we have to seize by showing with actions more than words, that it will not be just business as usual in the Middle East. Our response to this challenge will have major implications for our new President's foreign policy on a world wide basis. It will either be a cornerstone as we rebuild our moral authority or a middle stone that weighs down every effort we make to find partners in the Muslim world and beyond.

One thing is clear. What we do will have a profound implication on our security for decades to come. It also has a profound impact right now because the failure to make peace translates daily into very real human consequences. Nothing drove this home to me more than a recent day that I spent visiting the southern Israeli village of Sderot and then the Gazan town of Izabet Abed Rabboh. In Sderot, which has been the target of thousands of rockets over the last eight years, security officials told me that from the moment that they know a rocket has been fired from Gaza people have just 15 seconds to find safety.

We learned about children who had spent literally everyday of their lives never more than 15 seconds from danger. No child should live that way. In Izabet Abed Rabboh and Gaza I saw little Palestinian girls playing in rubble where just months ago buildings stood. I'm no stranger to war and to destruction, but I was moved by the enormity of the humanitarian challenge.

I couldn't help but be impacted standing in front of the ruins of the American school there and seeing the breadth of the damage. But I also saw a glimmer of hope in the faces of average Palestinians determined to carry on with their daily lives.

As I said in Gaza, and I said it in Sderot, if terrorists in Quincy, Massachusetts were lobbing rockets into Boston, and it's about the same

distance apart, we'd have to put a stop to it just as the Israelis were forced to respond.

But despite the differences on either side of that narrow strip of land, I was inspired by the determination of everyone on both sides who live with the daily reality of this conflict. If the kids on both sides can hope for themselves, if they can persevere for a better future, then we have to help them get there. And we all know exactly what it's going to take; two states living side by side in peace and security.

Now given the war in Gaza and a divided Palestinian leadership, given the failure of Israel's unilateral withdraw disengagement from Southern Lebanon and Gaza, to bring peace, given Hamas' control of Gaza, and uncertainty about the next Israeli government's commitment to a new state solution, some would look at that and say the prospects for peace are further than ever.

So why do I believe we can succeed now? And I do believe this, where we have failed before. I believe it because broader trends represent an opening to make peace possible. In fact, I see four major causes for hope which together comprise a powerful case for action.

The first and most important is a tectonic shift in Middle East geopolitics. The rise of Iran has created an unprecedented willingness among moderate Arab nations to work with Israel. This realignment can help to lay the groundwork for progress towards peace.

Second, the Arab peace initiative has emerged as the basis on which to build a regional roadmap that enlists moderate Arab nations to play a more active role in peacemaking and to paint a clearer picture than ever before of the rewards that peace would bring to all parties.

Third, the outlines of a final status agreement are in fact clearer than they have ever been. The challenge is not what it looks like; it's how to get from here to there. I believe the answer is to move simultaneously on capacity building in the West Bank and on the final status talks.

Fourth, the Obama Administration presents an extraordinary opportunity for a new beginning where America reclaims the role of an active and creative agent for peace. We can capitalize on this by charting a new path that will empower moderates on all sides, who frankly, have been lacking the political cover and losing political ground as a consequence.

To start with, we need to fundamentally reconceptualize the Israeli Palestinian conflict as a regional problem that demands a regional solution. The challenges that we face there, Iran, Iraq, Syria, Lebanon, and the Middle East peace process form an interconnected web that requires an integrated approach.

Over the last decade the geopolitics of the Arab world were fundamentally shifted. They were in fact turned topsy-turvy not by

something they did, but by something that we did. By removing Saddam Hussein, we unwittingly created a power vacuum which Iran has filled.

But just as the war in Iraq separated us from many in the Arab world, I believe it's winding down now, offers and opportunity to strengthen ties and to advance the peace process, to work towards what President Sadat called, as Martin reminds me, a full partnership in the effort for peace.

Whereas once the Arab world voted unanimously for the three no's, no dialogue with Israel, no recognition of Israel, and no peace with Israel, there are now three very different no's which dominate many discussions in the region; no Iranian nukes, no Iranian meddling, and no Iranian hegemony. To Israel, Iran poses both an existential threat and a major obstacle to peace and it's easy to understand why.

Israel withdrew from Southern Lebanon, and Hezbollah wound up with Iranian missiles. Israel withdrew from Gaza, and Hamas wound up with Iranian rockets. The Israelis are not about to let the same thing happen in the West Bank and nor should they. So there's a new reality; moderate Arab countries and Israel alike are actually more worried together about Iran than they are about each other.

As a result they are now cooperating in ways that were unimaginable just a couple of years ago. The truth is that an international initiative to prevent Iran from acquiring a nuclear weapon is an essential

building block of stability in the Middle East. If we succeed, Arab moderates will be stronger and Israel will be much more likely to take the risks for peace.

The President is right to open the door to direct engagement with Iran and all of us hope that a more productive relationship can emerge by exploring areas of mutual interest. And believe me there are some; like Afghanistan where we've worked cooperatively in the past, and that by showing the path to greater integration into the international community, if Iran changes its behavior, we make progress.

I have long advocated this approach realizing that even if it fails to achieve our goal, it will establish our own and our allies' bonafides for the tough measures that may have to follow. Regrettably, the Bush Administration drew red lines, which it lacked the ability to enforce. The challenge for the Obama Administration will be to choose clearer red lines and build coalitions willing to back them up. And at a minimum we need to make an enhanced inspections regime with intrusive verification capacity a top priority.

This is important. A lot of countries have made a decision about no nuclear weapons but they have not really made a policy decision about what you do. Who does it? How? If a nuclear armed Iran is in deed unacceptable, and I believe it is, and I heard from Arab moderate

countries in the region, they think it is; if it is indeed unacceptable, then we must urgently build consensus around the actions necessary to avoid one.

The use of force should never be taken off of the table, but I'll tell you, given the costs and the risks, which everybody can measure, it is imperative that we have a strategy of diplomatic engagement backed by escalating multilateral sanctions which we hope we never have to take because we can find the measure of reasonableness. And if we are serious about sanctions, greater Russian and Chinese cooperation must be a top priority in our bilateral relations.

We can also make progress with Iran by making peace and by making progress with Syria. And I commend the Administration for initiating the dialogue with Damascus. And I thank the Ambassador who is here for the visit that we had, and the time we spend with President Asad, and the clear perceptions that I drew from that; that there are several avenues of immediate focus where we can make that progress.

We should have no illusions that Syria's going to suddenly end its ties to Iran. But that shouldn't threaten us as long as their relationship ceases to destabilize the region. It benefits us, it benefits the region, it benefits Syria if President Asad looks to the west for new relationships.

Moving in this direction is not wishful thinking. Remember when the war broke out in Gaza, the Syrians were talking indirectly to the Israelis through Turkey and this was done over the objections of Iran.

Syrian President Bashar Al-Asad told me recently in Damascus that he is prepared to resume peace negotiations with Israel and embrace the Arab Peace Initiative once again.

Syria would like direct American participation in these peace talks and we should play that role if our presidents can indeed help move the process forward. Syria, I have no doubt, will still play both sides of the fence as other nations do and will in their interests in any region. But we need to make it clear that negotiations will never come at the expense of Lebanon or of international justice. But I believe, and I think President Al-Assad understands, that as a secular Arab country with a Sunni minority population Syria's long term interests lie not with Iran, but with it's Sunni neighbors and with the west.

We also have financial incentives to opt for Syria that have a much greater value to them than costs to us. It is telling that even as global markets are in a free fall, Syria is opening a stock market for the first time. Loosening certain sanctions in return for verifiable changes in behavior could actually benefit both sides; U.S. businesses and the sanctions can always be tightened again if there is a backtracking.

Our challenge is to translate these regional dynamics and opportunities into tangible progress toward peace. We know that among the reasons Camp David failed was a lack of a buy in from Arab states whose support would have given Israel the broader peace that it seeks

and Palestinians the necessary cover to make difficult decisions. That is a short fall that we can address now. How do we begin? By building on the Arab Peace Initiative; this bold step, frankly, never received the focus that it deserved when Saudi King Abdullah proposed it in 2002.

We cannot underestimate. We underestimate at our peril and we have for the last six years since it was made. We cannot underestimate the importance through this initiative that every Arab country has now agreed to the basic formulation of land for peace and of the recognition of the state of Israel and the normalization of relations.

Now we need to expand this premise into a regional roadmap that flushes out the promise of the Arab Peace Initiative. Palestinians have the Quartet's Roadmap but a regional roadmap would sign all of the key players onto a series of specific steps and commitments.

This will take more than a brief conference, folks. It will require a sustained multilateral effort like the one that followed the first Madrid Conference in 1991. But a regional roadmap would formalize the more immediate role that Arab nations must play and it would provide real accountability.

Egypt, Saudi Arabia, Jordan, have already made major contributions to the cause of peace. But all Arab nations must increase their efforts at this critical juncture. The most vital and immediate contribution the Arab community can make right now is frankly to pressure

Hamas to stop firing rockets and agree to a Palestinian unity government acceptable to all parties that agrees to the Quartet requirements of ceasing violence, recognizing Israel, and honoring previous agreements.

Going forward, Egypt must do everything possible to prevent the smuggling of weapons across its nine mile boarder with Gaza. Jordan can expand on its role of training Palestinian authority forces. And the Saudis need to follow through on a significant commitment to reconstruction in the West Bank. Other Arab states have a role to play as well. The Gutter, for instance, can't continue to be an American ally on Monday that sends money to Hamas on Tuesday.

Building on the Arab Peace Initiative requires that we work with Arab nations to create a step by step process, not just a final promise to improve relations with Israel. Right now, the Arab Peace Initiative grants Israel recognition and peace with the Arab world, in return for concluding a final deal. That's not enough. Interim steps on all sides will be needed to build confidence and momentum along the way. And finally, the regional roadmap must include the commitments that each country is willing to make and support of an eventual Palestinian state.

For our part, we need to be clear on what the United States and the Quartet will provide as well. This would expand the pie and increase the incentives for the parties to make peace. Offering the parties a clear look at the benefits at the finish line will help the parties to overcome their

mistrust after years of conflict and it will also empower those willing to take the necessary steps to get there.

My third reason for hope is that we have much to build on in crafting a final deal. Negotiations since Annapolis have brought considerable progress on many final status issues. Back in 2000, President Clinton laid out what he thought were the final parameters. The time may well come sooner rather than later when President Obama needs to do the same.

Ultimately, however, the decision on a final peace deal belongs to the Israelis and the Palestinians themselves. They are the ones who have to sell the final deal to their people and they are the ones who have to ultimately live with the results. But as Prime Minister Olmert told me just the other day, the agreement should drive the details, not the other way around. The sooner the parties work through the big three issues, borders, right of return, and Jerusalem, the more the pieces will come together.

Building security, hammering out the details of governments, attracting investment, building the economy, all of these things will be so much easier the closer we get to the final deal. And I repeat, I repeat, we know today, all of us, the essential shape that that final deal will take.

Now of course, even if the parties can't agree on the final boundaries and other key issues, the implementation doesn't happen

immediately. It doesn't have to happen immediately, especially on the security front. That's going to take place over, I would hope, months, maybe a few years. But the clarity of laying out the finish line and arriving at an understanding with respect to it makes it easier for people to believe in that process.

All of the key elements of building Palestinian ability to actually run their own state, including progress, and building security forces, and institution building, they're going to take time. That's why it's vital that we move quickly with the Arab world, the Quartet, to build Palestinian authority capacity.

For years, everyone has talked of the need to give the Israelis a legitimate partner for peace, but the truth is, we all failed to do all we could to help President Mohammad Abbas develop governance capacity and build legitimacy. I know this because I will never forget being in Ramallah with President Abbas on the very day that he was elected in 2005 and hearing him lament his lack of resources compared to what Hamas had. But for too long we did far little, almost nothing to make up that difference.

We cannot repeat that mistake. We have to help the Palestinian authority deliver for the Palestinian people. They have to perceive a change for the better in their lives and we have to do it now.

In Gaza, we must ensure that we deliver desperately needed humanitarian aid and reconstruction assistance without obviously

empowering Hamas in the process. Having corded destruction, Hamas and Iran cannot be allowed to take credit for the rebuilding, just as Hezbollah did in the wake of the Lebanon War in 2006.

Most importantly, this means strengthening General Dayton's efforts to train Palestinian security forces that can keep order and fight terror. Many people aren't even aware that that's going on. It's one of the most significant things that has happened in recent months. Recent developments have actually been extremely encouraging.

During the invasion of Gaza, Palestinian security forces largely succeeded in maintaining calm in the West Bank amidst wide spread expectations of civil unrest. Obviously more remains to be done but we can help do it.

This brings me to my final point. While I believe there must be an enhanced role for the regional players, nothing can substitute for our crucial role as an active and creative agent for peace. Let's be clear. Israel is one of our closest allies in the world and it will always be.

We have a special relationship, unshakable bonds, an unwavering commitment to Israel's security that will never change, and we are absolutely committed to helping the people of Israel live in peace. In the past, we came closest to peace when we had American leadership that encouraged everyone to make hard choices and earned credibility with all sides. And after eight years, the two often just left the parties to their own

devices. Israel has been through a second intifada and two wars that have violated Israeli territory

Clearly, Israel's security is strengthened when the United States is actively engaged. George Mitchell's appointment is a promising step in the right direction and I am confident that he will live up to the immense respect in the region that he brings to this task. Even as we work with the international community to provide more support for the Palestinian authority, we need to ask more in return.

It's no secret that Fata lost the 2006 election to Hamas in part because of a widely held perception that they were corrupt and inefficient. Prime Minister Fayyad has done a great deal to reform the Palestinian authority. But they still need to increase their capacity to govern effectively if they are to earn back the trust of the people that they represent and to earn the trust of the Israeli forces -- the Israelis. The Palestinian security forces must demonstrate that they are willing to crack down on terrorists in a serious and sustained way.

On the Israeli side, nothing will do more to make clearer our seriousness about turning the page than demonstrating with actions rather than words that we are serious about Israel freezing settlement activity in the West Bank. For decades American presidents, Democrat and Republican alike, have opposed new settlement activity and recognized that the settlements are an obstacle to peace.

But in our honest moments, we would all acknowledge that this policy has usually existed on paper alone. And as recently as 2007 at the Annapolis Conference, Israel recommitted to implementing its obligations under the Roadmap, which include freezing all settlement activity.

We will defend Israel's security unflinchingly. But the fact is, Israelis themselves decided that the settlements make it more difficult to protect the security of their citizens. They're not just fragmenting the Palestinians' state; they fragment what the Israeli defense forces have to defend.

None of us can afford to continue on the present course. In the Middle East, nothing stays the same for long. On both sides, facts on the ground, they're conspiring to make a solution more difficult. A younger and larger population across the Arab world, particularly in Gaza and the West Bank, will make peace impossible if they are left to grow up in a state of perpetual war and disenfranchisement. For the Middle East to avoid living in a state of endless conflict, confrontation, and outright war, a future, believe it or not, more dangerous than today, we must redouble our commitment to making peace now.

Each day without peace, a Jewish state becomes less Jewish, a mosaic of settlements continues to grow, threaten the possibility of a viable contiguous Palestinian state, and radicalism and religious phoneticism grow precisely because there is no agreement.

We're all caught in a vicious cycle spiraling downward in the wrong direction and we can only reverse that with courage, leadership, and risk taking in the peace process. If we fall back into the same patterns of incomplete stalled talks, small-bore negotiations, we will fail because we will empower those who don't want peace to be able to veto the process.

We will lose for years to come. The goodwill and the commitment of those Palestinians who have put their lives on the line to stand up for a moderate process but who are faulted by their own people because they've failed to produce peace, let alone a significant positive change in the quality of life for their people. No politician can long survive too frequently dashed hopes of their constituency. So this won't be easy but what I have presented today I believe is a case for hope and more importantly, I believe it's a plan to translate that hope into action. We've all witnessed years where moderates have lost strength in the Middle East and too many have lost faith in making peace.

I believe we must make these the years when we restore that strength and revive that faith and finally achieve peace in this troubled region. Thank you.

MR. INDYK: Well thank you very much, Senator Kerry. That was a great speech; it was comprehensive, and compelling, and creative. We're going to go to the audience for questions but I had a few of my own first, or at least one or two.

SENATOR KERRY: Absolutely.

MR. INDYK: The first is about Hamas. You made clear there in the principles that you've laid out for advancing the peace process that it was very -- it was essential to aid Gaza but not to empower Hamas. How do you actually do that?

SENATOR KERRY: Well, that's a great question and I talked with many of the leaders in the region about how we do do that and I think there is a way to do that obviously. Frankly, that is where President Al-Assad, and Syria, and Egypt, and others can be enormously helpful in this new equation, and they are. The Egyptians at this point are engaged in that effort.

I might comment that I think it's public knowledge now that a number of the things that President Al-Assad, through as Foreign Minister, indicated to me he was going to do he has done in the last days; -- with the Saudis, effort to -- the sending of his Foreign Minister to Iraq, and I believe that there will be more to come.

So I believe, since Khalid Mashal is living in Damascus and the Egyptians have their lines of communication and are working with Hamas on the unity government issue, that there is a way to position this aid, if the moderate Arab states get involved. This is a test of faith, folks.

If the Arab moderate states want this region to indeed change, and begin to change the dynamics as a whole, and get peace for the

Palestinians, then they can help us with Hamas to create a structure, which they're currently working on, to do two things.

One, for the unity government concept with respect to the non-factional/technocrat government that you might develop in the West Bank where you have people nominated by Hamas but who accept the Quartet requirements with respect to recognition of Israel, prior agreements, and violence but who are, in deed, representing Hamas and nevertheless, you're able to deal with them in that way.

Then, with respect to the Palestinian and with respect to Gaza itself, if there is a super structure of an Arab community committee that is appropriately helping to take responsibility for humanitarian assistance to the Arab world, then if Hamas gets in the way because they don't want humanitarian assistance delivered, I believe that you have a new accountability structure and you begin to change the dynamics of who's actually working for the people. So you can work both simultaneously in my judgment.

Hamas controls Gaza right now. We understand that and I certainly saw that, with the flags flying on the street corners and through the community. But I do believe that there is a ripeness in the moment. Sometimes you know this better than anybody, Martin. You have a feeling in diplomacy that dynamics are shifting and personalities have changed and there's a ripeness to the moment.

I think it is possible, providing we stay super engaged on a daily basis working this in good faith, to be able to arrive at a mechanism where we see the aid delivered, we begin to broaden what we're doing in Gaza, and the world sees it as a Fata controlled, but nevertheless, Arab initiative that is having an impact on changing the life for the better.

This is going to be, needless to say, a very tough test of what -- where Hamas is going to come out in all of this, and I think, you know, how real the steps are going to be of the Arab community. The other thing I would say is the sending of two envoys to Syria to follow up on the visit that I and others made a week or so ago and on the promise of the Administration to try to engage, it is showing good faith on our part too.

And I think that as we build these elements of trust into this, our leverage begins to shift and at some point, there's going to be kind of a test here of everybody's good faith. And that may well be with respect to how you create that final structure for delivery of that aid.

We have to do it sooner folks, not later. I mean I cannot tell you Teresa was with me, my wife was with me, in the area. You know, the whole dynamic has to be changed and I think this is an opportunity to do it through the aid package. But I think ultimately we can make it happen. I might comment also, in spirit of the fairness that I've talked about, and I raised this with our friends in Israel, we need to broaden the definition of what is able to go in as a matter of humanitarian aid. And I hope that that

will happen in the next days as we work both in good faith to go down this road.

MR. INDYK: You placed a great emphasis at the beginning of your speech on leadership; our leadership, President Obama, -- leadership, but also leadership in the region. We can't do it without the leaders in the region. You said with two leaders, the President of Syria, Bashar Al-Assad and the designate Prime Minister of Israel being Benjamin Netanyahu. What's your take on those two men and do you see them as two people who have the leadership to make the peace that you're talking about?

SENATOR KERRY: I do. I really believe they do because first of all, leaders of countries inevitably do what they see as being in the interest of their country, as well, obviously, as in the interest of their politics. And hopefully the two mix; sometimes they do, sometimes they don't. It's my judgment that President Al-Assad has many reasons that he wants to transform what is happening in Syria itself. I don't think it's any surprise to us that he's going to have a relationship with Iran, his neighbor, and particularly given the circumstances of the Bush Administration, where in fact, I think we pushed people away from us in the region.

I don't think anybody should underestimate the degree to which the last eight years have had a negative impact on our real interests in the region. And that came back to me again and again in candid

conversations with presidents, and prime ministers, and foreign ministers, and I'm not going to obviously violate the privacy of those comments but it just is dramatic.

The opportunities that can change by virtue of us so we can, you know, I think President Al-Assad wants a stable Iraq. I know he does. I think President Al-Assad wants a non-nuclear region. I think President Al-Assad would like to see his economy improve. I think there are other interests along the way. I think the current stability of Lebanon actually is beneficial to the region, not adverse to Syria's interests.

So I think if we work constructively in these ways, understanding, you know, we can build a series of steps on which we do absolutely change the dynamic and I clearly think that for the leader of Syria, the return of the Golan, and the capacity to, you know, do what his father didn't achieve in essence, and tried, is a big deal.

So we need to move in that direction with respect to Benjamin Netanyahu, I've known him for years, I have great respect -- he's very intelligent, you know, a very quick and creative mind. He has a very difficult political dynamic that he's working with.

I think we have to hope that, as with many leaders historically who've been through difficult campaigns when they govern, they make the wisest choices possible in the governance. And no one presumed, nor did

Richard Nixon, run on the notion that he would make an overture to China and to Mao Tse-tung, but he did. And so I'm hopeful.

I know in my conversations with him that Benjamin talked at length about the need to change the life of Palestinians, the need to have economic development, the need to move forward. I believe he is prepared to do important things in helping to make that happen. So again, that's the ripeness that you feel.

As you know well from your own experience in leadership, in diplomacy, in international relations, you just never do know completely how far you can get until the two leaders get in the room and are actually talking about it. When Gorbachev and Reagan sat down in Reykjavik, I don't think anybody anticipated they'd come out and say we're going to have a nuclear free world but they got to talking about it and began to have an understanding of where they could wind up. That's what you have to believe in in this business.

And I believe in it with respect to the Middle East. I believe we can change this dynamic and they will; and if they don't enough, then that will become -- if we're operating in good faith, that's a very important part of this.

If we are viewed by all parties as working as a full partner for peace and we are viewed by all parties as being fair in the judgments we're making, then if you run into a road block and it does become more public

diplomacy than private diplomacy, I believe that will change the discussion of the region and the politics of a particular state and that's what we have to push forward as we go forward.

MR. INDYK: Great; thank you. Let's take some questions. Please wait for the microphone, identify yourself to the Senator, and make sure there's a question mark at the end of the sentence. Barry Schweid there, please; Barry Schweid.

MR. SCHWEID: Senator, Barry Schweid of Associated Press. You've depicted Palestinian extremism, if I understood you right, as the -- Palestinian extremism as the result of a bad way that aid is administered; the United States, also, not showing enough interest in the region, various faults. Is any of this extremism sort of visceral? Do you believe that Hamas and the groups that will undoubtedly succeed Hamas, if Hamas is co-opted, will -- can be swayed away from their hatred of a Jewish state in the region by the way we play our cards?

SENATOR KERRY: Well, let me be clear. I don't believe that I described their hatred as the cause of our aid. Let's be absolutely clear. I don't think anything in my speech suggested that Hamas behaves the way it behaves because of anything that we do. That's not -- directly, that's not what I'm suggesting.

I think it's deeply visceral and in many cases the hatred has been taught for years and years and it's going to take a long time in many cases

to change that. I have no illusions. I'm not a, you know, Pollyanna about what the realities of that tour are. But here's what I also know because I've been following it and studying it for the 25 years I've been on the Foreign Relations Committee and I used to be Chair of the Terrorism Subcommittee and I have watched the increasing extremism spread in many parts of the world, including the problems we are now facing with the Taliban, and in Afghanistan, Afghanistan, Pakistan, Somalia, Sudan, Yemen, I mean you can run around the world. So I have no illusions.

But I'll tell you this, it doesn't help. I don't know what the percentages are that you can, you know, that are going to be pulled into a different track. But I know this, that if all we do is leave growing populations to be disenfranchised and co-opted into extremist schools of one kind or another or sects of one kind or another, our children are going to have a whale of a problem down the road.

And that unless we begin to embrace a much broader policy of reconciliation with the Muslim world and with the rest of the world, not just Muslim, in fact Muslim world is an inappropriate terminology. With extremists, who -- with religious extremists, radical religious extremists who have actually hijacked a religion, if we don't begin to separate them and isolate them rather than empower them to isolate us, as they have for the last years, we're in trouble.

So I think we have to have a broad approach. I can't tell you, you know, when you're going to change their minds with respect to peace with Israel or not hating Israelis or others. But I do know that you can still make peace and there are good people within the framework who are working towards that today, who have taken great risk of their own life in order to do so.

And so we have to play it to the maximum with respect to them. And over time, things do change. When we had the PLO, it was inconceivable that we would ever talk to Arafat or that anybody in the PLO would be part of a process. And low and behold, I stood on the lawn, as many of us did, and watched Arafat shake hands and we watched that transition, to ultimately many of us met with Arafat on many occasions in Ramallah.

So things change and if we can get the leadership to change and begin to work on this question of disenfranchisement, I foresee fundamental transformation in the region. Although they'll be some die hard hold outs forever in some cases.

MR. INDYK: Ziadah Havuzird.

MR. HAVUZIRD: Thank you, Martin. My name is Ziadah Havuzird from Jerusalem. My question is if there will be another -- between government in Israel, which refuse to accept the principle of the two states' solution. Do you -- don't you think that will be fair to ask such a

government to accept conditions similar to the quartet conditions put forward to Hamas? Just one more question.

The second, do you agree that improving the economical conditions of the Balchinian lives -- and should not be an alternative to finding a vertical solution to the conflict? Thank you.

SENATOR KERRY: Well, let me take the second part of the question first. Yes, I do agree; absolutely. It is not an alternative. The two state solution is the solution to which the United States of America is committed, the quartet is committed, Hillary Clinton reiterated that in Sharm El-Sheikh, the President has said that on many occasions, that is the route we have to go and, you know, there is not -- the economic assistance is not an alternative to that. With respect to the first part of the question, I would hope, again, I think I answered it in the first question when I said that I think we have to see what the government is, wait until it comes together; I'm not going to prejudge a non-existing government. Let's wait and see what has developed and where it goes. But what I've set out today is where I think we should go. And I believe we should go where I set out today no matter what because I think that's the only way to get to peace.

MR. INDYK: Yes, please Gary Mitchell.

MR. JONES: Bill Jones from Executive Intelligence Review.

Senator, this morning the ICC issued a statement --

MR. INDYK: I'm sorry, that was -- the person I identified was

--

MR. JONES: Excuse me; I'll give it to him.

MR. INDYK: I asked Gary Mitchell --

MR. JONES: They issued --

MR. INDYK: I said Gary Mitchell --

MR. JONES: -- a statement with regard to Sudan. Now, you held hearings on this indicating even people who were opposed to the Sudanese government warned of civil war in Sudan if they tried to implement an indictment and arrest President Bashar. What recommendations would you give to the Obama Administration with regard to this whether they greet it or whether they are critical of that makes a very important effect in terms of implementation? What advice would you give them with regard to that?

MR. INDYK: Thank you.

SENATOR KERRY: Well I think that at the hearing we made it clear that there are concerns about it but I'm not going to prejudge something that hasn't occurred either. I'm just not going to get into giving -- first of all, it's an independent judicial structure and they have a right to make what determination they will. We'll react to it appropriately when and if it happens.

MR. INDYK: Gary Mitchell.

MR. JONES: It was issued today, sir.

SENATOR KERRY: It was issued today? And they issued a -- well, I think it could complicate some of the issues but I think we'll work through it.

MR. INDYK: Gary.

MR. MITCHELL: Senator, Gary Mitchell from the Mitchell Report. Last week the --

SENATOR KERRY: This is the real Gary Mitchell now, right?

MR. MITCHELL: The Secretary General of the Arab League, Amir Musa, was here and spoke to a group of us next door and I would say delivered, what I would describe as a rather tough and frank talk, in which the theme I think it's fair to say was that the U.S. needs to be an honest broker expressed in a number of different ways. However, the coda was that under no circumstances can the Arab League accept a Middle East in which an Iranian nuclear program is out and Israelis in. And I wondered what you might say to that point of view and to Secretary General Musa?

SENATOR KERRY: Well, the greater concern that I heard from President of the -- and previously from King of Dubai, Saudi Arabia, as well as Camp Jordan. At a greater concern, I heard is that they don't want a nuclear weapon, period, from Iran, period. And that if there is one

from Iran, they didn't talk to me about Israel, they talked about their need to then perhaps go down the nuclear road in response to Iran.

That's the only expression I've heard. I met with Amir Musa; I've known him for a long time -- what good relationship when we met, he didn't raise that issue with me. We did talk about how to proceed down the road with respect to Iran, et cetera. Now look, folks, there was just a security meeting in Germany a few weeks ago -- Conference at which Henry Kissinger and others were talking about a world without nuclear weapons.

I think some 17 former Secretaries of Defense, and state, and others have all joined together in expressing this vision. Now, whether you can get there or not, who knows, but I'll tell you this, every step you take towards getting there makes the world safer. And so the notion of a new nuclear state, where ever it is, North Korea, Iran, anybody, runs counter to the best interests of everybody. It particularly runs counter to the best interests of the Middle East because the last thing you need is the kind of divisions you have between some of the countries there choosing to put at the tip of their spear a nuclear weapon.

So it's in everybody's interest for all kinds of reasons, I can go through a long list, for the formation, regional security, direct confrontation, incitement to Israel, who has decided already this is an existential issue. I mean you can run down the list.

It is better for Iran to choose a different route. Now, where the red line is, that's for the Obama Administration to decide what the options are, but I'll tell you this, there are a lot tough sanctions that have yet to be explored and the Bush Administration for various reasons lacked the credibility and lift to be able to enforce the simple red line they chose to draw.

I think we have to be thoughtful in going down a road where we make it crystal clear what we're willing to accept and not, what the consequences are, and then begin to build with the Russians and others the capacity to saw to Iran, not that we want to confront them, but that we would like to find a cooperative path where we can avoid that confrontation.

I know that Iran is deeply concerned, partly as a consequence of what we did in Iraq, partly as a consequence of declared American policy; that we're out to throw out their regime. And so if you think about threat perception and how you deal with issues in the world and look back at the history of the arms race with the Soviet Union, it was written in each sides misinterpreted threat or in properly interpreted sense of the threat of the other side.

In fact, the United States was first in the development of almost every major leap forward in terms of nuclear arming; all but two with the Soviet Union. We were the first to do a bomb, we were first to explode

one. We were first to explode, you know, and the hydrogen bomb, we were the first to do the nuclear submarine, we were the first to merv, you can run the list.

So other nations will respond. I believe that we have to work, and this is what President Obama wants to do, to lay out a real path for a different relationship, different interests, move away from this confrontation but recognize that there is a bottom line of global interests with respect to nuclear weaponry and Iran needs to understand that there will be a line drawn with respect to that. And Israel, and together we will draw that line.

MR. INDYK: You're staff are telling me that you have time for just one last question.

SENATOR KERRY: One more.

MR. INDYK: Hisham Melhem; short question please.

MR. MELHEM: What are you implying, Martin? Hisham Melhem from Al-Arabiya; Senator, every American administration has dealt with the intractable problem --

SENATOR KERRY: Can you put the mic a little closer?

MR. MELHEM: Okay. Every American administration has dealt in the past with the intractable problem of Israeli settlements. And you remember the Mitchell Report essentially said eight years ago that the Israeli should stop -- there has to be a sensation of all settlement activities

in the occupied territories in return for all cessation of all acts of violence on the part of the Palestinians.

During the Annapolis process we've seen intensification of settlement activities. What would you recommend as a leader in the Senate to the Obama Administration in this regard? How far this Administration should go, and let me be blunt, will you recommend to this Administration to use money to put real pressure on the Israelis in terms of long guarantees? I mean to do something similar to what Bush -- I mean because otherwise, as long as settlements continues, there is no hope for the Palestinians.

SENATOR KERRY: Well, you heard in my speech today. I could not have been clearer about the transition that is necessary from words to actions. And it's my profound hope, particularly after the conversations I had, I was encouraged frankly coming away from my conversations with Israeli officials that there's an understanding of and a preparation for the need to move forward and deal with the settlement issue.

And I'm hopeful that that will happen. I'm not going to give public recommendations, recommendations I'd make to President Obama, I'm not going to give them here today before I've given them even to the President and even then I would make a decision whether I'd make them public.

But I meant what I said about the need for this change of policy. If it is only lip service, then there will not be a sense that there is a bonafide effort. There will not be a sense of goodwill on both sides and we will not make progress.

What's confounding about this is when you look at Taba, at the negotiations, and you look at other efforts we've made, most people -- I mean when I sit with, you know, Ado Abba or with Sai Baba Cut or with Prime Minister Fayyad or with President Abbas, they give me a pretty good sense of where they're willing to go with respect to the land for peace, and the tradeoff, and the percentages we know are not that far off.

We can get there. So what we need to do is have the good -- I laid out the structure of good faith steps that can be taken by Arab community, by Israelis, by us, by the Quartet. And that's what we need to do simultaneously and George Mitchell is in a position to help guide that process in good faith so that we see the kind of transformation that I talked about today. But as to the specifics of what I would suggest, I'd prefer to share that with the Administration first.

MR. INDYK: Senator Kerry, thank you very much.

SENATOR KERRY: Thank you very, very much; appreciate it.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

/s/Carleton J. Anderson, III

Notary

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