

THE BROOKINGS INSTITUTION

ROUNDTABLE BRIEFING ON THE UPCOMING MEETINGS BETWEEN
U.S. PRESIDENT BARACK OBAMA
AND
ISRAELI PRIME MINISTER BENJAMIN NETANYAHU,
PALESTINIAN PRESIDENT MAHMOUD ABBAS,
AND
EGYPTIAN PRESIDENT HOSNI MUBARAK

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P R O C E E D I N G S

MS. CHALEF: Thank you to everyone for joining us today. Today's briefing will focus on the upcoming Washington meetings between U.S. President Barack Obama, Israeli Prime Minister Benjamin Netanyahu, Palestinian President Mahmoud Abbas, and Egyptian President Hosni Mubarak.

Here to discuss these meetings in depth is Martin Indyk, Director of the Saban Center at Brookings and former U.S. Ambassador to Israel. Also participating is Tamara Cofman Wittes, Senior Fellow at the Saban Center and the head of the Middle East Democracy and Development Project.

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MR. INDYK: (in progress) The Roadmap has becomes

extended to the issue of Iran as well. That creates all sorts of ways in which it becomes possible to get stuck into Phase 1, the simple re-establishment of negotiations between Israelis and Palestinians, if things aren't progressing on the Iranian Front as well. So I don't think that Obama is going to accept the full move (inaudible), but the basic argument about not being able to make tangible concessions in one area unless Israel knows what the outcome of the effort in the other area, of Iran, is going to be on the table.

There is inevitably in thinking about developing a strategy for resolving the Arab-Israeli conflict two basic approaches: The bottom-up approach is the one that B.B. is advocating. You build economic circumstances, improve economic circumstances to the Palestinians, you improve their institutions of governance, particularly the security services, and you begin political negotiations, but it's very much a bottom-up building process.

And others, particularly Arabs, and we come to that in a moment from Tammy, are looking at a top-down process. They argued that, you know, left to their own devices the Israelis and Palestinians will never make peace; what basically needs to be done is lay out the end game with the new president, and we need to do that and then impose it

on the two parties, and we'll support you. And that approach is something that I think has a certain appeal for a president who, you know, he's courageous and impatient and wants to get moving on this and also feels a sense of urgency that the window is closed on a two-state solution.

What I think will be necessary is a kind of combination of the two approaches, and that I think is possible to achieve, partly because Netanyahu has already publicly indicated his understanding that there is a potential for involving the United States in this process, and that there is a unique convergence of interest between the Arab states and Israel because they all fear Iran's encroachment upon their region, and therefore I think he's going to be open to the notion of combining a top-down approach with his bottom-up approach.

However, none of that -- and this is my last, last point -- none of that merging of top-down and bottom-up is going to be possible unless he agrees to a settlements freeze. That is something that the administration had put on the table. Vice President Biden was very clear in his address to APEC. The president himself in his address to APEC last year made reference to the same thing, the need for the government of Israel to live up to its commitment to free settlements and dismantle settlement outposts.

And without a credible settlements freeze, it's not going to be possible to engage the Arab states in the process. So that's the other thing that I would look for is what is going to be said about a settlements freeze.

MS. WITTES: Thank you. I'm Tamara Wittes, a Senior Fellow here in the Saban Center, and I've been tasked with putting this meeting in a context of the series of three of which it is a part. This is actually the first of three major meetings that the White House has set up dealing with the Middle East peace process over the coming two weeks, the other two being, of course, with Hosni Mubarak of Egypt -- she's coming on the 26th -- and Mahmoud Abbas of the Palestinian Authority, who's coming on the 28th. So these three taken in tandem are in essence the Obama administration's shifting gears and beginning to take the offense on the Middle East peace process.

Obama always intended, I think, rapid and intensive engagement on Israeli-Palestinian peace, but the Gaza War kind of threw them a curve ball when they came in, and they spent the first couple of months really consumed with crisis management rather than with proactive diplomacy. But with this set of bilaterals, these three bilaterals, the Obama administration is now going on the offense with its own diplomatic initiatives.

And, as Martin suggested, the role of Arab states and Arab-Israeli diplomacy is going to be really crucial to this diplomatic initiative partly because, as Martin noted, there is a common strategic challenge facing the United States, Israel and these Arab allies of the U.S. like Jordan and Egypt and Saudi Arabia have a common understanding of this strategic challenge among all of these regional actors. What there isn't right now is a common strategy, an agreement on how to confront this challenge. And so these bilaterals with Netanyahu, Mubarak, and Abbas, are really about trying to forge a common strategy coordinated through Washington.

I want to come back to the settlements freeze issue which I agree completely with what Martin said will be absolutely a key piece of this puzzle, but I think we need first to recognize the renewed activism of the Arab states on the peace process, and it's in many ways what the Gaza War kind of highlighted for everybody as the extent to which the Arabs-Israeli conflict and the Palestinian-Israeli conflict had become once again a playground for regional politics. It's not simply a localized bilateral conflict anymore; it is subject to being buffeted by regional forces, and so you see a much broader array of actors being willing to engage because they have bigger stakes in it now than

they did before.

So King Abdullah of Jordan coming to Washington, he also, by the way, went to Damascus this week in addition to welcoming Netanyahu. Netanyahu being welcomed in Egypt and Jordan before he even was welcomed to the White House I think is quite unprecedented for a new Israeli prime minister. And, of course, these three trips of Senator Mitchell, Obama's special envoy on the peace process were not simply to the states immediately engaged in the zone of conflict, not just to Egypt or in the Palestinian territories and Israel. His last trip actually started in North Africa in Morocco and Tunisia.

Why is the peace process envoy going to North Africa and the Gulf? I think the answer is because the strategy that President Obama is going to pursue is one that requires bringing the Arab states in to compensate in a way for the weaknesses that exist on the ground between Israelis and Palestinians. Netanyahu's reluctance to vest much confidence in the Palestinians Authority, the Palestinian Authority's own domestic political weakness, the division within Palestinian society means that if you try to work this problem bilaterally close to the ground, you're going to have a real confidence problem.

But one of the things that has changed the nature

of Middle East diplomacy in the last few years is the Arab Peace Initiative, is the fact that you have all of the members of the Arab League signed up to an initiative that endorses land for peace and a two-state solution, and that expresses the willingness of Arab states to normalize relations with Israel under those circumstances.

So I think the idea here is really to use steps by the Arab states toward Israel to induce policy changes on the Israeli side. The carrot comes from the Arab states to Netanyahu, and the kind of policy changes that the Arab states would like to see from Israel have a lot to do with settlements and the preservation and movement toward a two-state solution.

And I think the hope here is now only is that -- say B.B. comes to Washington and makes the case he'll probably make that he's very politically constrained; he has this right-wing coalition, the Israeli public voted for a right-wing coalition, and he just doesn't have a lot of scope for compromise, the security threat is intent, movement by the Arab states to reach out to Israel whether it's through allowing Israel to open trade missions, as we've seen in earlier years of the peace process, perhaps direct plane flights, direct telephone links allowing Israeli planes to overfly Arab air space, these types of

steps and the outreach that they express can help change the domestic political dynamic in Israel and can maybe loosen up some of the constraints that B.B. faces or at least make it harder for him to use those domestic political constraints as an excuse for lack of movement. So that I think is the crucial place of Arab diplomacy in this complex machine that President Obama is putting together.

Now what do the Arab states want in order to take these steps toward Israel? Primarily -- and all of the ones that have spoken publicly have articulated this -- they want a settlement freeze. And when they say settlement freeze, they want a total settlement freeze. I've stated in the Roadmap "including natural growth. And while I think it's quite possible that Prime Minister Netanyahu will come to Washington willing to talk about some sorts of steps on settlements, halting certain kinds of activity, dismantling illegal outposts which he's already being pressured by the Israeli court systems to do, I think he is going to resist the motion of a total freeze including natural growth. And, in fact, both the previous Israeli government, the Olmert government, and Netanyahu's government are seeking to move forward quite swiftly on one particular area of settlement activity which really troubles a lot of the Arab states and the Palestinian Authority and that's in E-1, the area

between Ma'aleh Adumim and Jerusalem.

And for the Arabs this is a crucial issue because essentially filling in this territory with Israeli residents would make nearly impossible establishing a territorial link between a Palestinian state in the West Bank and East Jerusalem.

So there's already been discussion in the Israeli press and in the Israeli government about what might happen in E1 in the next few weeks. E1, by the way, was something that President Bush and Secretary Rice put their foot down on repeatedly over the last couple of years, but I wouldn't be surprised if it becomes an early flash point, quiet flash point between the U.S. and Israel.

The Arab states -- so settlements is one issue, the Arab states are looking to see action from the Israelis on they've also made it clear they'd like to see the Israeli prime minister talk about a two-state solution. As Martin said, he may not say those words, but he may get very close. He's been inching closer and closer for the last few weeks. They would like to hear him say some welcoming words about the Arab Peace Initiative which, when it was launched, of course, in the middle of the second intafada in 2004, didn't get much attention from Israeli politicians or the Israeli public.

Thirdly, they'd like to see -- and Netanyahu has expressed his willingness to do this -- quick restarts to negotiations with Abu Mazen, with Mahmoud Abbas. Now, the question, of course, is what are these negotiations about? What are they negotiating? If they're not negotiating Palestinian statehood, what are they talking about? So when Netanyahu talks about a political track, he may mean interim self-government, or he may mean simply greater political autonomy for the Palestinian Authority that's already governing Palestinian residents on the ground. In other words, he may be talking bottom-up politics, but that's not what the Arab states are talking about; they're talking about final status negotiation.

The final peace that I think will be important, although it hasn't been much discussed in the last couple of weeks in terms of getting the Arab states engaged and keeping them engaged on this process is really the toughest piece, and that's figuring out some way to relieve conditions in Gaza. Gaza -- the cease-fire in Gaza is still fragile. There's no enduring agreement printed during ceasefire, so, potentially, violence could recur at any time.

The population which suffered tremendously under the violence in December and January is still closed off to

the world, in essence. The Israelis are still not allowing much beyond emergency humanitarian assistance into the strip. They're not allowing rebar, for example, or concrete for reconstruction. They are even making it difficult for Israeli shekels or other forms of cash to get into banks in Gaza so that people can pay for necessities or for reconstruction.

So some way of relieving conditions in Gaza, especially in the more time goes on, becomes an increasing imperative for the Arab states to avoid a situation in which they are implicated in the suffering that takes place there. And I think the Egyptians feel very strongly having taken a huge PR hit in the Arab world during the Gaza War, but they don't want to be in this position for much longer.

Of course, relieving conditions in Gaza requires in some sense dealing with Hamas, and the Egyptians, in addition to meeting with Netanyahu and dealing with Washington, have also sustained their efforts to negotiate and Israeli-Hamas prisoner deal and potentially along with that some movement toward a longer-term cease-fire. So we'll have to keep an eye on Arab diplomacy not just with respect to high politics, but also those quiet conversations going on in Cairo between Israel and Hamas.

Thank very much.

SPEAKER: Thank you, Tammy. Let me start with the reporters on the phone. Are there any questions? And if you could, state your name and your news organization.

MR. CHARLEY WOLFSON, CBS NEWS: Martin, do you expect anything new to come with the prime minister on Iran, any new ways to go about dealing with Iran, or is it just a review of the situation?

MR. INDYK: I think that there's been a fairly intensive discussion of Iran already between American and Israeli officials, and the critical issues are not going to see the light of day, you know. I think that what the prime minister is looking for from the president is some kind of clarity about what he's going to do to prevent Iran from acquiring nuclear weapons, some kind of timetable, some kind of benchmarks for progress. And I expect that he will have some ideas to contribute in that regard.

And, but that's -- I don't expect that there's going to be any kind of public statement about that except for the usual line about the president doing everything in his power to prevent Iran to acquire nuclear weapons, or something like that.

But, no, I think that even my own experience. I've dealt with part of the Israeli prime ministers. Every

one of them when I first came to Washington came with a thick intelligence file about -- mostly about Iran's nuclear activity, and so I wouldn't be surprised if there's some new information that they've put together in that regard. And also about Iran's activity in the neighborhood which they've focused on as well.

But beyond that I don't -- I don't think we're going to see any kind of major public statements. What would be critically important is that the president will want to understand from Netanyahu that he's going to give diplomacy time to work, and what Netanyahu is going to want to hear in return from the president is that he's not going to allow this process to be dragged out forever while Iran visibly acquires a stockpile of enriched uranium that increases its breakout capabilities, the ability to turn that enriched uranium into high enriched uranium, weapons-grade uranium that it can use to construct a bomb.

SPEAKER: Next question, in the room here. Paul?

MR. PAUL RICHTER, LOS ANGELES TIMES: Hi, Paul Richter with L.A. Times. I wonder if I could draw you out a little bit further on this settlements issue. What kind of terms do you think the Americans would like, and what would Netanyahu accept? Is it possible that the Americans will ask for any kind of new supervision or enforcement

provisions to make sure that everybody's following the rules?

MS. WITTES: Well, I mean if you go back to the Roadmap, there is supposed to be an enforcement or a monitoring mechanism, if you will, and that's a role that the United States or the Quartet is meant to play.

I think before we get to the question of monitoring there is a question of what a freeze means, and that has been historically a very tricky question for American and Israeli governments to come to terms on. I think that in this Israeli government, you have both a prime minister and a defense minister who are committed to natural growth at a minimum, and Ehud Barak, during his term as defense minister in the previous government showed no inclination to dismantle outposts, even those that the IDF identified as causing them major headaches.

There's a political price to pay in Israel for taking those steps, and it's not a price that Barak has been interested in paying. So I think this is going to be a very tough one.

SPEAKER: Martin?

MR. INDYK: You know, the Roadmap language is very clear. It's settlements freeze including natural growth and the dismantlement of unauthorized settlement outposts.

Successive Israeli governments have signed up to the Roadmap. The Sharon government and the prime minister's advisor wrote a formal letter to Secretary of State Condoleezza Rice saying, you know, we will begin the dismantlement -- well, not being, "We will dismantle the unauthorized outposts on a set timetable," but they never provided the timetable, and they never did it.

So, you know, I think that the standard is clear, and absolutely. Netanyahu has said, and I expect that he, as Tammy said, will continue to focus on this loophole of natural growth and make the argument that you can't, you know, 300,000 settlers have made but cannot be suppressed. And I don't know what the outcome of that discussion will be. What I do know is that the last time an American president, Bill Clinton, accepted the natural growth argument, we ended up with a large number of settlements, large settlement activity, some.

Another way of looking at this is in terms of three distinct areas. One is the West Bank proper. The second is those settlements along the Green Line in the blocks that are behind the barrier that Israel's constructed and that assumed that by Israel to be annexed in the context of a final agreement. And the third area is Jerusalem and its environments.

Now the settlers, as far as I understand it, have basically achieved their purposes in the West Bank. There's not a lot of pressure for expansion there. The settlement blocks have a large population, about 75, 80 percent of the settlers that are in those blocks -- (inaudible) that were in those blocks, and so the argument for natural growth has more power in those areas.

And then in the Jerusalem area, what you've got is a phenomenon in which the settlers' understanding that the proposal from the table in (inaudible) negotiations are to divide Jerusalem. The Arab settlers of Jerusalem coming under Palestinian sovereignty are now, have been in blocks for several years now in an effort to --

MS. WITTES: Undermine that.

MR. INDYK: -- move into the Arab settlers.

Back in 2000 when we were negotiating with Arafat and Barak a deal on Jerusalem, the, you know, there were homogenous suburbs, the Jewish settlers and Arab settlers. You could talk about separating. And I think the settlers understand that and are now intent on trying to ensure that that doesn't happen and make it as complicated as possible.

But Jerusalem is a very sensitive issue, politically for all sides, including the United States. The president himself managed to get himself caught up in that

controversy in his APEC speech last year, and so in a sense the easiest thing to do, that is, the settlements freeze in the West Bank proper, is actually the thing that is worth least.

MS. WITTES: Right.

MR. INDYK: So how that's going to sort itself out is not clear to me. I think that there are certain basic requirements that really needs to be upheld by the prisoners. One is no provocative acts in Jerusalem. Two is no building in E1. Tammy explained why that's a -- if there's to be natural growth conceded in the settlement blocks, then it should be vertical and not horizontal.

MS. WITTES: Up not out.

MR. INDYK: Right. No land should be taken for the building. And in the West Bank itself there should be no -- there should be no settlement activity at all and especially not the subsidies for the settlers.

MS. WITTES: There's one additional element with respect to U.S. policy on settlements that I think is worth highlighting for you, and that's one piece of ground that's shifted during the Bush administration. The Bush letter to Sharon in 2004 which Sharon wrote Bush and said, "I'm going to disengage from Gaza, and I'm building this security fence."

And Bush turned around with a letter that said, "Great. We welcome those moves. We recognize that this stands as a security fence. It's not a political line, and we recognize that Israel needs secure boundaries, and already existing major Israeli population centers may influence where those final borders get drawn, but the final borders have to be negotiated."

In writing that letter, my sense is, and I would imagine that a number of the Arab governments look at this similarly, the United States government has stated credibility to some extent on its ability to prevent, Israeli settlement growth from predetermining final borders. And to the extent that they can't get an agreement from an Israeli government to halt settlement growth that is going to have an impact on where the final line is drawn, and that does mean those blocks, the ways in which they expand, as well as around Jerusalem. If the U.S. can't get the Israelis to recognize the relationship between settlement growth and final borders, it is a credibility blow for the United States. And I think that the Obama administration coming in faces that dilemma in a much sharper way because of the Bush/Sharon letter than any previous American administration.

SPEAKER: Thanks. Let me go back to the phones

MS. JOYCE KAYAM, AL HAYAT: Hi, this is Joyce Kayam from Al Hayat. My question is regarding the (inaudible) plan that the British plan has been talking about, a peace plan from this administration that possibly would be announced in six weeks or even during Obama's speech in Cairo.

How do you read -- I mean, this pact, do you think that the administration, and given all the differences with Israeli and the Palestinian situation -- I mean should they go ahead with their own plan?

MR. INDYK: You now, I think that there may well be a time when the president wants to lay out principles for a final agreement, but I doubt that that's going to be in the next six weeks. I think what you have here is a phenomenon that has support in Europe and the Arab world, which is now that the president has said he wants to make peace, let's press him to lay out his plan and we'll support him, and it will be imposed on the parties because the parties themselves are incapable of doing these things. The Palestinians are divided, the Israelis politically constrained, and so the only thing to do is bring the will of the international community to bear on it. That's basically the argument.

And it has certain credibility. The only rub is

that it's the president of the United States that has to deliver the parties, and to the extent that the president is attracted to this approach -- and I think in some ways he is -- he's going to turn around and say to those advocating this, you know, "If I go down this road, what are you going to do?" It's part of a general approach that he has to foreign policy which is: We're prepared to leave, but we can't do it on our own.

And so that will start a -- if he's prepared to go down this road, it will start a dialogue about what the other players are prepared to do here. And that gets you back into the question of what are the Arab states going to do to turn their declaration of intent, that is their declaration, the Arab League Peace Initiative is a declaration that they will make peace once Israel and the Palestinians resolve their issues. How do you turn that declaration of intent into a mechanism for actual Arab states involvement in the effort to resolve the conflict? And the same will apply to other states as well.

So, I mean, you can look at it in a different way conceptually. There's the bottom-up approach and the top-down approach. Of, if you like, there's the high road and the low road. Obama has a instinct for the high road: Fly high and fast. Some of his advisors have the instinct for

the low road and they don't want to see him fail. And in order for him to take the high road, he has to have a higher degree of confidence that he can actually succeed in achieving a breakthrough.

And the reality is that the President of the United States cannot on his own, cannot make peace in the Middle East. No American president has been able to do that. He change the calculations of the leaders out there, but without a Rabin, or a Sadat, or a King Hussein of Jordan ready to take the risks for peace, it's not going to work. So, basically, he has to, if he wants to take the high road, he's going to have to work on the low road first to create the circumstances in which the leaders in the region are prepared to fly high and fast with him.

MS. MUNA SHIKAKE, Al ARABIYA: Mona Shakake with Al Arabiya. There's been a lot of talk about a Syria track and just the idea that the Syria thing would go on and that focus would be on that instead of the Israeli-Palestinian idea because a) you know, that way you neutralize Iran or try to neutralize Iran; and b) it can be done, whereas the Palestinian government is in sort of disarray right now.

Do you think that there's any support of this idea? Do you think 1) it's realistic; and b) that there is any American support for this?

MS. WITTES: Well, I would ask Martin to talk a little bit about the Israeli politics of peace with Syria, because there is a bit of a disagreement in the coalition on that question, but I think one of the interesting things to watch over the last few weeks has been visits to Damascus. King Abdullah was in Damascus. Abu Mazen was just in -- or is in Damascus today, I think. And there's been a little bit of an effort by some of the Arab states that are pushing through greater U.S. engagement, and a more active peace process to push the Syrians to play a constructive role which means not just the possibility of Israeli-Syrian talks but, more particularly and in the near term, trying to get Syria to exercise influence over Hamas to keep the border between Gaza and Israel quiet and try and facilitate Hams participation in the Palestinian unity talks.

And that's been a little bit of a credibility test for the Syrians that I think Israel's watching. I think the U.S. government is watching. If the Syrians are really interested in the sort of strategic realignment that they would need to undertake in order to make a Syrian-Israeli peace agreement sustainable, these would be baby steps in that direction to show their intent.

The other thing that's happened, of course, was the second visit of Jeff Feltman and Dan Shapiro to

Damascus, and the simultaneous news of an uptick in insurgents entering Iraq through the Syrian corridor. And I think, you know, you may have interest among many on the Israeli side in peace talks with Syria. I think that the U.S. agenda with Syria is longer and more complicated than the Israeli agenda with Syria at this point, and so you're going to see more caution from Washington than from Jerusalem on this issue.

MR. INDYK: Let me just make one other comment. I had the pleasure of visiting Damascus a couple of weeks ago, and several things were quite interesting that I heard there. One was a restatement of a commitment to making peace with Israel.

Two was a believe that Netanyahu is a better leader, Israeli leader to deal with, than leaders to the left of him, because if he makes the deal, then the other parties to the left will support him. So he can deliver better than Olmert, for example, whom they were negotiating with.

And three, that they want the Turks to remain the mediators as long as the talks are indirect, the negotiations are indirect. This was rather surprising to me. I assumed that with a U.S., an American

administration's interest in promoting Israeli-Syrian

peace, that the Syrians would have seen the advantage to them of involving the United States in the actual negotiations just as they did in the 1990s.

But they were quite pretty cut about that, that the United States and France could come in once direct negotiations begin, but in the indirect vote, they want the Turks. Well, I can go into great detail about why I think that is, but it's not that important. So I think that there's a real interest on the Syrian part in trying to engage the Israelis.

As Tammy said, Netanyahu's position is more complicated. He himself said recently, "You'll never come down from the Golan Heights." Of course, that's what Ishak Rabin said and most other Israeli prime ministers, but five of them have agreed to full withdrawal if their needs are met, and that includes B.B. Netanyahu when he was prime minister.

And I can tell you from my own exposure to Netanyahu when he was prime minister most of the time that he does believe that if he makes the deal with Syria he can -- and his government collapses because of the opposition within the right-wing parties, that he can take it to an election and win overwhelmingly, but he believes the Israeli public will support.

That's very different to the concerns of, you know, communists, just like Rabin or Barak, who were always looking over their shoulder wondering whether they would be able to bring the Israeli public with them. Netanyahu doesn't have that concern probably because he's a right-wing politician.

But so that would argue for Netanyahu pursuing a Syrian track, especially because the defense establishment in Israel supports it; Barak supports it, and it would be politically easier for him and would, as you said, have the advantage of causing friction at least, at a minimum with Iran. But if he does that, he's not going to do it in a public way. Just as the last time around he negotiated secretly, I think that he will look for secret negotiations, and therefore we won't know because there will be this -- if, in fact, he's seeking secret negotiations there will be this big smoke screen of never coming down from the Golan, and not interested in negotiating and so on. And if he's not engaged in secret negotiations, there will also be the same statement. So we really won't know unless there's a leak to what he's doing.

But I would, I myself, expect that, in fact, more likely there would be an Israeli-Syrian deal than an Israeli-Palestinian final status agreement in President

Obama's first term.

MR. JAY SOLOMON, WALL STREET JOURNAL: Jay Solomon of Wall Street Journal. Could you get a bit more into what type of guarantees or linkages you think B.B. is looking for on the Iran issue? I mean it already sounds like some sort of benchmark/time line formula is starting to be concocted between Dennis Rosh and the Arabs and others. But maybe you could get a bit more into what else do you think, if he is pushing for linkages, what is he looking for?

MR. INDYK: Well, I'm not sure, and certainly don't want to claim to have inside knowledge here. But if you think about it, what would benchmarks look like? What would a time line look like? Well, let me start with the time line first of all.

Here it's very difficult. What does it mean to do everything possible to prevent Iran from acquiring nuclear weapons? If the Iranians don't intend to cross over the nuclear threshold into actually fabricating a nuclear weapon testing, you know, putting it on a missile, what if they just moved the threshold with enough low enrich uranium as they can put back through the cascades to, in sort order, to produce, you know, enough weapons grade material for two, three, four, five bombs?

So they haven't got a nuclear weapon yet. They

haven't abrogated the nonproliferation treaty or -- and so there needs to be -- there's going to need to be an understanding about what the actual objective is here. And I think that really comes back again to the question of controlling the nuclear material because that's the thing that is really critically important. If we don't have weapons grade material, we can't make the bomb. That's why the international community and Security Council focused on trying to get them to suspend enrichment.

And I think that when you come to benchmarks, it's logically going to be about what progress is being made in terms of controlling and curbing Iran's enrichment program. And, you know, are there certain things along the way that indicate that you're making progress, such as, you know, other ideas that have been out there before: the moratorium on introducing new centrifuges; a suspension of enrichment of the existing centrifuges; the conversion of that stockpile of enrich uranium into fuel rods because the Iranians say that they only want it for civilian purposes, so if they want it for civilian purposes, they should have a problem with that? If they don't want it for civilian purposes, they will have a problem, so it becomes a test of their intentions. But if they put it into fuel rods, it becomes harder to break up and put through the centrifuges

again.

So, you know, those kinds of things that break down the effort at negotiations into steps, and the other benchmarks, of course, relate to the question of sanctions. What progress is being made in terms of getting other states to sign up to more crippling sanctions, to use Hillary Clinton's words, because that will be important if the negotiations process breaks down.

And, in particular, the Israelis have been very focused over the last three to five years on the Russians, and what the Russians are prepared to do I think becomes an important benchmark in this process because the Israelis were horrified of the way in which they felt the Bush administration mishandled the Russians. And if the Obama effort to reset the relationship with Russia leads to Russia being more prepared to agree to harsher sanctions if Iran doesn't respond to the effort in engagement, then I think, you know, the Israelis would consider that progress.

MS. HELENE COOPER, NEW YORK TIMES: Helene Cooper with The New York Times. Can I ask you both a little bit about timing since you seem to both be implying that next week is not the time, and six weeks from now is not the time for a statement of principles or any real action, meaning the Road. At what point, given the -- given sort of the

benchmarks everybody's setting on Iran that the Israelis are setting on Iran, at what point can we reasonably expect to see President Obama actually lay out his principles for an Arab-Israeli peace? Or peace deal with the Palestinians? At what point does he actually engage, and you see the pending fight with Netanyahu that we're all sort of bracing for?

MS. WITTES: My sense is -- and I won't claim inside information on this by any means -- but, No. 1, it's not his style to sort of come out with a bold pronouncement and say, "This is my Middle East peace plan."

Secondly, historically, even under better circumstances than we're facing in the region right now, bold American Middle East peace plans tends to land with a whimper, not a bang. And I think that what Martin said about the necessity of having people pull together in harness is the biggest reason not to go down the road of early laying out an American plan.

But I think the final thing to remember is that in many ways the situation on the ground simply doesn't allow for that strategy to work right now, even if the U.S. president stood up tomorrow and said, "Here's my vision for a two-states solution, and here's how we get from A to B: you do this, you do this, you do this, I'll do this." The

political environment and the physical engagement between the parties on the ground makes it almost impossible for the parties to do those things.

And that's why I said earlier -- I don't remember when you came in -- that I think what's most important about the kind of engagement that's happening right now between the Arab states and Washington, between the Arab states and Israel, is that it's beginning to loosen up a very constrained political environment on the ground. Leaders need more scope of action than they currently have. And I think that there has to be a lot more of that -- confidence-building is the label that's attached to it -- but it's much more important than that, creating a conducive environment in which leaders can take those steps.

And then so what he's doing, you know, what the U.S. government is doing, in effect, right now, what Mitchell was doing on his three visits going around the region we're saying okay, you know, Tunisia, you signed onto the Arab peace initiative. What can you do right now? B.B., what can you do right now? And as they slowly move down that path, I think what you're going to see on the American side is incrementalism, diplomatic incrementalism for quite some period, months probably, before you can shift the political environment enough to make those kinds of bold

moves effective.

MR. INDYK: First of all, just in terms of the time line, the president has four years. We know from past experience of George W. Bush and Bill Clinton that the last year is not a good time to try to achieve a breakthrough. But by the same token the first year is probably not a good time to try to achieve a breakthrough either for the reasons I won't repeat that Tammy just explained.

So what does that mean? You know, I would say, logically, the second year is the time when you're looking for the breakthrough, and the third year is the time when you work in the details, and, you know, you want to complete it as you head into the fourth year. So that's just a way of thinking about, you know, the time horizon.

The problem with the incremental approach, or what I call the low and slow approach, is that it leaves the process -- a dirty word these days -- but it leave the process open to all the bad actors who can take aim in all these different ways, whether it's settlers, or Hamas, Hezbollah with violence and terrorism, and it can really screw it up, because you don't have enough momentum to overcome these bad acts that could occur.

But the problem with the high and fast approach is that, as Tammy says, you know, the parties themselves aren't

ready for that, aren't capable for that, and therefore there is the highest likelihood of failure. And if a person fails, tries and fails in this (inaudible) also happens with quite disastrous results and (inaudible) to Washington credibility in the process.

So somehow, as we say, we have to find a happy medium between the two. And I think there's a way to do that, but this is just my own speculation. I want to introduce Saudi Arabia into all of this, because we haven't really talked about that. The Saudis are the most reluctant when it comes to the low road, because they don't believe that there will be a settlement freeze; they're fed up with the Palestinians, and they think, you know, they're incapable of getting their act together and, you know, the Saudis you would say reconcile them and the Palestinians went and blew off the agreement, so, you know, their attitude plays to both their houses, and we're not going to engage.

You know, George Mitchell, maybe he wants us to do steps we're not interested in. The others can go and do what they like, we're not interested. What the Saudis would say is, you know: We've put a plan on the table, you know. It's up to the president to pick it up and say this is his position, we'll support him, and we'll (inaudible).

And as I said, that's highly problematic, so in a sense, you know, the Saudis are out of the game. The problem with that is that Saudis have a one value-added that could make a difference to (inaudible).

You know, as Tammy says, he went to Egypt, he went to Jordan. That's now, naturally and after seven years of peace between Egypt and Jordan, you know, it doesn't create any kind of excitement for Saudi Arabia. The story's out the King of Saudi Arabia put the Arab peace initiative on the table. Saudis engaging with Israelis would be a big plus.

So the question is, can the president, after talking with Netanyahu and Mubarak, and King Abdullah of Jordan, and Abu Mazen, go to the Saudis and say, "Look, I'm ready. I'm ready to lay out principles, but I'm not ready it do it unless you're there with me. Hamas, you're there meeting with Netanyahu in a summit in which we'll watch these final sets of negotiations on the basis of a plan that I lay out." You know, "Are you with me?"

And that, getting the King of Saudi Arabia to guess, if that's the game, and I don't know that it is, but getting him to guess is going to take some time.

MS. COOPER: But isn't that giving the (inaudible).

MR. INDYK: No, because he's still -- as I say,

you've got to combine the top-down with the bottom-up. You've got to get the Israelis to go along with the settlements agreement, proceed with B.B's economic peace, stop, you know, negotiations themselves.

MS. WITTES: And there are lots of potential levels of Saudi engagement with Israel short of showing up and shaking hands at a summit to launch final status talks. And, frankly, I think the Saudis would be less interested in showing up at a summit to launch final status talks, having been to Annapolis. I think that there are a lot of things that could be done at a lower level, at an unofficial or nongovernmental level that would be very meaningful to the Israelis but that wouldn't necessarily demand that kind of recognition.

MR. INDYK: But the Saudis are not going to play that game unless they have --

MS. WITTES: Unless they have the framework.

MR. INDYK: -- have the framework in which those actions are taking place.

MS. WITTES: That's right, and they don't want another Annapolis. They don't want to have another big summit where they all show up and endorse this head of toxic or nowhere.

MR. INDYK: Because as I said, the president would

lay out his principles. What did the presidents do in Annapolis?

MS. WITTES: He barely showed up at Annapolis.

MR. INDYK: But, you know, there was nothing of substance. There was nothing basically achieved at Annapolis, and there was nothing said that, except for the most general of ideas. So that's the base for the Saudis. And if they want the presidents to lay all these out, then they have to show up.

MS. WITTES: Right.

MR. INDYK: You have to create an environment in which the manifestation of international support for this, Arab states support is tangible. And that creates an environment which perhaps the leaders, the Israeli and Palestinian leaders can rise above their internal constraints and actually seek a breakthrough. It also provides a context for an Israeli-Syrian negotiation, too, if the indirect negotiations have gotten to the point where it becomes profitable for them to engage directly.

MS. WITTES: Yeah, the other thing I think worth noting on this is that the Obama administration doesn't have to make this call right now. They -- for them this peace process is important for its own sake; it's also means to other ends in terms of trying to contain Iranian regional

influence and stabilize the region more broadly, either draw down from Iraq, et cetera. They see it serving a lot of different ends.

It might be able to serve those ends to some extent by cooking along quietly without big dramatic gestures. Meanwhile they're engaging with Iran. They're seeing where the international efforts on Iran are going to take them.

If they feel like the carrots that they are putting on the table and the sticks with Iran are having an impact, that reduces the likelihood of spoilers entering and killing a graduate peace process.

So they can gauge these things in tandem. If on the other hand they feel like things are stuck with Iran, then that might give them -- that might give Iran greater incentive to screw things up in the peace process, and it might be a reason to push ahead harder.

Likewise, if things are going well in their early incremental diplomatic efforts on the peace process, then, you know, they can make a judgment about whether to go whole hog. On the other hand, if they're heading, you know, into their second year and they're not getting anywhere, and the parties are just too stuck, then they may say, well, we'll head back into crisis management mode on this; we have a lot

of other things on our plate.

And that's what happens when you have an administration that's swinging for the fences on 16 different issues at once is that maybe you push until you reach a blockage, and then you go push something else because you're really busy. I think that's quite possible. I'd like to think it won't happen, but I think it's possible.

MR. INDYK: Well, I think that you may well be right, but I suspect that it underestimates the president's own sense of urgency and impatience on this subject on the one side. But on the other side he has this sense, and he's used the word repeatedly, as "the need for persistence, the need to keep working at it, and keep focused on it."

You know what we've described is a very complex choreography. It operates on three levels, B.B.'s three levels operates, you know, high level, low level, with Iran, with Syria, you know, it's a very complicated game.

SPEAKER: (off mike)

MS. WITTES: If you get a freeze, that buys you a lot more time, a real -- a real freeze.

MR. INDYK: But that why I said it's urgent. The president has a sense of urgency and impatience because of the sense that the door is closing on the two-state

solution.

But, you know, I mean there's a disconnect between that sense of the need to try to go for a breakthrough, and the reality on the ground which doesn't look like it's amenable to a breakthrough. So what do you do about that disconnect?

Well, first of all you look for where the opportunities seem to be, which is, you know, common concern about Iran, does that give the Arab states an incentive to (inaudible) with the United States in trying to achieve a breakthrough?

Secondly, with Syria. If Syria wants to make peace, that gives you an opportunity to achieve a breakthrough there that can change the dynamic on the Palestinian track as well as the dynamic on the intervention, the effort at engagement with Iran.

So, you know, bottom line, to put it in a kind of simplified (inaudible), when the President of the United States decides that he wants to make peace in the Middle East and manifests that commitment to the leaders of the Middle East, it will change all of their calculations. How they will then adjust and move is unknowable in advance. Guessing, but we won't know until one of them stands up and says, "I'm ready to move." And it's happened before. It

happened with Sadat. It happened with -- it happen
(inaudible) December 1999. It happened with King Abdullah
of Saudi Arabia in 2002. Because their circumstances
changed in a way that we couldn't figure out what was
happening to them, but they decided they needed to move.
And so that's why the persistence is important.

The commitment of the president to keep on pushing
the parties to move, and, you know, you push on one door and
another door will open. And it's important to keep working
at it, some day one, and keep on pushing. And I've said
this before, you know, the Middle East something always
turns up, usually bad. But occasionally, you know, these
politicians will decide that for their own survival they had
to move, and that's the moment that the president has to
see. He can create the environment for that, he can change
the strategic context, and if they calculate it, but in the
end they are the ones that are going to have to move. And
we can't see yet which one of them, or which combination of
them are going to do it. We just have to keep on trying.

SPEAKER: Thank you.

MS. WITTES: Thank you.

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CERTIFICATE OF NOTARY PUBLIC

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

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