

THE BROOKINGS INSTITUTION
FALK AUDITORIUM

THE OBAMA ADMINISTRATION'S APPROACH TO
U.S.-ISRAEL SECURITY COOPERATION;
PRESERVING ISRAEL'S QUALITATIVE MILITARY EDGE

Washington, D.C.

Friday, July 16, 2010

PARTICIPANTS:

Introduction:

KENNETH POLLACK
Senior Fellow in Foreign Policy and
Director of Saban Center for Middle East Policy
The Brookings Institution

Moderator:

MARTIN S. INDYK
Vice President and Director, Foreign Policy
The Brookings Institution

Keynote Speaker:

ANDREW J. SHAPIRO
Assistant Secretary of State for Political-Military Affairs
United States Department of State

* * * * *

P R O C E E D I N G S

MR. POLLACK: Good morning. Welcome to the Saban Center for Middle East Policy at the Brookings Institution. For those of you who don't know me, I am Ken Pollack. I am the director of the Saban Center here at Brookings. I'm delighted to have you all here today for what I think will be an extremely interesting and important session. But let me begin first by doing perhaps my most important duty, which is asking everyone to please silence their cell phones, or BlackBerry, pagers, whatever other electronic paraphernalia you may have.

We're extremely pleased this morning to have with us an old friend of the Saban Center. Andrew Shapiro has been a friend of the Center since its inception, a friend of mine for many years, and a friend of Martin Indyk, the vice president of Foreign Policy Studies here at Brookings, for even longer than that.

I think Andrew is well known to many of you. He's been a fixture on the Washington scene for many years. He took over as Assistant Secretary of State for Political Military Affairs at the beginning of the Obama Administration. Prior to that, I think you all know he was one of then-Senator Hillary Rodham Clinton's key staffers, having served from 2001 to 2009 as her senior defense and foreign policy advisor, a position in which he was her primary policy advisor on a whole range of national security issues, including her work on the Senate Armed Services Committee.

In that capacity, Andrew got to spend many fun-filled nights in Baghdad and Kabul, as well as other exotic locales with the senator. And before coming on board with Senator Clinton, Andrew served as the Justice Department's International Competition Policy Advisory Committee; and prior to that, he was an associate at Covington and Burling. Please join me in welcoming the Assistant Secretary of State for Political Military Affairs, Andrew Shapiro. (Applause)

MR. SHAPIRO: Well, Ken, thank you so much for that introduction and for your friendship and for all the work that you're doing here at the Saban Center. I also want to thank Martin Indyk, the director of Foreign Policy. Martin gave me my first job -- my first paying job -- in Washington, D.C., over 20 years ago. And he was at another think tank in town and I was just graduating college, unemployed, and I read an op-ed in the *New York Times* written by him. I thought it was very good, some things never change, and I wrote in and asked if he needed anyone, and I got an interview and I was hired part-time in the fall of 1989.

And I must say, I was just out of school, I probably didn't set the world on fire, but I begged and pleaded and finally got hired full-time. And I was there in August of 1990, in the days right before Iraq invaded Kuwait, when there were some rumblings. I remember being at a barbecue at Martin's house and he predicted that Iraq would take some type of aggressive action against Kuwait.

And the experience that I had working for him during that first Gulf

War really taught me a lot about Washington policymaking, and it taught me about the importance of clear-headed, well-written, well thought out analysis. And Martin has brought those same qualities here to the Brookings Institution, and it's just a great pleasure to be here.

I'm particularly pleased to be here at the Saban Center to address the Obama Administration's enduring commitment to Israel security. And I'm proud to say that as a result of this commitment, our security relationship with Israel is broader, deeper, and more intense than ever before. Just last week, President Obama met with Prime Minister Netanyahu and stated that Israel has unique security requirements. President Obama has ensured that his administration fully recognizes those requirements, and we have doubled our commitment to meeting them.

Indeed, as Assistant Secretary for Political-Military Affairs, one of my primary responsibilities is to preserve Israel's qualitative military edge, or QME. Today I'd like to tell you how we're preserving Israel's QME through an unprecedented increase in U.S. security assistance, stepped up security consultations, support for Israel's new Iron Dome Defensive System, and other initiatives.

We recognize that today Israel is facing some of the toughest challenges in its history. This administration is particularly focused on Israel's security, precisely because of the increasingly complex and severe threats that it faces in the region.

Israel is a vital ally and a cornerstone of our regional security commitments. When talking about the threat assessment in the region, one must start with the Iranian nuclear program. As Secretary Clinton said in March, for Israel, there is no greater strategic threat than the prospect of a nuclear armed Iran. While the most grave Iranian nuclear program is one of many serious security threats in the region. Iran and Syria both pose significant conventional security challenges, and these conventional challenges intersect with the asymmetrical threats posed by Hezbollah and Hamas, whose rockets indiscriminately target Israeli population centers and whose extensive arms smuggling operations, many of which originated in Tehran and Damascus, weaken regional security and disrupt efforts to establish lasting peace between Israel and its neighbors.

We must recognize that the ever-evolving technology of war is making it harder to guarantee Israel's security. For six decades, Israel has guarded their borders vigilantly, but advances in rocket technology require new levels in U.S.-Israel cooperation.

Despite efforts of containment, rockets with better gun systems, greater range, and more destructive power are spreading across the region. Hezbollah has amassed tens of thousands of short- and medium-range rockets on Israel's northern border. Hamas has a substantial number in Gaza. And even if some of these are still crude, they all pose a serious danger. These and other threats to Israel's

security and civilian population are real, they are growing, and they must be addressed, and we are standing shoulder to shoulder with our Israeli partners to do so.

Coming to my current job, after eight years as Senator Clinton's primary foreign affairs and defense policy advisor in the Senate, I can personally attest to her deep sense of pride of being a strong voice for Israel. I traveled to Israel with then-Senator Clinton in 2005 to attend a Saban Center conference, and joined her on her first visit to Israel as Secretary of State in March of 2009.

When it comes to the U.S.-Israel relationship, the policy guidance Secretary Clinton has given to me for my current position is no different from the guidance she gave me when I worked for her in the Senate.

As the Secretary mentioned in a recent speech, she asked me, coming from this experience of working with her in the Senate, to make the management of our security relationship with Israel and preserving Israel's qualitative military edge among my top priorities. The unique relationship between the United States and Israel is rooted in common values, interwoven cultures, and mutual interest. U.S. support for the idea of Jewish homeland dates back to John Adams and John Quincy Adams and can be traced through the letters of Abraham Lincoln, Woodrow Wilson, and Franklin Roosevelt. Indeed, when Israel was founded in 1948, the United States was ready to embrace its new partner,

and President Truman famously extended official diplomatic recognition to the state of Israel in just 11 minutes.

America's commitment to Israel's security and prosperity has extended over many decades and across Democratic and Republican administrations alike. Our leaders have long understood that a robust United States-Israel security relationship is good for us, good for Israel, and good for regional stability.

President Nixon paid the first official visit to Israel to begin direct U.S. diplomatic engagement to help bring peace in the region. This began a long bipartisan effort to work toward peace and, in doing so, to further bolster Israel security as a sovereign state.

President Nixon's effort was continued by President Carter with the Camp David Accords, President George H.W. Bush at the Madrid Conference, President Clinton's stewardship of the Oslo Accords and the Wye River Conference in which Brookings' own Martin Indyk played such a central role, and the previous administration's engagement at the Annapolis Conference.

President Obama has also made achieving peace and recognized secured borders for Israel a top administration priority. Secretary Clinton, in her speech to APAC earlier this year, explained the imperative of pushing the peace process forward because the status quo is unacceptable.

In addition to a nuclear-armed Iran, Israel's future as a

secure Jewish and democratic state is under threat from the dynamics of demography, ideology, and technology. The Obama Administration is working assiduously with the parties to restart direct negotiations toward a comprehensive peace as soon as possible.

We believe that through good faith negotiations, the parties can mutually agree on an outcome which ends the conflict and reconciles the Palestinian goal of an independent and viable state based on the 1967 lines with agreed swaps and the Israeli goal of a Jewish state with secure and recognized borders that reflect subsequent developments and meet Israeli security requirements.

Hand-in-hand with this commitment to peace has been the administration's unwavering dedication to ensuring that Israel is prepared to defend itself against the multitude of threats it faces. As the President said just last week, the United States is committed to Israel's security, we are committed to that special bond, and we are going to do what's required to back that up, not just with words, but with actions.

Since day one, President Obama and Secretary Clinton have not only honored and reenergized America's enduring commitment to Israel's security, but have taken action to expand it to an unprecedented level.

Our work is rooted and now it's shared across the decades by presidents and policymakers on both sides of the aisle, that a strong and secure Israel and an Israel at peace with its neighbors is critical not

only to the interest of Israelis and Palestinians, but also to America's strategic interests.

As Secretary Clinton has often said, the status quo is unsustainable. Without a comprehensive regional peace, the Middle East will never unlock its potential and Israel will never be truly secure. The dynamics of ideology, technology, and demography in the region mean this continuing conflict poses serious challenges. Regional peace must begin with the recognition by every party that the United States will always stand by Israel's security. As President Obama put it, no wedge will be driven between us. Israel's right to exist and to defend itself is not negotiable. No lasting peace will be possible unless that fact is accepted. It is our hope that the administration's expanded commitment to Israel's security will advance the process by helping the Israeli people seize this opportunity and take the tough decisions necessary for comprehensive peace.

For decades, the cornerstone of our security commitment to Israel has been an assurance that the United States would help Israel uphold its qualitative military edge, a commitment that was written into law in 2008.

Israel's QME is its ability to counter and defeat credible military threats from any individual state, coalition of states, or non-state actor while sustaining minimal damages or casualties.

The Obama Administration has demonstrated its

commitment to Israel's QME by not only sustaining and building upon practices established by prior administrations, but also by undertaking new initiatives to make our security relationship more intimate than ever before. Each and every security assistant request from the Israel government is evaluated in light of our policy to uphold Israel's qualitative military edge. At the same time, QME considerations extend to our decisions on defense cooperation with other governments in the region. This means that as a matter of policy, we will not proceed with the release of military equipment or services that may pose a risk to allies or contribute to regional insecurity in the Middle East.

A primary tool that the United States uses to ensure Israel's qualitative military edge is security assistance. For some three decades, Israel has been the leading beneficiary of U.S. security assistance through the Foreign Military Financing Program, or FMF.

Currently Israel receives almost 3 billion per year in U.S. funding for training and equipment under FMF. The total FMF account is \$5 billion annually and is distributed among some 70 countries. So it is a testament to our special security relationship that each year Israel accounts for just over 50 percent of U.S. security assistance funding distributed through FMF.

The Obama Administration is proud to carry on the legacy of robust security assistance for Israel. Indeed, we are carrying this legacy to new heights at a time when Israel needs our support to address the

multifaceted threats it faces. For Fiscal Year 2010, the administration requested \$2.775 billion in security assistance funding specifically for Israel, the largest such request in U.S. history.

Congress fully funded our request for FY 2010, and we requested even more, 3 billion, for FY 2011. These requests fulfill the administration's commitment to implementing the 2007 Memorandum of Understanding with Israel to provide \$30 billion in security assistance over 10 years. This commitment directly supports Israel's security, as it allows Israel to purchase the sophisticated defense equipment it needs to protect itself, deter aggressors, and maintain its qualitative military edge. Today I can assure you that even in challenging budgetary times, this administration will continue to honor this 10-year, \$30 billion commitment in future fiscal years.

But our unique security assistance relationship with Israel extends beyond raw numbers. Unlike other beneficiaries of foreign military financing, which are legally required to spend funds in the United States, Israel is the only country authorized to set aside one-quarter of its FMF money for offshore procurements. This exception provides a significant boost for Israel's domestic defense industry, helps them to develop indigenous defense production capacity, and is one of many ways we demonstrate our commitment to meeting Israel's unique security requirements.

A second way we build Israel's qualitative military edge is

through training and joint military exercises, such as last fall's Juniper Cobra 2010 ballistic missile defense exercises. More than 1,000 U.S. troops participated in Juniper Cobra, which was the largest U.S.-Israeli exercise in history. U.S. and Israeli forces take part in numerous exercises each year to test operational concepts, improve interoperability, and focus on urban terrain and counterterrorism operations. These collaborative efforts enhance Israel's military capabilities and improve our own military's understanding of and relationship with the Israeli defense forces. In addition, many Israeli officers and enlisted personnel attend U.S. military schools such as the National War College where they can acquire essential, professional skills and build lifelong relationships with their U.S. military and other foreign counterparts.

Third, the United States supports Israel's defense needs through both our government-to-government foreign military sales program and through direct commercial sales, including releasing advanced products restricted only to the closest of allies and partners. In the past years, we have notified Congress of a number of significant sales aimed at preserving Israel's qualitative military edge, most notably the F-35 Joint Strike Fighter. The F-35's advanced capabilities will prove a key contribution to upholding Israel's QME for many years to come.

Israel further benefits from a war reserve stockpile, which is maintained in Israel by U.S. European Command and used to boost Israeli defenses in case of a significant military emergency. And like many of our

partners overseas, Israel is also able to access millions of dollars in free or discounted military equipment each year through the Department of Defense's Excess Defense Articles Program.

Fourth, the United States and Israel have long cooperated in research and development of military equipment. Given the threat Israel faces from short- and medium-range missiles, Israel air and missile defense systems are an area of particular focus, including the Arrow Weapon System to counter long-range ballistic missile threats, and David's Sling to defend against short-range ballistic missiles. For our part, we are working with Israel to upgrade its Patriot Air and Missile Defense System, which was first employed during the Gulf War, and it installed advanced radar systems to provide Israel early warning of incoming missiles.

Israeli origin equipment deployed on Iraqi and Afghan battlefields are protecting troops every day. This includes armor-plating technology for U.S. military vehicles and unique medical solutions, such as the Israeli bandage, a specifically designed antibiotic-treated dressing that has been widely used by our men and women in uniform in Iraq and Afghanistan. It also includes sensors, surveillance equipment, unmanned aerial vehicle technology, and detection devices to seek out IEDs. Many such partnerships in investments between our two governments and U.S. and Israeli defense firms have yielded important groundbreaking innovations that ultimately make us all safer.

What I have laid out here represents the core pillars of the U.S.-Israeli security cooperation, but given the breadth of our relationship, I've only really begun to scratch the surface. The United States and Israel are also working closely in a series of other activities to enhance our shared security from efforts to shut down the vast networks of tunnels being used to re-arm Hamas, to tracking and combating terrorist financing, to counting the proliferation of weapons of mass destruction, their delivery systems, and related materials through the Proliferation Security Initiative.

A prime example can be found in our joint effort to prevent and interdict the illicit trafficking of arms, ammunitions, and weapons components into Gaza. In 2009, the United States and Israel began intensive consultations to address this threat, a top agenda item whenever we meet for bilateral talks. These efforts have since expanded into a wide international effort under the Gaza Counter-Arms Smuggling Initiative, or GCASI. Under this multinational partnership, the United States joins Canada, Denmark, France, Germany, the Netherlands, Norway, and the U.K., along with Israel and Egypt, to employ a broad range of diplomatic military intelligence and law enforcement tools to block the shipment of arms, including rockets, missiles, and related components into Gaza, which safeguards neighboring Israeli communities and promotes regional security.

What I really want to emphasize is that this administration's commitment to Israel security is more than just a continuation and

strengthening of existing policies. Rather, we've been cultivating new ways to ensure Israel's security and enhance our bilateral political military relationship. During the past year, there has been an unprecedented reinvigoration of bilateral defense consultations through nearly continuous high-level discussions in business. We have re-energized structured dialogues such as the U.S.-Israel Joint Political Military Group and the Defense Policy Advisory Group, among others. I lead the U.S. Government's discussions within the Joint Political Military Group, which includes representatives from both the State Department and the Pentagon on the U.S. side and the Foreign and Defense Ministries on the Israeli side. The JPMG discussions cover a wide range of political-military topics, including first and foremost maintaining Israel's qualitative military edge. Meanwhile, the DOD-led Defense Policy Advisory Group provides a high-level forum dedicated to enhancing defense policy coordination.

This only reflects what we have been doing publicly with our Israeli partners. Just as important as this public cooperation/collaboration is what you don't see. For instance, our regular and well-established meetings have recently been supplemented by an unprecedented number of intimate consultations at senior levels of our governments. These small, private sessions allow us to frankly discuss a wide range of current security concerns ranging from defense procurement to regional security. These consultations provide an opportunity for our governments to share perspectives on policies, address mutual concerns, explain threat

perceptions, and identify new areas for cooperation. Our constant communication with the government of Israel over the past year has helped us to more fully understand and appreciate the many unique security challenges that Israel must live with each and every day.

Let me now turn to another area where we are deepening our security relationship with Israel. The rocket threats from Hezbollah and Hamas represent the most immediate challenge. This is a very real daily concern for ordinary Israelis living in border towns such as Sderot or who knew that a rocket fired from Gaza may come crashing down at any moment. As a senator, President Obama traveled to Israel and met with families whose homes had been destroyed by rockets. So, the President understands this threat, Secretary Clinton understands it, and I understand it. That is why earlier this spring, the President asked Congress to authorize \$205 million to support the production of an Israeli-developed short-range rocket defense system called Iron Dome -- this \$205 million for Iron Dome, which has been authorized in the House and is above and beyond the \$3 billion in foreign military financing that the administration requested for Israel in FY 2011.

One of my colleagues in the Bureau of Political-Military Affairs recently had a chance to see the Iron Dome training battery while in Israel for bilateral consultations and was able to witness a simulation of the systems promising new capabilities. Iron Dome will be part of a comprehensive layer defense against the threat of short-range rockets

fired at the Israeli population. This funding will allow Israel to expand and accelerate Iron Dome production and deploy them and to provide timely improvements to their multi-tiered defense. This step is one in a series that demonstrates the strength of our mutual defense relationship and shows how serious we are about ensuring that our enhanced security dialogs translate into action. Iron Dome fills a gap in Israel's multi-tier defense system. Israel has conducted thorough tests of Iron Dome components and we've conducted an evaluation of our own. We are confident that Iron Dome will provide improved defense for the people of Israel.

Helping to make Israel's population more secure from the short-range rocket and missile threat its border towns face is not only the right thing to do, but is the type of strategic step that is good for Israel's security and for the United State's interest in the region.

Bolstering Israel's security against the rocket threat will not by itself facilitate a two-state solution to the Israeli-Palestinian conflict. Conversely, a two-state solution will not in and of itself bring an end to the threats, but our support for Iron Dome and similar efforts do provide Israel with the capabilities and the competence that it needs to take the tough decisions ahead for a comprehensive use.

U.S. support for Israel's security is much more than a simple act of friendship. We are fully committed to Israel's security, because it enhances our own national security and because it helps Israel to take the

steps necessary for peace.

As Secretary Clinton has suggested, we cannot entrust Israel's future to the status quo, and the most certain way to ensure Israel's future as a democratic state is through a sustainable regional peace.

We will also continue to support our words with concrete actions. The U.S.-Israel security relationship is too important to be anything less than a top priority. As surely as the bond between the United States and Israel is unbreakable, our commitment to Israel's qualitative military edge has never been greater. I can assure you that under the leadership of President Obama and Secretary Clinton, our relationship will always receive the time, attention, and focus that it deserves.

Thank you for your time and attention this morning.

(Applause)

MR. INDYK: Thank you, Andrew. It's a great pleasure to see you here in your new position as Assistant Secretary. It makes me feel very old.

You made a very powerful case for the administration's approach on the security level to Israel, but I don't think anybody would have missed your reference twice to the tough decisions that you expect Israel will make or that you feel that Israel needs to make, and it sounds like the basic presumption of your approach is that you make Israel strong

in order that it can take risks for peace in a dangerous neighborhood.

There are others, particularly recently, who have made the argument that Israel is not a strategic asset of the United States. They call Israel a liability. So -- on the strategic level -- that notwithstanding all of the support that we give Israel, it doesn't take those tough decisions and instead engages in activities which create problems for us on a strategic level, and they cite the flotilla crisis as the latest example of that. So, I wonder how you respond to that kind of counterargument that we hear from people like Anthony Cordesman and others?

MR. SHAPIRO: Well, as I think I've laid out in my speech, I think the administration fundamentally rejects that view. We think our relationship with Israel is important not just because they share our values, but there are real strategic benefits to that relationship. But I also think that that type of argument is a zero sum argument, and I don't think that it is zero sum for us in the Middle East. We have partnerships and relationships with allies in the Gulf. I conduct a number of dialogues with them as well. And indeed a lot of the threats that they're concerned about are the same threats that Israel is concerned about, particularly Iran. And so the notion that there is zero sum nature to our relationship with Israel I think misses the dynamics in the region and the possibility that common interests can help bring these nations together, and it doesn't necessarily have to be either/or.

MR. INDYK: You also talked quite a lot about the commitment to

maintaining Israel's qualitative military edge – QME – and that's very clear in the conventional area, in terms of all the things that you laid out, what the United States is doing for and with Israel, to ensure that it has a military edge over its potential adversaries. But of course, there is a potential for a nuclear challenge, a nonconventional challenge to Israel's security, that comes from Iran's continued efforts to acquire nuclear weapons. And I wonder how you address, or what the commitment means, in this nonconventional context.

MR. SHAPIRO: A couple things. First of all, I think that Iran – the potential for Iran to develop nuclear weapons – is not just a threat to Israel. It's a threat to our partners in the region, it's a threat to the United States as well, so there are important reasons for us to address Iran's nuclear program outside of just preserving Israel's qualitative military edge.

Secondly, our policy thus far vis-à-vis Iran has been designed to put pressure on them through sanctions and diplomatic efforts to change their security calculus, so that they understand that their security does not benefit by developing nuclear weapons. And we've had great success in building international consensus with UN Security Council resolutions; the U.S. has imposed additional sanctions and been joined by the EU and others, and so there is international consensus that it would not be desirable for Iran to develop nuclear weapons, and we need to take tough action to prevent them from developing nuclear weapons.

So I think the issue is broader than just a QME issue, it's a U.S. national security interest that Iran not develop nuclear weapons, and our efforts have been geared towards putting pressure on them to ensure that they don't.

MR. INDYK: One other aspect of, challenge of maintaining the QME, relates to arms sales to Arab states. In my own experience in government, this was also a delicate balancing act – we have commitments to the security not just of Israel, but of our Arab allies in the region. That also requires arms sales and security cooperation. How do you balance those competing demands in the current security environment in the Middle East? We haven't seen the kinds of arms sales battles on the Hill that we saw in the 1980s, when Israel and its American supporters on the Hill battled the Reagan administration against AWAC sales to Saudi Arabia. Is that because we're not seeing major arms sales to the Arab states, or because Israel understands that there's a real commitment to maintaining the qualitative military edge, but that there's a more common interest between Israel and these Arab states that are our allies than used to be the case back then.

MR. SHAPIRO: I think you hit an important point, which is that we want to make sure that our partners in the Gulf and elsewhere in the region have the resources that they need and the ability to defend themselves so they're not susceptible to Iranian pressure and have the confidence to continue to be our partner. It's an important element of what

I do through the Gulf Security Dialogues, is try to listen to our Gulf partners about what their needs might be. And as suggested earlier, there is a commonality when I have these discussions with both the Gulf nations and Israel and their concerns about the threats in the region, and the desire to have the ability to deter aggressive action by Iran or counter threats as they emerge. So I think there is development of some commonality of interest.

I would also say that, as I mentioned in my speech, by law we have to take our qualitative military edge into account to every sale in the region, and we do; that's part of our intensive consultations with our partners, both on the Israel side and the Gulf side, is try and understand what are the threats that they think they face and what are the best means to be able to address them.

MR. INDYK: Do you see that Israel is more sensitive to our needs in that regard?

MR. SHAPIRO: I don't want to get too in-depth into our discussions, but I would say the proof is in the pudding in terms of, we have been able to provide our partners with what they need and we are continuing to engage in discussions to ensure that we understand what future needs might be.

MR. INDYK: One last question before we go to the audience, and that relates to the reference in your formal remarks to the tens of thousands of rockets that are being built up by Hezbollah in Lebanon and

recent reports of SCUD missiles – I don't know whether they're confirmed – also being provided to them, which crosses some kind of red or pink line, if you like, in terms of Israel's security concerns. How do you view that rocket buildup there? Do you see it as laying the potential for another conflict in Lebanon? Is it really stoking up tensions there? Are you worried about that?

MR. SHAPIRO: We're very worried about it, and the Secretary and others in the administration make clear that we're very worried about the transfer of weapons from Syria to Lebanon. And we've made this point to the Syrian government, we've made it to the Lebanese government, that the transfer of weapons that can only destabilize the security situation, and that we think very much think that it's not in either nations' interest to add fuel to the fire and trade for weapons that may lead to greater instability and insecurity in the region. So this is something that does concern us, and we raise it in our discussions with both the Syrian and Lebanese governments.

MR. INDYK: OK, let's go to the audience. Two requests, please: first of all – three requests – that you wait for the microphone, that you identify yourself, and that you actually ask a question, which means that you have to have a question mark at the end of your sentence.

SPEAKER: Thank you very much, you certainly made compelling, detailed and complete detailed case for –

MR. INDYK: Identify yourself.

MR. ASALI: Oh, Ziad Asali, American Task Force on Palestine; sorry, [being] first threw me. For the strategic interest of the United States having a very strong relationship with Israel and security. You also twice referred to the comprehensive peace, which means a two-state solution, and I'd like for you two to emphasize the strategic thinking of the United States on the two-state solution and the comprehensive peace. And in the same vein, do you view the complete reassurance that is given to Israel as an inducement for making these serious and painful concessions that it needs to make, or will it make it easier for Israel not to make those painful concessions?

MR. SHAPRIO: Well, a couple points. On the two-state solution, this administration from the very beginning, from the very first day that Secretary Clinton was at the State Department, they announced George Mitchell as the special envoy for Middle East peace, and this administration has made it a priority and a commitment to reenergize the Middle East peace process and drive towards a two-state solution, as well as a regional peace. So this is a priority for the administration, we believe it's good for both parties, for both the Israelis and the Palestinians as well as regional partners. So this will continue to be a focus of effort. Senator Mitchell is out in the region right now engaged in proximity talks, which we're hoping will move toward direct talks, and make further progress.

In terms of the way you characterized our assistance to Israel, it's not an inducement one way or another, in my view. In our view,

Israel's security is important for United States interests, but it's also important for – we believe that if they are to engage in a peace process, that if they feel confident in their security, as I said in my speech, it will enable them to make the tough decisions that will be required in any type of peace agreement. So it's not either/or in our view, it serves a number of interests for us to provide this level of assistance to Israel.

MR. INDYK: Robert Satloff, from that other think tank that Andrew used to work at, the Washington Institute for Near East Policy.

MR. SATLOFF: Thank you very much. Andrew, congratulations, and thank you, Martin. Andrew, I wonder if I could build on Martin's first question, the asset liability question, and ask you more specifically if you could clarify your view and the administration's view on whether the U.S.-Israel relationship has any negative impact or complications for what the United States tries to do in Iraq, Afghanistan, or other security interests elsewhere in the Middle East?

MR. SHAPIRO: I think that in a certain sense, the question doesn't matter, because it is a fact, as the Secretary has said, that our commitment to Israel is rock-solid and it will not change. What part of our effort in the region is to try and get the parties in the region to understand that peace in the region is in everyone's interest, and it will enable us to make progress toward building a better future for all people and nations in the region. So from our perspective do other countries talk to us about it? Do they raise it with us in our bilateral discussions? Yes. We also make

clear in those discussions that our commitment to Israel is unshakable. And that's a fact, that is a reality of our engagement in the region. So I think that it does come up in discussions, there are a number of nations in the region who are eager to make progress on the peace process, and they raise it with us directly, but we point out that we're eager to make progress on the peace process as well, and this administration has made it a top priority to do so.

MR. HISHMEH: Hi, George Hishmeh, I have a request and a question. Can we get a report from your department on the military and security relationship with the Arab countries, a detailed report like you provided on Israel? My question: since our relationship with Israel is so generous and effective, why is President Obama so unpopular in Israel? Do you have any explanation for that?

(laughter)

MR. SHAPIRO: Well, on the first one, I've talked in other contexts about what we've done in the Gulf Security Dialogue, which is part of our security relationship with our Gulf partners, but it's a good idea for a speech. I may decide to give another one at a certain point about all we're doing in the region on regional security, but one of the things that I didn't mention, we are providing, for example, a lot of assistance to Palestinian security forces, which is an important building block for an eventual Palestinian state. We do a lot with our Gulf partners in providing weapons systems, and close consultations, so I'll take that under

advisement for a potential future speech.

I'm not a student of Israeli politics and the public. Martin is probably better, as the former ambassador to Israel, better able to answer the current ups and downs of Israeli politics. The President was asked about it himself, and I thought no one could speak better during the interview with Channel 2, and I would just leave it to the President for himself to describe his own views and not second-guess what the President said during that interview. I don't know, Martin, if you want to say anything else on that?

MR. INDYK: No, I would just say that it's more about love than it's about substance of the strategic relationship.

MR. SHPAIRO: And I would add –

MR. INDYK: They feel that they've been abandoned, after sixteen years of unrequited love by American presidents.

MR. SHAPIRO: But I would also say, we had this very good viist between the President and Netanyahu last week, and there were very positive comments from the President to the Prime Minister, and from the Prime Minister back to the President, and the Secretary, whenever, you know, she has gone to Israel has been warmly received. And so I think that those who look closely at the relationship understand that those types of feelings may be emotionally based, but the underlying strength of the relationship is quite strong.

MR. INDYK: Okay, let's take one down the back if we can.

Woman down there. Please?

SPEAKER: Hi, my name is (inaudible) and I'm with Radio Free Europe. I saw a report yesterday saying that if Israel did a preemptive strike against Iran, then it would lead to a long war. And I was wondering would the United States support such action if Israel were to strike against Iran?

MR. SHAPIRO: I'll tell you, I'm not going to get into hypotheticals like that. What I will say is that the goal of our strategy towards Iran is to avoid going down any path that requires military action. Our hope is that our pressure and sanctions will enable the Iranians to understand that it is not in their own interest to pursue nuclear weapons. We've had a success with the UN Security Council, we've worked with the Europeans on imposing additional sanctions, we've got a robust diplomatic effort to put pressure on the Iranians, and so the hope is, is that that will work, and we will see the results of that strategy bear fruit.

MR. INDYK: We're very glad to have the Syrian Ambassador in the audience. Welcome, Imad.

MR. MOUSTAPHA: Thank you, Martin. I am the Ambassador of Syria. I have two questions, very brief really.

First, I'm always puzzled, why is it that whenever an American official will discuss the Israeli military prowess and the cutting edge of warfare technology that Israel possesses, they will never discuss the Israeli military nuclear arsenal that actually exists? They never

mention this, and we don't know why. Everybody in the world knows that Israel possesses the world's largest per capita arsenal in the whole world.

Second question, what is your position on when Israel uses the very same weapons that you have described to kill civilians in Lebanon or Palestine, in contrary to the U.S. policies about using military warfare from the United States against civilians?

Thank you.

MR. SHAPIRO: Just a quick answer to both of those. I'm not going to be the first U.S. official to discuss Israeli nuclear --

MR. MOUSTAPHA: Nuclear capacity.

MR. SHAPIRO: Yeah. (Laughter) That's your words.

But on the second point, I would say that when we sell weapons to any country we require end-use assurances that they will be used properly. And we take very seriously any suggestion that they haven't been used properly, and if evidence is presented to us, we investigate and take appropriate action.

So, you know, I'll just leave it at that; we, with all our partners, require commitments not to misuse the weapons we provide.

MR. INDYK: Yes, please? The lady here.

MS. BENJAMIN: Yes, my name is Medea Benjamin. I'm with the group Code Pink that has been trying to push for a real peace process in the Middle East.

And it pains me to hear you sound more like an agent of the

Israeli government than a U.S. representative because as you travel around the world you see that this “special relationship” really endangers us, makes us more hated around the world. So I wonder if you would be willing to step in other shoes and go to Gaza, see the results of the Israeli invasion there, see the destruction, talk to people in Gaza, talk to the elected government, which is Hamas. You don’t have to like them to talk to them. I also wonder if you’ve spent any time with people in the West Bank and East Jerusalem to see what it feels like for Palestinians, the daily humiliations they suffer.

And I also wonder, given the financial crisis here at home and the great needs of impoverished nations around the world, couldn’t you think of a better use of \$3 billion than giving it to a wealthy country like Israel that is abusing the human rights of Palestinians on a daily basis?

Thank you. (Applause)

MR. SHAPIRO: Well, you raise a number of issues. I will say, just a quick response, the U.S., as I mentioned before, from the very beginning, from the very first days of the administration, has been committed to a peace process between the Israelis and Palestinians which will lead to a two-state solution.

In terms of our support for the Palestinians, as I mentioned, we’ve provided a great deal of economic and security support in the West Bank and also for Palestinians in Gaza. It is very much on our minds, the human plight of those who are currently in Gaza, and the U.S. has taken --

has made commitments and pledges to provide resources to ease that plight.

So, we, the administration has taken very seriously its desire to invest in the building blocks that would be necessary for the creation of a Palestinian state and a two-state solution. And we will continue to do so. Senator Mitchell is out in the region right now.

MS. BENJAMIN: Will you go to Gaza (inaudible)?

MR. INDYK: Okay, thanks. We had your question. Garrett?

MS. BENJAMIN: He didn't answer.

MR. MITCHELL: Thanks, Mr. Secretary. Garrett Mitchell from the Mitchell Report.

There is probably no element of American foreign policy and national security policy that is more like Groundhog Day than the Israeli-Palestinian situation, and the dialogue that you come to these meetings and you take notes and you listen and you have a hard time sort of remembering whether you've been there before. And in looking at the history of the relationship, it seems to me there is one thing that's abundantly clear, and that is that the only times when there have been genuine breakthroughs in Israeli-Arab relationships is when a great and strong leader sort of broke the mould. I'm thinking specifically of Sadat and King Hussein.

I think it's an understatement to say we don't enjoy that situation today in the Middle East and Israeli and Palestinian situation in

particular. So, I'm interested to know, to the extent that it's something you can talk about, whether there are other -- whether there is much thought given to deal breakers, if you will, or factors or elements that could change the balance in this relationship.

And I know from an answer to your previous question this is not something you're going to comment on, but I feel like I want to say it anyway, which is, that if Israel considers Iran an existential threat, and if the United States and its many allies agree that for Iran to have a nuclear weapon is about the last thing we'd like to see happen in the Middle East, what do you think would happen if the Israelis were to take the unusual step of saying in exchange for Iran agreeing to halt all of its efforts on the nuclear weapon range, we will do two things: A, finally admit that we've got them; and, second, that we're willing to disarm if we have the same agreement from the Arab states in the region?

MR. SHAPIRO: Second one, again, it's a hypothetical that, you know, I'm not in a position to really respond to.

On the first one -- and the way I think you asked it is, what is the potential game changer -- I've heard Secretary Clinton talk about this many times. You never know when the opportunity is going to arise. That's why you need to keep on engaging, you need to keep on working at it, and it can take a while. Senator Mitchell described how long it took him in Northern Ireland, through perseverance. People told him that it was unlikely in the beginning, but through perseverance he was able to make

progress.

And so, the Secretary, when she was in her confirmation hearings, she talked about how the effort is tremendously important because the effort can enable you to take advantage of opportunities that may arise. And indeed right now, as I mentioned, Senator Mitchell is out there prodding the parties, trying to take the step from indirect talks to direct talks, and then who knows where that will lead? And we hope that it will lead to good things in the peace process and so we will continue to work at it.

MR. INDYK: I just want to come back for a minute to something you talked about in your speech, which is, in a sense, the strategic dialogue that is taking place between the United States and Israel. You talked about the committee that you head up, the bilateral committee, and the committee -- the DPEG, which is defense dialogue. There used to be, I think, beginning in the Clinton Administration and then in the Bush Administration, what was referred to as a strategic dialogue. What's happened to that?

MR. SHAPIRO: There is still a strategic dialogue. I actually joined Jim Steinberg, our deputy, who went with Undersecretary Flournoy, Undersecretary of Defense for Policy, earlier this year. We went to Israel for the strategic dialogue talks, and those talk even more broadly. When you talk strategic, you know, it's talking about energy, it's talking about water, it's talking about other issues that encompass the full range of

issues in the region that the United States and Israel want to exchange views on.

So, the dialogues I refer to are more security and military assistance focused. Obviously there is some overlap, but the conversations that I attended in Israel were quite robust and useful.

MR. INDYK: And, you know, what is the point of all of these dialogues? You've also got the bilateral ones that go on between the Chairman of the Joint Chiefs and the head of the Israeli Army and the national security advisors are talking every month and the Defense Secretary and the Defense Minister and so on. It seems an awful lot of talking.

MR. SHAPIRO: I'll make a couple points. First of all, you know, the U.S. Government is big and we have a lot of people who are involved in this, and there is no substitute for talking to your counterparts on the other side for understanding their concerns and understanding the challenges that are faced.

By the same token, there's a lot of decision makers in our government. The Israelis find value in being able to interact with that number of decision makers. And there, as I described in my speech, there are a lot of challenges in the region right now. We've got Iran, we've got Hezbollah, Hamas, we've got other issues. And so with all of these challenges, it's not surprising that it requires an intense level of discussion with a number of people throughout our government to ensure that we're

in full sync.

MR. INDYK: Okay. Other questions? Yes, please?

MR. BIRNBAUM: Thank you. David Birnbaum at the Wilson Center.

As you plan for and think about the comprehensive peace that we're all seeking to achieve in the region, what is your thinking about an American security role in that connection? Would we be prepared to play a role on the ground in guaranteeing the successful implementation of the agreement should it come about?

MR. SHAPIRO: Well, first of all, we already are involved. We have General Dayton, who is involved in the training of the Palestinian security forces, and, as I mentioned, we're already engaged in deep bilateral exercise and deep consultations of bilateral exercise.

I think we just need to see how the process develops. Ultimately this is going to have to be a decision between the parties themselves, which the United States is trying to help facilitate. And how we get to a place where each side feels comfortable that their security needs are being met will be a discussion that takes place in this process. It's not something that has come up thus far in the discussion, so I think we just have to see how the process plays out.

MR. INDYK: Yes, please?

MS. CADEI: Hi. Emily Cadei with *Congressional Quarterly*, and my question was related to what Martin brought up actually about the

weapons transfers and Hezbollah.

Does the administration, given that fact and that news, still support sending an ambassador back to Syria? And are you prepared to make what I believe would be a significant amount of political capital investment to get that to move forward on the Hill? Because right now there's -- pretty much stalled with the confirmation.

MR. SHAPIRO: The short answer is yes, we do support sending the ambassador back to Syria. And as the Secretary's mentioned, this is not -- an ambassador's not a reward. It's a vehicle for facilitating dialogue and engagement. And so for us, you know, it would be useful to have an ambassador to discuss some of the issues that I mentioned before. Our concern over the transfer of weapons, we've made some progress with Syria on the transfer of foreign fighters into Iraq. We'd like to build on that progress. We are interested in a regional peace. You know, we'd like to -- an ambassador would help along those lines.

So this should not be viewed as, you know, we are okay with our -- with the actions the Syrian government has taken that concern us, but rather it's a tool for us to use to make these -- raise these concerns at a higher level with Syrian officials. So the administration very much supports it and we're encouraging the Senate to act on the nomination of the ambassador nominated to Syria.

MR. INDYK: We have a lot of tools in the front row here. That is, ambassadors, sorry. (Laughter) I hope they won't mind being

referred to in that way, but I agree with the general proposition.

Yes, at the back? In the middle there. This will have to be our last question.

MR. NOTTA: Hi. Garrett Notta. I'm going to be a graduate student at George Washington University at the Elliott School on Middle East Studies.

So we just heard you speak about how the relationship with the U.S. -- between the U.S. and Israel in regards to security is rock solid. And in regards to the Palestinian Authority it wouldn't make any sense, for example, to stop that cooperation in training their security forces, and obviously the U.S. can't withhold a new missile system for Israel, for example. So I'm just wondering sort of what are the tangible carrots and sticks that you can use in the event that there is a peace process and they do come up with tangible deadlines for exchanging things, where that means Israelis pulling out of Area A or B or things like that? How do you push the two sides if these are things that are supposed to remain constant in regards to support?

MR. SHAPIRO: Well, I mean, I think that's the very essence of diplomacy and that's what, you know, Senator Mitchell right now is engaged in, is discussions with both parties to try and bring them closer together. Ultimately, it's in both parties' interests to make peace. And so it -- and, you know, I made that point in my speech and it's something that the administration has stated time and time again. This is something that,

you know, a peace process and ultimately a peace agreement would benefit both sides.

Now, there are issues that need to be resolved and the goal of diplomacy and negotiation is to try and resolve those issues, and it requires give-and-take and dialogue and discussion. And the goal right now is to move from the proximity talks to the direct talks, so that we can move further down the road in engaging that type of dialogue between the parties.

MR. INDYK: Andrew, first of all, I want to say that I think I can speak on Ken Pollack's behalf and say that if you want to come back again and talk about a security relationship with Arab states in the Middle East, we'd be more than happy to host you.

But, secondly, thank you for both your prepared remarks and your answers to some very tough questions. You've done very well and we're very grateful that you have taken time to share your thoughts with us.

Thank you very much.

MR. SHAPIRO: Thank you. (Applause)

* * * * *

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

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2012