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SABAN FORUM 2015

ISRAEL AND THE UNITED STATES: YESTERDAY, TODAY, AND
TOMORROW

A CONVERSATION WITH MOSHE YA'ALON,
ISRAEL'S MINISTER OF DEFENSE

Washington, D.C.

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Introduction:

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P R O C E E D I N G S

MS. WITTES: Ladies and gentleman, please join me in welcoming Mr. Haim Saban. (Applause)

MS. SABAN: Thank you. Thank you. And thank you all for being here. *Shabbat shalom*.

This is our 12th forum and I want to take this opportunity to thank all the folks at Brookings for their hard work. Thank you, Martin. Thank you, Tamara. Thank you, the rest of the Brookings teams. And thank you, Moshe Devi and your team in Israel. (Applause)

Paris, Beirut, ISIS, Duma, Houthis, Libya, Russian airliner, al-Nusra Front, al Qaeda, Hezbollah, Boko Haram, Sinai, Assad, Hamas, and many more -- all the names, places, and organizations I just mentioned are united by a common theme. This theme can be summarized in two words: chaos and confrontation. Everywhere we look around the world there is mayhem and no one -- no one -- is better positioned to address these challenges and to speak with us about them tonight than the Israeli Minister of Defense

Moshe Ya'alon, also known to his friends as Bogie.

A little background on Bogie. Minister Ya'alon has been Israel's minister of defense since March 2013, after serving as vice premier, administrator of strategic affairs. Before entering his political life he was chief of staff of the Israel Defense Forces between 2002 and 2005 at the peak of the Second Intifada. Throughout his career Minister Ya'alon has played an instrumental role in keeping Israel secure and in strengthening the ongoing security and military cooperation between Israel and the United States.

But there's another side to Bogie that I'd like to share with you. My wife Cheryl and I, we are staunch supports of the FIDF, which is Friends of the Israel Defense Forces. What we do at the FIDF is we take care of the wellbeing of the young men and women who defend the Jewish motherland. And I can attest to the fact that Minister Ya'alon hasn't just committed himself to the protection of Israel and its people, but he also carries a personal sense of responsibility

towards every single one of these young men and women who protect the Jewish motherland. And for that we are forever thankful to you, Minister. (Applause)

So tonight, Minister Ya'alon will be in a conversation with a seasoned Saban Forum veteran, David Ignatius of *The Washington Post*, who you all know is associate editor and a distinguished columnist at the *Post* and the author of eight spy novels filled with tension, with nothing to do with reality, all fiction. (Laughter) But a lot of fun.

So ladies and gentlemen, please welcome Defense Minister Ya'alon and my friend David Ignatius. And my friend Ya'alon, also. (Applause)

MR. IGNATIUS: Well, thank you to Haim Saban. It's nice to be called seasoned, although I would note that Bougie Herzog, when he heard that, leaned over and said to me it sounds like a salad. (Laughter) So maybe not so great.

It's great to be here with Bogie Ya'alon. I'm going to call him Mr. Minister unlike everybody else in the room. And I want to begin with the issue

that I think everybody here is thinking about today. We have had a terrible tragedy in San Bernardino, California, and we have learned that the shooters, certainly the wife, Tashfeen Malik, had a connection online at least, a sworn allegiance online, to the leader of ISIS, which means that we're now living with the kind of terrorism in our midst that Israel has lived with really for all of its history.

So, Mr. Minister, I want to ask you to begin by giving us some dos and don'ts based on Israel's experience. You know what we ought to do. You also know what we should not do. So why don't you begin with that?

MINISTER YA'ALON: Before answering the questions, good evening and *Shabbat shalom* to everybody. It's good to be here. Thank you, Haim, for inviting me. It's good to be among friends here. And I can't start answering the question without mentioning both Yossi Sarid, former minister and member of Knesset, and Sandy Berger. I knew both of them while I was in uniform. Both of them were

committed and devoted for the security of the state of Israel and God bless them, (speaks in Hebrew 40:23).

Going to your questions, David, ISIS, or as we call it in the Middle East Daesh, is not just a group of terrorists. This is an idea, how to have a Sunni caliphate as soon as possible to defer for al Qaeda. They prefer to take over country after country and then to have the caliphate. Daesh is they want a caliphate now. Now is instance caliphate. Quite a modern way of thinking about having everything now. And this idea which has spread all over the world by social media, another innovation of the modern time, we have to deal with everywhere. Now in San Bernardino, in Paris, in Canada, and, of course, in our country as well, although we manage to contain Daesh regarding the threat in our country and regarding the Daesh threat around us, they prefer to deal with Israel just in the end. We claim that we are considered by them as a dessert. The main course is the Arab regimes around us, but this is a global idea.

Now, how to deal with it, we have to fight Daesh everywhere, especially in the Islamic State, in Syria, in Iraq. But we have to look around especially in the Islamic world, trying to find the hearts and minds. It's easy to say. It's so difficult to do it. Actually in Israel now, the wave of terrorism is part of the social media influence effect. Individuals who are affected by these ideas, whether they are Daesh or something else or even nothing, they are affected by the idea. (inaudible) are available in Israel, the guns are available in the United States, so they use whatever is available in order to kill the non-Muslims, whether Christians, Jews, Buddhists, or whatever, or Muslims who are not going their way.

This is a challenge, I believe a global challenge, in which I believe the United States should be the leader of the Western world in order to meet this challenge.

MR. IGNATIUS: So I need to ask you what every commentator is asking. Is President Obama being a strong enough leader in this moment? Does he need

to speak out more as commander in chief?

MINISTER YA'ALON: Going to our tough neighborhood, the Middle East. Syria is a very good example to demonstrate the difficulties and the challenges. What is happening now in Syria is we have Daesh in the eastern part of Syria, generally speaking. We have Bashar al-Assad regime. We have the Kurds with their interests. We have the moderate Sunnis here and there, the Druze, and so forth.

Unfortunately, in the current situation, Russia is playing a more significant role than the United States. We don't like the fact that King Abdullah of Jordan is going to Moscow, the Egyptians are going to Moscow, the Saudis are going to Moscow. It should have been very different. And we believe the United States can't sit on the fence. If you sit on the fence, the vacuum is filled, and Syria is an example, whether by Iran or the Shia axis supported now by Russia or by Daesh, by ISIS. It should be been. That's why we claim that the United States should play a more active role in our region and there

is an opportunity. The new geopolitical division of the Middle East of today is we have the Shia axis, a very solid one, Iran, Bashar al-Assad regime, Hezbollah, the Houthis in Yemen, other Shia elements in Bahrain, Saudi Arabia, today supported by Russia, solid axis.

We have the Muslim Brotherhood axis, very complicated. We deal with Hamastan in Gaza. Qatar is part of it and Turkey, a member of NATO, leading the Muslim (inaudible) camp of today. Very complicated. They are not on the same page with either the United States nor with us.

Then we have the global jihad elements, the enemies of everybody, Daesh (inaudible). But we have the Sunni Arab camp, the most significant camp in the region, looking for leadership. And it appears to be that we, Israel, are on the same page with this camp, not just with Egypt and Jordan, which we share a peace accord with them, with Saudi Arabia, with Kuwait, with Bahrain, United Arab Emirates, North African countries like Morocco looking for leadership.

MR. IGNATIUS: So I think I hear you saying in the interesting contrast between Vladimir Putin and President Obama, that President Obama needs to take leadership of the Sunni camp if he's going to have any hope of success, maybe with Israel as a silent partner. So let me just ask you. You heard, as we all did, Susan Rice talk about the administration's strategy: their search, so far unsuccessful, to find Sunni partners on the ground who can wage this fight. What advice would you offer about how we can give stronger leadership and maybe end up having the Sunni partners we don't have now?

MINISTER YA'ALON: What is needed is to orchestrate the Sunni parties, Sunni elements. Going to back to Syria, we don't believe that the only two options which are very bad for us is to have Iran on one hand gaining hegemony, enjoying hegemony in Syria. This is the case today, they enjoy hegemony in Iraq as well, trying to gain hegemony in Yemen, not quite successfully because of Sunni coalition. Very interesting, the Sunni coalition fighting back. It's

a new phenomenon.

Now, to use these Sunni parties to approach Sunni tribes, Sunni elements in Syria as an example, it is so needed. And in order to avoid what is called here boots on the ground, Western boots on the ground in one hand, and you can't defeat the Daesh without boots on the ground, let's empower the local boots on the ground, mainly the Sunnis, also the Kurds. It might be other elements in Syria who are looking for something different and they don't want neither Iran, who is a Bashar al-Assad regime, nor Daesh. This is opportunity. And this camp should be orchestrated and led in order to make it in a better way.

MR. IGNATIUS: There are people, and they include Sunni tribal leaders that I talked to, other Sunni leaders, who say, look, we are not going to make the kind of commitment that you're talking about unless the U.S. has more we say skin in the game, has more of a commitment, meaning there are more U.S. troops committed. And I want to ask you as Israeli defense minister do you think that's right? Do we

need to think about having more troops in this fight?

MINISTER YA'ALON: Western troops in our region should be the last resort. It's better off to empower, to support, to finance, to arm local troops to fight for their case. They don't fight for us. They fight -- looking to the Kurds as an example. When they were supported, it wasn't the case from the very beginning, they lost Kubani to the Daesh, but when United States decided to support and other Western parties decided to support the Kurds, they started to win and they defeated Daesh in their territory, in the Syrian Kurdistan. This is the case in Iraq as well. And we know many elements who are ready to fight for their lives, not for Western interests, for their interests. They should have been supported from the very beginning, but it is not a lost case. There is still a chance to do it.

MR. IGNATIUS: Susan Rice also talked about a very interesting part of this strategy, which is the effort that Secretary of State Kerry has led in the talks in Vienna to try to work towards a ceasefire.

And he's managed to get around the same table, a strange collection: Iran, Saudi Arabia, Turkey, Russia, the United States. Is Israel comfortable with that process, with us sitting down, drawing Iran into this regional diplomacy? What do you think about that?

MINISTER YA'ALON: We worry about it as this process might bring about two bad options, as I mentioned: Daesh in one hand and Iran on our border. You know that we have a very clear strategy regarding Syria. We don't want to intervene. We are in a very sensitive position to declare whether we are for us or against us, we do not intervene, although we have our opinions about it. But the only terror attacks that we absorbed in the last two years from the Syrian side in the Golan Heights were perpetrated, operated by the Iranian Revolutionary Guard Corps. They have a representative in Damascus. He operated three different factions to open a terror front against us.

Now, unfortunately, as part of the deal, the Iranian deal, one of the implications of the Iranian

deal is a more confident Iran perceived as a part of the solution in their readiness to fight Daesh and gaining hegemony everywhere, in Iraq and now in Syria. I'm not sure that Bashar al-Assad's interest is to have a terror front with us in the Golan Heights, but Qasem Soleimani, the commander of a Quds Force of the Iranian Revolutionary Guard Corps, ignores him, and they tried to open a terror front against us. Now, to leave us in such a situation is going to be a challenge.

Now, we are talking about the Iranian regime after the deal, feeling more confident, waiting to get more money, to use this money to produce more weapons -- they have quite an advanced defense industry -- to procure more weapons, not just the S-300 which is going to be operational within a couple of weeks in Iran, to procure more money, more weapons. They talk about \$20 billion deals, procurement of weapons. Then they will be able to finance and to arm Hezbollah as they do today with less money, to finance Hamas for its Islamic jihad in the Gaza Strip. They are not

able to smuggle weapons because of our activities and the Egyptian activities, so they provide them the know-how, how to manufacture more accurate rockets and to manufacture unmanned air vehicles.

This is Iran supporting the Houthis in Yemen. I'm not sure that it is within the interest of the United States smuggling from Iran via Oman to Yemen. Supporting other elements in the region to undermine regimes like Saudi Arabia or Bahrain, this is not the American interest.

So we have to realize that the Vienna process, which I'm not sure will be successful, provides Iran the opportunity to gain power, to gain hegemony. Very dangerous.

MR. IGNATIUS: So the question that you're faced with and that we're faced with, also, is whether it's more dangerous to your interests -- let me ask you as Israeli defense minister -- to have ISIS strong in Syria or to have Iran strong. Because it looks like, right now, like there's a choice there, that you're not going to have the ISIS coalition given that

Russia's come down so strongly with Iran and Bashar al-Assad without some continuing Iranian presence. So let me ask you, which -- you know, ISIS or Iran, what's the bigger threat? Sorry, but that's the question.

MINISTER YA'ALON: I said there's a recent third option: to support the Sunnis, to support the Kurds, to support the Druze, who are ready to fight ISIS. And most of them, of course, want to fight Bashar al-Assad. No, they don't want Iranian influence in Syria.

And the Vienna process, yes, is very complicated and it comes to the Russian presence in Syria. The whole idea of the Russian presence in Syria is to launch an offensive. They thought about a three-month offensive to take over (inaudible) in order to gain more territory for a Bashar al-Assad regime to which (inaudible) within three months. First of all, it's not going to happen because of the military difficulties, the incompetence of the Syrian armed forces, the lack of determination of the Iranian

Revolutionary Guard Corps, troops on the ground, and Hezbollah activists on the ground. It seems to be a failure.

Nevertheless, they tried to conclude it by any kind of political settlement with whom? You can't settle it with the internal element in Syria, Daesh and (inaudible) are not around the table. Till now, even the Sunni moderates and the Kurds are not around the table. So they decided to go to external parties. With so contradictory interests how can you manage?

In one hand, you have Russia and Iran. Their interest is to keep Bashar al-Assad in power. On the other hand, you have Turkey and Saudi Arabia. They are not ready to hear about Bashar al-Assad in the future of Syria. And you have the United States and other parties with their own interests. The idea is to postpone the problem for about 18 months. This is actually the idea, in 18 months to have elections.

Our understanding regarding Syria, that Syria is going to suffer from chronic instability for a very, very long period of time. We can't see the

end of this tragedy of civil war: 300,000 casualties; 10 million refugees, part of them in their country, part of them outside their country. A tragedy, but there is no way to conclude it.

We claim, you know, you can make omelets from an egg. You can't make eggs from an omelet. It has become an omelet, even *shakshuka* we call it in Hebrew. (Laughter)

So all these ideas, launching a military offensive for three months and then concluding it by (inaudible), Syria is going to say (inaudible) in one hand, Syrian Kurdistan in the north, the Druze are concentrated in Jabal al-Druze. And hopefully, the Sunnis will be able to get rid of Daesh in Syria by being empowered by the West. This is the only good option that might come out of this chaotic situation.

MR. IGNATIUS: So I think we all appreciate what was a very frank and direct set of answers about Syria. It's not what the administration would want to hear. It's not what U.S. policy is, but it was very, very frank.

Let me turn now to the question of Iran and the Iran nuclear deal. Israel was against it. Israel fought to stop it. Your prime minister obviously when to great lengths, but here it is and we're now in the pathway toward implementation of the deal. So I want to ask you as defense minister, as a senior representative of your government here, what your top concerns are in this next phase of implementation. What are you most worried about in terms of not whether the deal happens or not now, but in terms of how it's implemented?

MINISTER YA'ALON: Yes, we still consider the deal as an historic mistake. And talking about the nuclear issue, what we have achieved regarding the deal is to delay the Iranian nuclear program for about 10 to 15 years. It's around the corner. What next?

Now, not incidentally, now we have the Egyptians and Jordanians supporting Moscow to get the know-how to construct civil nuclear facilities. Not incidentally. It's a result of the nuclear arms race in our region. Talking about proliferation, we are

there already. We should be ready.

Then we have, as I said --

MR. IGNATIUS: And when you say, "We should be ready," let me drill down on that. Is there a way to prevent that proliferation? Are there things that the U.S. should be considering that would reduce the danger of this nuclear genie getting totally in the hands of every player?

MINISTER YA'ALON: The key is Iran. You know? As our talks in the region -- that someone else has the nuclear culpabilities. It wasn't an excuse to any party in the region to try to acquire this culpability. I'm not talking about Iraq or Syria. I'm talking about Egypt, about Turkey, about Saudi Arabia. But they can't tolerate a nuclear Iran.

With the current regime, of course, with this messianic apocalyptic regime, they don't trust them. We don't trust them, either. Nevertheless, this is a key element, whether Iran will become nuclear or not, which will affect our situation in the region, and by one way or another, the idea of nuclear

Iran should be stopped.

Nevertheless, we shall be ready to defend ourselves, by ourselves. And I will talk about our relationship with the United States in a minute, regarding what should be done, regarding culpabilities which has been mentioned earlier, and so forth. But now, we have Iran not suffering anymore from political exilation, and waiting till the sanctions are lifted within a couple of weeks, having more money to spend on what -- to produce more weapons; to transfer more weapons to Hezbollah, more money to Hamas and Palestinian Islamic Jihad?

And one of the implications of this deal is the arms race -- the conventional arms race in our region, talking about \$200 billion procurement of arms by now, the Sunni regimes. We are now on the same page, but who knows what it will be in the future.

MR. IGNATIUS: So, the cornerstone of this deal, as the president tried to present it, as Secretary Kerry has presented, all of the senior officials of our government, is the idea that we'll be

able to verify Iranian compliance; that we have, through the safeguards in the agreement, through our intelligence capabilities, we will be able to know with a high degree of confidence, whether Iran is cheating. And I want to ask you, as we begin this implementation phase, are we kidding ourselves?

MINISTER YA'ALON: We just have to read the IAEA report recently published.

MR. IGNATIUS: This is the one that says Iran, which we thought wasn't developing nuclear weapons after 2003, continued until 2009. That one?

MINISTER YA'ALON: Yes, that one (Laughter). It has been exposed. We know it. It has been published now. So, while we are talking about compliance, we are so experienced with this regime. I personally know them from the '90s, when we explored for the first time their intention to have a military nuclear capability. They cheated the worst again and again and again.

Now, I believe that they are going to comply. Why? Because they need money. The first

indicator for any change in Iran will be for the rehabilitation of the Iranian economy. Yes, they're under pressure now. But if they have more money, if they would be able to habilitate the economy, we might meet them again not in 15 years' time; in 5 years or 7 years' time.

This is the nature of this regime. They are still committed to the idea to become a military nuclear power. They haven't given up. Now, talking about compliance, you know that there is a UN Security Council resolution regarding the proliferation of arms. They violate it on a daily basis. We have all the evidence.

When they transfer weapons to Hezbollah, it's a violation. When they transfer weapons to the Hutish in Yemen, this is a violation. There should have been sanctions again because of the proliferation of arms. Now, it is ignored. Why? Because the original deal, it should be implemented.

MR. IGNATIUS: So, we have a lot of prominent American political figures in the room, and

I want to give you a chance to lobby them. You're in town in part to talk about the new memorandum of understanding, and about how to keep Israel's qualitative military edge in a new period, in which we're going to be supplying additional weapons to Gulf Arab partners.

And so, I want to ask you, to keep that edge, talk a little bit about what you need that you don't have now. And Nita Lowey is sitting in the front row (Laughter).

MINISTER YA'ALON: With all disputes, with all differences, there is a really, as Martin said, unbreakable, unshakable, unforgettable bond (Laughter) bond between Israel and the United States, and we are thankful for that. And I know what I am talking about.

The relationship between our two defense establishments are superb. Superb, not less than that, between the Pentagon, the Minister of Defense, the two armed forces, the intelligence agencies, for the benefit of the two of us. And just six weeks ago,

I was here -- long meetings with my friend, my counterpart, Secretary of Defense, Ash Carter, discussing the culpabilities that might be available - - American culpabilities that might be available to our country.

We have concluded it for our satisfactory, regarding culpabilities, regarding policy issues, yes, we are very satisfied. Now, the MOU for the next decade is discussed, as Ms. Rice mentioned. We tried to work on it and to come to any kind of conclusion, even within less than two months.

This is the president's directive, actually. It was decided at the meeting between the president and the prime minister, and hopefully, we will be able to conclude the MOU for the next decade, and to have a good, a plan built up plan for the IDF, especially, and our intelligence agencies for the years to come, in order keep the qualitative military edge in our region. Yes, this is U.S. commitment is very important, and we appreciate it very much.

MR. IGNATIUS: So, I'm going to turn to the
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audience in a moment, but I want to ask a couple more questions. Not quite yet, Haim, but I will return. A couple more questions from me.

And I want to ask you about the Palestinian situation. You have faced with the protest that surrounded the temple mountain, Jerusalem, and attacks on Israelis, something that is a different kind of intifada. It's not centrally coordinated.

It is not -- it doesn't appear to be led and directed. It's something different, and it requires different tactics by the IDF. And I want you to just talk about how you're going to deal with this very diffuse, uncoordinated but dangerous situation that you've got. How are you going to stop that?

MINISTER YA'ALON: Yes, it is a new phenomena, but it's you know, the social media, which I mentioned, the incitement, the hatred, Daesh web sites, Hamas web sites, unfortunately, a web site claiming now that we execute the terrorists, and they are not terrorists. We plant the knife after the attack, and so forth.

Incitement. But when it comes to incitement, I would like to start talking about Palestinian education. And you know, I supported Oslo, personally. And my first meeting with the reality was when I sat as head of the intelligence under the late Mr. Rabin. And he told us the summer of '95, the year after we started to implement the Oslo Accord, or taking responsibility of the Palestinian sovereignty, Gaza and Jericho, and so forth.

I came to Prime Minister Rabin in one of our routine meetings saying, Mr. Prime Minister, I have to warn you. This is a strategic early warning. I don't see any sign for reconciliation on the Palestinian side. Arafat doesn't prepare his people for co-existing with us. On the contrary, he prepares them for Jihad, Holy War and Intifadas, to become terrorists.

And I didn't have to use my sophisticated intelligent sources, you know, to realize that you just had to open the Palestinian textbooks. And this

is the case still, now. I'm not talking about Hamas, which is obvious. I'm talking about the Palestinian sovereignty -- should have been our partner for any kind of political sentiment.

And with this background, it's very easy to mobilize 13 years or 14 years or 16 years or whatever. Youngsters. Takes a knife, which is available, and to try to kill the first Jewish guy that they meet. It's very easy. It's according to their educational curriculum.

First of all, there is no Jewish state. Judea is a big religion, neither nationality nor people who survive the Jews should have a Jewish state. Then, we have -- there are stories about Jaffa is a Palestinian city, and Haifa is a Palestinian port, and Tel Aviv is a settlement.

This is a way to try to conclude any kind of political settlement based on territorial compromise. So, with this in mind, it's very easy to mobilize with youngsters to try to kill Israelis or whatever. What can be done?

First of all, we still try to work with the Palestinians, trying to convince them, first of all, to condemn the terror attacks. Not necessarily to condemn. Then, to stop the blood labels about executing those terrorists, like innocent people are executed by the Israelis.

Then, of course, to work with our military troops to have more troops on the ground in any junction, in any station, to be ready for any kind of terror attack, which takes a couple of seconds, and to complete it by killing the terrorist and not killing the Israeli, in this case. And of course, it is not so easy in an open world in which the social media is affecting the people.

We try, of course, to convince certain web sites not to allow this incitement or to show in YouTube or certain videotapes or whatever. It's a long process, but at the end, I believe that in order to stop it, we should be very determined, in any case, to accomplish or to complete any incident by winning the incident, and then to deal with the little ship,

you know, the person or sovereignty to try to convince them to behave themselves, to deploy their security forces in order to prevent it.

It's a long process. It's not something that can do like that. But we had, in the past, more devastating attacks, more significant threats, and I believe that even this wave of terror is going to be defeated by us.

MR. IGNATIUS: Let's go to the audience, starting with our host and friend, Haim Saban.

MR. SABAN: You stole my question. I was going to ask him about the Palestinians, but then, I found another angle to ask him about the Palestinians. There's a lot of questions about the Palestinians.

Minister, if you were to lay out a resolution of the Israel-Palestinian issue, long-term -- not how are you going to overcoming the stabbing, and okay, we'll trust you and your apparatus to eventually take care of the problem. How do you long-term resolve that conflict?

MINISTER YA'ALON: First of all, I would

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like to emphasize that although we're here again and again, that the Israeli-Palestinian conflict is a call for instability in the region, I strongly deny it. It even seems to be ridiculous to say it in the current situation.

The civil war in Syria or in Iraq is not because of us. First of all, it should be well understood, in order to put this conflict in the right priority, and certain conflicts is the first priority. Not Daesh, not the Iranian conflict, the Israeli-Palestinian conflict. We still hear it.

Secondly, it should be very clear that we, the Israeli government, we don't want to govern the Palestinians. And we are happy that they have already political independence. They have their own government. They have their own parliament, municipalities. They decided to be divided into two political entities, Hamastan in the Gaza Strip, actually led by Hamas, and Palestinian sovereignty in the West Bank.

And our interest is to improve, to enhance,

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to strengthen their competence to govern themselves. We want them as a reliable, accountable neighbor, by all means. Having said that, we've tried again and again and again to settle the conflict since Oslo with all the stations, Camp David, with Barack, Linton proposal at the end of 2000, Annapolis.

We try in the last seven years, to sit at the table, to discuss, to negotiate. I would say that we haven't witnessed yet, since the dawn of Zionism, Palestinian leadership which was ready to recognize our right to exist as a nation state of the Jewish people. And this is the root of the problem.

It's not about the conflict we started in '67, the conflict which existed before the creation of the state. It's not going to be concluded according to their perception on '67 lies. But we succeeded in creating a kind of Modus Vivendi, even now, with the wave of terror. Looking around, Israel is the most stabilized entity in the region, with the wave of terror, with a hostile neighbor like Hamastan and Gaza.

Keeping actually, a Modus Vivendi, like in Gaza with a big stick -- part of it is the outcome of protective policies. Part of is what we do now when someone is provoking rockets launching, but kill us, as well. Nine hundred trucks on a daily basis are unloaded in Kerem Shalom crossing point. They are dependent on us.

We are not there anymore. They are dependent on us, on the metrics of economy, infrastructure, water and energy. I'm not talking about the West Bank. In the West Bank, the Palestinians are dependent on us. The real economy in the West Bank, the viable economy in the West Bank is coming from Palestinians while employed in Israel, and employed in the industrial zones in the West Bank, in the settlements, subcontracts of Israeli finance working in Tel Chaim or Hebron, textile or whatever, and selling commodities to Israel.

Can they be a viable state, economic-wise without us? Then in-house structure -- water, electricity. Can we be a viable state without that?

So, we are like Siam twins. We can survive without them. They can't survive without us. But we might be bleeding, by terror or whatever.

Even talking about security -- can they survive now without our security activities in the West Bank? No way. Looking to what has happened in Gaza, Hamas took over Gaza in a couple of months. To have Hamastan in the West Bank with Palestinian Islamic jihad as political arm, as this is the case in Gaza, with Daesh in Gaza already, to have Daesh in the West Bank -- it doesn't happen, because we enjoy the freedom of operation security-wise.

To have such a situation, my kingdom can survive with such a situation? Look at Egypt. Look at the Hamastan as an hostile entity, not what we want in the West Bank. So, our proposal is very clear. As we don't want to govern them, let's make progress. We shouldn't be in a hurry. We call it the bottom up approach. Let's make progress on the economy, security, as well as on the political track.

Let's slowly, slowly, bearing in mind, that

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at the end, this entity, whatever it will be called, the New Palestinian Empire or whatever, will be dependent on Israel. Otherwise, they are not going to survive, and they are going to harm our interests as well as Jordanian interests.

MR. IGNATIUS: Mr. Minister, I do have to ask you, that description you just gave of Siamese twins that are joined, a lot of people would say is -- that's the one state solution. And there was an ad this morning in the *New York Times* signed by two people who succeeded you as chief of staff, noting that it's estimated that in 2020, the population of that entire territory will be 49 percent Jewish. So, aren't you describing the one state solution, in what you just said?

MINISTER YA'ALON: I am not in favor of this idea, and I believe that the Palestinians are not in favor of this idea, as well. Now, when we count you know, we do lose demography. As I said, we are happy from the political separation, for them enjoying political independence. They don't have to walk to

the Knesset. They have their own parliament and whatever -- government and policies. They should keep it.

And I am not sure that they are looking for such a solution. I am not sure that they are going to, what is called -- to solve the kiss to Israel to have a one state solution. They have their own interest to keep their governing, to keep their business, to keep their interests. So, I am not in favor of a one state solution, and I'm not sure this is the option that the Palestinians are looking for.

MR. IGNATIUS: Dennis Russ.

MR. RUSS: I want to take you back to Iran for a second. I understand the concerns you have about the deal, but actually, the deal is done now. You know, if the deal is fully implemented, if the deal is fully enforced, then you actually could buy 15 years where Iran would not have a nuclear weapon.

Given the fact that you could buy those 15 years, what could you do with the 15 years to address the concerns that you are identifying? How can you

take advantage of that to affect the landscape to reduce some of the risks that you see?

MINISTER YA'ALON: Yes. I agree that we have to take advantage of the delay, whether it will be 15 years or less. There are also claims that taking advantage of these 15 years or so is looking or generating an internal change in Iran.

We thought about it, even in the '90s. I was the head of the intelligence, talking about the fact that 70 percent of the Iranians are not happy with the Ayatollah. Since then, this apocalyptic, messianic regime has succeeded in strengthening the grip in governing.

And I am afraid that with more money now, without political isolation -- so, without external pressure, this regime is going to enjoy more room to maneuver, even internally, and I don't see any change in the vision, the ideology of Iran, claiming that America is the great Satan, and we are lucky to be considered the minor Satan, and we shall be wiped off the map.

It's not going to be changed. And I don't see the chance to have McDonald branches in Tehran as the new future. We might pray for a change, but I'm not sure this is a policy, to pray. Nevertheless, we should watch very carefully the implementation of the deal. But again, you know, when there is no political interest to confront the regime, we witness the recent IAEA report, which is going to allow the sanctions relief, and it will be a matter of political interest, whether to confront the regime if it is violating the agreement or not to confront the regime.

We have now certain issues to confront the regime. I mentioned the proliferation of weapons. And now, human rights issues in Tehran -- oppressing, suppressing dissidents, hanging dissidents might be an issue to deal with, regarding this regime -- sanctioning this regime. It's a matter of political interest. So, at the end, it's a matter of policy, political interest whether to deal seriously with this very dangerous regime or not.

MR. IGNATIUS: So, let me turn here, and I see four other hands. Anybody else who would like to ask questions, please raise your hand. Yes, if we can get a microphone.

MR. ENGEL: Hello. That's better. Thank you. I'm Elliot Engel. I'm the Ranking Member of the House Foreign Affairs Committee. You met with our committee the other day. I'm wondering, Dennis sort of touched on it, but I'm wondering if you could share with us tonight what you told us when you met with us, why you look at Iran as the greatest strategic threat to Israel than Daesh, than ISIS. Why Iran concerns you more.

The second question I have is I agree with you that Israel is the nation state of the Jewish people, but there are people who say what does it matter, why do the Palestinians have to acknowledge that.

When I raised that with Abu Mazen when we all met with him on the West Bank, he said well, Israel can call itself whatever it wants. They can go

to the United Nations and have their name changed.
Why do we have to agree to that before anything else happens.

I'm wondering if you can answer those two questions.

MR. IGNATIUS: Do you want to just --

MINISTER YA'ALON: No, not again. You didn't hear it?

MR. IGNATIUS: I wouldn't dare summarize the Congressman's question. It was the question we were discussing earlier. You told the committee that you saw Iran as a greater threat to Israel than ISIS, could you elaborate on that.

MINISTER YA'ALON: ISIS is enemy of everybody. Look at the coalitions against ISIS. The Western coalitions, Russia is not their main target, but after the crash of the airline, it intensified the air strike.

Nevertheless, most of the politicians in the region are ready to fight Daesh, and Daesh is Daesh. Thousands of troops financed by the oil now, the oil

should be targeted, still important to target the oil, which is the main source of the money, and actually the money serves them in order to mobilize other elements like in Sinai county.

Sinai county has become Sinai county of Daesh just because of the money. They understand they are going to get more money from Daesh. We have villagers across the border which we provide them humanitarian support, and they are part of the Free Syrian Army.

In the longer proximity, we have Java de Noosa. Why? The same villages, the same population. They are better paid by Java de Noosa. That's it. They're not al-Qaeda followers.

We believe in the end Daesh is going to be defeated. Iran is very different. It's actually an original super power. Its ideology is a very significant defense industry, but with ideology to exploit the revolution, and in the times of the Sanchez regime, the first priority was to finance

(Inaudible) rather than to have money for the people, to exploit the revolution.

That is why we worry about this regime, and if they are now perceived as a key for the solution because they are ready to fight Daesh, then they are going to gain more hegemony in the region, as I mentioned, to be more dangerous, to be situated on our border, as part of the political sentiment of Syria. This is very dangerous.

MR. IGNATIUS: The other question was the importance of recognition of Israel as a Jewish state.

MINISTER YA'ALON: You know, it was also claimed that we didn't ask the Egyptians and the Jordanians when we signed the Peace Accord to recognize our right to exist as a nation state of the Jewish people. It was and it is a non-issue between us and the Egyptians and the Jordanians.

They don't claim for Tel Aviv. The Palestinians do claim for Tel Aviv. This is the way they educate the young generation, that all Palestine,

it's Palestinian land, it's not a Jewish one, and not an Israeli one.

When we signed the Peace Accord with Sadat and later King Hussein, we said no more war, no more blood shed. We signed that Peace Accord with Arafat. What did we get? (Inaudible). Always a conflict.

There was also a claim (Inaudible), at least on the Garza Strait, no violence any more. What did we get? Rockets launching aiming to Tel Aviv. They are not going to conclude, and that's why we have to insist, without this recognition, there is no chance for the end of claims and any compromise to be realized. That's why we insist on it.

MR. IGNATIUS: David McCuskey.

MR. McCUSKEY: Two points related to U.S./Israel relations. One, you have now had two rounds with Secretary of Defense, Ashton Carter, in six weeks. Do I hear from what you are saying and the intimacy on the security to security relations that you have a very high degree of confidence that the

United States and Israel will work closely together on Iranian implementation?

This has been a big question during the debate over the summer. As you have said, it's a done deal, you were the first Israeli to say it's a done deal. I think it's an important signal if I'm hearing correctly that you have a high level of confidence that there is going to be a lot of sharing of information and the like on Iran, and whatever difficulties between the Obama administration are not going to spill over in the implementation phase.

I just want to make sure I understand if you have that high level of confidence. I think I joked to you once that Israel has become the first Sunni state to be Jewish, but we talked about the importance of the U.S. orchestrating this pragmatic coalition with the Gulf states, Egypt, Jordan, Morocco, et cetera.

Are there things that the U.S. can do? I'm talking about the Israel part with these countries, not just getting the Gulf states on Syrian issues, but

are there things that the U.S. can do with Israel and these Sunni states that you're not already doing in your quiet, below the radar -- we're not talking about political things which we understand is linked to the Palestinian issue, whether fairly or unfairly, but I'm just talking about the security relationship with these things that you are not already doing.

What is the American difference as an orchestra conductor?

MR. IGNATIUS: Those two.

MINISTER YA'ALON: Well, the first one, we do share information, intelligence, whatever. We might have differences in interpreting the information. We might have differences. If we agree that the deal should be strictly implemented, then there is a lot to do together, of course. Not just the United States and Israel. I believe other Western parties as part of the deal ready to share their information in order to watch very carefully the implementation.

We might have differences because of policy, not because of hard evidence. We had such experience in the past. We had the same information, but we had different interpretations or policy decisions because of different interests.

For the second question, which was?

MR. McCUSKEY: The second question was how can the U.S. help Israel in this implicit set of relationships that are emerging with the Sunni states.

MINISTER YA'ALON: Israel is in a very sensitive situation in the region, although you can hardly mention the term "Israel/Arab conflict," or Israel/Palestine conflict, other conflicts. You can hardly mention the Israel/Arab conflict, as I mentioned, I believe we are on the same page with most of our Arab neighbors regarding the immediate interests.

As we are in a very sensitive situation, Israel can support from behind the scenes, as we did in the past, as we do today. It is our sensitivities

among our Arab neighbors regarding Israel's part of any coalition.

Where we can find a way to support any effort which should be orchestrated by the United States in the region.

MR. IGNATIUS: Haim Saban said he wanted fireworks, so I want a explosive question from Jeffrey Goldberg. (Laughter) You can ask a question any time you want, but I was asking Jeffrey Goldberg.

(Laughter)

MR. GOLDBERG: Explosive? You want explosive? Mr. Minister, let me come back to something that David asked you before. You gave a very interesting answer. I didn't directly relate to his question, but it was an interesting answer.

(Laughter)

The question had to do with what constitutes an one state solution. You said you don't believe in an one state solution to the conflict, but the question has to do with what the demographic reality is going to look like in a few years.

You're going to have a country, a single government, that is going to control the populations, two populations, one that is about 50 percent Jewish, and roughly 50 percent is Arab. The Jewish population, the Jews, all have the franchise. They're allowed to vote for their leaders. On the Arab side of this, only a portion of that Arab population can choose their leaders.

I would disagree with you in your description of what you have on the West Bank now is political independence for the Arabs. They are completely dependent, obviously, they have no freedom of movement, they don't control their own borders.

What do you call that situation when you hit that moment when half of the people under the control of the Israeli government are Arabs and many of those Arabs do not have the vote? How do you describe that?

MINISTER YA'ALON: We have to distinguish between the Israeli Arabs while part of our society, sharing the same civil rights. I wish to see them more integrated into society. I don't like all the

political slogans, the hatred planted by politicians from both sides.

We have had very good experience with them regarding integration. The vast majority of the Israeli Arabs want to be integrated to our society. They benefit from it, of course, looking around at the situation of the Arabs in Syria or in Yemen. They are happy to be part of the Israeli society.

We have about 20 percent of the Israeli electorate. We can live with it, and we should work in order to integrate them.

Where it stands with the Palestinians in Garza, they're not going to vote as a class. They are not going to be integrated. They don't want to be integrated for those who claim an one state solution. There are people in the West Bank, which the situation is more complicated because we live like that, Israelis and Palestinians, and in Jerusalem, Somalia, and so forth, I don't see them prefer to vote.

The idea of an one state solution is an Israeli idea, it's not a Palestinian idea. When they

talk about all these terms, you will take responsibility for the civil affairs. All those that propose to be the success of, many of them are to not allow us to have one state solution.

This is an Israeli idea which has been adopted by the Palestinians, and it has circulated now. I don't see it as a real threat. Again, our policy is not to govern them, to sanction their abilities, competence, to become more accountable. This is our policy, not by a different way of one state solution.

So, I am not afraid of this one state solution, and we should do our utmost to make progress. This is the only way to keep a relatively stabilized situation. Just imagine if we had even to give up now regarding security in the West Bank, in a couple of months, we would have witnessed more shells on the airport, rockets launching toward Tel Aviv, and so forth. Bombing attacks again and again coming to our cities.

I can assure you if we are not there in a couple of months, Hamas will take over. We should understand the complicated reality on the ground, and not to be in a hurry to push the two sides to go to well known solution we have said again and again, let's keep making progress on a political level, security, and economy. This is the only way to keep a relatively stabilized situation between us and the Palestinians.

MR. IGNATIUS: When Martin Indyk says to me I have a quick follow up question, my answer is yes, sir. (Laughter)

MR. INDYK: Thank you for honoring us with your presence tonight. It's very good of you to join us and play this keynote role.

I just want to follow up quickly on this. I accept what you are saying about you don't want an one state solution, but what you are in fact portraying, or what it sounds like, is an 1.5 state solution, in which the Palestinians have half a state on 40 percent of the West Bank with highly qualified independence,

and certainly no real sovereignty, but what about the other 60 percent of the West Bank?

There you are legalizing settlement outposts, you are demolishing Palestinian houses, you're not giving construction permits or permits for them to use any of the territory, even territory that private Palestinians own there.

Is that going to become part of Israel, is that the 1.5 state solution you described? You have control. You personally have control of that 60 percent of the West Bank. What is going to happen with that?

MINISTER YA'ALON: My recommendation as Defense Minister will be to control the boundaries, external boundaries. It's not a Palestinian state in the ways you might imagine. It's something different. Robin called it "a political entity less than a state."

When it comes to territory, the issue of settlement is part of the political forces. We as the Israeli government are committed to the understanding

with President Bush not to construct new settlements, not to allow the natural development which allows normal life in the current settlements.

Let's talk about the settlements. A very sensitive issue in which we are offended again and again. I don't claim the Arabs in the land of Israel don't have the right to live in Haifa or Jerusalem and so forth. I don't claim.

How come it has become common knowledge that the Jews in the land of Israel don't have the right to live in certain territories. Another element. If we are talking about coexistence, reconciliation, living side by side, benefitting from each other, why not allow Jews to live as Palestinians.

There were territories without Jews, ethnic cleansing. Do you know 37 Palestinian families enjoyed employment in Gustativ, in the industrial zone. We can benefit from each other.

If we are talking about peace, coexistence, living side by side, the only way is to get rid of the Jews in the area, we should find a way to live

together, to create a model in which yes, they will enjoy political independence, better economy, security, better governments, and when this is the case, we can talk even about territory, more territory.

MR. IGNATIUS: Mr. Defense Minister, we all have a long day tomorrow and we should bring this to a close. I just want to tell you one more way in which you are a powerful person.

My oldest daughter was due to deliver my first grandchild today, and realizing that you were here, she decided to wait. (Applause) Thank you very much.

MINISTER YA'ALON: Thank you, David. Thank you. (Applause)

SPEAKER: Ladies and gentlemen, that concludes our program for this evening. Forum delegates, we will see you in this room tomorrow morning. We begin at 8:30. Thank you very much.

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