THE BROOKINGS INSTITUTION

# 13th ANNUAL SABAN FORUM CHALLENGE FOR THE TRUMP ADMINISTRATION IN THE MIDDLE EAST

A CONVERSATION WITH THE PRIME MINISTER OF THE STATE OF ISRAEL, BENJAMIN NETANYAHU

Washington, D.C.

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### PARTICIPANTS:

### Moderator:

HAIM SABAN Chair The Saban Forum

# Featured Speaker:

BENJAMIN NETANYAHU Prime Minister State of Israel

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## P R O C E E D I N G S

MR. SABAN: We are ready. Mr. Prime Minister, thank you very much for taking the time to meet with us.

PRIME MINISTER NETANYAHU: Hello. Thank you, Haim; it's good to talk to you.

MR. SABAN: Can we turn that speaker so I can hear the Prime Minister better please? Thank you. I know how busy you are and we follow very closely all of the issues that we know of at least that you have to deal with on a daily basis. For you to take the time to speak to us and take some questions is very much appreciated. So thank you for that.

So I'll jump right it and --

PRIME MINISTER NETANYAHU: It's my pleasure, Haim.

MR. SABAN: I'll jump right in -- I forgot the five second delay. I'll have to take that into consideration. I'll jump right in with your preferred subject matter, Iran. As I asked for some of the people in the audience to give you to ask you, Paul ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190 and Maurice Marciano gave me a very good question on Iran that I a bit expanded on. You've made no secret of your opposition to the nuclear deal with Iran. President-elect Trump has proclaimed the Iran deal as -- I quote -- "the worst deal ever negotiated". What would be your ideal American policy towards Iran under President Trump?

PRIME MINISTER NETANYAHU: Well, first let me tell you my policy, Israel's policy. Israel is committed to preventing Iran from acquiring nuclear weapons. That has not changed and will not change. As far as President-elect Trump, I look forward to speaking with him about what to do about this bad deal. Now, I oppose the deal because it doesn't prevent Iran from getting nukes, it paves the way for Iran to get nuclear weapons. And the problem isn't so much that Iran will break the deal, but that Iran will keep it, because it just can walk in within a decade -- and even less and certainly within 12 years -- can just walk in to industrial scale enrichment of uranium to make the core for an arsenal of nuclear weapons. ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

So the problem how to deal with this deal is something I will discuss with President-elect Trump -- President Trump when he takes office, and I'll assure you that I'll have an answer for you by the time you invite me to the next Saban Forum.

I will say this, that after the deal was signed Iran has actually become an even more aggressive power. It's developing ballistic missiles that will ultimately be capable of reaching the United States. It's important to stress that. The Iranians are developing intercontinental ballistic missiles. And for those who forget, Israel and Iran are in the same continent, we're in the same neighborhood. They're not developing these ICMs for us, they're developing it for you, for America. The Iranian regime continues to shout death to America and death to Israel. So we have to stop Iran's march to the bomb, its development of long-range ballistic missiles, and its support for terror in the Middle East and throughout the world.

> MR. SABAN: So when you say Israel is ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

committed to never allow Iran to go nuclear, do you mean also military action?

PRIME MINISTER NETANYAHU: I mean Israel is committed. And when I say we're committed, we're committed.

MR. SABAN: The answer is clear, Mr. Prime Minister. Thank you.

On the U.S. role in the Middle East, you've worked with President Obama, Secretary Clinton, and Secretary Kerry extensively. Can you very briefly share with us how you see the U.S. involvement in the Middle East in the last few years, to date, and then if you would a little more extensively, how you would like to see the U.S. involvement in the Middle East going forward under President Trump?

PRIME MINISTER NETANYAHU: Look, I believe that the United States is the indispensible power in the World and the indispensible power in the Middle East, and I believe it must remain so. As an Israeli, I can say that we have no better friend than the United States of America, but as someone who is in the ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

region I can say that America has no better friend than Israel. Actually, not only in the Middle East, but in the world. So strengthening Israel in the Middle East is strengthening American interests and values in the Middle East. And in this regard I deeply appreciate the Memorandum of Understanding I signed with President Obama. I think it reflects the strong bipartisan support for Israel in the Congress and the broad support for Israel in the American people.

I look forward to discussing with the new administration how we can continue to work together to strengthen Israel and confront the common threats that face both of us, and also seize common opportunities that have developed because of these common threats. But I do want to say the main point, and that is that the United States of America should continue to remain the dominant power in the world and in the Middle East.

MR. SABAN: President-elect Trump seems to have more of domestic priority on his mind and less of ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

an involvement internationally. Would you try to convince him to get more involved in the region?

PRIME MINISTER NETANYAHU: Well, from the conversations I've had with President-elect Trump -and you know I spoke to him when I was recently in the United Nations; I spoke to Candidate Trump and Candidate Clinton -- and from both I heard that they intend to -- they have and he has a clear vision of America's role and dominance in the world. So I don't think that he's going to put the world aside. I don't see that at all. In fact, I think the contrary is true.

MR. SABAN: And for the gift that keeps giving, the Palestinian arena. You've stated in the past that you're adamantly against one state for two peoples. What is your vision for a two-state solution that is both Jewish and democratic, one that the community of nations will go along with, a community of nations that is very concerned about the two-state solution in general and the settlements in particular? What is your vision for that state? ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

PRIME MINISTER NETANYAHU: Well, I laid out my vision for two-states for two peoples. I haven't changed, it's there. I believe in coexistence and mutual respect. The problem -- and it's only where we're going to get to peace. I mean you have to have this mutual recognition and mutual acceptance. The problem we have and the core of the conflict we have is that the Palestinians persist in refusing to recognize a Jewish state in any boundary. President Abbas has said that he just refuses to -- he'll always refuse -- to recognize a Jewish state, a nation state for the Jews. And it's just inconceivable. And that is the source -- this has always driven the conflict and this still drives the conflict today between us and the Palestinians.

The Palestinians are trying to go to the UN in a vain effort to try to impose a solution. And I believe that this will push peace further away. Now you'll remember that in 2011 President Obama vetoed a UN Security Council resolution on settlements and he said at the UN that peace cannot be imposed through ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

statements at the UN. This was the right policy then and it's the right policy today. And since the Palestinians have so far shown no willingness to negotiate, despite the fact that I call on them to do that literally hundreds of times, maybe -- I'm saying maybe -- peace could be advanced through a regional approach where our new relationships in the Arab world can help us get the Palestinians to the table for a deal that we can live with, literally live with. It remains to be seen. But certainly going through UN dictates, UN resolutions, is not the way to advance peace.

MR. SABAN: Well, then I'll ask you a question that I've asked you in your office when I visited you I think a couple of months ago. Since Abba Eban you're probably Israel's best orator, and this is a consensus among the left, the center, and the right in Israel, one of the very few things that the center, the left, and the right agree upon. How is it that despite that fact, in the media, both in the United States and Europe, for the most part, ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

Israel is perceived as a rejectionist? How come with your ability to communicate that is second to none you haven't convinced the media that Israel is not the rejectionist here? Where is the problem?

PRIME MINISTER NETANYAHU: Well, maybe the problem is in the media. Because I think that we've certainly convinced the American people, and that's an empirical fact. There is a tracking poll by the Gallup organization, which doesn't work for the Likud because it's been doing that for the last several decades, but when it tracks the question, you know, what is your view, how favorable is your view of Israel and how favorable is your view of the Palestinians -- and they do it actually from the year 2000 for both of us -- and you see that the support for Israel keeps going up and up and up and up. Including, I have to tell you, Haim, in the last eight years that I've been consecutively Prime Minister, just going up and up and up. It's now up to 71 percent, while support for the Palestinians is flat and at 18 percent. So, you know, I can't tell you why ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

what is understood by the broad swath of the American people is not understood by some in the media, but I'd say it doesn't really matter because they get it, and also the world gets it. You know, the majority of the world's governments, in Asia, in Africa, in Latin America, in Europe -- I was going to say in Eastern Europe, but now increasingly even in Western Europe, lo and behold -- people are beginning to understand that Israel is a force of moderation, is a beacon of tolerance in this very dark region which we live in. That is Israel is a thriving, robust democracy. No one is perfect. But that it is a country worth emulating and it's a country that wants peace.

So how do the governments know that I want peace? Because every time they ask me, if they do, and they don't ask me that much I have to tell you, but when they ask me, what about the Palestinians, here's what I tell them -- and even when they don't ask me, here's what I say, I say look, we need to negotiate peace. To have peace, usually you negotiate peace. That's how you get it. That's how we got the ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

peace with Egypt, that's how we got the peace with Jordan. Changed our lives, it's great. And it's holding up for decades. But it started up with mutual negotiation. So I tell the governments, I tell them something very simple, I say look, I'm prepared to stop everything I'm doing right now and I want you to invite me to you country. You know, sometimes I make suggestions, it could be Sicily or places like that. It's not important. Whatever it is, Helsinki or Sicily or any other country willing to do it, okay, and I'm willing to go there right away. Now go to Ramallah and ask Abu Mazen if he's willing to go there right away, no preconditions, let's begin peace negotiations. That's the acid test of peace. And they always come back -- they go very excited, they think they've got a breakthrough, because they know they have me, they have Israel, but then they come back from Ramallah and they basically get no answer. So why is this not happening? That is, why does the press not get it? I don't know. But, Haim, here's a challenge for you -- yeah, I just made the offer right ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

now -- you can extend the Saban Forum. I'll be happy to come and continue this negotiation with the Palestinians without preconditions. It's fine with me.

MR. SABAN: I don't have that authority, but that's okay. Thank you for your offer. Maybe next time.

PRIME MINISTER NETANYAHU: You're the Saban Forum, you're the Saban in the Saban Forum, what do you mean you don't have that authority? (Laughter)

MR. SABAN: I'm a former cartoon schlepper. (Laughter) I used to have a standing in society and my standing was that I'm a cartoon schlepper. Now, I'm not even a cartoon schlepper, I'm a former cartoon schlepper, so. (Laughter)

PRIME MINISTER NETANYAHU: As a former cartoon schlepper you can make the invitation, Haim. You can make it now, you can make it for next year. It's fine.

MR. SABAN: Thank you. Anti-Semitism has raised its ugly head in different places around the ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

world. It's tied into BDS, it's tied into the perceived isolation of Israel. What can be done at the PR level in order to address these three intertwined phenomenon that are really very detrimental to Israel in particular, but to the Jewish people in general, all those that live in the It really is a huge issue and we're seeing Diaspora? it even here in America, which is -- you know, I always used to say that the two places I walk around -- I walked everywhere around proud as an Israel and Israeli-American, but the two places where I feel safe doing that was Israel and America. And now with America we're seeing some, you know, phenomenon that we never witnessed before, with the Alt Right and all that. So what can the government of Israel do, what can we do to address that issue?

PRIME MINISTER NETANYAHU: Look, first, if you ask about two questions, you ask about anti-Semitism, you ask about BDS. You always have anti-Semitism at the ultras, ultra left and ultra right. You see that in Europe, in the United States. But I ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

think it's a marginalized phenomenon, contrary to what people think. In healthy democracies, and I think the U.S. and Israel -- the U.S. is a healthy democracy and it has a very robust tradition.

As far as BDS -- but we should fine anti-Semitism. We see it in Europe and it's an interesting test of the health of the European democracies to the extent that they fine anti-Semitism there, and we expect them to do so. And most of them do actually. As far as BDS is concerned, I think it should be opposed because it's based on lies, because it fundamentally wants to destroy the State of Israel. It's an immoral force. But I do want to say at the same time that I think it's failing miserably. If the idea is that Israel will be isolated, Israel will be sidelined, it's failing miserably. You know, The Economist, which doesn't normally -- how shall I say this -- give me compliments, okay -- that's an understatement -- The Economist just wrote that Israel under my tenure has never been more sought after and more powerful than today. And there are really three ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

reasons why that is happening. Before I tell you the reasons, let me tell you that I wish we had a little isolation because every day, every single day I meet Presidents, Prime Ministers, Foreign Ministers, Senior Representatives from just an endless number of countries who are coming to Israel. Why are they coming to Israel? It's what I call TTP. The first T is technology, because Israel is such a powerful force for technology in every field. In cyber security, you know, we're getting 20 percent -- 20 percent of the global private investment in cyber security. Given that we're one-tenth of one percent of the world's population we're punching two hundred times our weight, and, you know, we're making those deliberate investments by taking our NSA, our Unit 8200, I put it Ben-Gurion University, put a cyber park right next to It's amazing to see the prowess of Israel in it. Technology. But not only that, in making milk, in making advanced agriculture and solar energy, in IT obviously. So Israel is a global force of technology and all countries recognize they need technology, and ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

therefore they're coming here. Small countries, big countries, superpowers, they're all -- well, there's only one superpower -- great powers, they're all coming here for technology.

The second T -- that's the T of the technology -- the second T is terror. Or I should say, more precisely, anti terror. Israel has proven capabilities, intelligence and other capabilities to fight terror. And the firmament of radical Islam that we see here in the Middle East is sending sparks to every country. And so every country that wants to protect itself is saying how can I cooperate with Israel to reduce the risk to my own people. So they're coming for that too.

And the third is P, and that is Peace. Because I told you, if they don't ask me about the Palestinians I ask them, why don't you invite us for direct talks. So for TTP they're all coming to Israel. And I understand that that news hasn't permeated in some places in the press and maybe on some college campuses. I would say to the kids on the ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

college campus who support BD -- as I say, are you guys out of your minds? You're supporting the headchoppers? You're supporting the people who rape women, who enslave them, who are hanging gays on cranes. That's Iran or the Palestinian Hamas that is shooting them. People who are murdering Yazidis and other Muslims. I mean, there is one beacon of tolerance in the Middle East and that is Israel.

So, I'm not worried about BDS. I think we should fight it on moral grounds but I have no doubt we'll emerge victorious. We're winning this war. And I'm even confident -- this is something that I've said at the UN and I'm going to say it again here -- I'm telling you because of Israel's prominence in the world, because of the desire for technology, the desire for security against terrorism, and the understanding that Israel seeks peace, I'm confident that we'll see the collapse of the automatic majority in the UN. I said it will take ten years, I think it will take less.

> Now, in the coming Saban Forums -- and I ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

believe you can do this -- monitor what I've said. Track Israel's' situation in the world and you will see that it's improving and improving by leaps and bounds.

MR. SABAN: Amen. What can I say.

PRIME MINISTER NETANYAHU: Say it. Amen. Good.

MR. SABAN: They're giving me all kinds of signs that I have three minutes, that I have two minutes than they told me before, that I can continue beyond the time that they give me, so I apologize to you, Mr. Prime Minister, for dealing with these technicalities. But do I have a little more time. Mr. Prime Minister, do you have a little more time?

PRIME MINISTER NETANYAHU: Sure.

MR. SABAN: Thank you. So, on your legacy -

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PRIME MINISTER NETANYAHU: I have a little more time.

MR. SABAN: On your legacy, it's a twopronged question. Looking back, what is the one ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190 achievement that you can point to that you're the proudest of? And looking forward -- this is a question that is really very close to my heart and I hope you'll be able to answer it in a satisfactory manner. You're a bereaved brother. You served in a special force unit and you got wounded in action while the people of Israel have lived through seven wars with multiple terrorist attacks in between. As the longest serving Prime Minister in Israel other than David Ben-Gurion, what would you like your legacy to be in moving the people of Israel from living by the sword or living in peace?

PRIME MINISTER NETANYAHU: There is an assumption in your question that if we're militarily -- living by the sword means we have a strong military -- that that's contrary to achieving peace. Not only do I think it's not contrary, I think it's essential. But since you asked me what do I hope to be remembered as, I hope to be remembered as the Prime Minister who catapulted Israel's economy into the 21<sup>st</sup> century, made Israel militarily stronger, and prudently navigated ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

Israel through an unprecedented storm to peaceful shores.

So, let me take each one of them separately. On the economy, we advanced free market principles and deregulation that have changed Israel's economy. We've not only encouraged the formation of startups, we are the startup nation, but we've done it with a pro-business and pro-competition environment that changed the economy of Israel forever and allows Israel to become a global power in some areas, as I mentioned, like cyber security. That's the first thing.

So, we've created -- I think that my involvement, first, as the Prime Minister of Israel 20 years ago when we liberated such absurd controls as controls of foreign exchange, foreign currency. You couldn't take more than \$1,000 out of this country. Can you imagine? We changed that and made many, many dozens of reforms to make Israel more market-friendly, a freer market economy. The result has been that Israel has become economically and technologically a ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

significant global actor.

Militarily we've used our economic prowess to be able to expand our defenses by building the cyber security capability that I've' said, F35, submarines, you name it. These are all elements that make our army very strong. Of course, it rests on the spirit of our young men and women serving our defenses, our army, but they have to have the tools and the strong economy gives us, alongside with the American support, a tremendous increase in our military power. I've worked on that for many, many years.

On the regional questions, I'm proud of the fact that we've kept Israel safe through this regional storm of the Arab Spring and we've made new alliances with countries in the region. I think this bodes well for our future.

So, this is what I've been doing on the economic, military and diplomatic front. I continue to build Israel's power. For two reasons. One, in our area -- and I think in the world -- the weak don't ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190 survive. The strong and the smart survive. And on the peace front, nobody makes peace with the weak, you make peace with the strong. And I'll continue to build Israel's power; to give it a future of security, prosperity, and peace.

MR. SABAN: The Israeli people and the Jewish people would appreciate more than anything else if, indeed, that at the end of all your efforts and all your achievements we did get to peace.

So, I have asked people in the audience to give me questions that I can convey to you. I've received a pile, we could be spending the whole day here. So, I've selected three questions. The first one from Yonit Levy, a Chanel 2 anchor. In view of the tensions in the coalition, should we expect election soon? That's her question. And I'll add to that, I saw you on television say (speaking Hebrew) or something like that; I'll be with you for a long time. So, allow me to ask you how do I reconcile the two?

PRIME MINISTER NETANYAHU: If I could have a dollar for every time I've been asked that question, ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190 I'd be a very rich man. I'm not sure I'd be as rich as you, but I'll be very rich, okay. Every week or so I understand that the coalition is about to collapse and it never does. Look, every Sunday we have a meeting of the heads of the coalition parties and we address the issues that we face, the opportunities, the obstacles, and we get on with it. I can report to you from the meeting of a few hours ago, that's exactly what we did today. I think it's secure. The coalition is not going anywhere. It's going to pass very soon a two-year budget and it's going to overcome the obstacles.

Now, here you have it on record and so you can test what I said. You can test how accurate the question is and how accurate the answer is. And give me a dollar while you're at it.

MR. SABAN: So, no elections in the foreseeable future?

think so unless I wanted. It has happened in the past that I've wanted elections. I can't communicate to you that I want that now.

MR. SABAN: Okay. From the Jordanian Ambassador to the U.S., Ms. Dina Kawar: Jordan is interested in reviving a peace process between Israel and Palestine. The lack of it is a complicating factor for Jordan, while Israel's' interest is a stable Jordan. How does one reconcile those two?

PRIME MINISTER NETANYAHU: There is no conflict between the two. As I've said, we want to advance the peace negotiations with the Palestinians. It's they who unfortunately -- stubbornly refuse to do it, but that could change. I hope it will.

But I will say on the relationship with Jordan, we've just had some advances in the Red-Dead project, the pipeline project. It's very important, by the way, because it will give a boost to Jordan's water supply and it will give water to our farms and the Jordanian farmers in the Arava region. It will save the Dead Sea. It's a great project. And it's ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

moving ahead with American support and from others. It's a great thing.

I think that the more we work to help have joint infrastructure projects -- by the way, not only for Israel and Jordan, for Israel, Jordan, the Palestinians, and the region. I think it will bolster peace. This isn't' a substitute for peace negotiations, but it sure helps grease the wheels of peace along. When you have progress and advance and prosperity, it is very, very good for creating the conditions to move peace forward.

So, I can't tell you if the Palestinians will finally agree to negotiate, but I'm telling you we're not waiting for them. We're improving the economy not only for us, but for our neighbors, anyone who wants to partake in this progress that Israel represents in this region.

MR. SABAN: And the last question -- well, I mean, about that. It is true that economic and the well-being of people and so on are all positive factors, but we saw from a panel that had Yousef Al ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

Otaiba, the Emirates Ambassador in the U.S., and Mr. Fayez Tarawneh and others, that no matter what we talk about the issue goes back always to the Palestinian peace process. When you talk about economy, security, whatever you talk about that is of significant mention it always goes back to the Palestinian question.

But anyway, the last question is from Philip Gordon, who is the White House Coordinator from the Middle East. There has been some tension between (speaking Hebrew) -- well, it's an understatement -between this Administration and your government about the settlement policy. What would you do, what would be your reaction if President Trump said, here is carte blanche, go do whatever you want, I don't care, as he said during the campaign. Granted it was a campaign statement, but let's assume he follows up on this one.

PRIME MINISTER NETANYAHU: Well, I think we have been doing what we want in the sense of we have asked for negotiates with the Palestinians, they refuse. Second, I put forward an idea of how to do ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

this, the idea of a demilitarized Palestinian state that recognizes the Jewish state is something that remains a possibility if the Palestinians finally decided to recognize the Jewish state.

The question of settlements I think is an issue that has to be discussed in peace negotiations, but I disagree, and I've always disagreed, that this is the source of the conflict. This conflict raged for 50 years, that's half a century, before there were any Jewish communities in Judea-Samaria. Fifty years. PLO was founded in 1964, three years before the Six-Day War, before we entered the territories of Judea-Samaria and Gaza. We then left Gaza and they fired 20,000 rockets on our heads and continued to build terra tunnels.

And when I turned to Abu Mazen and I said, hey, you want to talk about conditions, you want to talk about settlements, you want to talk about borders? Will you recognize I have no pre-conditions for sitting around the table but I'd like to ask you, when we do sit around the table and we talk about ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

peace, we talk about co-existence, we talk about mutual recognition, how about your side of the mutual recognition? Will you finally recognize that the Jewish people have a right to a nation-state of their own? And that you won't build a state next to Israel in order to replace it, but in order to co-exist next to it. Are you willing to agree to that? Are you willing to give up the right of return, the flooding of Israel with descendants of Palestinian refugees? And so on. And he just refuses to do it.

So, I think that's the core of the conflict. It always was. And you say, well, people haven't yet realized it. I beg to disagree. The distinguished ambassadors who spoke in your forum, yes, I understand that there is a residual aspect of the propaganda against Israel and the Palestinian narrative that has been embedded there for decades, I've got that. That's okay. But if you ask me do people in the region understand the truth of what I just said, important people, people in positions of power and influence, I think they do. Even though they don't ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190 necessarily admit it publicly.

And I'll tell you, I think people will get very soon to the fact that the core of this conflict is the persistent refusal to recognize a Jewish state in any boundary. Now, you may tell me, no, it's not going to happen because it hasn't happened so far, or at least in parts of the chattering classes, it hasn't happened so far. Okay. Well, let me tell you something that people said, and, again, repeated with the same conviction for years, for decades, they said that the core of the various conflicts in the Middle East -- they always call it "the conflict" in the Middle East -- was the Israeli-Palestinian issue. Well, this is absurd. Everybody knows that. I mean, is what is happening in Libya related to the Palestinian issue? Is what is happening in Yemen related to the Palestinian issue? Is what is happening in Syria and Iraq related to the Palestinian issue? And so on and so on. Of course, not.

And yet people said with the same degree of certainty and conviction, the core of the conflict --ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190 always in the singular -- in the Middle East is Israeli-Palestinian conflict. It wasn't then, it isn't now. It's the battle between modernity and medievalism. That, yet. That encompasses all of these conflicts. But it's not the Palestinian-Israeli conflict.

So, I'm telling you that just as people change their minds about the centrality of the conflicts in the Middle East, they'll change their minds about the centrality of the settlements in the Israeli-Palestinian conflict. It's not about the settlements, and it's not about a Palestinian state. It was and still is, unfortunately, about the Jewish state. It's when they recognize the Jewish state that this conflict will finally begin to come to an end. And let me tell you, the people of Israel deserve it, the Palestinian people deserve it, everybody deserves it.

We have to get on with peace. And peace begins with mutual recognition. It begins with mutual respect. It begins when the Palestinians say, what ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

they ask of us to do and we're ready to do, recognize a right to live in an independent state of our own. Recognize, for God's sake, recognize the Jewish state. Get on with it.

MR. SABAN: There are multiple answers that I would have loved to quote that I heard here on the panel but, unfortunately, they just told me that the satellite will go down in three minutes, so --

PRIME MINISTER NETANYAHU: Before it does, Haim, I have one question.

MR. SABAN: Please.

PRIME MINISTER NETANYAHU: Haim, I have a question for you. So, I hear that one of your panel's asked if there is still a free press in the U.S. and Israel. I leave the U.S. to you. But it's an interesting question about Israel. So, I checked. I turned on Channel 10: pro-Bibi. In the news, satire, gossip: pro-Bibi. I turned on Channel 2, same thing: pro-Bibi. Turn on all the media channels, open the radio: pro-Bibi. Boy, it's so boring, you know? When I want to feel good about myself I just turn on ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

the media. Haim, this is ridiculous.

Now, speaking seriously. There is no country in the world where the press is freer. There is no country in the world that attacks its leader more than the Israeli press attacks me, that's fine. It's their choice. They are free press and they can say anything they want. But a free press and free speech also means that we, the citizens of Israel, even the Prime Minister, has the right to criticize the press. Which I just did. (Laughter) And I'll continue to do it in the free country called Israel.

MR. SABAN: They're all here, they heard you. You should have seen some of the questions they gave me to ask you that I trashed. It would have made for an interesting conversation.

PRIME MINISTER NETANYAHU: We need more satellite time. Invite me next year.

MR. SABAN: Following this conversation we're going to be honoring Secretary Kerry for all his efforts in trying to achieve peace. Would you like to send a message to your friend, Secretary Kerry? ANDERSON COURT REPORTING 706 Duke Street, Suite 100 Alexandria, VA 22314 Phone (703) 519-7180 Fax (703) 519-7190

PRIME MINISTER NETANYAHU: Yes. First of all, I thank him for the cooperation and support, for the help in our partnership over good times, difficult times. I think our friendship both on the national level and the personal level has weathered many storms. And it says a lot. It says a lot about the partnership between Israel and the United States. And I wish John Kerry all the best and success in whatever path he chooses. And, John, Israel's economy is in good shape. I'm inviting you to dinner. Come and see me, please.

MR. SABAN: Thank you, Mr. Prime Minister. We very much appreciate the time. (Applause)

PRIME MINISTER NETANYAHU: Thank you.

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