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WEBINAR

U.S. POLICY IN THE MIDDLE EAST:
A CONVERSATION WITH ASSISTANT SECRETARY OF STATE DAVID SCHENKER

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P R O C E E D I N G S

MS. MALONEY: Good morning and thank you all for joining us for this timely event. Good afternoon and good evening to those of you who are watching from other parts of the world.

My name is Suzanne Maloney and I'm the vice president of the Brookings Institution and director of our Foreign Policy program. I've spend my career working on the Middle East, including at Brookings Center for Middle East Policy. And so I'm especially delighted to introduce today's event on U.S. policy toward the region. Joining us today is Assistant Secretary of State for Near Eastern Affairs David Schenker. In this role he is the most senior American diplomat focused solely on the Middle East and North Africa. Prior to joining the State Department, Assistant Secretary Schenker was Director of the Program on Arab Politics at the Washington Institute for Near East Policy. He also served as Levant Country Director in the Office of Secretary of Defense, he's the author of multiple books and many studies on Iraqi, Jordanian, Palestinian, and Egyptian affairs, and he is a highly respected member of the policy community here in Washington.

We're really fortunate to have Assistant Secretary Schenker join us in this very timely moment, as he has just returned from a mission to the Middle East where he visited Kuwait, Qatar, and Lebanon.

Assistant Secretary Schenker, David, thank you for being with us this morning.

I'm also happy to introduce Natan Sachs, the director of our Center for Middle East Policy, who will moderate this morning's conversation. Natan is our foremost expert on Israeli politics, but will be speaking about a wide range of topics this morning.

For nearly 20 years the Center for Middle East Policy at Brookings has brought together some of the most influential experts from and on the region. We are committed to understanding and addressing the Middle East political, economics, and social trajectories. Today's event is a part of a large body of word done by the Center, from publishing books, reports and op-eds, to private and public convenings, such as this one.

Before I turn the mic over to Assistant Secretary Schenker for his remarks I'd like to convey our gratitude to the Diane and Guilford Glazer Philanthropies for their support of our ongoing work, which allows us to host today's event.

With that, let me turn the virtual floor over to Natan.

MR. SACHS: Suzanne, thank you very much. And another thank you to U.S. Assistant Secretary Schenker.

Just a couple of points of order are that it is of course on the record. It's being webcast live. We will also have a recording of this event on our website, same website.

After Assistant Secretary Schenker speaks we will take questions and I'll collate them and hand them over to the Assistant Secretary virtually. You can submit your questions either on Twitter at #USForeignPolicy or emailing Events@Brookings.edu.

So, without further ado, and with thanks, this is Secretary Schenker. I think you're muted.

SECRETARY SCHENKER: How's that? Is that better?

So thank you, Natan, thank you, Suzanne. It's a pleasure to be at Brookings today. I've spent a lot of time there as a think tanker visiting and conferring with colleagues and counterparts. And it's a pleasure to be with you today to talk a little bit about my recent trip to the region and also to give you a little bit of a readout of the Secretary's trip. He traveled about a week before I did, or a matter of days before I did.

But I'd like to start first with an update on the Abraham Accords. As you know, we essentially brokered an agreement to normalize relations between the Emiratis and Israel, the first agreement of its kind since 1994, the first peace between — or normalization — a significant step toward that in over 25 years. The countries have committed to exchange ambassadors, embassies, to be in cooperation on a broad range of fields, including education, healthcare, trade and security. We've already seen some significant steps moving to implement the Accords. The phone lines are up between the UAE and Israel. This is followed by direct calls between Israeli foreign ministers and defense ministers. The Israelis and the Emiratis have already started to collaborate on research we hope will lead to a breakthrough on Covid-19. Significantly, two weeks ago the UAE formally abolished a 40 year boycott law allowing Emirati companies and individuals to freely trade directly with Israel. It's a monumental move I think by any standard and we believe that it will undoubtedly set off a cascade of regional developments.

Finally, we saw the first commercial flight of El Al to UAE carrying both Israeli officials and

the media. During the trip they talked about bilateral cooperation in key areas — investment, finance, health, civilian space programs, civil aviation, foreign policy, and diplomatic affairs, tourism, and culture. The result is going to be I think a broad cooperation between two of the regions really most advanced technologically and innovative and dynamic economies. So we hope to see a direct Etihad flight from the UAE to Israel soon. We've already of course had that in the form of aid to the Palestinians, but this is something different.

Beyond the immediate changes to the Emirati relationship with Israel, we believe the impact will be felt more broadly in the region. Much as what happened in Egypt and the Camp David Accords really set the stage for Wadi Arava, we believe that what happened with the Abraham Accords will change the regional dynamics. I'm not going to predict dominoes falling in the region, but I think it sets a different regional tone that will enable other states to enhance the relationship with Israel, quiet relations or start new relations, have more normal relations.

So we built trust for the regional allies and reoriented their (inaudible) calculus by identifying shared interests and common opportunities, and we've helped move them away from old conflicts. We believe that the agreement puts the region on a truly transformative path towards stability, security, and more opportunity, especially the expanded business and financial ties will accelerate growth and economic opportunity throughout the region. Once again, we hope that this move toward normalization not only will result in other states taking steps toward normalization, but that it will also encourage the Palestinians to re-engage with Israel and/or the United States on other issues.

As to the secretary, he recently visited Israel, Bahrain, the UAE, Oman, and Sudan. The focus was to follow up on the initial agreement of the Abraham Accords and discuss other bilateral issues. In Israel he met with the Prime Minister Netanyahu, Alternate Prime Minister Gantz, and Foreign Minister Ashkenazi with whom we discussed key portions of the agreement. They also discussed with Israel our ongoing concerns about China. When I accompanied the secretary earlier this year in May to Israel we delivered some straight forward messages on the risks that Chinese investment could pose toward Israel, Israel listened to that message and took action, including the announcement of an investment review mechanism. So we want to see that work continue and grow stronger. We are not asking states in the region — this is not a message solely delivered to Israel, it's a frequent message we deliver throughout

the region to our partners, but we're not asking states to choose, we're asking them to have an understanding of what this investment means for their economies, for their security, for our strategic relationship.

In addition, the secretary addressed the continued threat posed by Iran, and Israel, among many of our regional partners, share these concerns about Iran's malign regional activities. In the Gulf, the secretary made the case for Gulf unity in the face of share concern about Iran. In Bahrain, the secretary met with King Hamad and Crown Prince Salman Al Khalifa. In addition to encouraging support fro the Abraham Accords, they discussed the need to work toward ending the Gulf rift, which will better enable us to counter the Iranian regime's malign activities. In Oman, the secretary congratulated the Sultan on his new counsel of ministers, our cabinet equivalent. The secretary was also the first visiting foreign dignitary to congratulate the new foreign minister in person on the appointment. In UAE the Secretary met with Foreign Minister Abz and National Security Advisor Sheikh Tahnoun to congratulate the Emiratis on the achievement of the Accords and to follow up activities for implementing these Accords. The Secretary also stopped in Sudan. That is beyond my AOR, unfortunately enough, but I will say it was the first direct flight between Sudan and Israel for the United States government. The success of Sudan's transition has important implications for the region that I cover. And the Secretary's meetings with the transitional government were an important step toward ensuring regional stability.

As for my trip, following the secretary's visit I spent a week in the region, just returning on Friday. My first stop was in Kuwait. I visited to reassure a longstanding partner that we value the sustained close cooperation and that cooperation is outstanding. You know, we have some 14,000 troops in Kuwait, we have nearly 100,000 troops that rotate through Kuwait a year, excellent economic cooperation, a broad range of cooperation in trade with the Kuwaitis. So I previewed our plans for outcoming strategic dialogue and I thanked the Kuwaitis for their ongoing and very important central role in actually trying to mediate an end to the Gulf Rift.

In Qatar I also talked about our work to preview our strategic dialogue, which is coming up on the 14th and 15th. I talked about the rift, what it's doing around the region. But I also congratulated the Qataris on their new labor law, which will upend the Kafala system. It's quite a remarkable development. Through it all, the Abraham Accords, you know, you can tell it's reverberating

in the region. But as I told the Kuwaitis, the United States respects the sovereignty of the states in the region and the states in the Gulf. It's our hope that others will follow the example of the UAE, but these are sovereign states and they were going to make their own choices.

In Lebanon I carried a message to the Lebanese people that we're committed to helping them recover from the horrific August 4 explosion. We provided more than \$18 million humanitarian assistance on that front so far and are preparing to provide an additional \$30 million to support efforts to recover from this disaster. But I also talked with the Lebanese about our support for them in their efforts to end the corruption and mismanagement and stressed the need for their government, or whatever government comes next, to implement the necessary reforms to bring Lebanon back from this devastating economic crisis, also to commit to a policy of disassociation. We watched closely as Lebanon's economy has deteriorated and the government has really failed its people, choosing to protect narrow, sometimes sectarian interests and patterns of corruption instead of making difficult decisions needed to provide for the Lebanese people. Yesterday you might have seen that OFAC announced new sanctions against Youssef Fenanios and Ali Hassan Khalil, both former ministers associated with Hezbollah and corruption. Both conspired with Hezbollah for personal and political benefit at the expense of the Lebanese people and institutions. Our assistance and response on August 4th underpins 2 decades of bilateral assistance to the Lebanese people totaling nearly \$5 billion. Since the onset of the pandemic the United States has provided \$41 million plus to the Lebanese people in emergency Covid assistance. Just the figure are enormous. We were the largest donors to Lebanon last year. In 2019 we provided \$750 million to Lebanon. In Lebanon we also talked about Syrian refugees and our humanitarian support for them in Lebanon. Lebanon hosts the second largest number of refugees per capita, an important role that the international community has to continue to support.

Finally, I discussed UNIFIL. This is an issue that we've worked a great deal on over the past year. In the mandate renewal we pressed hard for changes to the mandate of seeking greater accountability and access and the ability to right size the force structure so that it matches what UNIFIL is actually carrying out on the ground. We want a successful UNIFIL. It can play a strong role in helping Lebanon in ensuring regional security. But that can only happen if UNIFIL is unimpeded to address violations by Hezbollah. I think we made unprecedented progress in our effort to fix the mandate. We

didn't get all the way there; there is more work to do, but I'll leave it at that.

So I've spoken enough and I'm happy, Natan, to take your questions. I understand I'll be also talking with Jeff Feltman and Bruce Riedel and Tammy, so I'm looking forward to the conversation.

MR. SACHS: Thank you so much, Assistant Secretary. And my colleagues, Jeff Feltman, Bruce Riedel, and Tamara Wittes are indeed online. For a variety of reasons we will have to channel their questions virtually, with apologies from everyone.

And I will start with one actually from Bruce Riedel regarding the rift in the Gulf. This has been a long time between the states. You had very high-level meetings in Qatar. Can you tell us realistically what is about to change? The stance of a lot of the parties has not seemed to have moved a lot in the last two years. Is there really much to hope for, is there a big change, does it even matter that much?

SECRETARY SCHENKER: Thanks. That's a good question. Listen, there's been an awful lot of high-level engagement here in the United States, President, Secretary, a lot of White House involvement. And these are two sides that are dug in. these are long standing and ideological issues here. And yet there's a recognition that this is a distraction from Iran and the air space issue is coming to a head, because of course, as well all know, Qatar has a suit pending on these issues. We are detecting — we have been working with our partners in the region, the GCC, with Qatar and we're hoping that we see a little bit more flexibility here. I don't want to get into the whole diplomacy in it, but there is some movement. I would like to say that it's going to be a matter of weeks, but once again, it's not only the Saudis and the Emiratis and others that have complaints about Qatar, Qatar also has its own set of complaints about the others in the GCC, so we're trying to work through it. There's not been a fundamental shift that makes this that we're going to push the door open right now, but in our talks we're detecting a little bit more flexibility. So we're hoping we can bring the sides closer together and end this really distraction.

MR. SACHS: Thank you. I'd like to follow up on some of your remarks. You mentioned a cascade of developments that you expect, not necessarily new accords being signed immediately following the Abraham Accords, but I wonder if you could flesh out a little bit what this means. Did you have discussions in Kuwait on the possibility of normalization between Israel and Kuwait as well? Do you

expect Bahrain or Oman or others that have been reported to follow suit? And, finally, concomitantly you mentioned also the possibility of developments between the Palestinians and the Israelis. Among most Palestinians the accords have been received very negatively. Is there a chance that they promote Israeli-Arab relations, but at the same time also hurt the possibility of Israeli-Palestinian relations that have been really in the worst shape than they've been for a couple of decades perhaps?

SECRETARY SCHENKER: Thanks, Natan.

So I don't want to get into specifics about which states are perhaps more inclined toward moving forward with either normalization agreements or developing top already quiet ties or reestablishing new links to Israel. You guys work at a think tank, you know, you're more than capable of speculating which states are more able or would be more willing to do so. You know, Kuwait is not one of the states that is leaning more toward that direction and that would be no secret. As I said earlier, these are sovereign states and they can make up their own mind. The government of the Emirates made the decision that it was in their strategic interest and the people's strategic and economic interest to move forward and make (inaudible) ties, quiet ties overt and that there would be benefit for the people that made it work it, that they would no longer be held hostage to the intransigence of the Palestinian leadership. And this does not mean that any state or any people care less about the Palestinian cause, about the well-being of the Palestinian people, that it doesn't remain an evocative issue, and yet I think it was, you know, highly symbolic and important that states are going to put their interests first beyond these sort of causes.

You know, that said, I understand that the Palestinian reaction has not been entirely positive, although there may be a shift in the — a quieting of the language now among Palestinian leadership and also a move to actually reengage in some ways with the Israelis, whether that be on working out a way to move forward with transfer of revenues again, something that I think was cutting off the nose to spite the face. Likewise, hopefully we can get the Palestinians to reengage on security cooperation, something that serves both the Palestinians and the Israelis. I don't know there there's something in the cards about more direct negotiations, discussions of other issues rather than the day to day, but I would hope, you know, as time goes on, that the Palestinians will engage. We've been encouraging them to do so, whether with us or the Israelis or both and just don't think it serves their

interests. No secret the Palestinians did not very much appreciate the President's vision for peace. We're not saying they have to adopt it. We want them to engage in a discussion. The Palestinians have agency and, you know, if they engage I think it would be more productive for them.

MR. SACHS: One of the arguments that you hear from Palestinians and others about the Abraham Accords is that they (inaudible) getting ahead — I'm sorry. Can you hear me properly?

SECRETARY SCHENKER: No, I can't. I missed the question.

MR. SACHS: Sorry for that. Excuse me. One of the criticisms you can hear is that the Abraham Accords circumvent the Arab Peace Initiative, normalization preceding resolution of the conflict.

Could you give us a sense of the administration's position toward the Arab Peace Initiative partly as it relates to the Peace to Prosperity Plan, but just in and of itself, do you believe the Gulf states or other states have simply moved by it as a thing of the past?

SECRETARY SCHENKER: No. I think that certainly there are some Arab states that still adhere to the Arab Peace Initiative. I don't think that's gone by the wayside. I think there are some states that still hold that peace should come before normalization. And, you know, that view is still out there in the region. Not all parties are signing up for normalization with Israel yet and the proof is in the pudding.

And the Saudi Peace Initiative was, I think, and it remains, a productive document. But I think Arab states saw the limitations — some Arab states have seen the limitations in that document.

MR. SACHS: Thank you.

I have a question from Jeff Feltman, my colleague and your predecessor as Assistant Secretary. He thanks you, David, for comments. Perhaps more than anyone else participating today I know the pressures that are on your shoulders, in particular with Lebanon. Jeff was ambassador there as well. Thank you for attention to Lebanon. What worries me is that the formula that worked in 2005 to get the Syrians to leave, unified internal and external pressures, leaving the Syrians with no choice but withdraw their occupying forces is absent today when an even more evolutionary change is needed inside of Lebanon. Civil society activists seem to be divided and the U.S. and France seem to have very different views regarding Hezbollah with the U.S., of course, shunning it and France partly engaging perhaps.

Did you detect in your Lebanon discussions more unity and focus among civil society activists beyond the “everyone means everyone must go” slogan? And can you describe any international efforts to unify pressure on the Lebanese leaders to accept real change internally and regarding the indulgence of Hezbollah by Michel Aoun and Gebran Bassil and others?

SECRETARY SCHENKER: Well, that’s a lot of questions. And thanks, Jeff.

Kamal Salibi said Lebanon is a house of many mansions and the Lebanese opposition is a house of many mansions as well. I think somebody put together a list and there’s several hundred groups that are out there with varying degrees of numbers of membership, et cetera. And yet we’ve seen, you know, while there is clearly a groundswell of support for change, for their government to embrace reform, for anti corruption, for transparency, for accountability, for this disassociation for, even now even more overt than ever, the call for a discussion, a real discussion, about Hezbollah’s weapons. These opposition groups are still disparate, but for the first time — and I met with dozens of opposition people in my trip — for the first time I see a recognition among these groups that there has to be a more limited agenda which they can unify and that there have to be actually political parties that emerge from this. I heard that a lot.

But, still, one of the other things that we’re missing, Jeff, from the difference between now and 2005 is that in 2005 we got a million and a half Lebanese, it’s one out of every three Lebanese came to Beirut and said get out. Now you have 50 percent of the people in Lebanon are below the poverty line, right, 22 percent are destitute and are hungry. You have Covid, right, preventing people from gathering in groups. You have also had — and I don’t recall the degree to which it occurred, but this (inaudible), these thugs that come out and beat up, whether they are from Hezbollah or, you know, allegedly from Amal that come out and beat up protesters. So there’s a whole — you don’t have sort of this big number critical mass to general that type of pressure either. And it’s hard to say what comes first, the chicken or the egg, and whether you get international support because you bring the crowds or — but what I would say is I think that they are thinking in terms of the elections, they are thinking in terms of of how they do political parties and how they have messages that are, once again, limited non divisive consensus voting messages so you can have unity. So I think that was important and it’s something that I’ve not seen a whole lot of over the years with Lebanese opposition.

So about France, we have come out in support of the French proposal. I know that there are a lot of Lebanese particularly in the opposition who were not — were actually very concerned about the trip and the agreement that — the initiative, the French initiative. Actually, I think that there's a lot of merit in the initiative and we're very supportive of it. The fact that President Macron has set a timeline, the fact that the government has to meet certain criteria of being either technocratic or expert qualified, and that they actually do have to really implement reform before, as a prerequisite for the release of international funding, whether that be the Cedra (phonetic) on the French side or, as we've agreed with the French, an IMF program from our side.

And, finally, and I think most importantly, the French have apparently warned that there will be sanctions, designations against Lebanese public and political figures who obstruct the effort to form a government or to implement reform. And I think this is a message that we have not heard before from the French and I take President Macron as a man of his word and I am sure that he will — that the French will designate and sanction people, Lebanese politicians who do obstruct reform and who do prevent this type of government from emerging.

We do have a small difference on Hezbollah and how we see the organization. We don't believe they are in the "legitimate" political party. We do believe that you have choose between bullets and ballots, that political parties don't have militia to enforce their support or to threaten and intimidate other politicians and political parties. This is not a level playing field in Lebanon. One party has all the weapons, all right. You know, we are more of the mind of Germany and some other states that increasingly see Hezbollah as a problem, right. And we are encouraging France to take a harder look at this.

MR. SACHS: Can I press you a little bit both on the very small difference between the American and the French position, but also more broadly? So first on the small difference — Hezbollah has all the weapons and really is the most powerful force in Lebanon I would say, bar none. Isn't there a danger that by shunning them in a sense and their use of terrorism notwithstanding, the U.S. is in a sense excluding itself from the real power brokers who unfortunately are often the ones with guns? Isn't it true leaving the stage to the French, and perhaps that's a useful tactic?

The second point is on what's sort of the aim of the U.S. administration here? Is it reform

or is it much more structural change, to borrow a phrase from another arena? The demonstrations that we saw in Lebanon and some of the conversations you had I think regarded non-sectarianism, the possibility of getting passed a system that is so beholden to the sectarian divides? But of course the reform that is being discussed now will likely fall well short of that. Should Lebanese listening today — should they see the U.S. administration as supporting fundamental change to the Lebanese system? Or an attempt to climb out pragmatically but limitedly from the current crisis, which is extremely severe?

SECRETARY SCHENKER: Listen, we've talked to them — and I'm going to repeat myself here — but we've talked here at State — David Hale during his visit prior to mine, that we're focused not so much on personalities as principles, right. This is reform, reform, reform, fight corruption, transparency, accountability, disassociation. I think that the — if you can get a government that will chip away at this and make progress, that necessarily will hurt Hezbollah. This is not an organization that is inclined toward reform, this is an organization that does illicit finance, that smuggled goods across the border so that they can generate revenue not for the state but for their separate parochial political interests to fund their militia, et cetera, and play patronage politics. So we do believe that reform I think will have an impact on Hezbollah as well as a beneficial impact for the country.

We've heard — I think President Aoun even mentioned the idea of civil states, the changes that have to be made. Certainly I heard from the protesters and opposition groups, individuals that I met, ideas about the transformative change in the political system. Certainly back in 1943 this was innovative, but it doesn't have that same type of dynamism today. I think that's what I heard from the people. But this is for the Lebanese people to decide, right. We're not making this thing I think from a whole new cloth. We are trying to get substantial change. And, mind you, once again, reform, anti-corruption, transparency, accountability, disassociation. All those would be unprecedented for Lebanon, right. That would be transformative in a way, right. I mean it wouldn't change the whole enchilada, but I think it would be substantial. And I think that does constitute real change. We have to continue to hold a high standard of benchmarks for what actually constitutes reform, right. We have a good understanding. I talk with my French counterpart, Christophe Arno (phonetic), every week, every 10 days, as well as my British counterpart. We have a good understanding, we are on the same page, we are coordinated, and have been until now about what reform means, what it looks like, and at what point in time will we release

funds, right. We don't want to in any way support cosmetic reform, right. It can't be a couple few little things in the energy sector, for example, right. There has to be really broad and deep reform. And, of course, we hold states like Jordan, our friends, to these standards. When they did electric reform, electricity reform, they had to rationalize the cost of electricity. It was really hard and they went and made progress and made progress, and then there were protests and they stopped, and the money stopped, right. And then when they took their time, they got back on it, refocused, made more reforms and more — you know, bigger tranches of funding were released. I don't think — you know, I don't see any reason why that wouldn't be our approach to Lebanon as well.

MR. SACHS: Last point on Lebanon before I turn to the Gulf and a question from Tamara. You made an interesting choice in Lebanon, you met with opposition and non-government officials. You did not meet with your government counterparts. I wonder if you can elaborate a bit more about that. That's not I imagine the norm for an Assistant Secretary traveling to a foreign country. That's usually not what you do.

And if you could also speak a little bit about the new prime minister in Lebanon and what kind of relationship you expect the State Department to have with him and his government.

SECRETARY SCHENKER: Thanks.

Listen, you know, my trip was my trip. I don't want to get into it. I wanted to hear the views of the Lebanese people, creative views and what people are doing to try and press their government. You know, David Hale had been there just a week and a half or two weeks before I was there. I am sure — and, by the way, I talk to Lebanese officials on the phone periodically, I plan on going back in the not so distant future. I am sure I will meet with political players, but I really just wanted to show our support for the people of Lebanon.

What was the second part of the question?

MR. SACHS: I'm blanking on it at the moment. But so I'll take it merely as an accident Assistant Secretary happened to be in Lebanon and you didn't manage to schedule — you didn't have time to meet with the government.

Excuse me, and my second part was of course the new prime minister, what kind of relationship do you expect?

SECRETARY SCHENKER: Oh, yeah, so, yeah, yeah. So, once again, we followed the designation, we're following closely the formation of the government, the French have laid out their expectations, we have seconded those expectations and made it clear where we stand. Once again, I'm not interested in the personalities, Natan, right, we're interested in the principles, right, whoever it is, right. I can't say it enough.

MR. SACHS: I'll let you off the hook on that.

A question from my colleague, Tamara Wittes. I am returning to the Gulf. Gulf states had high hopes for economic diversification and private sector growth. The effort seems stymied now, both by low energy prices that we're experiencing and falling even this morning, and also in Saudi Arabia by pervasive wariness by private sector, brought especially because of the government's intense oppression.

What did you come away from your trip in terms of Gulf states' plans for economic reform? I know you didn't visit the kingdom, but nonetheless you deal with it of course often. And Tamara also follows up and says did Saudi Arabia announce census this past week for individuals it says were responsible for murdering Jamal Khashoggi, a U.S. resident of course. But the trial was not open and we've seen consistent reports of U.S. intelligence that the Crown Prince himself was directly involved in this crime. What exactly is the U.S. government doing to continue to pursue justice and accountability for this murder?

A softball.

SECRETARY SCHENKER: Yeah, thanks. Thanks, Tammy; thanks a lot.

So on the Gulf, there had been obviously an (inaudible) a number of sort of ambitious programs, most ambitious of those was, what, Saudi 2030, that mapped out the Saudi-ification of the workforce, less dependence on putting Saudis to work, also diversification, right, moving beyond oil, maybe the privatization of part of Aramco. These plans are out there. Other states had them. Actually, some other states have already made progress on this. The Emirates had set out to do financial sector and other types of things at a high tack and had moved on this early. And in Qatar there's some move toward this as well. In other states there is enormous degree of public sector employment — you know, in the 90 percent range or high 80s or whatnot. That with oil prices at \$40 a barrel, I think not only does it

make those states sort of enormously bloated, you know, public sectors unsustainable, especially when you have the cradle to grave welfare system, healthcare, education, pensions, social safety net, it makes it very difficult to sustain on \$40 a barrel. I think we hear from the Gulf that the breakeven point is in the \$60 a barrel range.

So not only has this sort of changed or put pressure on the Rentier system, but it has also I think — certainly the \$40 a barrel combined with the economic slowdown of Covid has really put the brakes on a lot of these diversification plans because they cost money to do. If you don't get — you know, you're notable to retrain, put people to work, gather, et cetera. So I think there's been a lot of — actually an enormous amount of dislocation in the Gulf and I think some states are scrambling. And I think some of the states that rely on natural gas where the price volatility has not been as severe are doing better and those that are dependent on oil, it's been more of a challenge, no doubt. And I think that's going to persist because I mean one wonders, you know, some day there will be an end to Covid hopefully, you know, we'll get our arms around it. But whether our habits have changed or will change and whether we will get back up to \$60 or \$100 a barrel, this I don't know. But these states have to be really thinking about diversification and getting that moving again, you know, strengthening their economies so that they can contend in a world where oil isn't \$70 or \$100 a barrel in the future.

So that's on the energy.

So we've seen the reports of the final verdicts and sentencing by the Saudi Arabian court of eight people for the murder of Khashoggi. We've been closely following, monitoring Saudi legal processes in the aftermath of the 2019 December trial verdicts and subsequent appeals and we'll continue to do so. We call on Saudi authorities to ensure that all involved in Khashoggi's killing, which King Salman labeled as a "heinous crime" are held accountable. We continue to engage our Saudi partners to ensure that authorities complete a comprehensive investigation of Khashoggi's murder and hold those accountable responsible and to take actual structural steps to prevent such abuses from happening in the future. We are all horrified by the murder of Khashoggi. The American people expect that the U.S.-Saudi strategic partnership prioritizes a shared commitment to the rule of law and respect for human rights. And, as you know, the United States government has designated some 17 different Saudis under different authorities for their role in the Khashoggi affair.

And that's pretty much what I have to tell you on that.

MR. SACHS: I've got the feeling it's not the first time you've heard that question. But I'd like to press a bit more broadly on Tammy's very important point, which is there is a widespread perception that human rights, whether or not — the rule of law regarding Americans is one thing, but the general question of human rights or even democratization more broadly is clear not the priority it was in the 2000s. That's been true for many years now. But that human rights more broadly are a very low priority at best for this Administration. Whether or not that's true, I think that is a very widespread perception.

I wonder if you could address that at the macro level regarding specific countries in the Middle East certainly, but more broadly in all of your AOR. Is that a priority that of the Administration?

SECRETARY SCHENKER: Yeah, I mean it's a priority for me and then it's a priority for the Secretary. I don't know if you've seen his podium remarks, I mean he's commented several times on freedom of the press in Egypt, about arrests of journalists, he commented about the harassment of American citizens by the government of Egypt from the podium about a month and a half ago, he talks about the wrongful arrests. I've given maybe more than a dozen interviews where I've talked about the right of Egyptians and other citizens in the Middle East, whether Lebanese, you know, elsewhere, to demonstrate peacefully. Every time I engage with the Saudis I raise the issues of Wally Fataje (phonetic) and Loujain al-Hathloul and others who have been imprisoned or other issues. And the way I presented both to the Egyptians and to our partners in Saudi Arabia is that, you know, the U.S. government is dynamic, right, we are a democracy and we have periodically changes in power, right. The president will be here four or eight years and then we're going to get another president, right. What we're hearing right now in the House, right, and maybe the Senate could change over at some point, what you're hearing is the language in the NDAA that talks about Egypt and human rights and FMF and that, you know, it's quite possible someday you're going to get a democratic majority in the House and the Senate, right. And what I want to do in a case of Saudi Arabia is to cross off all of the irritants in our bilateral relationship related to human rights. And there are some irritants out there, right. We have a very important and really strong strategic relationship and so we want to work on things. And so in my representations with them we raise these issues routinely. Likewise with the Egyptians and other countries in the region.

Yes, they are on the agenda. I believe that we're making the case every day.

MR. SACHS: Thank you. That actually leads me to the final question from my colleagues and I'll turn to some questions from elsewhere. But Bruce Riedel points us to one issue that hasn't been raised yet relating to these possible irritants, which is the war in Yemen. Obviously a huge issue. The station in Yemen does not get nearly enough coverage obviously for the enormous human catastrophe that we're seeing in a very poor country to begin with. Is there any hope for the Yemen? What is the government's position on this? And particularly because the U.S. government is involved not just as a partner of Saudi Arabia and other, but also in more real terms in this conflict. What might we expect going forward regarding Yemen and U.S. policy towards it?

SECRETARY SCHENKER: Well, listen, you know, it's not — I think it's — your question indicates that this is a — I heard a lot — something about Saudis in there. I didn't hear anything about the Houthis or the Iranians in there, right. It takes two to tango. I know that the Saudis have over the past couple of months done two unilateral cease fires, right, that the Houthis didn't follow, right. But I know that the Saudis are exerting enormous effort to try and negotiate a peace agreement with the Houthis, with Yemen. You know, they worked on the Riyadh Agreement. The KDF did, I think, really put an enormous effort to try and bring the southern transitional counsel and the Republic of Yemen government of Hadi together after the split about, what, eight months ago, to reunite them so that they could actually have a meaningful negotiation on the future government of Lebanon with the Houthi. The Houthi have not been — you know, notwithstanding I think the really dedicated work of Martin Griffith on the ground in the UN and are diplomatic engagements — the Houthis have not been particularly productive partners in this negotiation. It seems as though they believe that they are on the verge of winning and taking Marib and aren't interested in the good will negotiation about having a unified Yemeni government, which they would certainly play a significant role.

So our assessment is that the Saudis want to end this war. We are doing a — are a large humanitarian — I think second largest humanitarian contributor to Yemen where the situation, as you point out, made worse by Covid, but already has — it's a catastrophe of enormous proportion and probably largest humanitarian disaster certainly in the region, if not the world and a real tragedy.

So we think the Saudis are playing a productive role now and intend to get a negotiated solution to this. It's not my understanding that the Houthis are necessarily in the same place, perhaps

spurred on by their Iranian patrons and certainly the escalatory nature of where the Houthis are firing their missiles and one-way drones on civilian centers, et cetera is incredibly problematic. And the level of indigenous ability to produce weapons is going to be a problem for generations to come.

Thank you to Iran.

MR. SACHS: And so a couple of follow ups actually regarding Iran.

The first is what is your assessment of the degree that the Houthis might break with Iran, assuming that Iran is not looking to be productive in ending this crisis?

And the second is what's the degree of coherence or consensus among U.S. partners? Are the Emeratis and the Saudis on the same page? Are others? What kind of differences do you find there and what's the U.S. approach in trying to bridge these differences, if there is one?

SECRETARY SCHENKER: So I think it would be — Natan, I mean we are like hoping that the Houthis will prove themselves to be Yemeni patriots and not a tool of Iran. You know, the jury is still out on that. But I think until now they've not shown a great deal of independence in their decision making process.

As for consensus, yeah, I think there is within the Gulf a regional consensus that it's time for this war to wrap up, that the Yemeni people are suffering greatly and aid money is short, but the Saudis came up big last year — \$500 million or something like that — you know, big, big check. And we're hoping to try and work with the UN and our partners to generate that kind of funding this year from our Gulf partners.

MR. SACHS: Thank you. I'm going to turn to a question that we received from the audience, and I'll piggyback a bit on it. It's asking about great power competition with China and Russia. And the future trajectory, you know, in a large span of a decade or so, how do you expect this great power rivalry, which has obviously been a major focus of the Administration, the Pentagon, but also other parts of the administration, how do you expect that to affect the region going forward in the long-term?

And more immediately you mentioned in your remarks the conversations you've had certainly with the Israelis asking them to understand American concerns. Could you — but nonetheless not to necessarily choose. That's a fine line of course. Could you give us a bit more detail about what it is that America expects countries exactly to do? Obviously economic interests will remain with China,

military concerns of course of the United States are clear. The boundary seems to be very difficult, certainly in technology and 5G and in infrastructure.

Could you flesh out a bit more beyond Israel? Where the front line of that conversation is?

SECRETARY SCHENKER: So there's a great guy in State INR, a China scholar, who talks about the difference between Russia and China in the Middle East. And he says that Russia is looking for relevance and China is looking for dominance. That's from this guy in INR. Well, actually from SP. Great guy.

Listen, both states have interests in the region. China gets all its energy, the vast majority of its energy from the region. You know, Russia I think — and I've said this before, I think it was a mistake to welcome them into Syria expecting that it would be a quagmire. I think it has emboldened them and now they're involvement in places like Libya is extremely troubling. And the prospect that you will have Russia set up shop on NATO's southern front is something that we're not looking forward to and don't think it's in Libya's interest, certainly not in Europe's interest, and certainly not in our interest.

So China on the other hand, you know, when we talk about China they have relations with a broad range of countries, trade relations, they sell them weapons, they invest. This is not without its perils because often times we've seen places like Djibouti — even in Jordan, China does predatory lending, right. And then when you can't pay they come and take an asset. And so we like to inform our friends in the Gulf and also in the region about what the implication of this is. But once again, to prevent China from basically — we're also — sorry — we warn our partners about what it means if you make a deal with Huawei, right. What it means for mil-to-mil cooperation between our country and X country in the region if our communications have to go over Huawei lines, whether we can do that, whether that information is secure. Whether you take a Chinese Covid test, whether your DNA winds up as property of the PRC, right, the Chinese Communist Party. You've just got to be aware of that. This is not like Google that can say that they're not going to open their cellphone for the U.S. government, right, and have their day in court. When the Chinese Communist Party says give us the information, this is part of — this is a government that gets the information, so there is a bigger threat here.

So what we talk about with and what we discussed with the Israelis is what kind of

mechanism to you, whether it's CFIUS or Export Control Act or — in the case of Israel, you know, their system was — they had a framework to dealing with these questions, but it wasn't sufficient, it wasn't mandatory, right, for business deals to go through these type of reviews. And so we're talking to our partners about what type of deals constitute a threat. And I don't think we're viewing this as sort of overly broadly, you know. I think we have sort of a narrow interpretation of that.

MR. SACHS: Do you expect in the long-term China — does it want to have military presence much more than it does today? Is it hoping to benefit from the region without the burden of security? There's a big debate among China scholars about many regions of the worlds, certainly the Middle East included, is the base in Djibouti about piracy or is the beginning of much, much more? And if it is much, much more, what's the U.S. position on it? I take it you do not think it's about pirates?

SECRETARY SCHENKER: Piracy? You think it's about piracy?

MR. SACHS: No, I don't.

SECRETARY SCHENKER: Yeah, listen, I think, you know, you can look at what they've done. I'm not a China expert, so I don't want to get out of my field here, but I think there's a trend that has been in place.

MR. SACHS: And the U.S. intends to counter it?

SECRETARY SCHENKER: Once again, that's not my AOR.

MR. SACHS: Well (inaudible).

SECRETARY SCHENKER: I can't hear you. I think you're muted.

MR. SACHS: Sorry about that. One of the many hats you have to bear is negotiating maritime boundaries on gas fields. Again, going back to Lebanon. I know someone who has turned your office sometimes, Assistant Secretary, for Lebanon. What is the status of negotiations between Israel and the Lebanese government for demarcation of the EEZ and the possibility of actually drilling for energy there? Is it simply on the back burner because of the extreme turmoil in Lebanon right now? Is there actually hope of moving forward? Obviously revenue, if and when it came, which would be a while, could be quite helpful to Lebanon right now.

SECRETARY SCHENKER: Yeah. And this is why we were headed for a financial crisis in Lebanon for the past couple of years. You could see it. You know, this is a slow train coming. And for

a state with 200 percent debt to GDP ratio, you know, with currency devaluations, all kinds of things that happened more recently, but certainly the debt ratio and whatever the central bank holdings were, you know, one would have thought that there would be a sense of urgency from the government of Lebanon to start to negotiate with Israel so that it could actually start to exploit what are probably going to be its three most profitable natural gas field blocks, 8, 9, and 10, that straddle the border. For some inexplicable reason there was no sense of urgency here. I mean we're talking about free money, right, for a state that is in a financial crisis. So there was no sense of urgency and this was delayed. I think David — Ambassador Satterfield worked on this a year and basically got to almost where we're at today. And in the course of a year we've made a tiny bit more progress and we still don't have an agreement. Now, I'm hoping we can get there in the coming weeks, but it remains to be seen, right. It's actually — you know, I'm not going to tell you what the sticking point is, but it's really — when it's all done I'll have to tell everybody because it's absurd.

So anyway, hopefully we can get there and hopefully Lebanon in its spirit of reform will pass a sovereign well fund law so that this does not go to corruption and that the state benefits, but I don't see — you know, we're only talking about, once again, a framework agreement here for negotiations. They still have to have the negotiations. So we're not even there yet.

MR. SACHS: So the sticking point is minute or laughable, or will be when we hear about it. It's usually political will, therefore that's — simply doesn't want to make that extra little step. Is the problem, I take it, on the Lebanese side or have the Israelis been eager? Most of their fines are already being developed — at least I find so far.

Have you seen sort of an Israeli forthcoming approach to this and Lebanese internal dynamics? Is that a fair description?

SECRETARY SCHENKER: You know, I'm not going to — I'm not ready to play the blame game yet.

MR. SACHS: I can try.

SECRETARY SCHENKER: Yeah. No, I'm not gonna.

MR. SACHS: You mentioned earlier the question of Libya in the context of Russia. Libya of course another huge issue, very troubling one. And, again, in your portfolio. There's not only a

Russian aspect, there's a Turkish one as well. We've received several questions regarding Turkish involvement in Libya. And really Libya has been almost a proxy, a case of so many different countries, including ones very far away, all the way from the Gulf being involved.

Let's be honest, most people we talk to simply address Libya as almost this hopeless case. But, of course, Libya is a country, you cannot simply throw your hands up on a country and a population. What is the current U.S. hope for practical progress? What are your parameters for all countries involves, including some who are partners of the United States, but not always on the same side?

SECRETARY SCHENKER: Well, listen, Libya is complicated, as you know, right. You have the Syrian-ization, as it were, of Libya. So you have the Turks standing off against the Russians there, then of course you have the Wagner group, the Russian mercenaries who are there on the ground, then of course you have Emirates, then you have the Egyptians, then at one point you had the French, and there are rumors of Qatari involvement in some form. This is the sort of regional overlay of the Gulf rift and Muslim Brotherhood, et cetera. We have engaged — actually, the Secretary has spent a great deal of time on it, I've spent a great deal of time on it, constantly talking to my counterparts, British and French, about this. We participated in the Berlin process. It's our view that this cannot be solved militarily. There has been an escalation, but we do see that we are at an inflection point of sorts with de facto cease fire line, as it were, around Sirte and Jufra, and that we can use this as an opportunity to actually draw both sides into negotiations. And we had, you know, useful announcements of cease fires, et cetera, that we would like to consolidate.

And so the UN process is in place. We have also worked with our partners and are moving ahead with an attempt to sort of reform — as we tried to do with UNIFIL in a way — to reform the UN approach to this because we don't think that the special representative of the secretary general, who is Ghassan Salamé, who did a great job, that he basically has two jobs, right. As a special representative, that he was on the ground in Libya managing the humanitarian UN projects and the staff of some 350 people, right. And at the same time he was expected to run negotiations to — you know, with all the major regional partners to come to a negotiating solution. And we just saw that as too much

work for one person. And so we pressed forward and I think we're going to get a special envoy to handle the negotiations in addition to the special representative on the ground in Libya managing these projects. We think that will be helpful.

But it's been tough going. It's no secret. You know, in Berlin we came to an agreement about how we're going to approach this. I talk routinely to Jan Hecker, the German national security advisor, about this. There is no lack of attention to the issue, but many of the actors, as you know, are quite stubborn. But we have — I don't know if you've met Dick Norland, who is just an outstanding ambassador who's running the show for us out in — and he and Josh Harris are DCM, have been on the ground in Libya several times in recent months and are continuing to visit. So more diplomacy, more efforts from our European partners, and more arm twisting to get the GNA and the LNA to actually engage productively. We're seeing I think the kernels of that right now. It's hard to be optimistic about it but we are pressing forward and trying to consolidate small gains on the ground.

MR. SACHS: Well, before — we have about six minutes left, so I want to make sure I circle back to two issues that have come up a lot. One regarding Iran, which you have actually not discussed at length. And, of course, the Secretary has spent an enormous amount of time on that, including very recently. There seems to be sort of — I don't know if it's an irony, but a contradiction — the U.S. approach has garnered a lot of support from many other regional partners. Certainly in the Gulf and among the Israelis there's a lot of satisfaction with the U.S. approach of maximum pressure, as the President and the Secretary have put it. But at the same time we've seen the UN Security Council and some of the partners — the erstwhile partners of the United States on the Iranian issue — we saw very recently great difficulty of garnering the same kind of support snapback sanctions and other issues.

Where do you see this going? Do you see maximum pressure remaining a U.S. approach together with the Gulf and the Israelis? Do you see much hope of getting support from the Europeans or the Russians or the Chinese? But let's start with the British or the two EU members, not even them. Where is that going?

SECRETARY SCHENKER: Well, thanks, Natan.

As you know, our lead on this right now is Elliott Abrams since the departure of Brian Hook. I can say that we were disappointed that we failed to get support for extending the arms embargo.

It's unconscionable actually, looking at what Iran is doing right now in terms of exporting arms to its regional proxies, whether that be the Iranian-backed Shia militia in Iraq, whether it be the Houthis, whether it be the Fata Miyune (phonetic), or Hezbollah in Syria and Lebanon, these are incredibly destabilizing and they are already under an arms embargo. One can only imagine what it looks like after.

And so we of course will go after countries economically that do business with — sell arms to Iran. But we are moving ahead with snapback as you know as you know. I think it's on the 21st and, you know, I don't know what that's going to look like. Once again, Elliott Abrams is the guy to talk to about that. But, you know, there was a time when say — even if we're talking to our partners and looking for support on this, but United States is a powerful economic machine and companies are not going to want to get secondary sanctions, regardless of whether their own governments adhere to snapback.

MR. SACHS: Thank you.

I guess we have time for really one last question. So I'll end where you started, which is the UA-Israeli accord. Of course, the flip side of that has been the removal or the suspension of Israeli plans to annex parts of the West Bank.

There's been a lot of different versions. We've heard many different versions of what exactly that entails, with some claiming this will be a long time, suspension of this idea, some saying it might only be a short tabling of the idea.

Where does that stand? And what is your understanding of the Israeli commitment on annexation. Of course I know the White House is heavily involved in this, but nonetheless as representative of the U.S. government, and you've commented on this, is this another case of the F-35s where the 2 sides have very different versions and we sort of have to guess among them what is reality? Where do you understand annexation to be?

SECRETARY SCHENKER: Well, you know, I saw the language, like you've seen, and this obviously was sufficient for the Emiratis. But we've seen — you know, by the way in the past, you've had normalization that has been reversed historically, right, based on different conditions, whether that's the trade offices in Qatar in the '90s that somehow disappeared. So I think the Israelis are well aware of the sensitivities in the region and are also aware of the fact that they must have different calculations based on politics in the region and in the United States.

MR. SACHS: So would it be fair to say that you'd expect if annexation came back and was implemented that normalization with the UAE might go away?

SECRETARY SCHENKER: No, I'm not commenting on that. I said that there are sensitivities in the region. I think the Israelis will have to make their own decisions. I think that they have been pretty savvy in how they've dealt with their Arab partners in the Gulf and in working to build relationships. And I think they're going to be protective of those relationship.

MR. SACHS: Well, Assistant Secretary Schenker, your time is valuable and we don't want to take any more of it. So I want to thank you very much on behalf of Brookings and my colleagues at the Center for Middle East Policy, including Suzanne Maloney, who is now also our Vice President, and a thank you to everyone who has joined us, both in the United States, in the region, and elsewhere. We hope you will continue to tune in to our work here on the same website.

Assistant Secretary Schenker, thank you very much. It's really a pleasure to have you here, even in official position, and we're sure to have for many years to come in official or otherwise.

SECRETARY SCHENKER: Thanks, Natan, thanks, Brookings. It's good to see you.

MR. SACHS: Thank you all.

SECRETARY SCHENKER: Bye.

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