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THE MIDDLE EAST PEACE PROCESS: PROGRESS AND PROSPECTS

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THE MIDDLE EAST PEACE PROCESS: PROGRESS AND PROSPECTS

THURSDAY, SEPTEMBER 25, 2008

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 3:02 p.m. in room SD–419, Dirksen Senate Office Building, Hon. John Kerry, presiding.

Present: Senators Kerry, Feingold, and Hagel.

OPENING STATEMENT OF JOHN F. KERRY, U.S. SENATOR FROM MASSACHUSETTS

Senator KERRY. This hearing will come to order. I appreciate everybody being here on time. We're working a little bit under the pressure of the clock and I just want to give everybody a heads-up on that. Secretary Gates and Admiral Mullen, Chief of the Joint Chiefs of Staff, are coming in to brief us at 4 o'clock. So we're going to wrap up about 10 of 4. I'm just giving everybody a heads-up, though we may well be able to get through most of our questions and issues in that time anyway. I never viewed this as a particularly prolonged hearing.

I do want to thank Secretary Welch for coming here today to discuss this before we break up at some point in the next days for the elections and the Congress winds up its work here. I know that the Secretary has been in New York for the General Assembly, so we're particularly appreciative for his taking time to come back down here because obviously there's important work to be done up there, too.

I'm grateful to the Secretary. He just introduced me to Ayman Nour's wife. As many of you know, he's in prison in Egypt and someone that we're deeply concerned about, and we understand may be in failing health, and we're awaiting word on the potential of the government, in fact, placing him among those other folks who have been released in recent days. So it is a matter of concern for our country and I'm appreciative to the Secretary for introducing me to her, and for her taking the time to be here.

It's hard to overstate the importance of bringing about a lasting peace between the Israelis and the Palestinians. This is important to everybody concerned, directly by living in the region or indirectly because of their connections to the region and because of our mutual security concerns as a consequence.

The vast majority of the people of Israel and the Palestinian people share the goal of bringing two states living side by side into

peaceful and secure existence. The question is what we can do to help get them there.

I appreciate that in recent months, the last year and a half perhaps, the administration has been making an effort to move that process forward, starting with the hosting of the Annapolis Conference last November and continuing in the months since. Secretary Welch, I recognize you've been working particularly hard on this issue, including making some 40 trips to the region.

It is obviously a source of very significant frustration to many of us on this committee and in the Congress that for a period of almost 6 years this issue was to some degree ignored and certainly on a back burner at best. That has made the problem more difficult to solve, particularly in the timeframe left. But we are where we are and we need to focus on what these opportunities may be.

I was in Israel and the West Bank in July. I had the opportunity to meet with Prime Minister Olmert, Defense Minister Barak, Mr. Nyaho, with Prime Minister Fayad and Saibarakat. At the time President Abbas was out of the country. I heard different views from each of them as to what had not or what had been accomplished in the negotiations, and maybe that's a reflection of the extent to which it demonstrated a desire by the negotiators on both sides to honor the commitments not to leak the details.

But it sounded as if some progress had been made on the basic contours of a territorial exchange, water rights, security arrangements, and the demilitarized nature of the Palestinian state, if not on sone of the most difficult issues, the status of Jerusalem and the right of return. As we all know, until there is agreement on everything there is agreement on nothing.

Now that Prime Minister Olmert has resigned and Minister Livni is trying to form a new government, it's not realistic to expect a dramatic breakthrough by the administration's deadline by the end of the year. While we all await the new governments in Israel, here at home, and possibly in the Palestinian Authority because of Prime Minister Abbas's term, which is scheduled to end in January, the challenge is very much to make sure that we can build on whatever progress has been made and that that serves as a foundation for the future. There's a lot of uncertainty and certain realities, however, ought to inform our choices. That's part of what we'd like to get at today with the Secretary, as we think about that in the next months, which will be months of transition for whichever administration is elected.

First of all, we know that Israel needs a partner for peace that can be counted on to deliver for all the Palestinians, including those in Gaza. I've heard that for years. I know the strategy is to move ahead with the negotiations with the Palestinian Authority in hopes that the prospect of an agreement will empower the moderates and isolate the extremists. That makes it all the more important to ensure that the Palestinian Authority prevails over Hamas in the struggle for the loyalty of the people.

This tough work of building durable, respected Palestinian institutions may not be as compelling as the peace negotiations themselves, but let me tell you something: It is every bit as crucial to achieving our goal. The failure to help Palestinians develop viable institutions with the confidence of their people underlies our past

and it presents difficulties. And I'll tell you, if it continues it will fundamentally undermine chances for peace.

When I met with Abu Mazen right after he was elected in 2006, he looked me in the eye and he said: "Senator, I know what you want me to do," "you" being you the United States, the Western world. "You want me to disarm Hamas. But you tell me how I'm supposed to do that? I don't have any cars, I don't have any police, I don't have any radios, communications, training, or sufficient security forces to do the job."

Many believe that we have—we collectively, those of us extolling the virtues of peace and pushing for it and engaged in the process, Quartet or otherwise—have contributed to the deterioration of the situation in Gaza by pushing the Palestinians to hold elections when they weren't ready. We've all seen the results: Hamas in control, more rockets falling on Israel, and a major new roadblock on the path to peace.

On this point, I was actually very encouraged by a meeting I had yesterday with General Dayton, who is in charge of our efforts to train Palestinian security forces. He told me that since we had last met in July those security forces have increasingly earned the trust of the Israelis, enabling them to move ahead with their policy of doing less as the Palestinians do more. And I saw first-hand in the West Bank our USAID mission and the efforts of Tony Blair, which have also brought about some progress in building the economy in the West Bank.

We need to make certain that those initiatives receive all the resources that they need to extend the remarkable progress we have seen recently in Jenin to the rest of the West Bank.

We can't do this alone. Countries that had made pledges of support must do their part by using their record oil profits to live up to their promises.

We also know that there are enemies of peace who have a history of derailing the process, including Iran and Syria, and they continue to support Hamas and Hezbollah. That's why the Israeli dialogue with Syria through Turkey is so important. If successful, those negotiations could remove a historic adversary of Israeli that supports terrorist groups, to help to isolate Iran, and create additional leverage for negotiations on the nuclear program, and generate real momentum for the peace process itself. As I've said many times, the U.S. should be ready to play a direct role in these talks if we can help to reach a deal.

We also know that Israeli's continued building of new settlements is, as Secretary Rice described it just a day or so ago, not helpful to the peace process. I think that's an understatement. In July I heard that there had actually been a dramatic increase in the number of new settlement permits approved in the months since Annapolis compared with the entire year before. When new settlements go up, it makes the Palestinian Authority look weak and ineffective, strips them of any of the legitimacy that we are encouraging them to develop, and discourages the Palestinian people as a whole, and it undermines the viability of the two-state solution.

We know that any peace deal will require the active support of the major players in the region. King Abdullah of Jordan has done

a remarkable job of trying to move the process forward, but he needs more support. The attendance of so many Arab countries at the Annapolis Conference was a positive beginning. But we have to make sure they remain engaged in a positive way of going forward.

Finally, we know that successful negotiations are going to require a redoubled commitment to sustained high-level engagement by the United States. This must be an absolute top priority for the next administration. I'm confident that it will be.

With that, let me turn to my colleague Senator Hagel for his opening remarks, and when he's finished, Secretary Welch will make his opening statement, and then, as I said, we'll work within the parameters of time.

STATEMENT OF HON. CHUCK HAGEL, U.S. SENATOR FROM NEBRASKA

Senator HAGEL. Mr. Chairman, thank you.

Welcome, Secretary Welch. I think Chairman Kerry has framed the issue pretty well and I would withhold any further comments until we hear from the Secretary, and then I will have some questions. Thank you.

Senator KERRY. Thank you very much, Senator Hagel.

Secretary Welch, thanks a lot again for coming. We appreciate it. We appreciate your significant service in the entire region, which well equips you to help move this process along.

STATEMENT OF HON. C. DAVID WELCH, ASSISTANT SECRETARY FOR NEAR EASTERN AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Mr. WELCH. Thank you, sir. With your permission, I'll make a few remarks to summarize my prepared testimony so that we can focus then on the issues, some issues that you have raised and some that I'd like to cover.

Annapolis was a path-breaking event and since then we've tried to work along four tracks to support broadening the Arab-Israeli peace, but especially focusing on the Palestinian track. First, the most important imperative is to support the negotiations themselves, bilateral negotiations. Second, as you mentioned, building the institutions for Palestinian statehood is not a project that has to await the inception of a state; it can be started now. Third, conditions on the ground meaningful to both Palestinians and Israelis, and there needs to be progress with respect to those. Finally, like other diplomatic endeavors, we want to maintain regional and international support for this agenda.

I believe, Senator, we've seen advances along each of these tracks. There is in this almost a year now since the Annapolis Conference, an environment in which there has been substantial progress toward fulfilling the promise of that conference—two states, a two-state solution. In effect, sir, these are the first meaningful permanent status negotiations between Israel and the Palestinians in nearly a decade. I believe that they are very substantial and that both parties are committed to them.

The fact that there isn't much in the way of public statements or agreements that have been announced or articulated should not be mistaken for a lack of progress. Our engagement on this issue

is not one that's based on false hope or a lack of realism in our assessment of the obstacles to moving ahead, but our commitment, because of the importance of the issue, because we believe that both parties are sincerely committed to negotiations, we recognize, because we are privy to some of the work they've done, that it is substantial, and there is the possibility of a genuine breakthrough if this negotiating structure is sustained and protected.

Thank you for recognizing that we've devoted a lot of time to it. I just came from a meeting between President Bush and President Abbas. I asked the White House, in preparation for this testimony, how many times President Bush had met with the Israeli and Palestinian leadership and we count more than 30.

Our object isn't to interfere. It is to serve the traditional role that the United States has served on this important issue, providing good offices and support, ideas where we can move things forward.

Secretary Rice has visited Israel and the Palestinian territories 22 times. As recently—the most recent was in August. This I think is both the level and the intensity of U.S. diplomatic engagement that it will take to move this issue along.

We could look back in history, Senators, and talk about why we did things at any given point in time. Sometimes history has surprised us and we may or may not have had some responsibility for those events. But you can't predict everything in this world and you deal with the cards you have.

I think, as we've seen in recent weeks in Israel, the political dynamics are also very fluid in the region. But the alternative now of relaxation in this effort is I don't believe in our interest or in the interest of the parties.

I believe that the Israeli leadership and the mainstream Israeli political life is committed to peace with the Palestinians and a two-state solution. In a sense, we've reoriented the political discourse on both sides to the acceptance and the desire for a two-state solution. That's true also on the Palestinian side, though not all groups accept that outcome.

In addition to launching bilateral negotiations, Annapolis was a significant step toward bringing together support for and applying momentum to a comprehensive peace. As you know, the Arab League continues to support its peace initiative, which is for a comprehensive solution, but also a two-state solution on the Palestinian track. Since I was last in front of this committee, Syria and Israel have undertaken talks, albeit indirect, facilitated by Turkey, an American ally. There's more stability in Lebanon today with the election of a new President there, who also visited the White House today. We see some prospect for stability to improve there. President Suleiman is the first Lebanese President in the Oval Office in 12 years.

We are focused, of course, on the Palestinian-Israeli track, which we believe is the most mature and the most deserving of effort right now. But I recognize that these other complementary developments offer an important possibility for broadening the regional effort toward peace.

We've tried to marshall international support as well, primarily through our activity in the so-called Quartet, which brings together the United States, the European Union, the European Commission,

and Russia, which provides backing for the negotiations process. But also it is a normative body which can make some judgments about what is right to do. Ever since the election of Hamas to a position of a majority in the Legislative Council, the Quartet has articulated three principles for any Palestinian Government that offer a guide for engagement with the international community: Renunciation of violence and terror, recognition of Israel, and acceptance of past agreements negotiated by the parties. Regrettably, Hamas has not seen fit to recognize those principles.

Second, there's some improvement in conditions on the ground, which I believe if expanded offers a chance for further political progress. If people on the ground don't see something good happening, they're not going to be very supportive of what their politicians are electing to try to do in negotiations. There has been some I would say—some progress, albeit modest, in implementing obligations under the roadmap and we believe the parties should redouble their efforts. We're playing a much more continuous and active role in observing and monitoring that. There's a senior American officer, GEN Will Fraser, who's assigned to that job and who visits about every 2 weeks to the area and communicates privately with the parties on the steps that we think ought to be taken to encourage further movement.

Thanks to the support of the American taxpayer and the American Congress, we've led the way among donors to the Palestinians, including with direct budget support to the Palestinian Authority. You're quite right, it's been important to encourage support of others, but I believe the fact that we've been willing to step up and do this has brought others along. Collective European support of the Palestinian Authority is very substantial, well over two times the amount that we've done. And Arab support is coming in, though not at the pace we would like and in irregular baskets. I can go into that more if you're interested in the Q and A.

As you know, Senators, the Palestinian Government is run by Prime Minister Salam Fayad, whose record of fiscal probity is to be admired, especially these days. We think that he's increased accountability for these American taxpayer dollars in a significant way while trying to get austerity within what has been a difficult system to administer. There's some evidence that he's had some successes there.

Another important track is to help the security forces. I know you heard from General Dayton. It's been about a year since we started putting American taxpayer dollars to work in security training and equipping and there are now members of the national security forces, the Palestinian National Guard, who've come out of training with equipment and are moving into garrisons and activities in the West Bank. Just last week another tranche—another battalion of these troops—went into Jordan to commence their training there. We have very good cooperation with the Jordanians and the Egyptians on this effort.

Of course, they need to be put to work. There the institutional deficiency of the Palestinian Authority is something we're having a little bit more trouble addressing. What we call the chain of prevention, the whole law and order structure, has been stressed in recent years, particularly in the West Bank, and it's basically non-

existent in Gaza. So that's taking additional work. The Europeans are very helpful in that area, but it's a place where we need to make additional progress.

We try to concentrate on getting circles of control within the West Bank and expanding those outward. There's work been done now in Ramallah, but also in Nablus, and the centerpiece of the current effort is Jenin, the most important city in the northernmost governorate of the West Bank.

Security cooperation between the Israelis and Palestinians there is better. There is more mobility for Palestinians, too. These are positive improvements that are recognized by Israel and its security services.

In the negotiations, sir, since the United States is a sponsor and on occasion sits in trilateral meetings with the parties, we have accepted the responsibility of confidentiality in that process, but there are some things I can say about it in a public forum. There are advances. It's not a trivial thing to say that the parties have common aspirations. I know that sounds like diplospeak, but to define the goal and to think about ways in which to arrive at it is the essence of a negotiating process, and this one is real and under way.

They want a comprehensive agreement on all the issues. You mentioned the core issues and that is their aspiration, as articulated at Annapolis, to address it comprehensively without exception.

They have pledged to continue these bilateral, confidential, and contentious negotiations until they get their goal. We would like to see them realize that goal as soon as possible. I work for this administration, so I would like to see it in this administration. But we have a Hippocratic Oath to make sure that we carry it forward if that needs to be the case.

The negotiating structure that is there is effective, productive, real, and I believe it will be kept in place because, at least on the Israeli side, current Foreign Minister Livni, who may form a government in Israel, is now well schooled in the whole effort and is personally committed to it.

Our President has put out there for the first time from an American President as an articulated goal of U.S. policy that there should be a Palestinian state. We believe that would be in the interest of Israel and its security and we believe it would be in the interest of the United States and our security, and of course we would believe it would be in the interest of Palestinians.

That's not going to come in a single dramatic moment, but only by methodical effort to do this. We spent a lot of time both building to Annapolis and in the virtually 1 year since. I hope you would agree that it is a serious effort. This is not because we want an accolade or a recognition, but because of the importance of this goal of comprehensive peace. I believe that we should stay that course.

Thank you very much.

[The prepared statement of Mr. Welch follows:]

PREPARED STATEMENT OF HON. C. DAVID WELCH, ASSISTANT SECRETARY OF STATE FOR NEAR EASTERN AFFAIRS, DEPARTMENT OF STATE, WASHINGTON, DC

Chairman Kerry, Senator Coleman, and members of the subcommittee, thank you for giving me the opportunity to appear before you today to discuss our work to promote a just and durable peace between Israel and the Palestinians.

Since the Annapolis Conference in November 2007, the United States has focused its efforts along four tracks: Supporting the bilateral Israeli-Palestinian negotiations; building the institutions of a Palestinian state; improving the conditions on the ground; and maintaining international and regional support for the negotiations. We have seen significant advances along each of these tracks, and these advances have created an environment in which substantial progress has been made, and will continue to be made, toward fulfilling the promise of Annapolis: Two states, Israel and Palestine, living side by side in peace and security.

The fact that this environment exists is all the more dramatic given the volatility that wracked the region over much of the last 8 years. After the Second Intifada exploded in 2000, ultimately costing thousands of Israeli and Palestinian lives, the prospects for peace negotiations retreated ever more remotely into the distance. The trust and mutual confidence required for meaningful negotiations dissolved, and the possibility of a brighter future for Israelis and Palestinians dimmed. Nascent reform within the Palestinian Authority (PA) in 2003, including the appointment of Mahmoud Abbas as Prime Minister, spurred hope in a positive dynamic, but this too collapsed when it was clear that power would remain centralized and decision-making would remain opaque. The Palestinian Presidential elections in January 2005 and the Israeli disengagement from Gaza later that year again provided some new opportunity. Yet the Hamas victory in the 2006 Palestinian legislative elections, followed by the war in Lebanon that summer, later dispelled this hope.

Throughout this difficult period, President Bush nonetheless upheld his goals of fostering the creation of a sovereign, democratic, Palestinian state and of ending the conflict. Even as political conditions further deteriorated in the ugly Hamas coup in Gaza in June 2007, we began to see the emergence of Israeli and Palestinian leaderships committed to peace through two states as the only feasible solution to the conflict. Recognizing the United States unique relationship with the parties, President Bush seized the opportunity and called an international meeting to support the parties' efforts toward peace.

The Annapolis Conference in November 2007 was the first major Middle East peace conference since the Madrid Conference in 1991 and the only high-level, multilateral meeting of its kind ever to be held on American soil. Bringing together 50 countries from all continents, including 14 leading Arab States, Annapolis launched the first substantive negotiations in nearly a decade to address the core aspects of the conflict. It laid a foundation for Israelis and Palestinians to work together, focused the international community's support, and defined a constructive U.S. role. The absence of public agreements or a flurry of press releases should not be mistaken for a lack of progress. Ongoing, high-level U.S. engagement on this issue is sustained not by false hope or an unrealistic assessment of the challenges but by our belief in the sincerity of the parties' commitment to the negotiations, by the recognition of the progress they have made, and by the genuine possibility of a breakthrough if the current negotiating structure remains intact.

Since November, President Bush and Secretary Rice have provided intense personal support and focus to the parties' bold efforts. The President visited Israel in May to share in commemorating its independence day. During the visit, he held a series of meetings with the parties—not to interfere in the negotiations, which they rightly emphasize should remain bilateral, but to mark the progress they have made and to provide any U.S. assistance they requested. Secretary Rice has visited Israel and the Palestinian territories on 22 occasions, as recently as late August. In near-monthly trilateral meetings with the negotiators, she has helped the parties to consolidate the gains they have made in their bilateral discussions and provided encouragement as they continue on the often challenging course toward a final peace treaty. My own work to buttress the negotiations has taken me to Israel and the Palestinian territories over 40 times.

U.S. engagement has concentrated not on the provision of unilateral proposals but on promoting an atmosphere of consistency and stability within which the parties' bilateral negotiations can flourish. As recent events in Israel demonstrate, the political dynamics in the region are often fluid. However, there is no better indication of the value of the U.S. role than that, despite a temporary inward focus as Israel undergoes a political transition, we have seen no depreciation in Israel's interest in forging a lasting agreement with its Palestinian partners. The same is true on the Palestinian side, as President Abbas and the PA remain steadfast in their commit-

ment to negotiations, even as rejectionist groups like Hamas continue their attempts to thwart a meaningful dialogue.

In addition to launching the bilateral negotiations, Annapolis was a significant step toward stimulating momentum for comprehensive peace throughout the region. Fourteen Arab countries sat with the Prime Minister, Foreign Minister, and Defense Minister of Israel and committed to pursuing a resolution to their longstanding conflict, building on Egypt and Jordan's previously historic steps. The Arab League continues to reiterate its support for a two-state solution through its promotion of the Arab League Initiative. Syria has since undertaken indirect talks with Israel, facilitated by our ally Turkey. With the election of President Sleiman and the inauguration of the National Dialogue, stability is returning to Lebanon, and it is our hope that progress can be made in launching efforts to resolve the remaining issues between that country and Israel. While retaining our focus on the more mature bilateral Israeli-Palestinian negotiations, we should recognize these other complementary developments as an important indicator of the current regional dynamic and regional states' interest in a comprehensive peace.

The impact of U.S. diplomatic efforts has been magnified by the Quartet's role in marshalling the energies of the international community. The Quartet has provided a vital forum for coordinating external backing for the negotiations; guaranteeing that the international community abides by the principle of "do no harm" by supporting, rather than intervening in, the bilateral dialogue; and protecting the negotiations from destructive forces. The Quartet established principles for the international community's engagement with Palestinian officials: Renunciation of violence, recognition of Israel, and acceptance of past agreements. Hamas brutality in Gaza since the 2007 coup, illustrated by its crackdown in recent months on those opposed to its illegitimate rule, underscore the importance of these principles. While we welcome the restoration of calm between Gaza and Israel, pursuing negotiations based on the Quartet principles remains the only path toward a long-term peace.

There are some improvements to conditions on the ground, which if expanded, will encourage further political progress. Palestinians who do not see an improvement in their daily lives will lose faith in the negotiations. Regional governments are increasingly concerned about Israel's settlement activity, which undermines confidence and is seen as prejudging the outcome of negotiations. LTG William Fraser, and his successor, Major General Selva, continue to monitor roadmap implementation based on the U.S. mandate from the parties at Annapolis. While the parties have made some progress, albeit modest, in meeting their obligations under the roadmap, they must redouble their efforts: Palestinians must dismantle the infrastructure of terrorism and promote an atmosphere of tolerance, and Israel must freeze settlement activity, including natural growth, and increase access and movement for Palestinians.

The international community also bears a responsibility to assist in improving conditions on the ground and in building a democratic Palestinian state. Led by the United States and the European Union, donors are providing direct budget support to the PA; ensuring that the basic needs of Palestinians are being met; funding high-impact projects to benefit Palestinians; and promoting efforts to link security, governance, and economic development. At the Paris Donors Conference, which followed Annapolis in December 2007, the U.S. pledged $555 million in 2008 to include support for implementation of the Palestinian Reform and Development Plan (PRDP), which lays out the PA's plan for creating a viable and sustainable economy with secure revenue streams in the mid-to-long term. The United States has exceeded our pledged amounts. To date, with support from Congress, we have been able to make available $150 million in the form of a cash transfer for budget assistance to the PA and over $157 million in contributions to United Nations Relief and Works Agency for Palestine Refugees (UNRWA), comprising $57 million to UNRWA's Emergency Appeal for the West Bank and Gaza and over $99 million to its General Fund for ongoing activities benefiting Palestinian refugees throughout the region. In fiscal year 2008, the U.S. also allocated $239 million for project assistance. These funds are currently being obligated in the West Bank and Gaza by the U.S. Agency for International Development (USAID) for economic growth, democracy and governance, food assistance, education, health, water supply and budget support. An additional $25 million in INCLE funds will support the development of Palestinian security services. Congress subsequently appropriated in the FY 2009 "bridge" another $150 million in direct budget support to be provided in FY 2009 and an additional $50 million for security support to the PA for FY 2009.

Under the government of Prime Minister Fayyad, the PA has undertaken substantial economic and fiscal reforms, which have been endorsed by both the World Bank and the International Monetary Fund. The PA has increased accountability and transparency and instituted a number of austerity measures to limit the growth

of its budget, including by reducing the size of the public sector payroll, freezing wage increases, reducing utilities subsidies for citizens, and implementing tax administration reforms to increase tax revenue. The PA has instituted financial administrative reforms to track and manage donor funds and ensure that they do not end up in the hands of Hamas or other terrorist organizations. It has also established a single treasury account for all PA financing, eliminated all parallel financing mechanisms outside of this account, it developed a single comprehensive civil society roster and payroll.

Maintaining broad international backing for the PA is crucial in guaranteeing that it continues to develop as the governing body of the Palestinian territories. Regional partners bear a special responsibility in demonstrating their support for the Annapolis process in this regard. We have welcomed the recent large financial commitments from Saudi Arabia, U.A.E, Kuwait, and Algeria and hope that these actions will pave the way for other Arab States to follow their lead. Without additional budget support, the PA will be unable to operate at the budgeted levels reviewed by the international community. It faces an anticipated $300 to $400 million cash shortfall in calendar year 2008 and the reality of continuing budget shortfalls throughout 2009 and 2010, which prevent the PA from engaging in long-term planning and from investing in the Palestinian people.

The United States also continues to help the Palestinians build skilled, competent, and professional security forces that can establish rule of law in the West Bank and help the PA serve as a reliable security partner for Israel. Ensuring that the PA is able to maintain law and order throughout all of the areas it oversees and assume counterterrorism responsibility from Israel is also a critical element in improving the daily life of civilians. The U.S. has spent $86 million to train, equip, and garrison over 1,000 members of the National Security Forces and Presidential Guard under the auspices of U.S. Security Coordinator LTG Keith Dayton, and we have requested an additional $25 million above the $75 million noted earlier to continue this program. Just last week, another 500-man National Security Force special battalion crossed into Jordan to commence training. Ultimately, it is our plan to train a total of five special battalions for the West Bank and two for Gaza.

These trained forces are the cornerstone of a plan to couple improvements in law and order with economic development and criminal justice sector capacity building in targeted areas of the West Bank. The goal is to demonstrate the potential for real success in a future Palestinian state by creating the conditions for security and economic growth. The first tangible example of this strategy has been Jenin. Israel has shown a willingness to ease security restrictions in the Jenin governorate under the principle of "as the Palestinians do more, we will do less." As a result, we have begun to see real progress on the security situation and in the economy. Unemployment in and around Jenin is down, trade between the Northern West Bank and Israel is up, and Israeli officials have publicly commented on the positive improvements in security in and around the city. We are focused on continuing the success of the Jenin Initiative by pushing for further economic development; an increased emphasis on criminal justice sector initiatives, including the training of judges and prosecutors and the construction of jails and courthouses; and a persistent law-and-order effort. The international community must underpin these endeavors by meeting the $242 million pledged at the June 2008 Berlin Conference on Palestinian policing and the rule of law.

The Israeli-Palestinian conflict would not have endured for 60 years if the obstacles to peace were limited and the solutions easily reached. However, the framework for negotiating a final resolution of the conflict is before us: Determined, professional negotiations between the parties; consistent yet constructive international engagement, led by the United States; and a vigorous effort to improve conditions on the ground. This formula has resulted in several key advances: Israel and the Palestinians now express common aspirations; they underscore their commitment to reaching a comprehensive agreement on all issues, without exception, as agreed at Annapolis; they pledge to continue their bilateral, confidential, and continuous negotiations until this goal is achieved; and they both attest that the negotiating structure is effective and productive and that they intend to keep it in place.

President Bush's vision of a Palestinian state at peace with Israel will not come in a single dramatic moment but as the result of a methodical, sincere initiative by the parties to conclude a lasting agreement that benefits both their people. The confidential nature of their work, and the United States respect for their request on this score, is indicative of the seriousness of the negotiations. These negotiations are not in the pursuit of glory but an authentic and resolute effort toward a comprehensive treaty, and though such an agreement will not be signed tomorrow, the United States must stay the course to ensure that the foundation laid for peace results in a new future for the region.

Senator KERRY. Let me begin by trying to frame the larger picture. I know you can't go into the details and I've got some sense of some of the details, as well. But I think it would be helpful to the general discussion for you to try to give us an honest assessment at this point of what people might fairly expect here, so that we don't have heightened expectations or dashed hopes.

We have I think 116 days left of the Bush administration. We have 40-plus days until there's an election and power dramatically shifts. We may or may not see a government in the next weeks in Israel, and with President Abbas, we have to see what happens. His term is up in January and we don't quite know yet where that goes. So all three of the major players here are in a state of flux.

Give us your best sense—I read an account yesterday of some leakage of some kind, suggesting a certain division of annexation and land and so forth, things that have been agreed to, none of which break really particularly new ground from Taba years ago, but which sort of said that Jerusalem and the right of return are not on the table in that regard.

Now, that gets into the details and I'm not asking you to go there, but it certainly reflects on this question of expectations. So can you give us a sense today of what we who follow this and think about it a lot ought to be expecting, or what's in your sort of upside, down-side balance on it?

Mr. WELCH. I will try to do so. I think it's important at the outset to make a distinction between what's going on in the negotiations, which are bilateral and confidential, and U.S. policy on any given point that might be an element in the negotiations.

Let me begin with sketching where I think things are. First of all, there's a high sense of expectation whenever you mention this issue in the context of negotiations. But we need to remember that since the collapse of U.S.-led efforts at the end of 2000 there really hasn't been a negotiation on the permanent status issues until the last 9 months. Again, that period—there's lots of reasons for why that happened and it was a terribly difficult period for the parties. But the collapse in confidence and morale on the part of people on both sides to undertake this was very considerable. So it's no small achievement to reverse that, get people focused again on what is the goal. That's one point.

The second point: What is that goal? There should be two states and one will be a state called Palestine. You know, it's within our lifetimes and our political understanding that the concept of a Palestine was alien. Now it's an articulated goal, and both parties agree to that.

Senator KERRY. Can I say to you with all due respect, Mr. Secretary, for those of us—I've been here for 24 years now following this thing. That's not a big deal right now. I mean, that ground was broken a long time ago. The talks fell apart in 2001 in January, just before the Clinton administration left, and largely because the players in those talks knew because of what had happened from people who didn't want them to succeed and the levels of violence in Israel that Sharon, Prime Minister Sharon, was going to win the election, and it was impossible for Arafat to cut a deal which he knew he couldn't go back to Ramallah and sell to anybody

because Prime Minister Sharon had already publicly rejected the Oslo Accords.

So the equation has been since then sort of one driven, frankly, by Prime Minister Sharon and the Likud originally, and then Kadima as it came to be because of differences there in how to proceed. But this notion that everybody's decided they want two states doesn't satisfy anybody any more in terms of an accomplishment or a great change. I mean, that's 6 years, 8 years old.

The debate now is over how much like Swiss cheese this state is going to look and what sort of rights and access are going to go with it, et cetera, and what happens to the settlements and so forth.

So I think what we need is a better sense of whether these talks currently being undertaken are going to come up with some, in your judgment, specific agreements that reinforce the steps of the roadmap? Are they going to be different from the roadmap? Are they going to be agreements in principle on some larger issues, leaving out the most thorny ones? Or could we expect something more comprehensive?

Mr. WELCH. Well, I think the transition in Ariel Sharon's own understanding of the goal from one of rejection of the Oslo negotiation to telling his people that a Palestinian state ought to be a goal is a very significant one. So I do think that is an important change.

Second, again speaking about the parties themselves, Senator, they have laid out that they want a comprehensive agreement. By that they mean no partial agreements or no steps along the way that would prejudice their ability to arrive at a comprehensive agreement. That's an important understanding right now between the two that are negotiating because from time to time there are other ideas floated out there about way stations on the way to a real peace treaty.

Third, they subscribe to the idea that this should be continuous, confidential, and bilateral, which I expect will mean that it can be made irreversible, too, so that you can make progress, but you don't go back to a situation where it gets thrown out if one or the other party changes or some of those watching from the outside change their approach.

You asked about the roadmap. They have a common understanding that, even though they're negotiating permanent status now, if they arrive at an agreement it's only implemented in accordance with the roadmap. That's important because the sequentiality of the roadmap had always been a question.

Finally, they committed at Annapolis to negotiations on the core issues without exception and that is the purpose of this negotiation. In terms of our approach to it, we have joined them in saying it ought to be confidential, so I won't be one of those who puts out there elements of it.

Senator KERRY. I understand.

Mr. WELCH. I don't think you would expect me to do that.

Senator KERRY. Can you tell us where we are with respect to the roadmap? Where would it pick up in sequentiality?

Mr. WELCH. Well, if you recall there were three phases and the idea of comprehensive negotiations really didn't come until the second and third phases. Both parties have accepted to do the perma-

nent status negotiations now, it being understood that the roadmap has to be implemented before any treaty is implemented.

The picture is mixed. There are some of the obligations of the parties that are being addressed, some that even have been fulfilled, but others that need further work. For example, on the Palestinian side, while they're trying to rebuild security cooperation and security capability, this chain of prevention is pretty inadequate right now and they need to do a lot more to reform and restructure and rebuild their security services. This is in their interests because they see it first and foremost, as you know, Senator, as a law and order problem. They want their streets clean and safe.

On the Israeli side, we are very concerned, as you pointed out, about the settlement activity. I think that's, even beyond being a roadmap obligation, it is prejudicial to the kind of climate of confidence that's necessary to sustain a negotiation and implicates potential final status issues, and that's worrisome to see.

Senator KERRY. Can you share with us what perpetuates that as an ongoing source of tension between us and our friends? It's been the policy of our country for years that that's, "unacceptable," but it has never changed what happens.

Mr. WELCH. Well, you're right in the sense that our policy, though one of expressing concern and opposition to settlement activity, while at the same time raising what it implies for——

Senator KERRY. I'm distinguishing, incidentally, between building within those areas immediately around Jerusalem, which are already by everybody's acceptance within the annexation concept, versus those areas that might be out by the Jordan River Valley or elsewhere.

Mr. WELCH. Well, most of the settlement activity that we can observe is concentrated west of the fence or barrier that Israel has put up for what are described as security purposes. Though there is activity elsewhere, it's modest. I'm not here to answer for why Israel continued doing this. I don't think the international community makes a distinction, and the United States doesn't. We're concerned because this activity harms the confidence of people. It undermines the morale of folks when they see this happening. At the same time, it's a bit of a political football in Israel, too.

Senator KERRY. Last question. Then I'll turn it over to Senator Hagel.

Are you encouraged? I mean, it strikes me that what's happened in Jenin and sort of the trust that has grown there, and frankly the willingness of Israel to be open-minded and experiment with that and allow those forces to take some initiative has been very positive. It may be a good model for what you could do as you stretch that further throughout the West Bank. Would that be an accurate assessment?

Mr. WELCH. Yes; that would be our both hope and expectation. Fundamentally it rests on trying to bring several things together at once: Security, the security effort; some investment in the community concerned; and greater cooperation between Israelis and Palestinians. As you know, for example, in Jenin they live very close to one another. Traditionally, in the days before the current difficulties, Israelis used to cross into Jenin and go shopping.

Senator KERRY. Right.

Mr. WELCH. Commerce was relatively free and that was important to the people in the area. Movement has become much more difficult in recent years. So as both Israelis and Palestinians sense that there's some change there, I think those who would try to act against that will be pressured by their community not to do so, both Palestinian and Israeli.

We would like to target international assistance more effectively on supporting that concept in other places, too. Some places are difficult. Hebron, al-Khalil, the most populous city in the southern West Bank, is a particularly sensitive area. But I think both parties would be willing to take a look at how they could do it there as well.

In the middle of the West Bank, in Ramallah, Nablus, Jericho, the northern outskirts of Jerusalem, the southern outskirts of Jerusalem, Bethlehem, that kind of cooperative effort is under way, though perhaps in a little less organized fashion.

So yes, overall the expectation would be that if this works in one place you could transmit it to another.

Senator KERRY. Well, I really appreciate your coming here today. As I said, I'm going to have to leave at 10 of. I'll leave the gavel with Senator Feingold, who can close it out unless another Senator comes at that time. But we appreciate your efforts enormously on this, Secretary, we really do.

Senator Hagel.

Senator HAGEL. Mr. Chairman, thank you.

Secretary Welch, let me make just a general comment, and I want to really address some of the issues that Senator Kerry noted in his opening statement and some of the commentary here over the last 10 minutes. You have said things like people need to see progress to develop confidence, there is a sense of morale that's important in all this, they have to see their lives getting better in the Middle East, or wherever in the world when there has been despair and war, conflict.

As I evaluate the last 8 years in the Middle East, I come to a conclusion that the Middle East today is more dangerous, more complicated, more combustible, more unstable than maybe ever, but certainly more than any time in the last 8 years. You can go through the countries. I mean, Syria, we don't have an ambassador in Syria. It's good that we had a meeting today with the Lebanese President with President Bush. I would not think that's a resounding statement of things are going well in Lebanon. Hezbollah is now well entrenched in Lebanon.

We have over 150,000 troops still in Iraq, spending $10–$12 billion a month in Iraq. I wouldn't consider that yet a great success, with the administration saying, well, we can't take any more troops out even though, as Secretary Gates said this week, Afghanistan, Pakistan, represent as dangerous a threat to our country as any part of the world, but yet we don't have enough troops to send there to help out our commanding general who says he needs three new brigades.

Iran. I don't think Iran is particularly more inclusive in its attitude, nor in the reality of what they've been doing the last 8 years.

Gaza. I'm not sure we're better off in Gaza today with Hamas in charge. Israel still is uncertain about what kind of government it's going to get, who's going to be the government.

So as you add all this up, I have a little maybe different assessment of where we are today in the Middle East. Going back to some of your comments about circles of control and people don't see progress and other points, we've done a good job in the last 8 years focusing expectations—conferences, promises, policies, intentions. But we seem not to be able to get anywhere with it.

I get to the Middle East fairly often, and when people see in Israel and the West Bank more checkpoints, more settlements, as Senator Kerry has noted—8 years ago there wasn't a fence.

And by the way, I make these evaluations not assigning any responsibility or blame to any particular country or leader or individual. But I think I'm stating a pretty good inventory of fact here.

So how do we break this? For example, Hamas. Do we think Hamas just fades away? Are we willing to deal with Hamas or how are we going to deal with Hamas? I don't think they're going to just assume that they're going to be in any deal. Why—for example, you talked about Turkey brokering an engagement with Israel and Syria. Why didn't we do that? If that's so important to this administration, obviously enough that you're taking some credit for it in your commentary, why don't we have an ambassador there? Why are we still withholding our ambassador?

So I'm going to let you respond to this because I see a lot of disconnects, Mr. Secretary, from what you say, what this administration has said, from the reality of where we are. Again, if you would want to respond to any of that, and then I have a couple of specific questions.

Thank you.

Senator KERRY. Mr. Secretary, before you do and before I have to go, I want to take a point of personal privilege here if I can for a moment. I'm going to leave the gavel with Senator Hagel. I just want to say a few words as I do.

This is probably the last hearing that the Foreign Relations Committee will hold in this session of Congress, barring emergency circumstances. Therefore it will be the last time that this fellow will be sitting to my left and be taking part in this committee's proceedings. I just want to say on a personal level—I had occasion to be able to say something about Senator Warner yesterday—there are few folks on the other side of the aisle who have just been superb in their willingness to reach across the aisle, to put the country ahead of their party, to think out loud and be willing to tell it the way they see it.

Senator Hagel and I share the common experience of an uncommonly unpopular war in a difficult period of our country's history and I think we both learned a lot of the same lessons from that experience and we've both tried to apply them here in our conduct of public policy. But I want to express my deep personal admiration for Senator Hagel, who has suffered the obvious and expected brickbats from members of his own party on occasion for speaking the truth as he saw it, who's been unrelenting in his willingness to stand up and put the interests of our country and common sense

and sense of duty and responsibility to the Constitution way ahead of any kind of politics whatsoever.

We've been very, very lucky to have him as a member of this committee and I consider myself very lucky to have him as a colleague and have him as a friend. I've traveled with him. We were in a fun helicopter episode in Pakistan together. We've been through the snows and the heat of the desert and a lot of other things.

But what a pleasure to serve with him, and this committee will miss his service enormously, and I thank him for it, as I know all my colleagues would if they were here. So thank you.

Thank you for permitting me to do that. I appreciate it.

Senator HAGEL. Thank you, John.

That was generous and thoughtful and I appreciate Senator Kerry's comments. Thank you, Mr. Secretary, for your friendship over the years as well and cooperation.

So I guess it's just you and me, and it may not be pleasing, but nonetheless it is. So if you would like to respond to anything that I have said and then we can get on with some other particular questions.

Thank you.

Mr. WELCH. Well, thank you, Senator. It's good to be one on one with you, although some might say it's an uneven match.

I began my career working in the NEA area of the State Department in 1979 in Pakistan, which was part of my bureau at that time. I was burned out of that Embassy, and last week I was awoken at 2:45 in the morning as an attack was under way on our Embassy in Sana'a, Yemen. So I know that the Middle East is a dangerous, complicated, and combustible place, sir.

That said, if we only look at the trouble spots in the Middle East—and I think of course duty obliges us most days to do that—we are missing a bigger picture. Much of the Middle East is quite stable. It is not inhospitable. It is not combustible. And relations with the United States in most countries in that area are pretty good.

We just completed a successful trip to North Africa. One stop on that trip was Libya. We've gradually repaired our relationship with Libya. It's not all that it could be, but it's been improving, and we have a serious dialogue with them where we had none just several years ago. So if you look at North Africa as a whole now, there is no hole in it in terms of a good solid relationship with the United States.

In the Levant countries, they've had more than their share of trouble, and of course the centerpieces of that are the Israeli-Palestinian arena, but also especially Lebanon. I do see that there's reason for hope there. I think when Lebanese come up with solutions, for example, it's important to be supportive of those, and we've tried, because Lebanon is so evocative in the Middle East as a symbol of diversity in democracy, to help Lebanese. It is a complicated picture because one important part of the Lebanese political scene is Hezbollah, which is a terrorist organization with which we have had a great deal of difficulty over the years.

In Iraq, sir, as you know I don't work on it day to day, but I do do a lot about the Arab relationship with Iraq and Iraq's relation-

ship with the Arab world. I think we've seen progress on that, especially in recent months.

Just a couple of years ago, people were suggesting to us that we find a better regional diplomatic architecture or international diplomatic architecture to help support Iraq's return to sovereignty and sufficiency. I think we're making progress there. I'll let others speak to the situation inside Iraq and what the requirements there demand, but what I do know is in terms of reintegrating it into the world things have gone better.

I find Iran, as you mentioned, one of the most perplexing and difficult problems in front of us. We have, however, given substance to a diplomatic approach. There are three Security Council resolutions in effect now, quite a number of IAEA decisions which set the rules of the road for Iran. Regrettably, they're not choosing yet to respond in a positive way to a package of incentives that has been suggested to them in return for suspending their nuclear misbehavior. But it's important to put in place those diplomatic building blocks so that there is an international consensus on how to address this problem.

Much of our discussion today, of course, has been about the Israeli-Palestinian issue. Again, I think the return to negotiations is pretty fundamental. Would I like to see more progress on some of the things you mentioned? Absolutely. I do believe that it's important not to overrate the political power of Hamas within Palestine. They won an election for the Legislative Council by a plurality which was less than the majority that Abu Mazen won when he ran for President. I don't know how the next election will fare, but the example that they've shown to Palestinians in Gaza is hardly an inspiring one and there's some evidence to suggest it has not really taken hold in the West Bank either, where the political balance still remains quite a bit different.

I believe that any new administration, sir, ought to address this issue as a matter of priority. Obviously, I'd like to prepare it as well as possible for them when that day comes. I think the experience of the last years has taught us that you can't single out any one of these problems alone and leave it unaddressed. It requires effort across the board, and particularly in the last years we've tried to apply that. It's an ambitious agenda, I know, and I'd hardly be here to tell you we've succeeded on all parts of it, but I think we've made a good effort.

Senator HAGEL [presiding]. Thank you. Well, let me get into some more specific areas. Let's start with Syria. Why haven't we returned our Ambassador to Syria?

Mr. WELCH. We recalled our Ambassador after the murder of former Prime Minister Rafiq Hariri. There was a sense then that it was appropriate to lower the level of our diplomatic interaction with Syria. We have concerns with Syrian policy and behavior in a number of areas.

In Lebanon, Syria had been present with its military forces for long beyond the welcome that they received early on in Lebanon's civil war. The Lebanese wanted them out and they withdrew their military forces. Regrettably, they didn't withdraw their effort to apply influence in Lebanon and, wrongly or rightly, because of their failure to convince most Lebanese that they were on their

side in trying to move their country safely ahead, they've been blamed for a lot that's gone on there.

In Iraq, Senator, you know the Iraq situation very well. If you look on the perimeter of that country, it has difficult borders in almost every direction, but the most permeable, the most insecure, and the least controlled have been with Syria. That's been an especially severe problem for the Iraqis and, yes, for American troops stationed in Iraq. That situation improved somewhat, but I would argue largely because of Iraqi security effort and American security effort.

Syria remains a sponsor of terrorist groups. There are a number of them safe havened in Damascus. It is more—it is easier for the political chairman of Hamas to give a speech in Damascus than it is for a Syrian civil rights advocate. We think that's, especially under today's conception of what needs to be done in the Arab-Israeli conflict, dangerous and antiquated, and I know it's presented a problem, not merely to the Israelis who've been on the receiving end of some of this terrorism, but also to others, including the Palestinians.

Syria, if you look at all the change that has been occurring in the Arab world, everything ranging from economic growth to an expansion of political participation, more openness in the media, seems to be lagging behind in almost every category, particularly in human rights behavior. Granted, this is a far from perfect area across the board, but it's possible to single out some places that are notably less advanced and Syria would be one of those.

When we see that there is some Syrian response that we deem to be meaningful across these concerns, I think we would reexamine our relationship. We do maintain a diplomatic presence there. Our dialogue is limited with Syria. We would like that to improve, but I'm an advocate of purposeful diplomacy, not simply diplomacy for the word alone.

Senator HAGEL. Thank you.

Let me respond to a couple points you've made. On Syria, if in fact, we, as you have noted, are encouraging the Turks with their incentives regarding Israel and Syria, if in fact, as I have been told directly by Prime Minister Olmert on different occasions over the last 2 years, that engaging Syria is clearly in the interest of Israel, for obvious reasons, then I'm not sure how we then play much of a role in this standing on the sideline with no opportunity to help incentivize a change in behavior. And by the way, you and I both know that the Syrians have been helpful in some ways on that Iraqi border.

But I guess the bigger part of this is where does this all go? It's the same question on Hamas and Hezbollah. Hamas and Hezbollah are there. That is a reality. You note that Hamas may not be particularly beloved, but the fact is they are in control in Gaza. The fact is Hezbollah is firmly entrenched in Lebanon. What are we thinking about in the way of dealing with those realities? Not, as I said earlier, policies, not intentions, not aberrations, but where and how do we move from this point to this point?

In the case of Syria, the next administration is going to have to deal with these realities, because I actually, as opposed to some of the points that you made—and you're certainly correct about some

of the progress, significant progress in North Africa, but I wasn't speaking about North Africa—I think we've gone backward in many dangerous areas.

I think the Syrian Ambassador issue is one where we could take some creative thinking and apply it, as you say, to comprehensive strategies. To me, that means if we are going to see progress on the Israeli-Palestinian front and attempt to bring these issues to some higher ground, which obviously we are going to end the year evidently with no new agreement that I'm aware of, then, just as you say, step by step, but we have to see progress in that. We have to be creative. There has to be some incentive. There has to be some movement. Status quo doesn't exist. Things either get better or they get worse.

I know you work within the confines of the authorities you have and that flexibility is given to you by administrations. As I said in my comments, I'm not holding you accountable to that, but this next administration it seems to me is going to have to break through a lot of the good intentions and we're going to have to move to some higher ground and do some creative thinking through some comprehensive strategic foreign policy.

In the Israeli-Palestinian case I don't know how you do that—and you mentioned this—this is my word, not yours—by compartmentalizing our relationships. Well, we'll do a little Syria here, we'll do Iraq over here, we'll do Iran here, we'll give Iran the privilege of talking to us based on our conditions. But Iran is connected to all these trouble spots. At the same time the Iraqi Government, which we take some credit for helping create, has a relationship with Iran every day. It is literally an Alice in Wonderland kind of thing. We act like that's not happening, but the Iraqi Government is in and out of Teheran. That's what I consider a comprehensive strategy.

Let me go to the Hamas and Hezbollah issues for a moment, because you tell me how we deal with this. You tell me how we are going to find ways to position Abbas, Fatah, whoever's in charge, to give them some upper hands, Lebanon, and facing the reality of these two organizations. Obviously Iran is connected into a good deal of this. So what would be your thought on—take Hamas. We just let it go? We think that it will just self-destruct? Where do we go? What do we do? They are a reality.

Mr. WELCH. Senator, I think in answering this question I'd like to return to your opening premise. I agree with you completely that across the board this region of the world is in many respects the epicenter of our foreign policy. It is incredibly important to the United States. And I would hope that once our transition is under way for the new administration that they will consider it a very high priority to deal across the board with these issues.

This is not a matter of bureaucratic self-interest on my part. I just think it will take that sort of intensity elevation of this basket of issues.

Hamas and Hezbollah, sir, you're right, are realities. They have a certain level of political support in their communities and, interestingly, both the Palestinian community and Lebanon are among the most politically open and emancipated in the Middle East in

the sense that they do have votes and the votes are reasonably honest, and some good people win and sometimes they don't.

It's not the principle that they should have a vote that is an issue for us, even though that's aroused some anxiety in some places some times. It's their policies that concerns us. We don't have to accept that their policy is a reality that is impermeable to change, impervious to change. What we're trying to do is, if they can't figure out what the best thing to do for their people is, then maybe their people can make a different decision, vote for someone else or make a course correction themselves.

In the mean time, as I alluded to earlier—maybe I wasn't clear enough—I believe that the moderate center in both these communities is more substantial than the minorities associated with these groups. So it's very important to give them the authority, the power, the capability that they seek within their societies so that they can rebalance them.

That requires an investment of American resources, too, and happily we've been willing to do that both for the Palestinians and the Lebanese. But it's at the end of the day up to them, too. We're not going to be able to exclude people, but the terms by which they are included are decisions that they can make.

The alternative, to sort of say, well, gee, can't do anything about that because they're there, they're armed, they're dangerous and we have to cope with that reality, I think would be frankly premature capitulation. I don't think that the moderates would want to do that and they would feel abandoned by the United States were we to, even by our inaction, suggest that that would be the alternative.

Whether this will work I don't know, because at the end of the day in—let's take the Palestinian territories for example. People want to see change, so they'll reward those who are going to bring them the kind of change they want to see. Unfortunately, they've been through a long period of militancy there and it's had its effect on politics. Now it's being recalibrated. I believe we have the best and most encouraging Palestinian Government in a long time there. They've taken substantial political risks and personal risks to move things ahead, and we have to help them.

In Lebanon, that's a very complicated society and a lot of people are meddling around in it. There's tremendous risk there, but I am encouraged by the agreement that was reached in May in Doha and the election of a new President. This offers I think a path ahead, restoring dialogue to Lebanon, where it had unfortunately collapsed.

I believe that what happened when Hezbollah took up arms against the Lebanese people will have an effect on their standing, because it sort of puts at risk their claim to be a resistance. They're nothing but an armed militia hanging onto a cause, but willing to use their guns against their own. I think again the majority of Lebanese are not going to tolerate that.

Senator HAGEL. What would you say—and you mentioned lessons learned in some of your statements. What would you say would be the most significant lessons we've learned, should have learned, on this Arab-Israeli issue over the last 8 years? How would you frame the future? How are you going to advise the next Secretary of State

and President as to what should be the policy over the next 4 years? What should we do differently? Anything? Have we learned anything?

It goes back to my earlier point, I think things have gotten worse. Now, you may not agree with that, so you I suspect would tell the next Secretary of State and the next President, we'll just keep doing what we're doing. Or you tell me, what would you do and what would you say? How would you do something differently, what would you do, how would you do it, and what lessons have we learned that would predicate those recommendations?

Mr. WELCH. Sir, I would use three very straightforward words: Priority, investment, and results. We have to make this a priority. It will require an investment, and I mean that in a real sense, not just a diplomatic sense. And No. 3, it's imperative to produce results, because results count.

We've been through a long drought. I believe—I'm not disagreeing with you that there are all these difficulties, sir, but I believe there is an opportunity here, particularly in the last year that we've rebuilt the negotiation. But it's not complete, and it can be challenged and it can be shaken. I don't even dismiss that it could be reversed. I think that is very dangerous. The idea of two states is potentially at risk under those circumstances, and I don't see an alternative here.

We will have a transition process that happily in my Department I think I can say will be reasonably well organized, sir, and I'll have a chance to provide plenty of advice. But I would say in this context that those were the three things that I would try and say to the new team: Give it a priority, put some serious effort on the table, and expect and demand results.

Senator HAGEL. Within that, I didn't hear anything different that you would suggest, because I assume what you have said we have been doing and what you've just said we should be doing is a continuation of the three principles that you laid out, which I assume you think we've been doing, and putting forth effort and prioritization. I assume we're doing those.

Mr. WELCH. We are.

Senator HAGEL. You wouldn't see anything different, then?

Mr. WELCH. We are doing these things. And I'm sorry, I thought you had asked me about what to advise the next folks.

Senator HAGEL. Well, basically does that mean we just keep doing what we're doing?

Mr. WELCH. Yes, but——

Senator HAGEL. Nothing different? Nothing new?

Mr. WELCH. That's certainly necessary. It may not be sufficient. We have 3½, 3 months, more or less, still left of what I would like to see as productive effort, and we're not stopping as of November 5. We stop at 12:01 January 20 for this administration. And I'm a professional diplomat. There'll be others like me around who will try to carry on throughout the national security bureaucracy, for that matter. And we can do things between now and then.

There are some things that we have under way right now where I still believe that there's room for progress and you might even, if you took a look at them, see them as innovative.

Senator HAGEL. Well, I don't think it's been a lack of effort, certainly not on your part, on our professional career diplomats. I don't think anyone has ever suggested that. But you will be in a position, as you know, to make recommendations to a new administration. And I think the reality is, you talk about 3½ months left. This administration, any administration with 3½ months left, is essentially over and the idea and the concept within the framework of all outside parties knowing that you will have a new President and a new administration, and any capital expended or any effort would be wiser to do with that new administration.

So my point being—and you understand that; you've been through many administrations—that there's always new hope, new possibilities, when a new administration takes office. What my question was about was, based on whatever the lessons learned you and your colleagues have seen, have absorbed, what would you say, if anything, a new administration should do differently, if we should do anything differently?

I understand, as we all do, industry and efforts and leadership and prioritization. I mean, again I assume we've been doing that. But I'm talking about beyond that. I'm talking about policy and should we be incentivizing things differently, should we be trying something new, should we be framing the issue differently. Those are the kinds of things that I would ask you.

Mr. WELCH. Well, it's a thoughtful question. Most of the complex problems that you've mentioned, Senator Hagel, sometimes Americans take a look at them and see them as issues of organized violence, war, despair. But in most of those cases there are really serious political problems involved, and it isn't sufficient to use one tool alone in these cases. I'm not a soldier; I'm a diplomat. I believe that "diplomacy" is a strong word, not a weak one.

I think at the heart of the three points I made is that we have to search for political solutions in these cases, while at the same time protecting our security interests and advancing them where necessary. I think if you do that you improve the possibilities. And I believe that using American credibility and strength in a diplomatic sense is an important part of our national power. I'd like to think that when we—across the region, in those cases where we have deployed that tool, we have been diligent and rigorous in using it to advance our interests. We sometimes take some hits for it publicly because diplomacy is an untidy business, and you don't always do it with people you like or that you would spend an evening with. But it's for a purpose and it can produce results, sometimes at a lower cost than the alternatives.

I think after a career in public service of the kind I've had, I think that that's what I'd like to pass on, not merely to the next administration, but to my colleagues. It's physically and politically not risk-free. These are decisions that have to be made, and our leadership expects, as I tried to indicate, results and, by the way, still expects more in the next 3½ months.

In return, I ask for the chance to give objective advice and try new ways of doing it. Sometimes, sir, it works and sometimes it doesn't.

Senator HAGEL. Thank you.

What results do you think are possible over the next 3½ months?

Mr. WELCH. Well, I would like to see, bearing in mind that Israel has to compose its new political leadership, that this negotiating track that we've embarked on to support does move ahead. Ideally, it would produce an agreement. If it doesn't, it must be continued and continued on a substantial basis, so we try to build that every single day. I think it has to be done carefully and quietly, but that is in my judgment incredibly important.

Second, we have, as I mentioned with respect to North Africa, but I didn't mention with respect to the Arabian Peninsula, good relationships with all these countries and we could still broaden our partnership with them. I'm worried about Yemen, for example, Senator Hagel, where I think a new level of attention and investment has to be brought. It's a difficult country and has a really serious problem with its internal security and I think that requires us, working with Saudi Arabia and Oman, to see whether we can help, but also some decisions on our part.

Then there are some overarching questions, too. For example, in my area of responsibility there are countries from which there are quite a number of detainees at Guantanamo have come, and as we look at returning these, these folks, to their places of origin, we need to do that in a rigorous way, but we need to do it, because I think reducing the profile of that problem is very much in our interests. That cuts across virtually the entire region, I regret to say, although there are some high concentrations of certain detainees.

One of the most important changes we've seen in the last several years across the Arab world is there is one of the largest transfers of wealth in human history now occurring. A great deal of money to be invested in the Arab world, and there is a sharp rise in inter-Arab trade and investment, which I think is wholesome for the economies across the region. But they've got problems, too, both in interacting with each other and high inflation, high unemployment in some cases.

So continuing the effort to promote economic reform and engagement with them on trade issues is vital. I think I would hope that the next administration could take a look at our trade policy and keep available the option of free trade agreements, including in this area.

We need to reconnect also in an important way with these societies, cooperating in everything from health to education to democracy promotion activities. That varies from place to place, but it's more rigorous and institutionalized across the region. And we've had—that's had some—I don't want to overrate it—some success.

What's really encouraging to me as somebody who has worked on this region for a long time is the number of Americans who are interested in it, and not just because of the bad news. When I went to Egypt in 2001 there were two dozen people studying Arabic at the American University in Cairo. When I left in 2005, 4 years later, there was about 20 times that number. Middlebury College has a language program in Alexandria, Egypt, now.

I love the fact that Americans want to connect into these societies, where 7 years ago they saw them as alien and hostile. I think again, increasing that openness on their part and on our part is a really important step for the future.

Sorry if I went on.

Senator HAGEL. Well, those are objectives and what we need to do. But let me go back again. You said you would hope that we could still accomplish some things over the next 3½ months. What are you talking about? What do you believe we can accomplish over the next 3½ months? A new peace agreement on Israel-Palestinian issues, or what were you referring to when you mentioned that? What's possible in your opinion, as you have noted, still possible over the next 3½ months as a result?

Mr. WELCH. Well, I think we can make progress in the Israeli-Palestinian negotiations. I believe it was Senator Kerry who said there's a bit of a pause, but it's not a halt. I do believe there is a way to do this in a measured, careful, confidential way.

Senator HAGEL. Do you believe that in the next 3½ months we can get an agreement that takes us to a higher ground position?

Mr. WELCH. That's a good question and I want to be careful in answering it. There is a difference between possibility and probability. I think it's really important, Senator Hagel, to have a lofty objective out there. If you sell yourself short, you're not going to encourage parties who already have a difficulty in cooperating and working with one another to try and move forward. So it's good to have an ambitious goal. It increases leverage.

We'd like to attain that. Whether we will is another question. But I don't think we should pull back from that goal. To the degree we can make progress toward it, I believe that we should make that progress irreversible so it can be transferred over. That's one arena.

I think that including in dealing with the Iranian threat, the reestablishment of Iraq as a sovereign, secure country, troubled though it is internally, still is hugely important to the stability and security of the entire region. So reconnecting it into the region and reconnecting the region to it is I think very, very important.

Some of Iraq's neighbors and others have begun to reestablish diplomatic missions there—a halting process, but a good one. Communication between the Iraqi Government and all of its neighbors, Iran included, but also Turkey, Syria, Jordan, even Saudi Arabia, certainly Kuwait, has improved. Those borders are more secure today than they were before. That's a really important project.

As I mentioned, I also think that we need to pay special attention to Yemen, not just because there was a terrorist attack on our Embassy, but it's a rather complicated situation and needs an investment.

There are other areas of concern, too. One of the reasons that we were focusing on North Africa is because of a recrudescence of extremist activity in that region, which is seeing itself most violently in Algeria. That's going to require greater regional cooperation and greater cooperation by the United States with that region.

So those are a few of the things that we want to work on. I should say within the North Africa arena, too, I'm determined to see this agreement that we made with Libya implemented in full because once that happens I think we can move off the plateau we're on and improve that relationship. It would be very good to turn that over in a much better fashion to the next administration as well.

Senator HAGEL. Thank you.

Mr. Secretary, as we wind this meeting down I want to again thank you and your colleagues for your efforts and your good work, also acknowledge—when you speak of contributions made by professional diplomats, I am aware and it should be noted that you lost your father last month. If I have my facts correct, I think he was a 33-year career diplomat, much accomplished and highly regarded, World War II veteran, survivor of Pearl Harbor, a man who gave immensely to his country. So to you and your family, we are sorry, but we appreciate his great service to our country; and you obviously follow right along the family genetic trail. So thank you.

Mr. WELCH. Thank you, Senator.

Senator HAGEL. This hearing is adjourned.

[Whereupon, at 4:30 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF HON. ROBERT P. CASEY, JR., U.S. SENATOR FROM PENNSYLVANIA

Thank you, Chairman Kerry, for holding this important hearing today on the Middle East Peace Process. This year we marked the 60th anniversary of the founding of Israel, a state created by the Jewish people as a place where Jews could live in peace. Unfortunately, for Israelis and Palestinians, that peace has proved elusive throughout the years. The consequences of inaction have proved costly to all those in the region whose daily lives are shaped by political decisions they have little control over. They have also had dramatic spillover effects within the global community amongst those who see a stalemate on the peace process as vindication that there can never be peace between peoples of different religions and cultures.

Mr. Chairman, I was pleased when the Bush administration convened the Annapolis Conference in November 2007. After 6 years of missing American leadership on this vital matter, many of us had hopes that we could finally move forward on addressing the difficult issues that have separated Israelis and Palestinians for so long now. Israeli Foreign Minister Livni and former Palestinian Prime Minister Qurei have made important strides in bringing both sides back to the negotiating table. While it looks unlikely that a comprehensive agreement will be reached this year, it is imperative that both sides, in good faith, keep talking and investing in the process.

Similarly, the next U.S. administration must be actively engaged on the Middle East Peace Process from the very onset. Strong American leadership will be critical to bringing about a lasting solution whereby two states, Israel and Palestine, can live side by side in peace and security. Solution of the Israeli-Palestinian conflict will also reap benefits for other U.S. foreign policy and national security priorities in the region and the broader Muslim world. History has repeatedly shown us we cannot afford to sit on the sidelines when it comes to this vital issue.

RESPONSES OF ASSISTANT SECRETARY DAVID WELCH TO QUESTIONS SUBMITTED FOR THE RECORD BY SENATOR RICHARD LUGAR

Question. How can the Foreign Relations Committee be helpful in ensuring that the progress made on the Annapolis process is preserved and continued into a new administration?

Answer. During their recent briefing for the Quartet in Sharm el-Sheikh, Egypt, on November 9, Israeli and Palestinian negotiators requested three forms of assistance from the international community: (1) Support for the parties' continuing efforts to reach a final, comprehensive peace and respect for their mutually agreed principles for the negotiations; (2) promotion of an environment conducive to peace, nonviolence, and the two-state solution, including ongoing provision of political and economic assistance to the Palestinian Authority; and, (3) no third party intervention in the bilateral negotiations. We intend to respect the parties' requests. To that end, it is likely that, in the months ahead, the administration will ask for congressional support for infrastructure projects and institutional capacity-building to improve the lives of Palestinians and bolster the credibility of the legitimate Palestinian Government, which demonstrated its desire for a durable and lasting peace

with Israel. We must also continue to support efforts to promote good governance and the rule of law in the Palestinian territories to lay the foundation for the establishment of a democratic and viable Palestinian state.

Question. Would it be appropriate for the administration to offer "bridging proposals" to help parties progress in their bilateral negotiations?

Answer. In their briefing for the Quartet on November 9, Israeli and Palestinian negotiators reported on the significant progress made to date in their bilateral negotiations and described the mutually agreed principles that govern their dialogue. While welcoming support and assistance from the international community once an agreement is reached, the parties' requested that the negotiations remain bilateral and confidential. We will respect the parties' request to avoid direct, third-party intervention so they may continue their negotiations toward fulfillment of the promise of Annapolis and the establishment of a Palestinian state.

Question. What sort of progress is USAID making with respect to PA projects, work with the ministries, etc? What costs were incurred in delaying projects because of restrictions on interactions with the Palestinians? Are civil works receiving the same sort of support and attention as General Dayton's work? Are the efforts balanced? More specifically, have civil works projects been commenced to take advantage of the progress USSC has made in Jenin and in other areas of the West Bank?

Answer. During the period of restrictions on interactions with the Hamas-led PA, we estimate that USAID incurred $14 million in costs associated with the suspension or cancellation of projects. In June 2007, Hamas violently took control of the Gaza Strip. President Mahmoud Abbas declared a national emergency, dismissed the Hamas government, and appointed a new government comprised entirely of non-Hamas, independent ministers under the leadership of Prime Minister Salam Fayyad. Immediately after Secretary Rice removed the restrictions on contact with the PA, USAID moved rapidly to reorient programs to support the new Prime Minister's government. Existing activities were redirected to involve PA Ministries as both partners and beneficiaries. USAID staff and implementing partners became active participants in PA sectoral planning processes that resulted in the preparation of the Palestinian Reform and Development Plan (PRDP), which the PA presented to the international donor community at the Palestinian Donors Conference in December 2007. USAID worked very closely with its PA counterpart ministries in developing the spending plan for the $68 million in West Bank and Gaza FY 2008 New Obligating Authority (NOA) funding, the $171 million in FY 2008 Emergency Supplemental project funding and the $300 million total in Cash Transfer funding that was provided in the FY 2008 NOA and FY 2009 "Bridge Supplemental" appropriations.

Robust USAID commitments to civil works projects in FY 2008 include $91.5 million allocated to essential public infrastructure projects identified by the PA; $38 million for governance and rule of law activities, including a special focus on PA capacity building; $52 million for economic growth and job creation programs that address high PA priorities; and $40.5 million for investments in health, education, and youth-oriented programs that support PA efforts to provide essential services to the Palestinian people and enhance the credibility of the Abbas/Fayyad government. All of these activities are under way at this time, delivering on our commitments made at the Palestinian Donors Conference, with total expenditure rates for all programs estimated at $41 million per month in FY 2009.

USAID is working closely with General Dayton and the USSC, the Special Envoy for Middle East Regional Security (SEMERS) General Jones, as well as international partners to implement a coordinated strategy that links security assistance with economic and institutional development. USAID economic and social development activities both support and benefit from the improvements in security in Jenin accomplished by Palestinian National Security Forces with USSC assistance. Our support for rule of law and governance programs is closely coordinated with more specific assistance to police forces provided by the European Union Police Coordinating Office for Police Support (EUPOL COPPS). As a key part of the coordinated program, USAID announced $3 million in initial assistance activities in Jenin on May 28, 2008; these activities are completed or nearly completed. In her recent visit to a major USAID hospital renovation site in Jenin, Secretary Rice announced the next phase of an additional $14 million in USAID commitments in Jenin. More broadly, USAID has direct assistance activities under way and planned in all 11 West Bank Governorates.

Question. As the USSC's work proceeds, is there a sense that PA leadership has sufficient will and capability to take the necessary decisive steps to end terrorist activity?

Answer. The Palestinian Authority Security Forces, especially those trained with State Department assistance under the auspices of the U.S. Security Coordinator, LTG Keith Dayton, have shown increased will and capability to confront the terrorist infrastructure in the West Bank. In Jenin, Nablus, and Hebron, three of the West Bank's largest cities and most populated governates, deployed forces have arrested members of Hamas and Islamic Jihad, dismantled al-Aqsa Martyrs Brigade structures, and in one notable case, discovered a large cache of explosives. Israeli Domestic Intelligence Chief Yuval Diskin recently described security cooperation with the West Bank authorities as "excellent, especially in combating terrorism" as well as shutting down 60 institutions connected to Hamas. This illustrates the increasing degree of confidence with which Israel views the Palestinian Authority's ability to provide for law and order in the West Bank.

Question. What signs are there that the IDF will cede authority to the PA forces in the West Bank?

Answer. The IDF has made incremental steps toward allowing increased Palestinian Authority Security Forces (PASF) activity, most notably in Jenin and Hebron, and has reduced its activity in other sectors in order to reduce Palestinian pressure on President Abbas and the PA. The IDF over the last 6 months has operated on a policy of "as the PA does more, we will do less." As a result, the Government of Israel allowed the PASF to deploy to Jenin while reducing the IDF's footprint in the area. The IDF and PASF have also increased their level of cooperation. As a sign of the success of this cooperation, the GOI has also allowed the PA to deploy a limited number of forces to Hebron, a city to which until recently the GOI was unwilling to allow the PASF to deploy.

Final authority for security remains with the IDF, however. The IDF continues to carry out regular incursions into Area A, to deny PASF freedom of movement in Areas B and C, and to refuse to give the PASF "right of first refusal" on arrests.

Question. What benchmarks or metrics should we use to measure the progress of the Palestinian security forces and the effectiveness of U.S. assistance to these forces?

Answer. The main goals of our assistance to the PA Security Services (PASF) are to help the Palestinians meet their roadmap obligations and help set the conditions for a two-state solution to the Israeli-Palestinian conflict. A key measure of the progress of the PASF toward meeting roadmap obligations is the number of arrests and prosecutions of criminals and terrorists in the West Bank. By all accounts, the increased PASF security operations throughout the West Bank have instilled a high degree of public support for the imposition of the rule of law in the Palestinian communities, addressed lawlessness in many important areas, enabled increased economic development, a key to reducing frustrations which spur radical support, and reduced the incidences of direct terrorist threats within the area.

A less tangible, but no less important metric is the level of security cooperation between the IDF and PASF, engendered by PASF professionalization under USSC auspices, which helps build trust between the two sides. The Government of Israel has stressed that until they trust the PASF to prevent all forms of terror from Palestinian territory, they will not cede security control to the PASF. However, cooperation between the IDF and PASF, which has markedly improved, has led the IDF to reduce its operations in certain areas of the West Bank where the PASF is operating. The ability of the PASF to help improve overall law and order in the West Bank is also noteworthy. Jenin's residents have widely praised the performance of the U.S.-trained PASF forces there, and cite their presence as responsible for reduced lawlessness. We view this new dynamic as a key step toward a two-state solution and a demonstration of the effectiveness of U.S. assistance to the PASF.

Question. According to a report this week by major aid agencies, despite the cessation of violence in Gaza the flow of commercial and humanitarian goods across border crossings remains severely impeded. What efforts are being undertaken to better facilitate the movement of goods in and out of Gaza while still preserving Israeli security needs? What efforts are being taken to strengthen the still fragile Hamas-Israel calm?

Answer. Despite several months of fragile calm in the Gaza Strip since the "tahdiya" was declared July 19, the humanitarian situation there remains challenging, and has worsened dramatically since November 4, when hostilities resumed between Hamas-affiliated militants and the Israeli Defense Forces (IDF). Since the tahdiya began on July 19, Israel has allowed a net increase in the number of trucks allowed into Gaza. However, even with this increase, the number remains less than the amount of trucks entering Gaza prior to the Hamas take over. Border crossings have been closed frequently since November 4, resulting in a temporary suspension

of the U.N. Relief and Works Agency for Palestine Refugees in the Near East's (UNRWA) food distribution program that affected 60,000 people, and fuel shortages that are causing ongoing blackouts across Gaza City and compromising hospital operations.

Hamas' actions remain the primary cause of suffering in Gaza. Assuming the tahdiya is reestablished, Israel can mitigate the difficult humanitarian situation by increasing operating hours at crossings, including for humanitarian organization staff and medical cases, and expanding its definition of humanitarian items to include basic construction materials.

In targeted approaches to the Government of Israel (GOI), we have had past success facilitating the import into Gaza of required items for specific humanitarian projects, including obtaining GOI agreement to allow in approximately 20 truckloads of supplies and sports equipment for UNRWA's 2008 "Summer Games," as well as metal piping and other supplies to help facilitate a joint USAID/EU/World Bank sewage project in Beit Lahiya in early 2008.

We and others in the international community will continue this type of approach on humanitarian projects of interest to the USG and importance to the people of Gaza, making use of the coordination mechanisms and communication channels within the GOI's Office of the Coordinator for Government Activities in the Territories (COGAT). At the same time, we will work as we always have done with the Government of Israel and the Palestinian Authority at the policy level toward a comprehensive, lasting solution to the hardships now faced by the Palestinian people: A comprehensive peace agreement that leads to the establishment of an independent Palestine governed by a democratically elected leadership, living side by side with Israel in peace and security.

Question. Will you make the reports of General Fraser and General Jones available to the committee?

Answer. The Roadmap Monitoring mission, previously headed by Lieutenant General Fraser, and currently headed by Lieutenant General Selva, and the office of the Special Envoy for Middle East Regional Security, headed by General Jones (ret.) are reporting directly to Secretary Rice. The Roadmap Monitoring mission's reports are not disseminated beyond Secretary Rice, and General Jones will not be creating a final report.

Question. What is your view of the apparent rapprochement between Jordan and Hamas?

Answer. We continue to welcome Jordanian efforts to overcome Palestinian divisions, consistent with the Quartet principles. Jordan has been a vital contributor to the Middle East Peace Process.

As we have long stated, Hamas can be a part of the peaceful process by accepting the principles outlined by the Quartet: Renunciation of violence and terror, recognition of Israel, and acceptance of previous agreements between the parties, including the roadmap.

Question. Is the administration actively supporting the current Israel-Syria proximity talks?

Answer. While our focus remains on supporting the more mature Israeli-Palestinian track, consistent with the process launched at Annapolis in November 2007, we have welcomed Turkey's efforts to facilitate indirect negotiations between Israel and Syria in order to advance comprehensive peace throughout the region. We have stated our willingness to be helpful in this regard at any time that it is useful to the parties. Engagement with Syria, including by Israel, should address the full range of our concerns about Damascus' policies, including ending the flow of foreign fighters into Iraq and of weapons into Lebanon, renunciation of the Syrian Government's support for terror and expulsion of the leadership of Palestinian terrorist groups from its territory, cessation of cooperation with the Iranian Islamic Revolutionary Guards, and an end to human rights violations.

Question. Has the Department, or Embassy Cairo, made any public statements with respect to the continued imprisonment of Ayman Nour? Or, of other lower profile political prisoners?

Answer. Secretary Rice, Ambassador Scobey, and I have all publicly spoken out on a number of occasions against the continued imprisonment of Ayman Nour. This is something that we regularly raise, both publicly and privately, with the Egyptians at all levels. President Bush, for example, raised it with President Mubarak when they last met. We have repeatedly raised our serious concerns about the path and pace of political reform and democracy in Egypt at the highest levels, and we will continue to do so. As part of this effort, we also regularly call for the release

of all political prisoners in Egypt, and for an end to the harassment and detention of political activists and journalists in Egypt.

Question. I continue to be disappointed in progress on the Status of Forces/Strategic Framework Agreement, and in the failure of the Department to provide draft text of the agreement as Senators Biden, Kerry, Hagel and I requested some months ago. What is the backup plan, should the agreement not be concluded in time, or should we not get agreement on key principles? What's the worst case scenario? Can PM Maliki grant immunities to our forces and authorize combat and detention operations by executive fiat?

Answer. We are confident that the many months of negotiations on the Status of Forces/Strategic Framework Agreement will yield mutually beneficial agreements between the United States and the Government of Iraq. While the United States could seek an extension of the mandate for the multinational force currently provided under U.N. Security Council Resolution 1790, in past years, the Security Council has acted to extend the mandate based upon the request of the Iraqi Government, and Prime Minister Maliki has made it clear that he does not support such an extension. It is our understanding that Prime Minister Maliki could not grant immunities to our forces by unilateral executive action.

Question. Has Iraq agreed to provide all Embassy and Chief of Mission personnel privileges under the Vienna Convention on Diplomatic Relations of 1961? Will WPPS contractors be covered? Have discussions been concluded or even commenced on these points?

Answer. Like our diplomats and staff posted at U.S. missions throughout the world, Embassy personnel in Iraq will enjoy applicable privileges and immunities under the rules set forth in the Vienna Convention on Diplomatic Relations of 1961 (VCDR). The level of privileges and immunities that any individual employee is entitled to will depend upon one's position and role within the U.S. mission. Since negotiations began in March, the Iraqis have consistently stated that they oppose continued immunity from Iraqi legal process for offenses that contractors—in particular security contractors—may commit related to activities carried out under their contracts. The status of contractors has been a significant area of discussion between the United States Government and the Government of Iraq, and to date we have not reached agreement on this point.

RESPONSES OF ASSISTANT SECRETARY DAVID WELCH TO QUESTIONS SUBMITTED FOR THE RECORD BY SENATOR RUSSELL FEINGOLD

Question. What impact does the recent diplomatic strain between the U.S. and Russia over the Georgia crisis have on the future of the Quartet [U.S., EU, U.N. and Russia] produced Roadmap?

Answer. The Quartet continues to play an important role in supporting efforts by Israel and the Palestinians to arrive at a negotiated peace. In that regard, the roadmap remains an important guide toward achieving a two-state solution. A future peace treaty between the parties, as enumerated by Israel and the Palestinians at the November 2007 Annapolis conference, will be subject to the implementation of the roadmap.

Question. If President Abbas does step down in 2009 and elections don't take place, the Palestinian Legislative Council's Speaker—who is a member of Hamas, would serve as acting President—a move that could very likely mean an end to the peace process. Likewise, if elections are held, there is a good chance Hamas would do even better than it did last time. Can you describe the political situation in the Palestinian Territories and assess for us the political strength of Fatah and Hamas?

Answer. Fatah and Hamas remain at odds over control of the Palestinian territories. The Palestinian Authority, led by President Abbas, is firmly in control of the West Bank while Hamas has retained control over Gaza and consolidated power since its takeover of that area in June 2007. The two sides have engaged periodically in reconciliation talks, mediated by Egypt, but there has been no concrete progress. Abbas has laid out his conditions for a Palestinian reconciliation, which reflect the Quartet principles—renunciation of violence, recognition of Israel, and acceptance of past agreements between the parties. Hamas has rejected these principles.

Hamas and Fatah are also at odds over when the President's term expires. Abbas' position is that his term does not end on January 9, 2009, as Hamas alleges. He has stated that his term ends concurrent with the term of the Palestinian Legisla-

tive Council, currently scheduled for January 2010, as stated in the 2005 elections law agreed to by all parties.

Fatah has been able to maintain its base of support in the West Bank. Security initiatives in Nablus, Jenin, Qalqilya, Tulkarm, and Bethlehem—and shortly in Hebron—have reduced crime against Palestinian citizens, leading to increased commerce and improvements in overall economic conditions. Furthermore, PA coordination with Israel Defense Forces has resulted in a smaller Israeli footprint in West Bank towns. As an indicator of the credit accruing to Fatah in the West Bank from these initiatives, recent polling shows that Fatah's popularity is increasing against Hamas and Abbas continues to poll higher in head-to-head contests when paired against Hamas leaders. Hamas remains strong and well organized in Gaza, exerting near-total control.

Question. It is my understanding that the humanitarian situation in Gaza ranks third worst in the world—after Somalia and Darfur. In May 2008, a number of credible organizations released a report that described the humanitarian crisis as a man-made disaster resulting from the isolation and blockade of Gaza after its takeover by Hamas militants last June. Certainly Israel has a right—and an obligation—to protect its citizens from rocket attacks from Gaza, but how effective has the current strategy been and where do you see room for improvement—so that Israel has the protection it needs and the people of Gaza are not deprived of basic services?

Answer. Hamas' actions remain the primary cause of suffering in Gaza. However, Israel may be able to help mitigate the difficult humanitarian situation by increasing operating hours at crossings, including for humanitarian organization staff and medical cases, and allowing certain items to expedite the continuation of international humanitarian projects in the Gaza strip.

Despite a fragile calm in the Gaza Strip since the "tahdiya," or period of calm, was declared June 19, the humanitarian situation there remains challenging. Since then, Israel has increased the number of truckloads crossing into Gaza from the low point of 2,380 truckloads per month in the 12-month period following the June 2007 Hamas takeover. The U.N. Office for the Coordination of Humanitarian Affairs reports that in September 2008, 4,049 truckloads entered Gaza. However, this number still represents a sharp decrease from 12,000 truckloads that entered in May 2007, prior to the Hamas takeover of Gaza, due in large part to crossings closures prompted by intermittent rocket fire from Hamas-affiliated militants.

We will continue to work with Israel, and the wider international community, on these issues, making use of the coordination mechanisms and communication channels within the GOI's Office of the Coordinator for Government activities in the territories. At the same time, we will continue to support the efforts of the Government of Israel and the Palestinian Authority to reach a comprehensive, lasting solution to the hardships now faced by the Palestinian people: An independent Palestine governed by a democratically elected leadership, living side by side with Israel in peace and security.

Question. Citizen Diplomacy is crucially important to breaking down differences and building understanding. So I closely followed the situation surrounding the Gazan Fulbright scholars this past summer who were initially not allowed to leave to obtain U.S. visas. In May, Secretary Rice said: "If you cannot engage young people and give them a complete horizon to their expectations and to their dreams, then I don't know that there would be any future for Palestine." Clearly, situations like this impact our ability to engage in broader public diplomacy efforts in the Middle East, and further strain the relationship between Israelis and Palestinians. Can you tell me what proactive steps the State Department is taking to engage Palestinian youth in people-to-people exchanges, and how we can avoid a repeat of this unfortunate situation?

Answer. The State Department is committed to providing Fulbright exchange opportunities for Palestinians from the West Bank and Gaza. The Fulbright Program, the U.S. Government's flagship international exchange program, is designed to increase mutual understanding between the people of the U.S. and other countries and regions. Through our diplomacy and exchange programs, the State Department seeks to engage young Palestinian leaders to promote learning, tolerance, and international cooperation. Other initiatives, such as the International Visitors Program, the Youth Exchange and Study (YES) program, and the Young Writers Program, further enable cultural exchange and the opportunity for future Palestinians leaders to broaden their understanding of the United States.

In FY 2009 and pending funding availability, we expect to award up to 20 Fulbright grants to students and scholars from the West Bank and Gaza to pursue

graduate degrees, research and teaching opportunities in the U.S. The State Department works closely with the Government of Israel on a consistent basis to ensure that procedures are in place for all Department-sponsored exchange participants, including Fulbright grantees, to be able to travel to apply for visas.

Once visa applications have been made, the Department will pursue the timely processing of visa applications and other forms of official permission required for travel of Palestinian students accepted to programs of study in the U.S. and elsewhere. Our posts in Tel Aviv and Jerusalem have developed a specific procedure for handling Fulbright applications, including coordination with Israeli authorities early in the process to ensure that any questions or problems are resolved in a manner that does not unduly inconvenience applicants or cause extensive delays.

RESPONSES OF ASSISTANT SECRETARY DAVID WELCH TO QUESTIONS SUBMITTED FOR THE RECORD BY SENATOR GEORGE VOINOVICH

Question. What is a realistic expectation for the status of the talks when President Bush leaves office?

Answer. Israelis and Palestinians are engaged in the first serious negotiations in nearly a decade and continue to express their commitment to the Annapolis process. The parties have reiterated on numerous occasions that their goal remains to conclude a final, comprehensive agreement by the end of 2008 that establishes a Palestinian state and ends the conflict. The U.S. will continue to promote an environment conducive to these negotiations in a manner that allows the parties to pursue their bilateral initiative.

Question. What is your assessment by all stakeholders toward implementation of UNSCR 1701?

Answer. Progress has been made since August 2006 toward a permanent ceasefire and long-term solution to the Israeli-Lebanese conflict via the principles and elements of UNSCR 1701. The Lebanese Armed Forces (LAF) have deployed throughout the country for the first time in 40 years, and a strengthened UNIFIL has helped to prevent renewed hostilities.

However, important elements of UNSCR 1701 remain unimplemented. No progress has been made toward securing the Lebanon-Syria border against unauthorized weapons shipments as called for by paragraph 14 of UNSCR 1701. A recent report of the U.N.'s Lebanon Independent Border Assessment Team noted that, while facing severe political and logistical constraints, the Lebanese Government could do more to seal the border. Israel also alleges persistent Hezbollah violations of the weapons-free zone south of the Litani River stipulated by paragraph 8 of UNSCR 1701. While neither we nor UNIFIL has been able to corroborate this specific claim, Hezbollah is working to expand military infrastructure, including fortifications and lines of communication, in UNIFIL's area of operations while rebuilding its military arsenal north of the Litani River.

Nor has there been significant progress in disarming all armed groups in Lebanon and establishing government monopoly on the use of force. However, the national dialogue process recently relaunched by President Sleiman is a step toward this goal and is addressing Lebanon's national defense strategy, including the status of Hezbollah's arms.

Israel commits regular air and sea violations of Lebanon's territorial sovereignty, citing an overriding need to gather intelligence on Hezbollah's activity inside Lebanon pending full implementation of the UNSCR 1701 arms embargo and an end to Hezbollah rearmament. Israeli citizens and troops also remain north of the Blue Line in the divided border village of Ghajar, in violation of UNSCR 1701. UNIFIL is working with both the Lebanese and Israeli Government to broker a solution. Finally, the U.N. Secretary General continues to request additional cluster munition targeting data from Israel. The U.N. has deemed information provided to date insufficient to aid cleanup operations in south Lebanon.

We continue working to support Lebanese security services, especially with training and equipment useful in border security missions, and to explore with our allies options for greater international involvement on the border. We will continue to encourage Lebanese-led processes like the National Dialogue to focus on a political solution to the issue of Hezbollah's arms. While recognizing the security concerns that drive Israeli overflights, we have urged a reduction in number to avoid provocations. We have also encouraged Israel to accept UNIFIL's interim plan for northern Ghajar as a means to resolve a potential flashpoint and to demonstrate to Lebanon the value of diplomacy, as contrasted with Hezbollah's armed "resistance." Finally, we will continue to support U.N.-led diplomacy aimed at resolving the Sheba'a

farms dispute consistent with paragraph 10 of UNSCR 1701, perhaps in the context of a new or renewed Israeli-Lebanese armistice that addresses other outstanding elements of UNSCR 1701.

Question. How can the United States best encourage implementation of UNSCR 1701—specifically stemming the flow of arms to Hezbollah?

Answer. We have undertaken bilateral and multilateral efforts to improve implementation of the UNSCR 1701 arms embargo. We are providing the Lebanese Armed Forces (LAF) with equipment—including night vision devices, Humvees, and secure communications gear—to improve their ability to monitor the border and interdict smuggling. Nearly $7M of this equipment supported requirements identified by the German-led Northern Border Pilot Project (NBPP). While the NBPP's technical assistance to Lebanese security forces achieved only limited results, it provided important lessons for possible future multilateral efforts to help Lebanon secure its borders. We have continued to remind the Lebanese Government of its obligations under UNSCR 1701—political and logistical complications notwithstanding—to prevent arms smuggling into Lebanon, and have encouraged them to seek international assistance if necessary.

Ultimately, however, it will be difficult or impossible to end weapons smuggling without the full cooperation of the Syrian Government, which continues to provide direct material support, including weaponry, to Hezbollah and other groups that threaten Israel's security. We have raised this issue in our limited recent contact with the Syrians, and encouraged Israel to make Syrian support for these groups a key component of Israeli-Syrian talks.

Question. Does the administration intend to push for a "status document"? If so, what is the administration's rationale toward publication of a detailed status document prior to the conclusion of any agreement?

Answer. Consistent with the spirit of Annapolis, the parties continue to reiterate their commitment to reach a final, comprehensive agreement by the end of the year. The U.S. role is to support the parties' efforts toward this goal and ensure the stability of the negotiating environment. We continue to respect the parties' request to maintain confidentiality in the negotiations and to avoid direct intervention in their bilateral dialogue.

Question. What is your view on the current political situation in the Palestinian territories?

Answer. Fatah and Hamas remain at odds over control of the Palestinian territories. The Palestinian Authority, led by President Abbas, is firmly in control of the West Bank while Hamas has retained control over Gaza and consolidated power since its takeover of that area in June 2007. The two sides have periodically engaged in reconciliation talks, mediated by Egypt, but there has not been any concrete progress. Abbas has laid out his conditions for a Palestinian reconciliation, which reflect the Quartet principles—renunciation of violence, recognition of Israel, and acceptance of past agreements—and the PLO's commitment to the peace. Hamas has rejected these principles.

Hamas and Fatah are also at odds over when the President's term expires. Abbas' position is that his term does not end on January 9, 2009, as Hamas alleges. He has stated that his term ends concurrent with the term of the Palestinian Legislative Council, currently scheduled for January 2010, as stated in the 2005 elections law agreed to by all parties.

Question. How would you assess the political strength of Fatah and Hamas?

Answer. Fatah has been able to maintain its base of support in the West Bank. Security initiatives in Nablus, Jenin, Qalqilya, Tulkarm, and Bethlehem—and shortly in Hebron—have reduced crime against Palestinian citizens, leading to increased commerce and improvements in overall economic conditions. Furthermore, PA coordination with Israel Defense Forces has resulted in a smaller Israeli footprint in some West Bank towns. As an indicator of the credit accruing to Fatah in the West Bank from these initiatives, recent polling shows that Fatah's popularity is increasing against Hamas and Abbas continues to poll higher in head-to-head contests when paired against Hamas leaders. Hamas remains strong and well organized in Gaza, exerting near-total control.

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