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INTERNATIONAL SECURITY / MIDDLE EAST UPDATE
May 20 - 26, 2011

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1. U.S. Hails Serbia's Arrest of Ratko Mladić (05-26-2011)

By Stephen Kaufman
Staff Writer

Washington — Serbia's arrest of Ratko Mladić shows that those who commit crimes against humanity and genocide will not escape judgment, say President Obama, Secretary of State Hillary Rodham Clinton, and U.N. Ambassador Susan Rice.

Obama applauded Serbian President Boris Tadić and his government in a May 26 statement for their "determined efforts to ensure that Mladić was found and that he faces justice."

Mladić, a former Bosnian Serb army commander, has been indicted by the International Criminal Tribunal for the former Yugoslavia in The Hague for war crimes, including allegedly ordering the execution of 8,000 unarmed men and boys in Srebrenica in 1995.

"While we will never be able to bring back those who were murdered, Mladić will now have to answer to his victims, and the world, in a court of law," Obama said. "We look forward to his expeditious transfer to The Hague."

The president said that justice for war crimes, crimes against humanity and genocide is "both a moral imperative and an essential element of stability and peace."

Secretary Clinton praised the news of Mladić's arrest as "a great day for justice in the international system."

"Mladić's arrest serves as a statement to those around the world who would break the law and target innocent civilians: international justice works. If you commit a crime, you will not escape judgment, you will not go free," she said in a May 26 statement.

She added her hope that Serbia's arrest of Mladić will help the country move on, allow it to gain admission into the European Union and "enable Serbia to build a brighter future as part of a whole, free and peaceful Europe."

Ambassador Rice said she hopes that Mladić soon will receive "a full reckoning" for his crimes, and that his arrest can support reconciliation efforts in the Balkans.

"The evidence of Mladić's deliberate cruelty and appalling disrespect for the rules of war and basic standards of decency is overpowering, and we hope he will swiftly receive justice," Rice said in a May 26 statement, adding that the United States also hopes to see Goran Hadžić join Mladić and former Bosnian Serb President Radovan Karadžić in The Hague. Hadžić is alleged to have been involved in the forcible removal and murder of thousands of Croatians between 1991 and 1993.

State Department spokesman Mark Toner told reporters May 26 that Serbia's arrest of Mladić shows its "seriousness about European integration."

"In a sense it's the turning of a page" for Serbia, which long has been "dealing with the terrible scourge of its past," Toner said.

President Obama on Arrest of Ratko Mladic
Secretary Clinton on Arrest of Ratko Mladic

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2. Obama Says U.S., U.K. Stand Together for Freedom (05-25-2011)

By Stephen Kaufman
Staff Writer

Washington — Because of their shared ideals of human freedom and human dignity, the United States and the United Kingdom must stand together in defense of revolutionary movements across the world as people seek to peacefully claim the rights that Americans and Britons already enjoy, President Obama told British lawmakers.

Speaking before the British Parliament in London May 25, Obama paid tribute to protesters in Tehran, Iran; Damascus, Syria; Cairo; and other parts of the Middle East and North Africa, and called for the United Kingdom and the United States to jointly support them.

"In country after country, people are mobilizing to free themselves from the grip of an iron fist," he said. "We are the nations most willing to stand up for the values of tolerance and self-determination that lead to peace and dignity."

The president said Britain and the United States have multicultural and multireligious societies that demonstrate to others that "it is possible for people to be united by their ideals, instead of divided by their differences, that it's possible for hearts to change, and old hatreds to pass."

Because of the countries' openness and diversity, descendants of former British colonial subjects are now able to serve in the British Parliament and "the grandson of a Kenyan who served as a cook in the British Army" can "stand before you as president of the United States," he said.

What the world is seeing in the political unrest in the Middle East is "a longing for the same freedoms that we take for granted here at home," and "a rejection of the notion that people in certain parts of the world don't want to be free, or need to have democracy imposed upon them," Obama said.

It is also a rebuke to al-Qaida's worldview, which "smothers the rights of individuals" and would subject the people of the region to "perpetual poverty and violence."

"Let there be no doubt: The United States and United Kingdom stand squarely on the side of those who long to be free," the president said.

Obama urged Britain to join the United States in offering financial support to sustain the democratic revolutions in Egypt and Tunisia, and to work together to empower developing countries to feed and care for themselves, while rewarding those who confront corruption and allow their people the freedom to innovate and thrive.

"We should advance the truth that nations prosper when they allow women and girls to reach their full potential," he added.

Both the United States and the United Kingdom share "enduring interests" to fight terrorism, even with "partners who may not be perfect," and to protect against disruptions in the world's energy supply, but "we must also insist that we reject as false the choice between our interests and our ideals, between stability and democracy," Obama said.

"Our idealism is rooted in the realities of history — that repression offers only the false promise of stability, that societies are more successful when their citizens are free, and that democracies are the closest allies we have," he said.

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3. Clinton, Geithner Urge G8 Support for Egypt, Tunisia (05-25-2011)

By Merle David Kellerhals Jr.
Staff Writer

Washington — Secretary of State Hillary Rodham Clinton and Treasury Secretary Timothy Geithner tell other Group of Eight (G8) ministers that this is the time to support the transitions toward democratic societies and more inclusive economies in the Middle East and North Africa.

"We share a compelling interest in seeing the transitions in Egypt and Tunisia succeed and become models for the region," Clinton and Geithner said in a letter May 25 sent to other finance and foreign ministers attending the G8 summit. "Otherwise, we risk losing this moment of opportunity."

The G8 leaders and ministers are meeting in Deauville, France, May 26–27. Clinton accompanied President Obama on his state visit to London May 25, and later in the day she traveled to Paris to participate in the Organization for Economic Co-operation and Development (OECD) ministerial council meeting and 50th anniversary commemoration.

The two secretaries said in their letter, which was released to reporters in Washington, that previous experiences from other democratic transitions have shown that the advanced economies of the G8 — which includes Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and the United States — should focus on trade and long-term investment. Achieving economic stability and democratic governance are essential for the transitions that have begun, they said.

"Our efforts should be aligned with the needs and aspirations of the people of the region," Clinton and Geithner wrote.

Egyptians and Tunisians have called for progress on priority issues: improving financial stability, strengthening the private sector, curbing corruption, creating jobs and further integrating their markets with the region and the global economy, the two secretaries said.

Clinton and Geithner called for G8 ministers to support the Joint Action Plan of the multilateral development banks, with the World Bank and African Development Bank supporting "home-grown" economic policies and reforms. They also called for other nations, including those in the region, to form a long-term partnership in support of Egypt and Tunisia.

The officials also called for help for the two nations to convert debts into investments and for the G8 nations to lead efforts to reorient the European Bank for Reconstruction and Development to support democratic transitions in the Middle East and North Africa, just as it has played a role over the past 20 years in Central and Eastern Europe.

Clinton and Geithner noted that non-oil exports within the Middle East and North Africa account for less than 10 percent of the region's total trade, making it the lowest of any region in the world.

"This lack of regional integration has contributed to chronic unemployment and hindered diversification," the secretaries said.

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4. Budget Cuts Raise Questions on Future of U.S. Military (05-25-2011)

By Jeff Baron
Staff Writer

Washington — Defense Secretary Robert Gates says he is retiring with important questions unanswered: How much should the U.S. military be prepared to do, and at what cost?

Gates is stepping down in June after four and a half years as defense secretary; he served under two presidents of different political parties, approving and overseeing policies designed to end U.S. combat involvement in Iraq and Afghanistan.

He also has worked to make the Pentagon more efficient in its use of money, and he gave what he called his "last major policy speech in Washington" May 24 with a view to plans to cut federal spending. President Obama has proposed holding growth in the national security budget to slightly below the rate of inflation for the next 12 years.

Gates said the changes already under way in the Defense Department involve reshaping the priorities of the department and the uniformed services while reforming the way they do business: how weapons are chosen, developed and produced; how troops and their families are cared for; how leaders are promoted and held accountable; and where money is spent.

The changes Gates has begun include weapons procurement. "We canceled or curtailed modernization programs that were egregiously over budget, behind schedule, dependent on unproven technology, supplied a niche requirement that could be met in other ways, or simply did not pass the common-sense test," he said. New investments are "on a far more realistic footing."

Still, Gates said, the U.S. military has been wearing out its equipment and needs to replace much of it, as well as produce some new, key pieces: modernized air tankers, strike fighters and ships, including ballistic missile submarines.

Gates also has gone after the Pentagon's overhead costs, but the results have been mixed. "There are still too many headquarters, offices and agencies employing too many high-ranking personnel and contractors, consuming too many resources relative to real military missions and measurable results," he said.

Even with more savings in those areas, Gates said, "real cuts" will be needed in the military. He said he has launched a comprehensive review "to ensure that future spending decisions are focused on priorities, strategy and risks, and are not simply a math and accounting exercise."

The goal would be a smaller but capable military, but Gates added that "a smaller military, no matter how superb, will be able to go fewer places and be able to do fewer things." That might mean giving up on the assumption that the United States must be able to fight two major conflicts at the same time, he said.

In making cuts, Gates said, "people need to make conscious choices about what the implications are for the security of the country, as well as for the variety of military operations we have around the world, if lower-priority missions are scaled back or eliminated."

Although Americans are war-weary after a decade of conflict, Gates said, "the continued strength and global reach of the American military will remain the greatest deterrent against aggression and the most effective means of preserving peace."

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5. Obama, Prime Minister Cameron on U.S.-U.K. Relationship (05-24-2011)

President Obama and United Kingdom Prime Minister David Cameron co-authored this op-ed published by *The Times of London* on May 24. The full text of the op-ed follows and is currently live on www.thetimes.co.uk .

Not Just Special, But An Essential Relationship

By President Obama and UK Prime Minister David Cameron

It's not only history that binds us. Whether fighting wars or rebuilding the economy, our needs and beliefs are the same

Both of us came of age during the 1980s. Like so many others, we recall a turbulent decade that began with armies confronting each other across a divided Europe and ended with the Berlin Wall coming down, millions freed from the shackles of communism and human dignity extended across the continent.

The Cold War reached this conclusion because of the actions of many brave individuals and many strong nations, but we saw how the bond between our two countries — and our two leaders at the time — proved such a vital catalyst for change. It reminded us that when the United States and Britain stand together, our people and people around the world can become more secure and more prosperous.

And that is the key to our relationship. Yes, it is founded on a deep emotional connection, by sentiment and ties of people and culture. But the reason it thrives, the reason why this is such a natural partnership, is because it advances our common interests and shared values. It is a perfect alignment of what we both need and what we both believe. And the reason it remains strong is because it delivers time and again. Ours is not just a special relationship, it is an essential relationship — for us and for the world.

So as we meet today, facing immense economic, social and strategic challenges, it is natural that once again our two nations join together in common cause. Today the foundations of our partnership are rock solid. Our servicemen and women serve alongside one another, whether fighting in Helmand, protecting innocent people in Libya or combating piracy off the Horn of Africa. Every day our diplomats and security and intelligence agencies work together. We are working urgently to de-escalate tensions and prevent a return to war in Sudan's contested Abyei region. And we are unified in our support for a lasting peace between a secure Israel and a sovereign Palestine.

And we can honestly say that despite being two leaders from two different political traditions, we see eye to eye. We look at the world in a similar way, share the same concerns and see the same strategic possibilities. So we will build on the relationship between the UK and US, working closely together on areas of common interest to make it stronger still.

One area where we need to co-operate is on rebuilding our economies. In the past few years, the global economy has gone through a profound shock. And what's at stake now is whether new jobs and businesses take root in our countries or somewhere else. Now we are two different countries but our destination must be the same: strong and stable growth, reduced deficits and reform of our financial systems — so that they will never again be open to the abuses of the past.

Governments do not create jobs: bold people and innovative businesses do. We know that our nations are self-reliant and infused with the entrepreneurial spirit. We have proud traditions of out-innovating and out-building the rest of the world — and of doing it together. Today the US remains the largest investor in Britain, and Britain the largest investor in the US — each supporting around a million jobs in our countries. We want to encourage more of this exchange of capital, goods and ideas. So this week we will reaffirm our commitment to strong collaboration between our universities and research facilities.

We must also co-operate on ensuring our shared security. The death of Osama bin Laden marks the most significant blow against al-Qaeda since its inception — but it does not mark the end of the terror. Al-Qaeda and its affiliates will continue to pursue attacks against our countries so we must work together to protect our people from their poisonous ideology and the violence that flows from it. This means sharing information so we trace, track and disrupt terrorist plots — and bring those

who plan them to justice. There can be no impunity and no refuge for those who wish to do us harm. And yes, this also means continuing our mission in Afghanistan, training the Afghan national army and police so they can provide security for their country, and our troops can come home.

But we also need to understand why people can become attracted to violent extremism in the first place. When young men and women feel that their rights are not respected, they can become more prone to the narrative of separateness and victimhood that al-Qaeda's ideology feeds off. This is just one reason why recent events in the Arab world and Middle East are so momentous. What we are seeing there is a groundswell of people demanding the basic rights, freedoms and dignities that we take for granted. We all share in their success or failure.

Progress in the region will be uneven and it is not our place to dictate the pace and scope of this change. But we will stand with those who want to bring light into dark, support those who seek freedom in place of repression, aid those laying the building blocks of democracy. We do so because democracy and respect for universal rights is a good for the people of the region, and also because it's a key part of the antidote to the instability and extremism that threatens our security. And we will not stand by as their aspirations get crushed in a hail of bombs, bullets and mortar fire. We are reluctant to use force but when our interests and values come together we know that we have a responsibility to act.

This is why we mobilised the international community to protect the Libyan people from Colonel Gaddafi's regime. We have degraded his war machine and prevented a humanitarian catastrophe. And we will continue to enforce the UN resolutions with our allies until they are completely complied with. Our actions in Libya are not, and will never be, a burden that our countries carry alone. We will work with partners so that they share the load and the costs and continue to support the legitimate and credible Transitional National Council and its efforts to prepare for an inclusive, democratic transition. Together we show the world that the principles of justice and freedom will be upheld by all.

Our efforts against al-Qaeda — and our mission in Libya — are critical to the type of world that we want to build. Bin Laden's ideology is one that has failed to take hold. Gaddafi's reign represents the region's past. We stand for something different. We see the prospect of democracy and universal rights taking hold in the Arab world, and it fills us with confidence and a renewed commitment to an alliance based not just on interests but on values. Yes, we are mindful of the risks and aware of the uncertainties. But we stand together, optimistic and confident that our two nations can achieve peace, prosperity and security in the years ahead.

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6. Briefing by Deputy Secretary Steinberg on Iran Sanctions (05-24-2011)

U.S. Department of State, Office of the Spokesman
Deputy Secretary of State James B. Steinberg Briefs the Press on Iran Sanctions

MS. FULTON: Good morning, ladies and gentlemen, and welcome to the Department of State. Today we have Deputy Secretary of State Steinberg here to speak to us about the – some actions the U.S. is taking under the Iran Sanctions Act. He will make a statement and then have some time for some brief Q&As, but time is a bit limited. So because of that, we've planned for a 12 o'clock telephone background briefing with several experts on the Iran sanctions actions. So if you have detailed technical questions, I encourage you to hold them for that call. We have already sent out the call information. If you don't have it, please just contact the press office.

But otherwise, without further ado, Deputy Secretary Steinberg.

DEPUTY SECRETARY STEINBERG: Good morning everybody. I'm here this morning to announce that Secretary of State Clinton has decided to impose sanctions on seven foreign entities under the Iran Sanctions Act of 1996 as amended by the Comprehensive Iran Sanctions, Accountability, and Divestment Act, sometimes known as CISADA, of 2010, for their activities in support of Iran's energy sector. These companies are Petrochemical Commercial Company International (PCCI), Jersey and Iran; Royal Oyster Group, UAE; Speedy Ship, UAE, Iran; Tanker Pacific, Singapore; Ofer Brothers Group, Israel; Associated Shipbroking, Monaco; and Petroleos de Venezuela, sometimes known as PDVSA, in Venezuela.

All of these companies have engaged in activities related to the supply of refined petroleum products to Iran, including the direct supply of gasoline and related products, as well as the provision of a product tanker to the Islamic Republic of Iran Shipping Lines (IRISL), an entity that has been designated by the United States and the European Union for its role in supporting Iran's proliferation activities.

The intent of sanctions on Iran is to pressure it to comply with its international obligations. In its struggle to secure the resources it needs for its energy sector, Iran repeatedly has resorted to deceptive practices to evade sanctions. This Administration, which is the first to impose sanctions on firms under the Iran Sanctions Act, has been working aggressively to prevent Iran from developing its energy sector. Iran uses revenues from its energy sector to fund its nuclear program, as well as to mask procurement of dual-use items. Today's actions add further pressure on Iran to comply with its international obligations.

Under the Iran Sanctions Act, the Secretary has the authority to calibrate sanctions on a case-by-case basis. Accordingly, different sanctions have been selected for each entity ranging from prohibitions on certain types of government assistance to broader sanctions on property transactions with U.S. persons. In some cases, our intent has been to shut down the activities of target firms; in others our intent is dissuasive. In all cases, we've examined transactions in detail and have made judgments about the likely impact of our actions on the global energy market.

For example, in the case of PDVSA, the sanctions we have imposed will cut off PDVSA's access to U.S. Government contracts, U.S. Export – Import (inaudible) financing and licenses for controlled technologies. These sanctions will not prevent PDVSA's sale of oil to the United States or other markets, and the sanctions do not affect the operations of PDVSA's subsidiaries.

To counter Iran's expanding nuclear program, the Department of State has spent considerable time and effort to discourage companies from doing business with Iran in sanctionable sectors. In fact, in September of last year, you may recall I held a similar briefing to announce that we had secured the withdrawal of four major international oil companies – Royal Dutch Shell, ENI, Statoil, and Total – from projects in Iran. And in October 2010, we secured the withdrawal of a fifth major oil company, INPEX, from its project in Iran. The impact of these withdrawals has cost Iran hundreds of millions of dollars.

In the refined petroleum sector, we've seen many indications that shipments of refined petroleum have dropped significantly since the passage of CISADA. Some reports indicate that imports in some months have dropped over 60 percent.

Iran has lost millions in potential revenue by converting petrochemical plants to produce gasoline to make up for their dramatic shortfall in gasoline imports. In addition, the State Department has also

convinced the jet fuel suppliers in 17 cities in Europe and Asia to which IranAir flies to stop providing fuel. These firms have been joined by scores of other companies working in a variety of sectors that have recognized that the risk of doing business with Iran are just too high in light of Iran's continuing efforts in its nuclear program and its support of terrorism.

When necessary we have imposed, and will continue to impose sanctions against firms that commit sanctionable activity, as we demonstrated with the sanctions against the oil firms Naftiran Intertrade Company and Belarusneft and the seven more companies we add to the list today.

By imposing these sanctions, we're sending a clear message to companies around the world: Those who continue to irresponsibly support Iran's energy sector or help facilitate Iran's efforts to evade U.S. sanctions will face significant consequences.

Additionally, in a separate action, the United States today is imposing sanctions on 16 foreign entities – individuals pursuant to the Iran, North Korea, Syria, and Nonproliferation Act, sometimes known as INKSNA, for their activities in support of WMD or missile programs. These include companies – include three Chinese entities and one Chinese individual, two Belarusian entities, five Iranian entities, and one Iranian individual, one North Korean entity, two Syrian entities, and one Venezuelan entity.

These entities were sanctioned for the transfer to or acquisition from North Korea, Syria, or Iran of goods, services, or technologies controlled under the various export control regimes, or otherwise have the potential to make a material contribution to the developments of WMD or cruise or ballistic missile systems. The majority of these entities or individuals were sanctioned because of proliferation activity involving Iran.

We've also worked diligently with our foreign partners in order to urge them to develop their own sanctions measures. In addition to four UN Security Council resolutions imposing binding obligations on states to implement sanctions against Iran, the EU, Japan, South Korea, Canada, Norway, Switzerland, and Australia have all also imposed robust autonomous sanctions against Iran.

As a result, there's an international consensus to raise the cost of Iran's refusal to meet its international nuclear obligations, and these are not the end of our efforts. We continue to review reports of sanctionable activity, engaging with foreign governments and evaluating and applying U.S. sanctions laws.

Let me take a few of your questions.

QUESTION: Just on the PDVSA point, you said that you had considered the effect on the oil market before making a decision. Can you say how you arrived at that conclusion and a little bit more about what PDVSA was doing specifically to assist Iran's --

DEPUTY SECRETARY STEINBERG: Well, I think that with respect to the impact, obviously, we consulted closely with the economic agencies, including DOE and the other economic agencies. And in terms of the specific methodologies, you may want to ask that when we have some experts from – I think DOE will be participating in the call later. So I can give – they can give you a little bit more detail of the methodology that they used.

In terms of PDVSA's activities, these were sales and purchases of refined petroleum products, which are specifically covered by the act.

QUESTION: Can you discuss the specific case of the Israeli firm? It seems odd that they would be involved in trade with Iran.

DEPUTY SECRETARY STEINBERG: Again, I think we – in terms of the specific activities, we've got a fact sheet – is that out now – in terms of what the specific –

MS. FULTON: We'll be handing it out at the end.

DEPUTY SECRETARY STEINBERG: But again, it was for trade in petroleum products, and this was a company that engages in this kind of trade.

QUESTION: Just one more: Could you discuss the state of play vis-à-vis Iran and the P-5+1 talks? They have sent a letter to the Europeans. Are we any closer to seeing talks? Are the sanctions pushing them toward this point?

DEPUTY SECRETARY STEINBERG: Well, I think it's clear that the letter that they sent back was not responsive to what we feel is – the necessary willingness of them to engage directly on the issues concerned. They talked in very general terms about cooperative matters, and it's very clear to us, though – the President has said that we're prepared to engage on other issues with Iran, that the core is a real commitment for them to address the nuclear program, and we did not see that in the letter that was sent to Cathy Ashton.

So it's very clear that's why we're continuing to pursue these measures, both by ourselves and with others, because I think we need to continue to keep the pressure on Iran. This clearly had an impact on their economy. At what point that will cause them to make different decisions obviously is something we have to watch carefully, but it is a reason for us to make sure that we are very clear both in terms of our application of the sanctions law and our diplomatic engagement with others, that we are going to continue to push this until and unless the Iranians take a different position.

Okay. Well, thank you all very much; appreciate your time.

Fact Sheet: Companies Sanctioned Under Iran Sanctions Act
Fact Sheet: U.S. Imposes Sanctions on Foreign Entities
Fact Sheet: Companies Reducing Energy-Related Business with Iran

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7. OECD Becoming "Global Policy Network" (05-23-2011)

By MacKenzie C. Babb
Staff Writer

Washington — The Organisation for Economic Co-operation and Development is "pivoting to become a global policy network," according to U.S. Permanent Representative to the OECD Karen Kornbluh.

Kornbluh held a news briefing May 23 to discuss the agenda for the OECD 50th anniversary meetings May 25–26. They will be hosted by the United States and chaired by Secretary of State Hillary Rodham Clinton. They will take place in Paris, where the OECD is based, and will include ministers from member countries and emerging partner countries.

"In this interdependent global economy," Kornbluh said, "it's important for the OECD to reach out beyond its 34 member countries to have partnerships with other international organizations, regional organizations, and … new economic powers," such as China, India, Brazil, Indonesia and South Africa. She said these growing economies are key partners and will participate in the meetings, as will Russia, which is working toward accession to the OECD.

In addition to talks about trade, employment and the global economic recovery, Kornbluh said, ministers will discuss issues related to development. She said the OECD is "going to increase its focus on development to bring together its two traditions — one of bringing together aid donors and another tradition … of working on policy transformation to help countries become better at economic policy."

Kornbluh said the group will work to bring developing countries together with developed countries in peer-to-peer discussions covering topics from building better tax and governance systems to cracking down on corruption and enhancing economic growth.

She said ministers are also set to discuss the release of a major paper on environmentally friendly growth and business practices.

Kornbluh added that the United States has initiated an OECD gender initiative, which is set to release an interim report during the meetings. She said the paper "declares that women's economic empowerment is a critical piece of economic growth as we come out of this financial and economic crisis."

She said the ministers will release a vision statement committing the group to "becoming a more effective global policy network" and a document that lays out the process by which the OECD will pay greater attention to development.

Clinton will lead the U.S. delegation in Paris and will be joined by USAID Administrator Rajiv Shah, U.S. Trade Representative Ron Kirk and Austan Goolsbee, chair of President Obama's Council of Economic Advisers.

The OECD expects that more than 60 foreign ministers and 15 heads of state will attend.

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8. Obama at American Israel Public Affairs Committee Policy Forum (05-22-2011)

Remarks by the President at the AIPAC Policy Conference 2011
Walter E. Washington Convention Center, Washington, D.C.

THE PRESIDENT: Good morning. Thank you very much. (Applause.) Good morning. Thank you. Thank you so much. Please, have a seat. Thank you.

What a remarkable, remarkable crowd. Thank you, Rosy, for your very kind introduction. I did not know you played basketball. (Laughter.) I will take your word for it.(Laughter.) Rosy, thank you for your many years of friendship. Back in Chicago, when I was just getting started in national politics, I reached out to a lot of people for advice and counsel, and Rosy was one of the very first. When I made my first visit to Israel, after entering the Senate, Rosy, you were at my side every step of that profound journey through the Holy Land. So I want to thank you for your enduring friendship, your leadership, and for your warm introduction today.

I also want to thank David Victor, Howard Kohr and all the board of directors. And let me say that it is wonderful to look out and see so many great friends, including a very large delegation from Chicago. (Applause.) Alan Solow, Howard Green. Thank you all.

I want to thank the members of Congress who are joining you today -- who do so much to sustain the bonds between the United States and Israel, including Eric Cantor -- (applause) -- Steny Hoyer -- (applause) -- and the tireless leader I was proud to appoint as the new chair of the DNC, Debbie Wasserman Schultz. (Applause.)

We're joined by Israel's representative to the United States, Ambassador Michael Oren. (Applause.) And we're joined by one of my top advisors on Israel and the Middle East for the past four years and who I know is going to be an outstanding ambassador to Israel, Dan Shapiro. (Applause.)Dan has always been a close and trusted advisor and friend, and I know that he will do a terrific job.

And at a time when so many young people around the world are standing up and making their voices heard, I also want to acknowledge all the college students from across the country who are here today. (Applause.) No one has a greater stake in the outcome of events that are unfolding today than your generation, and it's inspiring to see you devote your time and energy to help shape that future.

Now, I'm not here to subject you to a long policy speech. I gave one on Thursday in which I said that the United States sees the historic changes sweeping the Middle East and North Africa as a moment of great challenge, but also a moment of opportunity for greater peace and security for the entire region, including the State of Israel.

On Friday, I was joined at the White House by Prime Minister Netanyahu, and we reaffirmed -- (applause) -- we reaffirmed that fundamental truth that has guided our presidents and prime ministers for more than 60 years -- that even while we may at times disagree, as friends sometimes will, the bonds between the United States and Israel are unbreakable -- (applause) -- and the commitment of the United States to the security of Israel is ironclad. (Applause.)

A strong and secure Israel is in the national security interest of the United States not simply because we share strategic interests, although we do both seek a region where families and children can live free from the threat of violence. It's not simply because we face common dangers, although there can be no denying that terrorism and the spread of nuclear weapons are grave threats to both our nations.

America's commitment to Israel's security flows from a deeper place -- and that's the values we share. As two people who struggled to win our freedom against overwhelming odds, we understand that preserving the security for which our forefathers -- and foremothers -- fought must be the work of every generation. As two vibrant democracies, we recognize that the liberties and freedoms we cherish must be constantly nurtured. And as the nation that recognized the State of Israel moments after its independence, we have a profound commitment to its survival as a strong, secure homeland for the Jewish people. (Applause.)

We also know how difficult that search for security can be, especially for a small nation like Israel living in a very tough neighborhood. I've seen it firsthand. When I touched my hand against the Western Wall and placed my prayer between its ancient stones, I thought of all the centuries that the children of Israel had longed to return to their ancient homeland. When I went to Sderot and saw

the daily struggle to survive in the eyes of an eight-year-old boy who lost his leg to a Hamas rocket, and when I walked among the Hall of Names at Yad Vashem, I was reminded of the existential fear of Israelis when a modern dictator seeks nuclear weapons and threatens to wipe Israel off the face of the map -- face of the Earth.

Because we understand the challenges Israel faces, I and my administration have made the security of Israel a priority. It's why we've increased cooperation between our militaries to unprecedented levels. It's why we're making our most advanced technologies available to our Israeli allies. (Applause.) It's why, despite tough fiscal times, we've increased foreign military financing to record levels. (Applause.) And that includes additional support –- beyond regular military aid -– for the Iron Dome anti-rocket system. (Applause.) A powerful example of American-Israeli cooperation -- a powerful example of American-Israeli cooperation which has already intercepted rockets from Gaza and helped saved Israeli lives. So make no mistake, we will maintain Israel's qualitative military edge. (Applause.)

You also see our commitment to our shared security in our determination to prevent Iran from acquiring nuclear weapons. (Applause.) Here in the United States, we've imposed the toughest sanctions ever on the Iranian regime. (Applause.) At the United Nations, under our leadership, we've secured the most comprehensive international sanctions on the regime, which have been joined by allies and partners around the world. Today, Iran is virtually cut off from large parts of the international financial system, and we're going to keep up the pressure. So let me be absolutely clear –- we remain committed to preventing Iran from acquiring nuclear weapons.

(Applause.)

Its illicit nuclear program is just one challenge that Iran poses. As I said on Thursday, the Iranian government has shown its hypocrisy by claiming to support the rights of protesters while treating its own people with brutality. Moreover, Iran continues to support terrorism across the region, including providing weapons and funds to terrorist organizations. So we will continue to work to prevent these actions, and we will stand up to groups like Hezbollah, who exercise political assassination and seek to impose their will through rockets and car bombs.

You also see our commitment to Israel's security in our steadfast opposition to any attempt to de-legitimize the State of Israel. (Applause.) As I said at the United Nations last ear, "Israel's existence must not be a subject for debate," and "efforts to chip away at Israel's legitimacy will only be met by the unshakeable opposition of the United States." (Applause.)

So when the Durban Review Conference advanced anti-Israel sentiment, we withdrew. In the wake of the Goldstone Report, we stood up strongly for Israel's right to defend itself. (Applause.) When an effort was made to insert the United Nations into matters that should be resolved through direct negotiations between Israelis and Palestinians, we vetoed it. (Applause.)

And so, in both word and deed, we have been unwavering in our support of Israel's security. (Applause.) And it is precisely because of our commitment to Israel's long-term security that we have worked to advance peace between Israelis and Palestinians. (Applause.)

Now, I have said repeatedly that core issues can only be negotiated in direct talks between the parties. (Applause.) And I indicated on Thursday that the recent agreement between Fatah and Hamas poses an enormous obstacle to peace. (Applause.) No country can be expected to negotiate with a terrorist organization sworn to its destruction. (Applause.) And we will continue to demand that Hamas accept the basic responsibilities of peace, including recognizing Israel's right to exist

and rejecting violence and adhering to all existing agreements. (Applause.) And we once again call on Hamas to release Gilad Shalit, who has been kept from his family for five long years. (Applause.)

And yet, no matter how hard it may be to start meaningful negotiations under current circumstances, we must acknowledge that a failure to try is not an option. The status quo is unsustainable. And that is why on Thursday I stated publicly the principles that the United States believes can provide a foundation for negotiations toward an agreement to end the conflict and all claims -- the broad outlines of which have been known for many years, and have been the template for discussions between the United States, Israel, and the Palestinians since at least the Clinton administration.

I know that stating these principles -- on the issues of territory and security -- generated some controversy over the past few days. (Laughter.) I wasn't surprised. I know very well that the easy thing to do, particularly for a President preparing for reelection, is to avoid any controversy. I don't need Rahm to tell me that. Don't need Axelrod to tell me that. But I said to Prime Minister Netanyahu, I believe that the current situation in the Middle East does not allow for procrastination. I also believe that real friends talk openly and honestly with one another. (Applause.) So I want to share with you some of what I said to the Prime Minister.

Here are the facts we all must confront. First, the number of Palestinians living west of the Jordan River is growing rapidly and fundamentally reshaping the demographic realities of both Israel and the Palestinian Territories. This will make it harder and harder -- without a peace deal -- to maintain Israel as both a Jewish state and a democratic state.

Second, technology will make it harder for Israel to defend itself in the absence of a genuine peace.

Third, a new generation of Arabs is reshaping the region. A just and lasting peace can no longer be forged with ne or two Arab leaders. Going forward, millions of Arab citizens have to see that peace is possible for that peace to be sustained.

And just as the context has changed in the Middle East, so too has it been changing in the international community over the last several years. There's a reason why the Palestinians are pursuing their interests at the United Nations. They recognize that there is an impatience with the peace process, or the absence of one, not just in the Arab World -- in Latin America, in Asia, and in Europe. And that impatience is growing, and it's already manifesting itself in capitals around the world.

And those are the facts. I firmly believe, and I repeated on Thursday, that peace cannot be imposed on the parties to the conflict. No vote at the United Nations will ever create an independent Palestinian state. And the United States will stand up against efforts to single Israel out at the United Nations or in any international forum. (Applause.) Israel's legitimacy is not a matter for debate. That is my commitment; that is my pledge to all of you. (Applause.)

Moreover, we know that peace demands a partner –- which is why I said that Israel cannot be expected to negotiate with Palestinians who do not recognize its right to exist. (Applause.) And we will hold the Palestinians accountable for their actions and for their rhetoric. (Applause.)

But the march to isolate Israel internationally -- and the impulse of the Palestinians to abandon negotiations –- will continue to gain momentum in the absence of a credible peace process and alternative. And for us to have leverage with the Palestinians, to have leverage with the Arab States

and with the international community, the basis for negotiations has to hold out the prospect of success. And so, in advance of a five-day trip to Europe in which the Middle East will be a topic of acute interest, I chose to speak about what peace will require.

There was nothing particularly original in my proposal; this basic framework for negotiations has long been the basis for discussions among the parties, including previous U.S. administrations. Since questions have been raised, let me repeat what I actually said on Thursday -- not what I was reported to have said.

I said that the United States believes that negotiations should result in two states, with permanent Palestinian borders with Israel, Jordan, and Egypt, and permanent Israeli borders with Palestine. The borders of Israel and Palestine should be based on the 1967 lines with mutually agreed swaps -- (applause) -- so that secure and recognized borders are established for both states. The Palestinian people must have the right to govern themselves, and reach their potential, in a sovereign and contiguous state.

As for security, every state has the right to self-defense, and Israel must be able to defend itself –- by itself -– against any threat. (Applause.) Provisions must also be robust enough to prevent a resurgence of terrorism, to stop the infiltration of weapons, and to provide effective border security. (Applause.) And a full and phased withdrawal of Israeli military forces should be coordinated with the assumption of Palestinian security responsibility in a sovereign and non-militarized state. (Applause.) And the duration of this transition period must be agreed, and the effectiveness of security arrangements must be demonstrated. (Applause.)

Now, that is what I said. And it was my reference to the 1967 lines -- with mutually agreed swaps -- that received the lion's share of the attention, including just now. And since my position has been misrepresented several times, let me reaffirm what "1967 lines with mutually agreed swaps" means.

By definition, it means that the parties themselves -– Israelis and Palestinians -– will negotiate a border that is different than the one that existed on June 4, 1967. (Applause.) That's what mutually agreed-upon swaps means. It is a well-known formula to all who have worked on this issue for a generation. It allows the parties themselves to account for the changes that have taken place over the last 44 years. (Applause.) It allows the parties themselves to take account of those changes, including the new demographic realities on the ground, and the needs of both sides. The ultimate goal is two states for two people: Israel as a Jewish state and the homeland for the Jewish people -- (applause) -- and the State of Palestine as the homeland for the Palestinian people -- each state in joined self-determination, mutual recognition, and peace. (Applause.)

If there is a controversy, then, it's not based in substance. What I did on Thursday was to say publicly what has long been acknowledged privately. I've done so because we can't afford to wait another decade, or another two decades, or another three decades to achieve peace. (Applause.) The world is moving too fast. The world is moving too fast. The extraordinary challenges facing Israel will only grow. Delay will undermine Israel's security and the peace that the Israeli people deserve.

Now, I know that some of you will disagree with this assessment. I respect that. And as fellow Americans and friends of Israel, I know we can have this discussion.

Ultimately, it is the right and the responsibility of the Israeli government to make the hard choices that are necessary to protect a Jewish and democratic state for which so many generations have sacrificed. (Applause.) And as a friend of Israel, I'm committed to doing our part to see that this

goal is realized. And I will call not just on Israel, but on the Palestinians, on the Arab States, and the international community to join us in this effort, because the burden of making hard choices must not be Israel's alone. (Applause.)

But even as we do all that's necessary to ensure Israel's security, even as we are clear-eyed about the difficult challenges before us, and even as we pledge to stand by Israel through whatever tough days lie ahead, I hope we do not give up on that vision of peace. For if history teaches us anything, if the story of Israel teaches us anything, it is that with courage and resolve, progress is possible. Peace is possible.

The Talmud teaches us that, "So long as a person still has life, they should never abandon faith." And that lesson seems especially fitting today.

For so long as there are those across the Middle East and beyond who are standing up for the legitimate rights and freedoms which have been denied by their governments, the United States will never abandon our support for those rights that are universal.

And so long as there are those who long for a better future, we will never abandon our pursuit of a just and lasting peace that ends this conflict with two states living side by side in peace and security. This is not idealism; it s not naïveté. It is a hard-headed recognition that a genuine peace is the only path that will ultimately provide for a peaceful Palestine as the homeland of the Palestinian people and a Jewish state of Israel as the homeland of the Jewish people. (Applause.) That is my goal, and I look forward to continuing to work with AIPAC to achieve that goal.

Thank you. God bless you. God bless Israel, and God bless the United States of America. (Applause.) Thank you.

Remarks by Obama and Israeli Prime Minister Netanyahu (05-20-2011)