

U.S. DEPARTMENT OF STATE
Office of the Spokesman

For Immediate Release
2007/651

July 30, 2007

ON-THE-RECORD BRIEFING

Under Secretary of State for Political Affairs R. Nicholas Burns
Press Briefing Conference Call on U.S. Aid and Military Support to the ME Region

July 30, 2007
Washington, D.C.

(10:30 a.m. EDT)

MR. CASEY: Okay. Well, good morning, everybody. Thank you for joining us and pleasure to have you all here. I'm sorry we're a little bit late getting going here. I think you have all now seen the statement that we put out in the Secretary's name on assistance agreements with the Gulf states, Israel, and Egypt. I have with us this morning Under Secretary of State for Political Affairs Nick Burns to talk to you a little bit more -- talk in a little more detail about what this means, and particularly about how it plays in with our longstanding commitments to our friends and allies in the region.

Nick, why don't I just turn it over to you, let you make some opening comments, and then we'll go to people's questions.

UNDER SECRETARY BURNS: Tom, thank you very much. Good morning everybody. I'll just have a few brief words to say because I think you've read the statement, then I'll be happy to go right to questions.

As Secretary Rice and Secretary Gates head for the Middle East this week, we wanted to send a strong signal of support for the security concerns of all of our partners in the region, of Israel, of Egypt, of Saudi Arabia, and of the other Gulf states, the members of the Gulf Cooperation Council. And we see this announcement this morning about our future security assistance over the long term to support our broad strategic interest in the Middle East, and that is to maintain a very strong American presence and influence in the region. It is to give specific support to those partners that need it and that's all of them, of course. And it's also a comprehensive step by the United States to address our overall policy objectives in the region.

We are very much engaged diplomatically, of course, on the question of Iraq, but also on the effort to rebuff the attempt by Iran to advance its own strategic interest in the region and to expand its influence in the region. We want to make sure that countries are strong enough from a defensive standpoint to protect their borders, to deal with maritime security as well as other threats to security. We obviously have our eye on the conflict in Lebanon as well. And so it's a time, we thought, for us to reassert the important position of the United States in the region and our relationship with the allies.

There are three components of it that are pretty clear from this statement, but I thought I should just go over them. Number one, we are committing to a new 10-year military assistance program to Israel. We're committing to \$30 billion, which is an increase over the last 10-year program begun in 1998 by the Clinton Administration. Right now, we're averaging -- we are at a level of \$2.4 billion in U.S. military assistance to Israel per year. That will average now \$3 billion per year over the next 10 years. We are phasing out, and have agreed with the Israelis to phase out, economic support funds, so that ends as of this year.

With Egypt, we are -- of course, as you know, have agreed to a new 10-year, \$13 billion military assistance agreement with Egypt. We think that will strengthen Egypt's ability to maintain its regional role and we are working separately with the Egyptians on an economic support fund package of assistance which I hope will be -- we will be able to announce in the next 30 days or so.

In addition to that, the other piece of this is that we are -- we'll be beginning the conversation, a serious conversation with Saudi Arabia and the other members of the Gulf Cooperation Council to address their security needs. Of course, we've had a strategic presence in the Middle East that dates back to the Second World War. We've had our Navy in the Gulf, for instance, since 1949. We've had a defense relationship with most of these Arab states, Saudi Arabia and the other Gulf states for the entire time that they've been independent countries. And of course, since the AWACS sale to Saudi Arabia in the early 1980s, we've had a tradition over the last 25 years of significant arms sales to these countries.

The majority of what we are planning with these countries are defensive systems, not offensive systems; the majority. We have -- we do not have a price tag and are not able to give you a number. I was interested to read in the press \$20 billion; I suppose this is an educated guess on the part of most members of the press. The reality is, we've had informal discussions with these countries about their defensive requirements over the last nine to 12 months, but we're just now, for the month of August and part of September, going to initiate formal conversations with them.

So we really don't know what the final list of sales will look like, and we probably won't know that for another six weeks or so. And Secretary Rice and Secretary Gates will begin that negotiation or process with them, and then we'll have negotiating teams go out to these countries, specifically to each of them, each member of the GCC, to ascertain exactly what it is that they're interested in acquiring from us.

At that point, we'll be able to put together a list that would a ballpark figure on it. But we don't have such a list right now. We have had preliminary briefings of the Congress over the past ten days, but we've told the Congress these were just informal conversations and we will come back to the Congress with a formal notification of our proposed sales to the Arab countries, probably some time, as I said, in September.

Finally, I would say that we'll have to do a lot of quick follow-up. Secretary Rice and Secretary Gates will be in both Israel and some of these Arab countries this week to talk about these specific packages. I have been asked to travel to the region next week to talk to a number of

countries about these issues. And I'll specifically be going to Israel to, I hope, finish this formal agreement that will bring the \$30 billion ten-year program into operation. So those are some preliminary comments, and I'll be to take any questions that you have.

OPERATOR: Thank you, sir. If you'd like to ask a question at this time, please press *1 on your touch-tone phone. You will be prompted to record your first and last name. Please un-mute your phone before recording. If you decide to withdraw your question, press *2. One moment, please, for the first question.

The first question comes from Farah Stockman, *Boston Globe*.

QUESTION: Hi, thanks for having this call for us. This full package, this whole initiative started about a year ago before there were changes in U.S. posture towards Iran, and I was just wondering if there's any concern that the way the package is being sold as this counter to Iran, that that might undermine the current effort to enlist Iran's support in Iraq?

UNDER SECRETARY BURNS: Well, first of all, Farah, let me say that the package of assistance agreements announced today speak really to our broadest strategic interest in the region and that is having strong partners. And so the primary rationale for going ahead with U.S. military assistance to Israel, Egypt and the other Arab countries is to strengthen them, so that they can be strong on all the other issues that are important to them and to us.

Second, I would bring you back to the point I made in my introductory comments, this is not a departure for the United States, this is not a new initiative. We have been -- we've had a security assistance relationship with most of these countries for decades -- for some of them since the very beginning of their existence as independent nation states. And so it's not as if we're somehow introducing a new element in the region. We think both the presence of the United States in the region as a strong country and the strengthening of our partners is the best way to ensure long-term stability and long-term peace.

Third, the Iran element is one factor. It's not the overriding factor in why we're doing this. But it is true that if you travel to Israel, if you travel to Egypt and if you travel to each member of the Gulf Cooperation Council, there is a high degree of concern about Iran's quest to become a nuclear weapons power. But also about the fact that Iran has, as you know, funded and armed most of the Middle East terrorist groups that are bedeviling Israel, the moderate Palestinians, the Lebanese Government and the Iraqi Government, from Hamas to Hezbollah to the Shia militants in Iraq.

And so Iran is a factor in this, but it wasn't the overriding factor and we certainly would have gone forward with these sales regardless. But I think the Iranian factor has been such an acute concern for these countries, as they mentioned to us, that's been true in the Gulf security dialogue that Secretary Rice has had -- she's had four meetings since September -- that issue has come up repeatedly. It's true in our conversations with all these countries. So it's a factor among several that lead us to put forward these packages today.

OPERATOR: Our next question comes from Matthew Lee of Associated Press.

QUESTION: Yeah. Hi, Nick. It's Matt Lee. I'm just wondering -- I know you can't give the details of the package to Saudi and the GCC, but what about a range? Is the range that we've seen reported out there, is that -- does that match with what your preliminary talks have resulted in?

UNDER SECRETARY BURNS: Well, I'm being quite sincere in not getting you a budgetary figure; we simply don't have one. We have a sense -- a very strong sense -- of what kind of assistance each of these countries will need individually because we've had conversations with them.

QUESTION: Yeah.

UNDER SECRETARY BURNS: What we've not had yet and what we will now begin in the next -- and it'll take six weeks to do this -- is formal negotiations with them where they say to us, yes, we would like to acquire A, B and C. And so it really is impossible to put a dollar figure on this. Now I will say this: obviously, I would think that the sales to Saudi Arabia and the other Gulf states would certainly be in the billions of dollars. But how many? I don't know at this point. And you know, we will establish that ballpark figure in a more specific list, when we formally notify the Congress in September.

QUESTION: But you're saying right now you don't even have a ballpark range?

UNDER SECRETARY BURNS: Well, the range is so broad that it would be meaningless, because again --

QUESTION: But it helps us a lot if you --

UNDER SECRETARY BURNS: Well, I know. I mean, you want to put a price tag on it. I understand that. Here's the problem. We have a notional list of sales for each of these countries. It's notional. Those lists could change quite significantly depending on the negotiations over the next six weeks. And therefore to try to -- I mean, to give you a figure would really be irresponsible, because it really wouldn't mean anything. It wouldn't have any basis connected to reality. We will, I think, be able to do that in the first -- when we go to the Congress and we'll certainly announce publicly what we think the ballpark figure is. But right now it's not possible to do it. When we've had our informal conversations with Congress, we've said that.

OPERATOR: The next question is from Elise Labott, CNN.

QUESTION: Hi. Thank you. Can you hear me?

UNDER SECRETARY BURNS: Yes.

QUESTION: Okay. Nick, there's been a lot of talk in recent days about the fact that Saudi Arabia and a number of other Arab countries are not doing all they can in Iraq. And in fact, yesterday, Ambassador Khalilzad did some interviews on TV and said not only are Saudi Arabia

and some other Arab countries like the UAE not doing all they can to help in Iraq, but that some of them are actually doing things to undermine the process. And I'm wondering if this is really the time when Iraq obviously is a huge priority for you, if you should be rewarding these countries that, at the same time, you are criticizing and voicing your concerns to them about their activities in Iraq, specifically in helping the insurgency and the fact that U.S. weapons, you know, indirectly could go to them.

QUESTION: Well, Elise, I would answer your question by saying that Saudi Arabia specifically has been a friend of the United States since the Second World War and one of our most important regional partners. And the security assistance to Saudi Arabia, to Kuwait, to the United Arab Emirates, to Oman, to Bahrain and the other GCC countries is very much in our national interest because these countries are countries that serve our interest of stability and of long-term -- creating the basis for long-term peace in the Middle East. Without them, that would be a very difficult proposition. And so we justify the arms sales based on the importance of these countries to our vital security interests in the Gulf and in the Middle East in general; first point.

Second point; all of these countries have security needs that need to be met because of the increased threat of terrorism, because of the problem of proliferation of WMD in the region and because of the specter of a large -- of a strengthening, more aggressive Iran in the region itself, quite apart from the issue of nuclear weapons in the way that Iran is trying to expand its regional, political, military and economic influence.

Third, we certainly want these countries to be supportive of the Iraqi Government. And when we have disagreements with these countries about that, we are very quick to say so and we will hope very much that all of these Arab countries will be supportive of the Iraqi Government's attempts to strengthen itself and to resolve many of the internal problems of Iraq. So the issue is not un-related. I wouldn't say that, Elise -- you've asked a direct and related question -- but I think you do have to see it in that larger perspective, where we're going forward with assistance for a variety of reasons that speak to our national interest.

OPERATOR: (Inaudible)..., your line is open.

QUESTION: Thank you, good morning. Good morning, actually, most of my questions have been asked. I'll just be a little more specific on the Iraq question. In connection to these arms sales, have any particular assurances been received, or will they be sought during the current trips with regard to support for Iraq? And just a procedural question on your e-mail, I noticed that it said this was on the record, but the audio was not for broadcast. And I wondered if you would just mind clearing the audio for broadcast for those of us for whom the quotes are the sound bytes.

UNDER SECRETARY BURNS: Okay. Well, on that last question, it sounds like a very reasonable request, but I'll defer to my friend, Tom Casey.

MR. CASEY: It's fine with me.

UNDER SECRETARY BURNS: Yeah.

QUESTION: Great, thank you.

UNDER SECRETARY BURNS: Let me just say, in terms of -- I wanted to draw your attention to a statement that Prime Minister Olmert made yesterday, Sunday, in Jerusalem, where he said that we understand the need of the United States to support the Arab moderate states and there is a need for a united front between the U.S. and us regarding Iran.

Significant, that the Israeli Prime Minister would, in essence, go throw his support to this regional -- comprehensive regional approach by us to address the security needs of Israel, but also the Arab states. Certainly, during the trip this week when Secretary Rice and Secretary Gates talked to their -- our partners in the Middle East, Iraq will be issue number one. We want and we expect that there will be political support from the Arab countries to help stabilize Iraq. We hope that there will be economic support to that. And there is obviously a need of greater regional support for the Iraqi Government. So that's very much on our agenda.

But these -- this assistance package: The assistance package is part of our broader strategy, which is in the American national interest to strengthen our partners in the region. So we're going to go forward with it and we will justify it to the Congress on that basis on what's good for the United States. But, of course, we want these countries to be supportive of Iraq as well.

QUESTION: So there's no, sort of, quid pro quo regarding Iraq support. These countries could get tremendous amount of U.S. military equipment but still not be supportive or even be the opposite with regard to Iraq?

UNDER SECRETARY BURNS: There are no formal quid pro quos at all behind this, but it stands to reason that given the fact that Iraq is the number-one American foreign policy interest globally, we would want our friends in the region to be supportive, not only of what the United States is doing in Iraq, but what the -- but of the Iraqi Government itself. And we've made that point, obviously, repeatedly to these countries and we'll -- that will continue to be a major emphasis on our part.

QUESTION: Thank you.

OPERATOR: Pain Verjee, CNN, you may ask your question.

QUESTION: Hi, Nick. It's Zain. I'm also a Pain. (Laughter.) Just one thing; there's a feeling that your strategy could backfire and what it will do, on the one hand, is allow Ahmadi-Nejad to get a lot more support for his own hardline faction in Iran, as well as generate instability in the region and not the security that you want. What are your thoughts on both?

UNDER SECRETARY BURNS: Zain, pleasure to talk to you. I'm sorry if we got your name - - if someone got your name wrong. Well, I guess the way I'd answer that question would be to say that Iran has worried everybody in the region. If you travel around the Middle East, whether it's to Israel or the Palestinian territories or to the Gulf countries, as well as the other countries of

Levant, everyone's concerned by the fact that Iran is arming and funding Hezbollah and Hamas, Palestinian-Islamic Jihad, PFLP General Command.

It was striking when Secretary Rice had her last Quartet meeting in Lisbon. I think it was the same day Ahmadi-Nejad was in Damascus meeting with the frontive country that supports terrorism in the Middle East. It supports everything that the rest of the world is trying to defend against. And so the Iranians are the ones who have caused this concern. Now we would call upon the Iranians to stop their military assistance to terrorist groups and we call upon them to stop their financial assistance.

We've tried to open the door to them. We have this channel in Iraq where Ambassador -- where Ryan Crocker, our Ambassador, has been meeting with the Iranian Ambassador to Iraq. We've certainly offered through Solana, representing the interests of the P-5, our renewed interest in having negotiations on the nuclear issue, but we've been rebuffed by Iran. So it's the Iranians that have started -- that have caused the concern in the first place.

I think in the region, it's going to be understood that one of the reasons for these sales -- one of them, but not all -- not the totality, is to enable these countries to strengthen their defenses and therefore, to provide a deterrence against Iranian expansionism and Iranian aggression in the future. Now that's not the only reason we're doing this, but it is a leading factor and I think it's the Iranians who have to answer questions about their regional policy. The countries of the region want the U.S. to be present, they want the U.S. to have a security assistance relationship with them, and they want the United States to remain a strong influence in the region. And this statement today buttresses that ambition. The countries of the region do not want to see Iran strengthen its own position and continue to fuel and fund these radical groups. That's how I'd answer your question.

QUESTION: But isn't that what part of the concern is that exactly what you're doing is going to allow Ahmadi-Nejad to capitalize on it and boost his own standing?

UNDER SECRETARY BURNS: I see the question, Zain, in the reverse. I -- today's announcement will be seen, I would predict, by the governments in the Gulf, as well as in Egypt and in Israel, as a reaffirmation of the American commitment to their security. They have told us that this type of step by us, a comprehensive way to address security concerns of the region, is absolutely necessary. So on the contrary; I don't think it's going to embolden the Iranians or give them an excuse to continue doing what they're doing. It is the region's wish that we engage in these -- in this military assistance, because the Iranians have caused the concern in the first place.

QUESTION: Thank you.

OPERATOR: David Wood, you may ask a question. I believe your line may be muted.

QUESTION: Good morning, Mr. Burns. It's Dave Wood at *The Baltimore Sun*. Can you hear me?

UNDER SECRETARY BURNS: Yes, I hear you fine, David.

QUESTION: Oh, good. I wonder if you could talk a bit about the relationship of this proposed arms sale to U.S. basing and access agreements and I wonder if, parallel to your technical negotiations with the Gulf states, whether you're going to be renegotiating any status of forces agreements or expanding American lily pad or CLS access agreements?

UNDER SECRETARY BURNS: The -- what we're announcing today is essentially our -- the levels of our assistance to Israel and Egypt and the intention to continue with our decades-long military assistance policies towards the Gulf states. And, of course, we also have basing agreements and status of forces agreements with all of these countries. They're not directly tied to these levels of assistance, but they're part of our overall military cooperation. So I'm not in a position today to say that we're ready to announce any new developments; that's the job of DOD. And I don't want to let you think, from what I've just said, that somehow there is an announcement imminent. I think we'll continue; we want to continue with the type of military cooperation we've had regarding basing, but that's a DOD issue for the future.

OPERATOR: The next question is from Andrea Mitchell, NBC News.

QUESTION: Thanks, Nick. Following up on the Iran question, you've made considerable efforts to try to reach out domestically to so-called, the formers, or moderates, or democracy groups inside Iran. Won't this help Ahmadi-Nejad internally -- not only externally but internally -- to follow up on Zain's question, in getting a counter-reaction in solidifying his domestic support?

UNDER SECRETARY BURNS: I don't think so at all, I mean -- Andrea, I actually think it works the other way. If you look at most of the recent public opinion polls about Iranian attitudes that have been published, the Iranians, obviously, are proud of their country, they're nationalistic, they want their country to succeed, but they are open to a relationship with the United States, most Iranians. They don't want to see their country in conflict with other countries. And I think what this will serve to do is to remind most Iranians that we are seeking a peaceful relationship with Iran. And I know that's true of the Arab states; no one wants to have a conflict-ridden relationship.

But if the Iranians that have caused a major, major turbulence in the region by going forward with this Damascus -- these summits in Damascus with Syria, with Hamas and Hezbollah all represented by the strengthening of their military and political assistance to most of the Middle East terrorist groups, this package answers the concern that the Arabs have. I think within Iran itself, it will have the effect among the reformers in Iran of indicating again how isolated the Iranians are and how few friends they have in the region.

And it will reinforce a concern that is present among the reformers in Iran that their country is upsetting the status quo in the Middle East. So I actually don't think that Ahmadi-Nejad will be able to capitalize very much on it. I'm sure he will try. I'm sure there will be speeches by Ahmadi-Nejad and his colleagues over the next couple of days that will try to take advantage of

this. I don't think it's going to succeed inside Iran. It certainly isn't -- is not going to succeed in the Middle East in general, because that concern about Iran's behavior already exists.

QUESTION: And aside from hopes or expectations or wishful thinking, what evidence do you all have that the Saudis and others will respond to an implicit, at least, quid pro quo and be more helpful regarding Iraq?

UNDER SECRETARY BURNS: Well, first of all, on the question of security assistance with the Saudis and others, we've been talking to them for the last year. So they understand that we're not starting the latent -- the last stage of this, which is the formal process of identifying the specific systems and equipment that's going to be sold to them.

Secondly, we obvious -- since Iraq is issue number-one for us and since we have to succeed there, the Saudis and the others are not under any other impression but that. We hope they will be and we expect that they will be supportive of the Iraqi Government. I don't -- there's no contradiction there and I think they're very well aware of our views because we talk to them constantly about the situation in Iraq.

QUESTION: It just seems that the situation has been getting worse with more Saudi support for Sunni insurgents and you've been talking to them during this period where the situation has deteriorated.

UNDER SECRETARY BURNS: Yeah. I mean, you saw the *Washington Post* op-ed by Ken Pollack and Michael O'Hanlon. We think that there have been -- you know, there are some reasons to believe that we are finding some success on the ground. And we obviously will want to talk to -- continue to talk to the Saudis and others, the other Arab states about the need to be openly and politically supportive of the Iraqi Government.

QUESTION: Thank you Nick.

UNDER SECRETARY BURNS: Thanks Andrea.

OPERATOR: Michael Hirsch, you may ask your question.

QUESTION: Hey Nick, Mike Hirsch with *Newsweek*. I just was wondering -- I mean, do you expect us to forget about or to put aside what has been -- you know, the predominant foreign policy agenda, particularly in the Middle East, of this Administration? And Secretary Rice has spoken time and again about -- you know, the false stability created by U.S. policy in the past and you had -- you know, yet you have talked just now, you know, without any apparent sense of irony about the decades-long relationship we've had with these regimes, Saudi Arabia and Egypt and so on. I heard nothing about any conditions placed on this aid.

In fact, you seem to emphatically deny that there was any quid pro quo of any kind, particularly, you know, conditions in sort of the democratization, which, again, was the agenda that we heard so much about early in the second term. Can you address this apparent contradiction?

UNDER SECRETARY BURNS: Well, Mike, thank you for your question. We don't normally deal in irony presenting our views. We try to present them, in effect, in a forward way. The fact is that given -- the Middle East is the most turbulent part of the world and the one most directly tied to vital American interests. And we never suspended our military assistance to Saudi Arabia or the other states at any time during this period. We have been constant supporters of their national security and we never suggested and Secretary Rice never suggested that we should somehow end the relationship with them that we had enjoyed with them for decades long.

But we are interested in the long-term political evolution of these countries towards greater freedom and greater democracy. And the fact is, I think Secretary Rice -- I remember even in her Cairo speech saying this, is that we couldn't expect to see results overnight. And so we continue with our security assistance relationship as we had always planned and we had never indicated anything otherwise back in 2005 and 2006. And yet at the same time, have a longer-term agenda trying to promote the kind of political and societal change that will lead to greater freedom --

QUESTION: This is a dramatic -- I mean, if I just might interrupt, this is a dramatic uptick in support for regimes without any apparent conditions for a change in those regimes.

UNDER SECRETARY BURNS: I don't -- there is no -- I don't see a contradiction. We were clear two years ago that we were going to continue our security relations with these countries. This is a continuation of military assistance that has been present over decades, but it is warranted by the increased threat to these countries by terrorist groups and by Iran in the region, so we certainly stand by it.

OPERATOR: At this time, there are no further questions in queue. If you do still have a question, please press *1 and record your name when prompted.

MR. CASEY: Well, actually, as long as we have nothing else in the queue here, Nick, thank you very much. I know we've taken a lot of your time this morning to have you present this. I'm very glad we were able to arrange this with you and appreciate everyone else joining us today. Thank you, everyone, for being with us. And Nick, good luck with your travel next week.

UNDER SECRETARY BURNS: Thank you very much. Thanks.

(The briefing was concluded at 10:58 a.m.)

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