



Statement by Assistant Secretary of State for Near Eastern Affairs William J. Burns

Senate Foreign Relations Committee

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Thank you, Mr. Chairman for the opportunity to lay out our priorities in the Middle East and North Africa at this decisive moment.

Iraq

As we meet today, American and coalition forces are closing in on Baghdad. The demise of Saddam Hussein's regime will end a dark chapter in the region's history. Iraq's liberation will bring new hope to the Iraqi people and eliminate a significant WMD threat to the United States and its allies. But as the Iraqi regime falls, we face a new challenge: helping the Iraqi people to rebuild a peaceful and prosperous nation that serves its people's interests. The \$2.44 billion supplemental budget request you have just received for Iraq Relief and Reconstruction is a clear signal of the seriousness of our commitment to achieve these ambitious goals. We will also need to work in close partnership with patriotic Iraqis, and with the assistance of Iraq's neighboring states, other friends and allies, and the wider international community. We will need to work with the United Nations, NGOs and others to provide for the humanitarian needs of the Iraqi people, rebuild infrastructure, and re-establish effective institutions of government and civil society. No one should underestimate the complexity of these challenges or their importance.

Even as we begin the formidable task of helping Iraqis to build a new Iraq, an array of new and old policy challenges faces us in the broader region. We must continue to work with our allies in the region to win the war against terrorism; to bring about an end to violence and realize the President's vision of two states, Israel and Palestine, living side by side in peace, security and dignity; and to support the efforts of peoples and leaderships in the region to promote economic modernization, educational opportunity and political participation.

Fighting Terrorism

We have targeted and expanded our military and economic assistance throughout the region to bring terrorists to justice and to deny them, their financiers, and their supporters refuge, aid and

comfort. We need to build on this by helping our friends and allies in the region improve their legal, regulatory and enforcement capabilities. We are providing additional resources to strengthen key regional military and law enforcement assets. And, in coordination with the Departments of Justice and Treasury, are providing the training these forces need to oversee banks, charities, and the informal *hawala* system to deny terrorists the ability to solicit, hide and transfer assets.

Foreign Military Financing (FMF) directly supports the ongoing war against terror and our operations in Iraq. While we have always supported active programs to engage regional militaries, we have recently paid particular attention to the maintenance -- and in many cases the expansion -- of our bilateral military relationships. For example, we have increased assistance to critical partners such as Jordan, Bahrain and Oman -- and have requested additional anti-terror and security-related funding in the supplemental for these countries. We have also provided more support to key Operation Enduring Freedom coalition states like Yemen. In doing so, we support regional stability and enhance the ability of our friends and allies to operate against terror networks and other threats to peace.

Middle East Peace

Working to end the tragic conflict between Israel and the Palestinians is another critical priority. President Bush has outlined a vision for peace based on the simple but profoundly important idea of two states, Israel and Palestine, living side by side in peace, security, and dignity. That will be very hard to achieve, but the President has expressed his readiness to move forward with the roadmap as soon as an empowered Palestinian Prime Minister is confirmed. Both sides, as well as the Arab states, will have to make difficult choices if we are going to revive hopes for peace.

The United States will have to exercise vigorous leadership and our assistance package is a vital element of our approach. Economic and military assistance to Israel helps provide it the security and economic vitality to take risks for peace. The supplemental request you have just received includes \$1 billion in additional FMF to help Israel improve the readiness of defensive capabilities and systems, both in defense and civilian security areas. The language also authorizes up to \$9 billion in loan guarantees for Israel over a three-year period through the end of FY05. Israel will use these guarantees, which would be provided at no additional budget cost to the United States, to address the costs associated with its current economic difficulties, exacerbated by the current conflict with Iraq, as well as to implement critical budget and economic reforms.

Our ongoing assistance in the West Bank and Gaza funds programs to help alleviate the profound economic situation the Palestinians now face and contributes to the development and reform of credible institutions vital for Palestinian statehood. Our recent supplemental request included an additional \$50 million to support these activities.

We also continue to play a leadership role by funding multilateral peace activities such as the Multinational Force and Observers -- a cornerstone of the Egyptian-Israeli peace treaty. U.S. funding has also maintained important experts-level "track two" dialogue between Arab states, Israel and the Palestinians, even as direct contacts have been intermittent. Our multilateral priorities include environmental protection and water resources, humanitarian assistance to more than three million Palestinian refugees and engaging Israelis and Arabs in a dialogue on their

joint future in the region. Complementing these efforts, the Middle East Regional Cooperation Program provides grants based on unsolicited research project proposals from regional universities, NGOs and government laboratories.

The Middle East Partnership Initiative (MEPI)

As we enter the 21st century, it is a hard truth that countries that adapt to global conditions and open up and seize the economic and political initiative will prosper; those that don't will fall farther and farther behind. Economic, social and political change are a reality in the Middle East, as many people in the region (including the authors of the exceptionally thoughtful Arab Human Development Report) have acknowledged. Conflict, instability and terrorism are in many ways by-products of failures to adapt and modernize. Last year, at President Bush's direction, Secretary Powell took the lead in organizing the *U.S.-Middle East Partnership Initiative* to establish a framework for working with those in the region who are committed to change. The Initiative allows us to focus our efforts around three key regional reform issues: economic reform, educational opportunity, and political participation. We are working closely with AID and others in the U.S. government to shape this initiative. And we are working closely with our partners in the region, recognizing that real and sustainable change must come from within, not as a result of preaching or prescription from the outside.

There is some reason for hope. Many in the region understand the challenges they face better than we ever will and have begun to speak openly about what must be done. We have secured initial funding and, together with our partners in the region, we are developing a set of promising pilot projects. In addition, the Initiative establishes a framework for organizing our bilateral assistance programs. State and USAID are working with host governments and NGOs to ensure that our existing regional aid programs are targeted on the kinds of reforms that are most critical.

The MEPI initiative is an ambitious and broad-based program. The program was funded at the level of \$20 million in the FY02 supplemental to jump-start critical pilot projects in areas such as basic education reform, campaign skills training for women candidates, training for new parliamentarians, micro-enterprise programs, and assistance to open markets and eliminate trade barriers.

In the FY03 supplemental we have requested \$200 million for the Middle East Partnership Initiative and Muslim Outreach to expand our programming in Arab countries and in the broader Muslim world. Funding will be used to expand Middle East Partnership Initiative activities in the Arab world and to launch similar pilot projects outside the Arab world. For FY04, we have requested \$145 million for MEPI. The FY03 supplemental money is vital to move the program forward, particularly as there is no FY03 ESF allocation for the MEPI (as the program was conceived after the FY03 budget was finalized). Both the FY03 supplemental money and the FY04 money will support the expansion of economic, educational and political opportunities across the Arab world.

For FY04, \$50 million would be dedicated to promoting economic reform, supporting those who are working to open up their economies and expand opportunities for all their citizens. \$45 million would be used to expand access and raise the quality of education in the region. \$40 million would promote greater political participation and rule of law. And \$10 million would

address the special needs of Arab women and girls across the region. We intend to use FY03 supplemental monies, if approved by the Congress, to support the same sorts of programs.

Looking Ahead

None of this will be easy and results are likely to be fitful and incremental. We have to approach these challenges with determination, but also with a degree of humility. The Middle East is a diverse and complex set of societies, and there can be no "one size fits all" solution to the region's problems. However, in the end, our interests are best served by aligning our policies with the goals and aspirations of the people of the region: a Middle East that is stable, prosperous and open. Secretary Powell last December called it "adding hope to the U.S. Middle East agenda." It's a sorely needed element right now.

We have no monopoly on wisdom in approaching these challenges. To be successful, we will need the guidance and support of this Committee, the Congress, and many others. As we address a profoundly important set of interconnected policy challenges in the Middle East, I look forward to working closely with all of you.

Thank you.

