



## THE WHITE HOUSE

PRESIDENT GEORGE W. BUSH

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### **Press Briefing on the President's Visit with the Crown Prince of Saudi Arabia by Secretary of State Condoleezza Rice National Security Advisor Stephen Hadley**

Crawford Middle School  
Crawford, Texas

2:51 P.M. CDT

MR. HADLEY: Good afternoon. The President and Crown Prince Abdullah have just finished what has really been a series of meetings over the last two days, between representatives of the United States and representatives of the Kingdom of Saudi Arabia. It began yesterday, with the Vice President having lunch and then meetings with the Crown Prince and his delegation. This morning, Dr. Rice had an opportunity to come in from the airport to the ranch with the Crown Prince and his delegation. That was also an opportunity for some consultations. And then, of course, the President met the Crown Prince and the delegation; a meeting, an opportunity for the Crown Prince and the President to, just with the translator present, go around the property on the ranch and then a rather extensive lunch which permitted some good, candid and informal conversation.

So it was really a series of meetings and a very intensive and extensive consultations between the two sides. The atmosphere was very positive. The range of issues covered was fairly extensive. For example, they talked about Iraq; they talked about the Middle East and the opportunity for moving towards a two-state solution to the Middle East. There was discussion about other issues of importance for the region, developments in the region, developments within Saudi Arabia.

There was also a discussion about the oil situation, and the Saudi side outlined plans that they have developed to increase their investment so as to expand capacity to produce oil. They're talking about a plan that would allow them to go to about 12.5 million barrels a day by the end of the decade, and plans in the next decade to increase that over time to about 15 million barrels a day in order to help stabilize the market and ensure an adequate supply at a reasonable price.

They also had an opportunity to talk about the war on terror. This is an area where the United States and Saudi Arabia have worked very closely together and where the two leaders share a common strategy of dealing with extremism that, obviously, involves fighting the terrorists in the near-term. And the Saudis have made some real good progress in that respect; and also advancing the cause of reform over the longer-term.

It was a very good set of consultations, very good spirit in the room. The relationship between the two men is very positive, very strong personal relationship which they were able to reaffirm. And also I think the consultations between the two delegations strengthened the relations between the two governments down the line. And in order to further that process, the two leaders agreed that a joint committee would be established, to be chaired by the Secretary of State and the Saudi Foreign Minister,

to deal with a range of strategic issues that are of vital importance to the two sides. So we will have a framework for some ongoing consultations, in addition to the normal diplomacy.

So a very good, very productive visit; we feel very good about it. There is a joint statement which was released that you can all take a look at. And the Secretary of State and I would be pleased to answer any questions you have.

Q Steve, what did the President ask the Crown Prince, in terms of boosting oil production? Is he satisfied with the number you gave, 12.5 million? And, also, is the administration disappointed that the Saudis, according to their spokesman, are no longer able to keep their pledge of reducing the price of oil from \$28 to \$22 a barrel; he says it's no longer realistic?

MR. HADLEY: Well, two things. One, the Saudis really came with a plan, which was briefed in some detail to the Vice President yesterday. So they came with a plan of what they intended to do, went through it in some detail. Their oil minister was here. And it is, again, seemed a very good plan because it addresses the underlying issue you have when you talk about price, which is an issue of availability of oil and availability of capacity. And the importance, of course, expanding the capacity and the production capacity is that it makes the oil available and will help stabilize the market at a price level which both the United States and Saudi Arabia agree needs to be one that provides adequate return for investment, but is also something that isn't so high that it damages markets and damages the world economy.

So I think there is a framework in place by which the two countries are trying to deal with the issue of price stability.

Q Do you believe that the plan will lower oil prices anytime in the near term?

MR. HADLEY: It's hard to say. Obviously, though, you know, when you increase the capacity of a significant amount -- which they are talking about -- that can't help but have a positive downward affect on prices and deal with some of the volatility in the market by assuring people that supply will be available as the economies grow.

Q One of the points that the Saudis made an hour or so ago was that even though they can increase production, you know, somewhat now, that the infrastructure for shipping at particular refineries is at capacity, and that's another problem. And Adel al-Jubeir said, specifically, it doesn't matter if we send another 1 or 2 million barrels a day over here, we can't refine it. How do you address that?

MR. HADLEY: They did talk about refinery capacity, and there was a preliminary discussion about that and a good exchange of views on it. The Saudis have some questions about refinery capability on our side and what they can do on their side with respect to refinery capacity. I think there is more discussion that needs to be done on that issue. But it was addressed; more attention needs to be paid to it. What really came was a plan for increasing production through substantial investment, to the tune of about \$50 billion over time. So it's a major initiative that they've undertaken.

Q In the recent past, I think the Saudis have discussed the possibility of their investing in refining capacity in the United States or around the United States. That seems to have slipped as a priority for them. Can you -- did they indicate that that would be deactivated as a priority for them?

MR. HADLEY: In the discussions I was in, that specific issue did not come up. There were additional conversations, of course, yesterday, in which the Oil Minister participated. I think this is one of a range

of issues that we'll have an opportunity to follow up on with the Saudi side, now that they've begun to pull together the kind of plan that they talked about.

Q Can I follow up? Was the outlook on that more positive than it was before the meetings of the last two days?

MR. HADLEY: I would say, sure. I would say the outlook for the two countries having a common approach to dealing with the problem of assuring adequate capacity and stability, the market certainly has been advanced by the Saudis coming forward with a very ambitious plan for investment and expanding capacity. That's a good thing, and I think speaks to some of the concerns that we have had on the U.S. side.

Q If I could ask Secretary Rice a question. As you recall, five years ago when the President was running first for office, he talked a lot about jawboning OPEC members to lower the prices. Why didn't the President do that here today? And what do you say, then, to Americans who say, I'm paying too much at the pump and the President is not doing enough?

SECRETARY RICE: I think the President has recognized in a series of steps that he's taken over the last few years that we have not a short-term problem, but a long-term problem that needs to be addressed. That's why the President has a comprehensive energy bill that has been in the Congress to look at alternative fuel sources, to look at technology, to look at what we can do about development and production here in the United States. It's why he wanted to have a discussion with the Saudis that would have a sustainable long-term plan for dealing with what is clearly an increasing demand for oil in a world economy that is growing.

Obviously, with the states like China, India and others coming on line, there is a concern about demand and supply. And those issues have to be addressed not by jawboning, but by having a strategic plan for dealing with the problem. That's why the President has an energy plan in the United States; that's why there was so much weight put on having a common strategic framework with the Saudis about how to increase capacity over the long-run, not just in the short-run.

Q Mr. Al-Jubeir, outside, told us that Saudi Arabia has the current spare production capacity of between 1.3 and 1.4 million barrels per day that they can quickly bring on line. Did the President specifically ask them to tap into any of that production capacity and boost output?

MR. HADLEY: I don't know what specifically Adel Jubeir was talking about. And the discussions with the President, as I say, focused on the long-term plans that the Saudis have. Obviously, if they have that kind of capacity, they can bring it on to the market; the issue is, of course, the issue of price and whether they're willing to sell it at the price that the market is willing to pay. But, obviously, it is useful. The problem in the oil markets now is a perception that there is inadequate capacity and that's the point -- the more we can increase that capacity in the short-run, in the longer-term the more reassurance you can give to the market that there will be available supply and that will have a downward pressure on the price.

Q To quickly follow up, didn't the President say he would like the Saudis to increase the production above levels where they're currently at this year?

MR. HADLEY: He's talked about that. If you look to his public comments last week, he said exactly something very much like that. And what he got from the Saudis was a response and it was the response I described.

Q Can you talk about where the Saudi plan for the Middle East fits in the President's vision, if it fits in the President's vision? And, also, did the President raise the issue of three Saudis who have been in prison for more than a year now for advocating a constitutional monarchy?

MR. HADLEY: On the Middle East, they talked about the opportunity that is presented by the steps that Abu Mazen is taking, in terms of to reform the security, the focus that all of us now are trying to bring to the disengagement from Gaza and the settlements in the northern West Bank, and the opportunity that presents to move the process forward. That's really the focus.

The Crown Prince's plan, which was adopted, of course, by the Arab League, is a broader framework for dealing over time with an opportunity to get peace between Israelis and Palestinians, and Israelis between Arabs. One of the things they focused on was the ability of a successful disengagement to hasten the day when we can proceed to those broader issues. So the focus has been very much what we can all do -- the United States, Saudis and others -- to assist the Palestinians to be able to develop the institutions of a democratic state that is prepared to take responsibility for the territory that they are going to get -- have an ability to take control of when the Israelis move out.

On the other question, there was a general discussion about the issue of reform in these various conversations over the last two days. I'm not going to get into the specifics of it, but a range of issues were raised and the framework for some of these particular cases was discussed.

Q I'm wondering just in the short- or near-term, when can the public expect to see something tangible as a result of the meeting today?

MR. HADLEY: Something tangible, in terms of --

Q Let's say, at the gas pump.

MR. HADLEY: Well, you know, we'll see. As you know, the markets are a complicated business. But, clearly, the news that came out of the meeting today ought to be good news for the markets and we would hope that and other factors would result in some positive news, in terms of the price fronts. But as you know, these markets are complicated business.

Q We heard that Mrs. Secretary left the meeting to call Mr. Barzani in Iraq. We need to know if that's true? And what did you agree regarding Iraq?

SECRETARY RICE: No, I did not leave the meeting to make a phone call. We've been very clear that the process that is going on in Iraq now, the process of trying to form a government out of the very successful elections is an Iraqi process and it has to be an Iraqi process. I think everybody believes that the Iraqi people now deserve a government, given that they took risks to vote. We've had opportunities to represent those views to a number of Iraqi leaders -- I have, the Vice President has, others have, as well -- Steve has. And we're going to continue to say that it is important to keep momentum in the political process. And that's really what this is about -- it's keeping momentum in the political process as an answer to those who would tell the Iraqi people that their future is in violence, not in the political process. But, no, I did not leave the meeting today.

Q Did you call anyone in Iraq today?

SECRETARY RICE: I did not today, no.

Q Do you believe that Saudi Arabia could play any role to widen Sunni participation in Iraq, as this President hopes?

SECRETARY RICE: Oh, yes. Well, we have had broad discussions with all of the states in the region about the importance of Sunni participation. And this is something that everybody agrees, that the Sunni population must be included, that the Sunni population needs to participate. It's a two-way street. I think that the Iraqis are -- the Iraqi leaders are making an effort to reach out to the Sunnis to try to include them in governmental participation, and that Sunnis are reaching back. And I do know that the Saudis have encouraged that, the Jordanians have encouraged that, everyone has encouraged it.

Q Secretary Rice, about the joint committee, could you tell us more about how often will you meet, is it going to be headed by yourself and the Foreign Minister of Saudi Arabia, and your visions for that committee and what --

SECRETARY RICE: The pattern that the Saudi Foreign Minister and I talked about was to have a working level that would prepare an agenda for us, and then a meeting, followed by working-level meetings to follow up on the agenda. And we've not established frequency of those meetings, but we did agree that we would hold them in Washington, but also in Riyadh. And we look forward to establishing that pattern fairly soon.

Q Secretary Rice, John Bolton ran into a lot of his controversy when he served at the State Department. Are you satisfied with his credentials for the job at the U.N.?

SECRETARY RICE: I believe, along with the President, that John Bolton is the right person for this job. We need a strong voice at the United Nations who can participate in, and, indeed, lead in an extremely important reform debate that is going on now in the United Nations. The future of the United Nations is being shaped now for the next generation to come by the reform debate that is beginning there: what should be the management reforms that are undertaken; how should we think about the challenges of terrorism and proliferation and weapons of mass destruction; how should we think about the peacekeeping enterprise; how do we send a strong message about democracy and human rights to the world, what in that context is the future of Security Council reform.

These are fundamental issues that are being discussed about the United Nations. And the United States, which is a founding member of the United Nations, an extremely important country in that debate, has got to have somebody there to be engaged in that reform. We understand the deliberative processes of the Senate, and we've tried to be as responsive as possible to all of the questions that have been asked.

But I would really hope, now, that people will move forward on John Bolton's nomination. He is someone who has served with distinction over almost two decades as a public servant. He is someone in whom I have confidence, in whom the President has confidence. And we really do need to get this done, so that we can get about the really important work of being a part of what is a very important chapter being written in the United Nations' history.

Q You spoke broadly about the importance of supporting Palestinian reform, but were there specifics you're asking of the Saudis, in terms of what they can do for the Palestinians and President Abbas? And, conversely, where there things that the Saudis were asking President Bush to do, in terms of putting pressure on the Israelis?

SECRETARY RICE: Well, I think that everybody now has a pretty clear view of the road ahead over the next several months. And that really is to try and make the Gaza disengagement a success, both in

terms of the absence of violence, and in terms of the ability of the Palestinians to take over in the Gaza once the Israelis have withdrawn. And so we have a common agenda moving forward, and I think everyone knows where we are. I did discuss with the Crown Prince the need for everyone to support, including financially, the Palestinians as they move forward.

There's a framework for that, because we had the very good conference in London that Prime Minister Blair hosted; we have work that Jim Wolfensohn is going to be carrying on -- he is, of course, president of the World Bank. The World Bank has been very, very active in setting out the needs of the Palestinians, and doing in-depth studies. And I think as the international community comes forward with a plan of support for the Palestinians, I would expect the regional states, including Saudi Arabia, to be supportive of that plan.

So we're in a stage now in which we and the Palestinians are working together, where the international community is working with the Palestinians, where there is a plan being developed, and I found a lot of support, including with the Saudis all the way up to the highest levels, for doing whatever we can to try and support the Palestinians at this very important time.

Q Did the Saudis make a request of President Bush in terms of settlements?

SECRETARY RICE: Everyone understands where we are in the process. And the request -- and the President said it straightforwardly: I'm committed to this; I believe we can make progress. He talked about his own personal intensity about this issue, and wanting to make progress on the issue. Our goal now has to be to keep our eye on what is directly in front of us, and what is directly in front of us is to have a successful Gaza withdrawal in order to build confidence, so that we can -- confidence between the two sides, so that we can expect after that, I think, even accelerated progress on the roadmap.

Q Can you tell us what the President told the Crown Prince about speeding up the pace of democratic reforms in Saudi Arabia and addressing some of the issues related to anti-American, anti-Western rhetoric coming out of religious institutions? And, secondly, I wonder if you could just clear up one point on the oil subject, which is, did the President specifically make any request for an increase in short-term oil production, as opposed to long-term productive capacity?

MR. HADLEY: I think the President made that request last week in his public statements very clearly. And that wasn't the first time. This is not a new issue. There is a question about adequacy of capacity and what the Saudi Arabians can do to expand capacity, since they have, in some sense, the biggest potential to do that. So he's made those requests in his public comments, and what we got over the meetings of the last two days is the beginnings of an answer to those requests and a framework, in many ways, for continuing that discussion.

I'm not going to get into the specifics of the conversations the two leaders had, but I think it's -- the point I would make to you is, they have a common approach to dealing with extremism, which is to fight terror in the short-run, and the need for reform generally in the region over the long-term. And the Saudis, as you know, have begun developing their own plans for reform. And the Crown Prince has talked about them. We have seen municipal elections in Saudi Arabia really now for the first time. And as the statement -- the joint statement that was released in connection with these meetings talked about some of those efforts and our hope that they lead to wider participation in the process within Saudi Arabia. But, again, this is going to be a Saudi-led process, and something that is going to reflect the approach and history and culture of that country.

MR. JONES: Final question.

Q Can you say to what degree was -- how much was oil actually talked about in the conversations among the two? One Saudi aide said that it didn't actually dominate the conversation, that these were two men, no stranger to the oil issues, and that perhaps it was not even talked about before the actual tour on the ranch. Is that -- can you speak to that? And what would you say to critics who say this is merely a political picture for a President whose ratings -- approval ratings are at their lowest in his term?

SECRETARY RICE: Well, first of all, this is a broad relationship with Saudi Arabia, and of course the President and Crown Prince Abdullah had a number of issues to discuss. I think it would be not surprising that they spent a good deal of time on the Palestinian-Israeli issue, for instance, where we have a chance to make real progress. The President -- they spent a lot of time on the terrorism issue. They also are concerned about the long-term future of the Middle East, and the importance of reform in that. They had a wide-ranging discussion.

But of course they talked about oil, and they talked about it in the way that I think it is most useful for leaders to do this, which is, how do we get to what is the root cause of this problem, not just a sort of temporary ping at the problem. And so the Saudis had come very well prepared, as Steve has said. They'd had discussions already with the Vice President, they brought their oil minister, they brought a plan for going forward; the President had given a speech about energy and the importance of these issues.

And so I think you're going to find that this is a discussion that the President has with leaders in a way that actually tries to get at what the cause of the problem is. And it's quite clear that people have been concerned about issues of capacity in Saudi Arabia, issues of investment in Saudi Arabia, about issues concerning supply and demand, as it is growing in the international economy. And the Saudis and the United States had a very productive dialogue in which several principles were made very clear.

And I think the most important one is that while, obviously, wishing to get a fair price so that investment can continue, the Saudis also understand that the international economy needs to keep growing, and that in order for that to happen, there has to be reliable supply, and there has to be reliable supply over the long-term. And what they came to talk about was how they might increase their capacity through investment so that we have not just short-term answers, but longer-term answers, as well.

Q Dr. Rice, do you think the Saudis were sincere a year ago when Prince Bandar told you he would work to lower the price of oil to the range of \$22 to \$28 a barrel?

SECRETARY RICE: Mark, I think we've already addressed this question. The fact is that we have in the international economy growth, we have new consumers -- large-scale consumers coming on. What the President is trying to do is to make sure that we have a long-term sustainable answer to this. And, again, it's not just yesterday that the President put forward an energy plan that presaged the need to get going on the creation of opportunities for new technologies that would reduce our reliance on hydrocarbons, that put forward ideas about increasing the production of alternative fuels, that talked about the need for production capacity in the United States, that talked about the need for using our own resources here in the United States.

The President has been on this case for quite a long time. What he got from the Saudis today was an important step forward that said, they also understand that there is a structural problem here that needs to be dealt with. And so he very much welcomed the careful planning that they had done, their desire to increase their capacity in a sustainable way, and their willingness to make investment to do that.

THE PRESS: Thank you.

END 3:19 P.M. CDT