

**Statement by Principal Deputy Assistant Secretary of State
for Near Eastern Affairs
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Senate Foreign Relations Committee

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Thank you, Mr. Chairman. I'm glad to have this timely opportunity to speak with members of the Committee, as I was just in the region ten days ago. We are – once again – at a potential watershed moment in the Middle East peace process. We are seeing more activity and movement than we have seen for almost a year, as Israel refines its plan to withdraw from Gaza; and the Palestinians, along with the international community and regional partners such as Egypt, strive to ensure that this withdrawal leaves Gaza in a position to progress in an orderly fashion towards economic vitality, and security and political reform.

Resolving the Israeli-Palestinian conflict remains one of this Administration's highest foreign policy priorities. Prime Minister Sharon's plan to disengage from Gaza offers a real opportunity to restart the roadmap and move the parties towards realization of President Bush's vision of two states, Israeli and Palestinian, living side by side in peace and security. For the first time ever, Israel is proposing to evacuate settlements from the West Bank and Gaza. It is an historic decision for Israel, and one President Bush fully supports. But it needs to be done in such a way that it is consistent with a process that leads to peace and security for Israel, and to a viable, contiguous, democratic state for the Palestinians.

According to the disengagement plan, all settlements and certain military installations would be removed from Gaza, and four settlements would be removed from the northern West Bank. The Israeli Cabinet has approved this plan in principle. I don't want to underestimate the domestic difficulties still facing Prime Minister Sharon: he is currently engaged in discussions to secure the political base necessary to proceed with disengagement.

As plans for Gaza disengagement move forward, the issue before the U.S., the Quartet, and the broader international community is how to prepare

the Palestinians to take -the necessary steps to ensure a smooth and orderly transition in Gaza. We are engaged in intensive planning and discussion of practical matters of security, Palestinian political reform, and economic and humanitarian assistance.

Security, of course, is the -number one issue that needs to be addressed. The Quartet envoys met with Palestinian Prime Minister Qurei two weeks ago, and stressed to him the need to take concrete action, particularly on security, in order to seize the opportunity presented by an Israeli withdrawal from Gaza. In all honesty, I must tell you that there has been very little preparation or movement on the part of the Palestinian Authority to take these steps. But we will continue to push them, because as Israeli withdrawal from Gaza draws closer, it becomes increasingly vital that the PA be prepared to take over and maintain law and order and stability in Gaza.

Egypt is working closely with both the Israelis and Palestinians in planning and preparing for Gaza withdrawal, particularly the difficult security aspects. Both sides have welcomed Egypt's helpful role, and the United States and the Quartet have expressed full support as well. The Egyptians have been very clear with the Palestinians on their expectations for security reform, and have pushed them to take those steps quickly. Egypt has also committed to provide training and assistance, including on the ground in Gaza, to the restructured Palestinian security services. In addition to this, Egypt has worked closely with Israel on the critical questions of Gaza border security. We are pleased at the level of cooperation the two sides have shown, at both the political and operational levels, and the trend is definitely going in the right direction. While recent cooperation between the two sides has been good, there is much more that needs to be done.

The Quartet envoys also met this month with international representatives of the Local Aid Coordination Committee and the Task Force on Palestinian Reform to discuss their continuing efforts to provide assistance and promote Palestinian reform; and preparations are underway for a meeting in September of the Ad Hoc Liaison Committee of major donors to assess Palestinian Authority progress on reforms. Again, Palestinian progress in this area has been extremely slow, although there have been some notable successes in the areas of fiscal accountability and transparency, and in the implementation of a direct-deposit payment system

for *all* PA security service salaries. The PA has announced its intention to begin municipal elections sometime before the end of the year, and the U.S., along with the Quartet, is ready to assist the PA in the preparations necessary to hold free and fair elections. We would like to see the established independent election commission play a role in organizing and regulating this election process.

Given the continued desperate state of the Palestinian economy in Gaza and the West Bank, international aid efforts are crucial. The humanitarian plight of the Palestinian people is very real and has, in some cases, been exacerbated by the building of the Israeli separation barrier. Israel has the unquestioned right to defend itself; however we do have concerns when the construction of the barrier appears to prejudge final borders, leads to confiscating Palestinian property, or imposes further hardship on Palestinians. Israel itself is starting to address this issue: the Israeli High Court of Justice ruled last month that portions of the barrier's route around Jerusalem must be altered to ameliorate the hardship it imposes on Palestinians. This ruling is binding on the Israeli government, unlike the recent International Court of Justice opinion that found Israel's separation barrier to be illegal. We have said from the beginning that this referral to the ICJ was inappropriate and was likely only to impede efforts towards a negotiated peace between Israelis and Palestinians. Our position on that has certainly not changed, and we are now eager to refocus attention where it should be – on Gaza withdrawal and practical steps to reform the institutions of the Palestinian Authority. These are the types of efforts that will re-energize the peace process and get the roadmap back on track.

It is true that the roadmap has been stalled, with neither party having fulfilled its commitments under Phase I. Most crucially, the Palestinian Authority has not put a stop to violence and terror. Without an end to brutal acts such as suicide bombings, there can be no progress towards peace. Israel also has obligations under the roadmap, and has promised to fulfill the commitments Prime Minister Sharon made to President Bush at Aqaba last year to dismantle unauthorized outposts and establish parameters for a freeze on new settlement construction. The Deputy National Security Advisor met with PM Sharon last week in Israel, and Sharon reiterated his determination to dismantle unauthorized outposts and take steps to ease the humanitarian situation of the Palestinian population.

Gaza disengagement, rather than the roadmap per se, has been the focus of attention since the beginning of the year. Disengagement indeed offers a real opportunity to make progress in the seemingly endless quest for peace in the Middle East. However, it is also an opportunity to move back to a political process. Israeli disengagement from Gaza, done properly and with appropriate support from the international community, has the potential to move both parties to the conflict closer to realization of the ultimate goal to which the roadmap is a path: two states, living side by side in peace and security.

Thank you. I'll be happy to take your questions.