

have hope and encouragement. And I appreciate your leadership, Your Highness.

And I want to thank you, sir, for having me. I'm looking forward to talking to the young leaders from around the region. I am going to answer your questions. And I also want you to understand something about America: that we respect you, we respect your religion, and we want to work together for the sake of freedom and peace.

And I thank—I'm particularly pleased to know that you have set up interchanges with some of the young in my country.

You'll find them to be compassionate, decent people who share the same goals and dreams. And so I want to thank you for coming.

Your Highness, I'm so honored by your hospitality.

Ruler of Dubai Sheikh Muhammad bin Rashid Al Maktum. Thank you, sir. It is our pleasure to have you.

President Bush. Thank you, sir.

NOTE: The President spoke at 1:22 p.m. at the Burj Al Arab Hotel.

Interview With Journalists in Riyadh, Saudi Arabia January 15, 2008

White House Press Secretary Dana Perino. We'll start on the record, just some general comments and answer a couple of questions. And then if you feel like you want to go off the record, then we'll ask them to turn their tape recorders off.

The President. Okay, I'd like to go off the record. [*Laughter*]

Q. Give us a couple. [*Laughter*]

The President. We'll start with the older people first. [*Laughter*]

Secretary of State Condoleezza Rice/Iraq

Q. Well, one of the things that we were all interested in is Secretary Rice going to Iraq. When did you decide about that, and what's that all about?

The President. Decided when it looked like that there was serious momentum on the legislative front, that she could help push the momentum by her very presence. So I can't remember the exact moment; I would say it was maybe 10 days ago or something like that, when we were getting word that their budget moving, the de-Ba'ath law was on its—it had gone through two readings, I think, before the holidays. So it seemed to make sense that she go sit down with the—and the Presidency

Council happened to meet yesterday, which was good. So she's going to go and sit down with the leaders and encourage them to continue making progress.

Q. But not you, you decided it wasn't right for you to go.

The President. Yes. Yes, I decided it was best for Condi to go. I'm not going.

By the way, I talk to the Prime Minister quite frequently on secure SVTS, which is a real-time feed from our Embassy in Baghdad to the Situation Room in the White House. And we meet biweekly. I meet with Ryan Crocker and David—General Petraeus weekly, and it's like a meeting.

Q. So she's just in and out? This is real quick?

The President. Yes, she'll be back this evening; probably hold a press conference here this evening. The Saudis want to have a press conference with the Foreign Minister and Condi. Yes, it's just a quick trip.

White House Press Secretary Perino. Timing and location are still being worked out.

The President. Time and location because, you know, you don't want to set

the time and have her not be back for it. But her intention is to get back here for dinner at the King's ranch.

Q. What time—

The President. She left this morning at 6:40 a.m.—or left the facility here at 6:40 a.m. And I presume it's, like, on the news, right?

Q. Yes.

The President. I haven't seen the news.

Q. It's been reported.

Q. So is it basically to promote—

The President. It's to, first of all, be there. And secondly, is to—there's a momentum; there's a political process that has been working that is—with some of those laws coming to fruition. Her job is to be there, sitting down with them, explaining how much we appreciate what they've done, how they need to do more and keep moving the process.

Progress in Iraq

Q. You know, we've been talking about these benchmarks for so long. Do you really feel like maybe now it's starting to turn a corner a bit, or is that too early to say?

The President. First of all, I think—we've been talking about the benchmarks for how long? When you say "so long"—

Q. Almost a year now, isn't it?

The President. Yes, I think that's right; it has been almost a year. A political system evolves and grows. It grows when people have confidence. It grows when the grassroots begins to agitate for change. It grows when there's alternatives. There's competition emerging. Those are all the forces necessary to bring people together to get things done. And the leadership is more confident. The grassroots is more involved. There's been more reconciliation taking place at the local level. And the Government is beginning to respond.

This is—we assume that democracy is a natural phenomenon for people out there. These are people that lived under tyranny. They lived in a society that was divided by a dictator. And they're beginning to

form the habits of self-government, manifested in laws being passed. I'm not going to predict, Steven Lee [Steven Lee Myers, *New York Times*], about moving this forward. I can only assure you that we will continue to work the process as hard as we can.

I reminded everybody last year, you know, people did focus on the benchmarks, and so do I. But I also reminded everybody last year that one way to determine whether or not a government is functioning is to look at their budgeting process and how they distribute revenues from central Government out to the Provinces, which is a key component of a federalized-type system. And the definition of federalism, by the way, has yet to be clearly defined in Iraq, and that's part of the issues they're working through. But it's a proper role between the state government—central Government and the Provinces, and that's another piece of legislation that is part of the benchmark process.

But nevertheless, even though they haven't passed that, there is revenue sharing. In other words, there is a process. There's a way to allocate revenues. Do they have an oil law yet? No. Are they sharing oil revenues that would be inherent under an oil law? Yes, they are.

Organization of the Petroleum Exporting Countries (OPEC)

Q. Sir.

The President. Yes, Holly [Holly Rosenkrantz, Bloomberg News].

Q. Thank you.

The President. I knew you were anxious to ask because you're waving your hand. Look, this is not like the White House press conferences.

Q. I never know when you're going to be shuffled out before I get a chance. [Laughter] It's been a long day. [Laughter]

The President. Atta girl. Stand your ground, whatever you do. [Laughter]

Q. I just wanted to ask you if you could just clarify a little bit your statement this

morning to OPEC. What specific action would you like them to take at their first meeting coming up February?

The President. I would like for them to realize that high energy prices affect the economies of consuming nations, and that if these economies weaken, those economies will eventually be buying fewer barrels of oil. And having said that, there is not a lot of excess capacity in the marketplace. What's happened is, is that demand for energy has outstripped new supply. And that's why there's high price. And I fully understand how it affects the U.S. consumer. And my point to His Majesty is going to be, when consumers have less purchasing power because of high prices of gasoline—in other words, when it affects their families—it could cause this economy to slow down. If the economy slows down, there will be less barrels of oil purchased.

Now in our case, just so the American people know, most of our oil comes from Canada and Mexico. But oil is a market; it's globalized; it's fungible. That's what I meant.

Q. —brought it up with King Abdallah already?

The President. Excuse me?

Q. Did you bring it up already?

The President. No, I have not. I brought it up with members of his administration and will do so with him tonight on the farm.

President's Visit to Saudi Arabia/Iran

Q. Can you talk a little bit about your discussions with him so far and whether you've had a meeting of minds on any issues, whether it's Iran, Iraq—

The President. I appreciate that. He is most interested in two subjects, right off the bat: first, the Israeli-Palestinian peace process. I think what he really wanted to determine was how—when I said, “optimistic about a state being defined,” why? So he's interested in the meetings, interested in the behind-the-scenes observations that I was able to share with him.

He is—part of my mission was to make it clear that one reason why the talks failed in the past is that there wasn't participation by the neighbors. And I thanked him, in front of the people assembled there, for sending his Foreign Minister to Annapolis, because the presence of Saudi at Annapolis inspired the Palestinians as well as sent a message to the Israelis—Israeli population, for example.

We did spend time on Iran. The interesting issue on Iran is the effect of the NIE. And I went over the NIE with him.

[*At this point, the interview continued, and no transcript was provided. The remarks later continued as follows.*]

The President. I assured him that our intelligence services came to an independent judgment. I reminded him of what I said at my press conference when we got involved with that story. They were a threat, they are a threat, and they will be a threat if we don't work together to stop their enrichment. So we spent a fair amount of time on Iran. I have spent a fair amount of time on Iran in every stop.

It is not the only subject. There's probably more interest in my discussions on the Middle Eastern peace. Many of the leaders in the region, many of the people I have spoken to, equate troubled times with no peace between the Palestinian and Israelis. It's the subject matter that, if you follow this subject, you know that this is on a lot of people's minds.

And so they were—they wanted to make sure that the efforts by the United States were real and how we conducted our policy wise. It's interesting; they weren't all that interested in, okay, give me the negotiating points, or where are you, or what are the talking points on both sides, or where are we in the negotiations. They're interested in commitment and vision.

I would like to share a universal concern I've heard on this trip, and that is, the United States will not welcome foreign capital or does not welcome foreign capital.

I heard it from entrepreneurs; I've heard it from government leaders. They are concerned about reinvestment of dollars back into the United States. There's a genuine concern about protectionism. And there's—our visa policy concerns the leaders because they know full well that the best way—these are pro-American leaders, and they know the best way to defeat some perceptions that may exist on the street is for their people to go see America firsthand, like colleges and business travel. And our visa policy is getting better in some fronts, but we've still got some work to do.

So I came away with the distinct impression about a concern by government and citizen alike that the United States says, "not welcome." And that troubles me because that's not the way our country is.

National Intelligence Estimate

Q. Just a couple quick follow-ups on Iran. On the NIE, did you—were you, in effect, distancing yourself from the conclusions of the NIE, and these guys—

The President. No, I was making it clear it was an independent judgment, because what they basically came to the conclusion of, is that he's trying—you know, this is a way to make sure that all options aren't on the table. So I defended our intelligence services, but made it clear that they're an independent agency, that they come to conclusions separate from what I may or may not want.

Iran

Q. And on the issue of Iran, did the question of a possible military strike either by the United States or Israel come up?

The President. I just made it clear that all options are on the table. But I'd like to solve this diplomatically—and think we can—and talked about making sure consistent messages emanated from all parts of the world to the Iranians.

Strait of Hormuz Naval Incident

Q. Related to that, this confrontation in the Straits with the Iranian gunboats, are the rules of engagement going to change on that? You've warned of serious consequences if they do it again.

The President. I did. I said, "If they destroy our ships," yes. If they destroy our ships, there will be serious consequences.

Q. Yes, but I'm saying, if they—

The President. I didn't say, "If they do it again." If they do it again, I don't know. What do you mean, "If they do it again"?

Q. Well, if they approach the ships and would there—

The President. Well, there is clear rules of engagement. Our captains—I was briefed by the admiral in Bahrain about the rules of engagement. But please don't confuse hitting our ships with explosives or attacking our ships and serious—

Q. Okay, I won't. But I just was wondering whether the next time something like that is attempted by one of these Iranian boats, they might be fired on.

The President. I don't know. It's going to be up to the captain to determine whether or not his vessel is in jeopardy. My only point is, they shouldn't be doing it. It was provocative in the first place, and our captain showed restraint. These are judgment calls, and there are clear rules of engagement. Our people operate under very strict rules in the Straits, and so should the Iranians. And they better be careful of—and not be provocative and, you know, get out there and cause an incident, because there's going to be serious consequences. And what I said in my statement was, if they hit one of our ships, there are going to be serious consequences, and I meant it.

Q. Do you have any sense of what they were up to? What motive—

The President. I don't know.

Q. Were they test—

The President. I don't know.

Q. Do you think they were playing some sort of game?

The President. I don't know. I don't know. I was briefed; I spent some time in Bahrain with—you know, when I went over there for the breakfast with the troops, command briefed us, our security team, on what are the rules of engagement, you know, and how do they work, how does it react. This is one of these moments where there's no time to be spending a lot of time on the phone trying to figure out what to do. And there's—these are highly trained professionals who, I thought, dealt with it in a very professional way.

Q. Sir, are you sure of whether or not this was actually directed out of Tehran, the President's office, or whether it's some separate—

The President. It could be. IRGC or—versus the military, but you know something? It's not going to matter to me one way or the other if they hit our ships, and the Iranian Government has got to understand that. This is serious business. We lost lives when one of those boats loaded with explosives attacked us—called the *USS Cole*. In this case, it would be states—it would be the actions of a state. And so my message was clear to the Iranian Government: Whoever made the—is in control of these boats best be careful.

Q. You were suggesting that this could be—could have been directed by the Revolutionary Guard?

The President. No, I'm not. His question was, do we know the chain of command? There's several chains of command inside the—it was a very perceptive comment by the lad, and it was—there are separate military organizations, separate organizations inside Iran, and so we don't know.

Q. The IRGC, was that the—

The President. The IRGC could be—is a player inside Iran. I don't know. Do not write the story that I'm predicting who made this decision, because I'm telling you—I can't be any more plain about it—

I don't know. I do know it was a provocative incident.

And my other was, it's not going to matter who made the decision. If they hit our ships, we will hold Iran responsible.

Q. Okay. Can we ask you on—

The President. You can ask me anything you want. If I don't want to answer, I'll say, I don't want to answer it. [Laughter] I'm feeling quite feisty here, Steven Lee. [Laughter]

Q. You are? Are you in a good mood?

The President. Yes, a great mood.

Q. I do.

The President. Dates put you in a good mood, right? I'm in a great mood.

Q. Which kind of dates are you talking about? [Laughter]

The President. Not bad. Not bad. [Laughter] Pretty good. A wordsmith. [Laughter] All right, go ahead.

Iran

Q. In your discussions with King Abdallah and other Gulf Arab leaders, were they in any way urging restraint? There's been some concern—

The President. What?

Q. Were they in any way urging you restraint in your dealings with Iran?

The President. I told them that I want to solve this issue diplomatically. My position has not altered. I explained to them the diplomacy we're going through. They need to help. They need to make it clear to nations that do business with Iran that if we want to solve this diplomatically, there needs to be pressure on the regime so that some—the hope is, is that somebody shows up and says, "We're tired of being isolated, and we're tired of the economic deprivation that comes from our desire to enrich."

I also explained to them why I support the Russian position. And for those of you who follow the White House and have listened carefully to what I've been saying, know full well that's been my position for quite a while. Because I said early on that I supported the Iranian desire for—they

said, every sovereign nation has the right for a civilian nuclear power. I said, you're right. I said, the problem with you is, you haven't honored the international agreements—"you" being the Iranians. And secondly—therefore, we can't trust you with enrichment.

But because I believe that you have a sovereign right for nuclear power, I support the Russian idea of providing you with enriched uranium and collecting the spent uranium, thereby undermining their position that they need to learn to enrich in order to have civilian nuclear power. And the danger with enrichment for civilian—so-called civilian purposes is, is that that technology can be transferred easily to another covert military program. Knowledge is transferable, and so what I've explained to our friends in the region is the best way to stop any potential weapons program is—

[*There was an interruption, and the remarks continued as follows.*]

The President. I'm not starting over. I'm not starting over. [*Laughter*]

Q. That's all right; you don't have to.

The President. Good, yes. Anyway—is to start a weapons program—to stop a weapons program is to stop their ability to enrich. I've also explained to them our position is, is that if they verifiably suspend their program, there is a way forward for dialogue through the P-3 process. What do you call—what do we call that? The group of five—

White House Press Secretary Perino. The P-5-plus-1.

The President. The P-5-plus-1 process.

Q. Mr. President—

The President. Are you hogging this?

Q. Yes. [*Laughter*]

The President. I'm teasing. Go ahead.

Israel/Iran

Q. Just one quick follow-up on Iran, just because it comes up, I mean, this issue of what Israel will do has been out there

ever since Vice President Cheney raised it with Don Imus in the very beginning of your second term, about the Israelis having a—

The President. I don't remember that. What did he say?

Q. Oh, he said there was concern about what the Israelis might do. And particularly in the weeks since the NIE, there has been murmuring in Israel—Israeli defense circles. One of your own former officials, Bruce Riedel, told me a few weeks ago—

The President. Who?

Q. Bruce Riedel—he used to work on the NSC—said that he came back from a visit to Iran—

[*The interview continued, and no transcript was provided. The remarks later continued as follows.*]

Press Secretary Perino. I would recommend—you have about 10 more minutes.

National Economy

Q. Can we ask you about—let's go back on the economy. You talked about the threat of the economy slowing down if consumers buy less oil, or can—

The President. The price of energy can have an effect on economic growth. I was talking about—they were asking me about what I'm going to say to King Abdallah. And I'm going to say, high energy prices can affect economic growth because it's painful for our consumers.

Q. My question is, you've talked about inheriting a recession when you came into office. You're a year away from leaving office. Do you think that your successor is going to wind up in the same boat?

The President. I've always said these are times of economic uncertainty, but I have confidence in the future—immediate future because the underpinnings of our economy are good. Inflation—core inflation—is low; we've still got some. And employment has been strong. We've still got some issues, obviously, and one of them is the housing

market. That's one of the things the leaders have been interested in, is my views on the economy.

Q. But, sir, since—

Q. It's the "R" word.

The President. No, I'm optimistic, as I said. My position hasn't changed from 3 days ago, or whatever it was, when I commented on this.

Q. The fact that you're optimistic, that suggests—does that mean that you are not going to suggest any change in your tax policy or—

The President. Look, I'm going to watch very carefully. And we'll let you know if I decide one way or the other.

Middle East Peace Process

Q. Mr. President, I'm wondering if you can talk a little bit about what you're hearing from Arab leaders—

The President. Sorry, Mike [Mike Emanuel, FOX News], I've already answered that. Next. [Laughter] No, I'm teasing.

Q. I'm used to it.

The President. He actually was a Texas reporter.

Q. About the Palestinian-Israeli issue, what kind of feedback are you hearing?

Press Secretary Perino. We did cover that before you—

The President. I'll be glad to tell you again. The first question in their mind is, one, why do I sound optimistic? Two, are we going to spend the time and effort to help move the process? I made it clear to them that in order for this to work, they've got to be supportive of the Palestinians and make it clear that Israel is an important part of the future of the Middle East.

Q. Do the Arab States recognize Israel? I mean, do they want to—have they shown any sign that they want to improve relations with Israel?

The President. I think the fact that they sent major players in their administration to Annapolis was a sign. That answers your question. And they want to see a deal done,

and they want progress because the issue frustrates them. As I said earlier, Michael, this issue is kind of the touchstone in their mind for a lot of other problems in the Middle East; you solve this, then a lot of other problems go away. I hope they're right on that. But this is, no question, a very important issue, and it's one that—go ahead. I'll be glad to go off the record and tell you why now.

Q. Sir, if I could just follow on that point. I noted that the King of Bahrain mentioned the peace process in his statement when he welcomed you. We haven't heard similar statements. I understand that they sent their representatives. Do you think that many of the Arab leaders are still holding back a little bit; they want to see, perhaps, a little more progress towards a deal before they're willing to come out and start talking about things like recognition of Israel?

The President. That's an interesting question. First of all, after years of disappointment, those of us directly involved in the process have a lot of work to try to instill confidence in the people. And I think laying back is too strong a word, but I think wondering whether this can happen is the right way to put it, Steven Lee.

They definitely want it to happen. They're willing to send a—in the Saudis' case, their Foreign Minister to Annapolis. They are most interested—we spent a lot of time on this subject in each stop because they're most interested in getting my point of view about how I think the process is going to unfold, what are the problems, what can the U.S. do to help, and will we be actively involved. They have this great hope that the United States involvement will cause the process to be more likely to move forward.

Q. I want to apologize for our tardiness.

The President. It's my fault—roadblocks.

Q. If you covered this, I apologize for that too.

The President. Which reminds me of the question, did you get what I mouthed to you there?

Q. I did.

The President. It was—I thought it was a really interesting question.

President's Visit to Saudi Arabia/Oil Supply

Q. What do you hope to get out of the King, or what do you hope to accomplish with this talk about our economy and the impact of high prices?

The President. Well, first of all is a realization that high energy prices can damage consuming economies. It can hurt the economy. And it hasn't—it's been—it's affected our families. Don't get me wrong; paying more for gasoline hurts some of the American families. And I'll make that clear to him. But I also understand the dynamics behind the issue, and that is growing demand from U.S., but more particularly, China and India, relative to supply.

Oil is a commodity; it isn't something you just turn a tap. I mean, it requires investment, exploration, a lot of capital. I talked to His Majesty early on in my Presidency in the hopes that they would explore for new fields; they have. They've increased their capacity. But in the meantime, demand has gone up quite substantially.

Oil Prices

Q. Well, do you want him to open the spigot more? Do you want him to lower the prices?

The President. Well, that's the question: What does that mean? That's what—I hope that OPEC, if possible, understands that if they could put more supply on the market, it would be helpful. But a lot of these economies are going—a lot of these oil-producing countries are full out.

Press Secretary Perino. We have time for one more on-the-record question. And we will get the transcript to you, Peter [Peter Maer, CBS Radio] and Mike, as soon as possible.

The President. I hope I answered the second way the same way I did the first way.

Q. I'll just ask—[laughter].

Middle East Peace Process

Q. I would follow up on that—the security barrier—what I was trying to get out of my question was the notion that if—

The President. You didn't think of it until I said, "Nice question."

Q. No, no, no.

The President. You were coming with this?

Q. I wanted to ask, but the mike went down, remember. And so I didn't get a follow-up.

The President. I wasn't going to give you a follow-up in front of the cameras anyway.

Q. Fair enough. The question I had is, do you see a day someday when some President in the future will come and say to some Israeli leader and Palestinian leader that it's time for that wall to come down, not unlike Ronald Reagan's—

The President. You know, I don't think in the short term that day will come. I do think there will be a day—your question was not the wall; your question was checkpoints, which I guess is the wall.

Q. I meant barrier, is what I meant, the barrier you drove through—

The President. Well, barrier—this is not barriers.

Q. It's the same question, really.

The President. Well, no, it's not, in all due respect to the questioner. It was your question; of course, it's the same question. [Laughter]

Q. What I meant to say was—[laughter].

The President. Yes, exactly. [Laughter]

Look, first of all, the state comes into being subject to the roadmap, which requires security measures being in place so that the Israeli population is comfortable that it's not going to have a state that harbors people that want to destroy them. The reason why you articulate a vision is to give people inside the Palestinian Territories,

who don't want violence and who don't want to destroy Israel, a chance to be for something. This is how I answered the question.

The wall is a—was necessary, in the Israelis' minds, to protect themselves. It is that sense of security which I hope will give them a chance—their politicians a chance to negotiate the deal. The deal becomes more security. In other words, it's a series of security measures that will eventually cause a state to come into being. And whether or not the wall comes down or not, I can't predict that to you, Steven Lee. I can tell you, though, there's no such thing as a state if it's going to be occupied. In other words, when I said contiguous, that means contiguous territory that does not—Swiss cheese, that it's—and I thought that's actually what you were referring to with those interior roadblocks.

Q. Thank you.

NOTE: The interview was taped at 1:16 p.m. at Nasiriyah Guest Palace. In his remarks, the President referred to Prime Minister Nuri al-Maliki of Iraq; Gen. David H. Petraeus, USA, commanding general, Multi-National Force—Iraq; Minister of Foreign Affairs Saud al-Faysal bin Abd al-Aziz Al Saud and King Abdallah bin Abd al-Aziz Al Saud of Saudi Arabia; Vice Adm. Kevin J. Cosgriff, USN, commander, U.S. Naval Forces Central Command, U.S. 5th Fleet, and Combined Maritime Forces; and Cmdr. Jeffrey James, USN, commanding officer, USS *Hopper*. A reporter referred to radio personality Don Imus; and King Hamad bin Isa al-Khalifa of Bahrain. A tape was not available for verification of the content of this interview.

Remarks Prior to a Discussion With Saudi Entrepreneurs in Riyadh January 15, 2008

I'm George W. Bush, President of the United States. [*Laughter*] Thank you all for joining us. Ambassador, thanks for setting this up. It's important for the President to hear thoughts, hopes, dreams, aspirations, concerns from folks that are out making a living. And I really appreciate you taking time out of your day to come and visit with me. I'm looking forward to hearing your thoughts.

One thing is for certain: The United States benefits when people come to my country. And one of my concerns was, after September the 11th, that our visa policy, particularly for Saudis, was tightened to the point where we missed opportunity to show young and old alike what our country is really about. I love the fact that some of you were educated in America. I think you'll find you got a good education there, but more importantly, Americans get to see

you, and you get to see them. And the best way to achieve better understanding in the world is for folks just to get together and get to understand that we share the same God, we share the same aspirations for children and for our futures.

And so this is an important visit for me. I'm thrilled to be in the Kingdom. I have—I've got very close relations with His Majesty. We had a good visit last night on a variety of subjects. We talked about Palestinian peace; we talked about the security issues of the region. I talked to the Ambassador and will again talk to His Majesty tonight about the fact that oil prices are very high, which is tough on our economy, and that I would hope, as OPEC considers different production levels, that they understand that if their—one of their biggest consumer's economy suffers, it will mean less purchases, less oil and gas sold.