

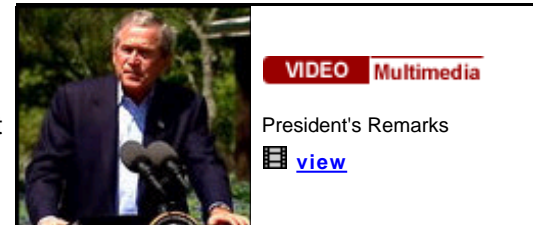
For Immediate Release
Office of the Press Secretary
April 11, 2005

President and Prime Minister Sharon Discuss Economy, Middle East

Prairie Chapel Ranch
Crawford, Texas

11:41 A.M. CDT

PRESIDENT BUSH: Mr. Prime Minister, welcome to my home. Appreciate you coming. I appreciate our meeting. I'm looking forward to serving you some good food for lunch. Most importantly, I'm looking forward to driving you around the ranch - I want you to see my place. I know you love the land. The Prime Minister was telling me he's really a farmer at heart, and I look forward to sharing with my friend what life is like here in Central Texas. So, welcome. He invited me to his place one day, in Israel, and it's something that I look forward to doing, as well.



The United States and the state of Israel have a deep and lasting friendship based on our shared values and aspirations for a peaceful world. The United States is committed to Israel's security and well being as a Jewish state, including secure and defensible borders. We're committed to preserving and strengthening Israel's capability to deter its enemies and to defend itself.

Today, we discussed ways to expand cooperation of our economies. The Prime Minister believes that developing Negev and the Galilee regions is vital to ensuring a vibrant economic future for Israel. I support that goal and we will work together to make his plans a reality.



Prime Minister Sharon is showing strong visionary leadership by taking difficult steps to improve the lives of people across the Middle East -- and I want to thank you for your leadership. I strongly support his courageous initiative to disengage from Gaza and part of the West Bank. The Prime Minister is willing to coordinate the implementation of the disengagement plan with the Palestinians. I urge the Palestinian leadership to accept his offer. By working together, Israelis and Palestinians can lay the groundwork for a peaceful transition.

The Prime Minister and I discussed the important and encouraging changes taking place in the region, including a Palestinian election. We discussed the need for Israel to work with the Palestinian leadership to improve the daily lives of Palestinians, especially their humanitarian situation, so that Israelis and Palestinians can realize a peaceful future together.

I reiterated that the United States supports the establishment of a Palestinian state that is viable, contiguous, sovereign and independent. The United States will continue working with the international community to help Palestinians develop democratic political institutions, build security institutions dedicated to maintaining law and order, and dismantling terrorist organizations, reconstruct civic institutions, and promote a free and prosperous economy.

I remain strongly committed to the vision of two democratic states, Israel and Palestine, living side by side in peace and security. The Prime Minister and I reaffirmed our commitment to that vision and to the road map as the only way forward to realize it. The road map has been accepted and endorsed by both Israel and the Palestinian Authority, along with virtually the entire international community. The Prime Minister and I share a desire to see the disengagement from Gaza and part of the West Bank serve to re-energize progress along the road map.



The United States is working with Palestinians and Israelis to improve security on the ground. We are cooperating with the Palestinians to help them fulfill all their obligations under the road map, especially sustained, effective operations to stop terrorism and dismantle terrorist capabilities and infrastructure. Building true security for Israelis and Palestinians demands an immediate, strong and sustained effort to combat terrorism in all its forms.

I told the Prime Minister of my concern that Israel not undertake any activity that contravenes road map obligations or prejudice final status negotiations. Therefore, Israel should remove unauthorized outposts and meet its road map obligations regarding settlements in the West Bank.

As part of a final peace settlement, Israel must have secure and recognized borders. These should emerge from negotiations between the parties in accordance with United Nations Security Council Resolutions 242 and 338. As I said last April, new realities on the ground make it unrealistic to expect that the outcome of final status negotiations will be a full and complete return to the armistice lines of 1949. It is realistic to expect that any final status agreement will be achieved only on the basis of mutually agreed changes that reflect these realities. That's the American view. While the United States will not prejudice the outcome of final status negotiations, those changes on the ground, including existing major Israeli population centers, must be taken into account in any final status negotiations.

I'm grateful to the Prime Minister for his friendship; I'm impressed by his leadership. I want to thank you for coming, sir, and I look forward to working with you in the years ahead.

PRIME MINISTER SHARON: Thank you, Mr. President, for this important meeting and for your generous hospitality. It was a pleasure to be invited to your home here at the ranch. On behalf of the state of Israel, I wish to thank you, your administration and the American people for your warm and steadfast friendship. Of course, I would be very glad, Mr. President, to have you as a guest on our farm, not only because we are short of labor. (Laughter.)

PRESIDENT BUSH: You're desperate for labor if you're counting on me. (Laughter.)

PRIME MINISTER SHARON: The people of Israel dream of a peaceful life for themselves and for all the peoples of the Middle East. We are encouraged by many of the positive changes that we see taking place in our region. We call upon our Palestinian neighbors to choose the path of democracy and law and order, so that they can establish an independent and viable state.



This is an opportunity for us to break from the continuous past of violence and bloodshed, which has been forced upon us, particularly, over the past four-and-a-half years. I told the Palestinian Authority Chairman, Mr. Mahmoud Abbas, that this is the year of great opportunity to start building a better future for our children and grandchildren and that both our peoples must make sure that this opportunity is not missed. But we must act now. The ongoing violence and terror must not prevail. We should make all a commitment not to accept any temporary solutions regarding terror, but to act decisively to dismantle terrorist infrastructure and to eliminate terrorism once and for all.

Defeating terror is the only way to build peace. The Israeli people have no intention of missing this opportunity. That is why we are acting quickly and with determination to improve the conditions for the Palestinian population. We have released hundreds of Palestinian prisoners, we are preparing to release more as the security situation allows. We have removed many roadblocks in the West Bank to allow greater mobility for the Palestinians. We have conferred the cities of Jericho and Tulkrm to the security control of the Palestinian Authority. And we will confer more in the coming period as the security situation allows.

Mr. President, as I said in Aqaba two years ago, it is not in our interest to govern over the Palestinians. We would like the Palestinians to govern themselves in their own state, a democratic state with territorial contiguity in Judea and Samaria, living side by side with Israel in peace and security. We seek to rebuild trust and respect, the dignity and human rights of all people.

Regarding the unauthorized outposts, I wish to reiterate that Israel is a society governed by the rule of law. As such, I will fulfill my commitment to you, Mr. President, to remove unauthorized outposts. As for settlements, Israel will also meet all its obligations under the road map, as I said also in Aqaba. We accept the principle that no unilateral actions by any party can prejudice the outcome of bilateral negotiations between us and the Palestinians.

The position of Israel is that in any final status agreement the major Israeli population centers in Judea and Samaria will be part of the state of the Israel. We seek a genuine and honest dialogue with the Palestinians so that we can transform these initial steps into a sound basis for our relations with them in the future.

I wish to thank you, Mr. President, for the support of the disengagement plan which I initiated. The plan is not a political one. It was a unilateral decision driven by a need to reduce terror as much as possible and grant Israeli citizens maximum security. The process of this disengagement will strengthen Israel, improve the quality of life for Israeli citizens, reduce the friction between us and the Palestinians, and can pave the way for the implementation of the road map.

In light of the changes in the Palestinian Authority, what began as a unilateral initiative does not have to remain so. I call upon the Palestinians to work together with us and to coordinate the implementation of the disengagement plan.

I also want to thank you, Mr. President, for your intention to support Israel's effort to develop the Negev and the Galilee. It is important for Israel's national interest, economic strength and social development.

I look forward to the beginning of work by our teams. I have stated in the past and I will say today, the road map based on your June 2002 speech, adopted by my government and approved by the Palestinians and the majority of the international community, will be the only way forward to realizing your vision. Only full implementation of the road map can lead toward security and true peace.

I wish to thank you again, Mr. President, for your hospitality and for your friendship in support of the state of Israel. Thank you, Mr. President.

PRESIDENT BUSH: Thank you, Prime Minister.

We'll take two questions a side, starting with Mr. Raum, Thomas Raum.

Q Thank you, Mr. President. Mr. President, given the continuing settlement activity on the West Bank, are you satisfied that Israel will do enough, once they pull out of Gaza, to meet the terms of the road map and put it back on track?

And, Mr. Prime Minister, did you get the support you were looking for today, or do you sometimes hear contradictory signals from the administration?

PRESIDENT BUSH: If he listens to what I say, he won't hear anything contradictory. I've been very clear about Israel has an obligation under the road map. That's no expansion of settlements. I look forward to continuing to work and dialogue with Israel on this subject. We've got -- this is an ongoing process. This is a process that's going to take a lot of work to get a democracy stood up on Israel's border. And we look forward to working with Israel.

The thing that I want people to understand is that the Prime Minister of Israel has made a commitment toward the vision of two states living side by side in peace.

And I appreciate that commitment, Mr. Prime Minister, and we look forward to continuing to work with you on it.

PRIME MINISTER SHARON: Thank you.

Q Mr. Prime Minister, did you get the support you were looking for today, or do you sometimes hear contradictory messages coming from the White House?

PRIME MINISTER SHARON: No, I think it was a very good meeting, beside the fact it was, as usual, a very friendly meeting. And I think that we discussed many issues that we agreed upon and, no doubt, that we will continue to work together, as we are doing in recent years.

PRESIDENT BUSH: Do you want to call on somebody from the Israeli press?

Q Thank you to you, Mr. President.

PRESIDENT BUSH: You're welcome.

Q Thank you. Regarding your quid pro quo letter to Prime Minister Sharon and the statement you just stated now, do you see Ariel and Ma'aleh Adumim as part of the major population centers -- and I want to emphasize, as they are now, as they exist now, without any extensions?

PRESIDENT BUSH: No, I --

Q -- or do you see them as an obstacle to the contiguity of a future Palestinian state?

And for Prime Minister Sharon, please (asked in Hebrew.) Thank you.

PRESIDENT BUSH: I don't get the second part of the question.

INTERPRETER: I wanted -- she wanted to ask -- she wanted to ask --

PRIME MINISTER SHARON: Mr. President, I will answer the second part. (Laughter.)

PRESIDENT BUSH: Okay. (Laughter.)

Q The second part was for the Prime Minister.

PRESIDENT BUSH: No, I got that part. (Laughter.) I just didn't get the last part of the second part.

INTERPRETER: She wanted to know if you have any objections to the continuity [sic] of the --

INTERPRETER: RESIDENT BUSH: Yes, the expansion, I got that part. You asked the same question to both of us, then. No? Okay.

Can she repeat --

PRESIDENT BUSH: Never mind, that's enough. Go ahead and answer it.

PRIME MINISTER SHARON: Thank you. I would like, first, to answer about construction in the major blocs. It is the Israeli position that the major Israeli population centers will remain in Israel's hands under any future final status agreement with all related consequences.

Now, about the other question that you had, you asked what would be the day after -- that was your question. So the road map is the only plan which sets the political agenda between us and the Palestinians. Only after the Palestinians fulfill their obligations, primarily a real fight against terrorism and the dismantling of its infrastructure, can we proceed toward negotiations based on the road map.

I hope that this phase will arrive soon. Implementation of the disengagement plan has the potential of paving the way toward the road map.

Now I have to do something for all the Israelis at home. (Speaks in Hebrew.)

PRIME MINISTER SHARON: (As translated.) The position of Israel is that the construction of the blocs of settlements will remain with Israel, and in all agreement with what will happen the day after the disengagement. The road map is the only plan between us and the Palestinians.

After the -- we will continue to fight the terror, and after the continued commitment to fight terror, we will continue with the negotiations -- only after the Palestinians agree to stop the terror. I hope that this stage will happen and that we will only move to the road map after this intervention by the Palestinians against terror.

PRESIDENT BUSH: Israel has obligations under the road map. The road map clearly says no expansion of settlements. And we'll continue to work with Israel on their obligations, and the Palestinians have got obligations. And it seems like an important role for the United States is to remind people of the obligations, and to work with people -- continue to work with people so that we can achieve the peace.

And we have a chance to achieve peace. The Prime Minister made a very courageous decision to withdraw from Gaza, and now I would hope, as I said in my statement, the Palestinians accept his proposal to coordinate the withdrawal so that we can begin the stages necessary for a viable democracy to emerge, one that will be peaceful, one that will listen to the aspirations of the people. I'm

convinced most Palestinians want to live in peace, and they want hope, and they want a chance to make a living, and they want to send their children to schools in a peaceful way. And now we have an opportunity to try to achieve that vision.

But there is a road map, there is a process, and we've all agreed to it. And part of that process, no expansion of settlements.

Adam.

Q Thank you. Prime Minister, considering recent Palestinian mortar fire at Jewish settlements, and what Israel sees as a lack of cooperation on Gaza, is Israel considering taking military action against militants if President Abbas doesn't act?

And, Mr. President, do you see a lack of progress by Abbas? Do you expect more before you meet with him at the White House?

PRESIDENT BUSH: Want me to go first, or do you want to go first?

PRIME MINISTER SHARON: Please.

PRESIDENT BUSH: Want me to go first? All right.

This is a very complicated, difficult part of the world. And I believe President Abbas wants there to be a state that will live in peace with Israel. Remember, we met with him in Aqaba, Jordan, and he had a very strong statement. I tend to take people for their word, Adam, just like I trust the Prime Minister in his word. He's a man of his word.

And the Prime Minister of -- President Abbas is, I'm told, in touch with the Prime Minister; that's positive. I appreciate the fact that they've taken some action on security. We want to continue to work with them on consolidating security forces. That's why we sent a general to the region to work with the Palestinians. I hope that he -- "he," the President, responds to the Prime Minister's offer to coordinate the withdrawal from Gaza. To me, that's where the attention of the world ought to be, on Gaza.

This is the opportunity for the world to help the Palestinians stand up a peaceful society and a hopeful society. The Prime Minister has said, I'm withdrawing. He said that, I want to coordinate the withdrawal with the Palestinians. But he's going to withdraw -- coordination or no coordination. And I believe it's incumbent upon the world which is desirous of peace to then step up and say to the Palestinians, we want to help you. I think President Abbas wants that help. I know he needs that help. He needs the help to not only help coordinate security forces and train security forces, but the help necessary to put to infrastructure in place so a peaceful democracy can grow, and that there can be an economy which provides hope for the Palestinian people.

And so this is an opportunity that I intend to focus my government's attention on, and we will work with our friends and allies around the world to keep their attention focused on succeeding in this -- in helping Gaza become peaceful and self-governing, part of -- part of, eventually a Palestinian state.

PRIME MINISTER SHARON: Thank you. The Palestinian Chairman, Abu Mazen, started by taking some steps against terror. By now, those steps -- and we can see, as you mentioned in your questions, that terror still continues. And, therefore, I believe that in order to move forward, in order to be able later to move to the road map, the Palestinians must take more steps, because it should be completely quiet. The situation -- in order to move forward, must be full cessation of terror, hostilities and incitement.

So some initial steps were taken. More steps should be taken. And I hope that Abu Mazen wants peace, and the only thing I expect now that he will take the right steps in order to bring the situation that might enable us to move forward to the next step.

PRESIDENT BUSH: Final Israeli question, please. Or final question from the Israeli side.

Q Mr. President, do you support the Prime Minister position as he stated now that after the disengagement, there will be no -- any other political steps until a final and complete dismantling of terror organization, and only then we can proceed on the political track?

And, Mr. Prime Minister, do you really fear a civil war in Israel over the disengagement, as you stated in NBC interview? What are you going to do to prevent it? And are you disappointed with the President's declaration regarding the expansion of settlements?

PRESIDENT BUSH: First part of the again? Sorry.

Q The question was, do you support Israeli position that there will be no -- any political steps after disengagement, until the complete dismantling of Palestinian organization --

PRESIDENT BUSH: I got it. I got it. Yes, thanks. Sorry.

I think what is necessary to achieve the vision of two states living side by side in peace is for there to be progress. Look, there's a lack of confidence in the region. I can understand that. There's been a lot of deaths; a lot of innocent people have lost their lives. And there's just not a lot of confidence in either side.

And I think we have a chance to build confidence. The Prime Minister is taking a bold step and a courageous step, and basically he's saying that, you know, until he sees more progress, he doesn't have confidence. And I suspect if we were to have a frank discussion about it, the Palestinians would say, well, we don't have confidence in Israel.

So what's needed is confidence. And I'm convinced the place to earn -- to gain that confidence is to succeed in the Gaza. And so we're kind of prejudging what is going to happen based upon a rather pessimistic point of view. I'm an optimist. I believe that it is possible to work to set up a self-governing entity in the Gaza. And I believe a self-governing entity is one that is going to be peaceful, because most people want there to be peace. And when that happens, then all of a sudden, I think we'll have a different frame of mind.

I suspect that the tone of your question -- I'm not being critical -- but I just suspect that if there is success in the Gaza, in other words, if there's a state that's emerging, the Prime Minister will have a different attitude about whether or not it makes sense to continue the process. And I suspect that people will say, you know, it is possible for democracy to take hold.

And so there's skepticism now about the process, because as I said earlier, it's a complicated part of the world with a lot of history. And so I want to focus the world's attention on getting it right in the Gaza, and then all of a sudden, people will start to say, gosh, well, that makes sense. The Palestinians will see it's a hopeful -- there's a hopeful way forward. The Palestinian moms will say, well, here's an opportunity for my child to grow up in a peaceful world. And then I think the dialogue will shift. But in the meantime, there is a process to go forward, and we're now ready to help the Palestinians seize the moment that this Prime Minister has provided in the Gaza. So that's where you'll see our attention focused.

PRIME MINISTER SHARON: You asked -- I think one of your two questions were, do I see a civil war in Israel? No, I said that -- and I repeat it again -- the recent atmosphere of a civil war, but I'm fully convinced that I'll make every effort to avoid that, and I'm sure that we will be able to implement the disengagement plan, with all its difficulties, quietly and peacefully. So what I really mentioned was the atmosphere. But I hope it will be quiet and we will manage to do it.

You had another question.

Q I asked if, are you disappointed with the President's position regarding expansion of settlements, specifically about the Jewish population center in Ma'aleh Adumim --

PRIME MINISTER SHARON: No, I'm not disappointed. We think both of us are committed to the road map, and the road map says -- and elaborates on this issue.

It's about Ma'aleh Adumim. Ma'aleh Adumim is one of the blocs of Jewish population, and our position is that they should be part of Israel -- I think I mentioned it before -- it will be part of Israel. And of course, we are very much interested that it will be contiguity between Ma'aleh Adumim and Jerusalem, but I think altogether, we are too early because everything happens there really altogether might take many years, and I believe that we will have enough opportunities to come and continue our talks with the United States.

PRESIDENT BUSH: Thank you, sir. Thank you all for coming.

PRIME MINISTER SHARON: Thank you. Thank you so much.

END 12:15 P.M. CDT

Return to this article at:

</news/releases/2005/04/20050411-2.html>

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