

The Economic Club of New York

383rd Meeting
98th Year

His Majesty, King Abdullah II

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Questioners:

Peter G. Peterson

Senior Chairman and Founder of The Blackstone Group
Former Chairman of the Economic Club of New York

Rita E. Hauser

President of the Hauser Foundation

Introduction

Barbara Hackman Franklin

Good afternoon and welcome. I am Barbara Hackman Franklin, Chairman of The Economic Club of New York. It is my great pleasure to welcome all of you, our members and our guests, to this, the 383rd meeting in the 98th year of this esteemed club. We are deeply honored today to welcome as our guest of honor, his majesty, King Abdullah II. And you will hear from him in just a few minutes.

He is joined on the dais by his wife, Queen Rania Abdullah and I would like to acknowledge her presence. She plays an important role in achieving his majesty's vision for the Jordanian people. (Applause) A number of his majesty's distinguished delegations are also here, sprinkled throughout the audience and I want to extend to each and every one of you, a very warm welcome. (Applause)

So with that, we will get right to our program. His Majesty King Abdullah II, _____. He assumed his constitutional powers as monarch of the Hashemite Kingdom of Jordan on February 7th, 1999, the day his father, the late King Hussein bin Talal passed away. His succession to the throne marked the beginning of a new generation of world leaders. He is truly a modern monarch. He was educated in the U.S. and Britain. He has had a military career, commander of the Jordanian special forces, had the rank of major general. He is married to an accomplished

professional woman and they have four active children.

Among his other accomplishments, he is a qualified Frogman, pilot and free fall parachutist. But his overarching priority is a better life for all Jordanians. Through a modern, tolerant and open society. One he hopes will become a model for internally driven reform development. He believes this is the key to insuring security and economic opportunity for Jordanians.

To that end, his majesty has implemented democratic and educational reforms. Reforms to bring out a more transparent government, and a more open society. Women are fully integrated into the fabric of society.

He has promoted education and especially in the use of information technology in the classroom. And in that regard his country is well ahead of many others. And he has promoted a culture of respect and tolerance.

So under his leadership, his majesty has begun to forge a path in the Arab world. A path for those who wish to modernize their nation while preserving the traditions and cultural values of their heritage. And like his father before, his majesty has been one of America's steadfast friends in the middle-east.

He has been unrelenting in his search for peace and stability in that region. He maintains a

strong, moderating role for Jordan, while working towards a just and lasting solution to the Arab Israeli conflict.

Full integration in the global economy is also a primary and his majesty has pushed for fiscal reforms and a dynamic prioritization process. The reform strategy is focused on export expansion, private life growth and increasing government intervention in the economy. Jordan has joined the world trade organization and is a partner in free trade agreements with the United States. The 16 Arab countries, the European union, and their most recent release, Singapore.

With so much progress and so much forward momentum, the future of Jordan is promising. So it is a great honor to introduce his majesty, King Abdullah II.

His Majesty King Abdullah II

Kind of the Hashemite Kingdom of Jordan

Thank you Barbara. I am truly honored to join all of you today. Over the years this club has hosted important discussions about global future. I hope that today, together, we can contribute to that dialogue.

Our century is one of great economic tension. But we can't take a better future for granted. The violent extremists of 9-11 and recent terror attacks have a very different vision. They have

launched a direct attack of our trust and confidence that global life depends on. There is an anti-democratic, anti-economic growth, and anti-progress agenda. Our response must be united and comprehensive. We must firmly reject the clash of civilizations that extremists seek. And we must take action on every level. Not just military, but economic, political and social as well. Today, billions of people including the Muslim World and the West, depend on what we do to create a strong inclusive global economy. Our cooperation and dialogue are not just idealistic goals. They are critical, critical strategies for advancement. Indeed to the extent that extremists recruit from those who have lost hope, especially the world's youth, it is urgent that we succeed. In this effort, all countries have responsibilities. In our region, Jordan has taken a lead in promoting development, peace and reform. We've focused on three priorities: good government makes people stakeholders in their future, opportunity-rich economies, which create jobs and economic growth and peace to end conflict and instability. We have backed these goals with concrete, practical initiatives that can be benchmarked, monitored and then followed up.

This decade new government came on board to move up the pace of our efforts. A national agenda committee involving stakeholders from across society, reports this month on reform priorities for the next ten years. Our country is also working to decentralize development, establishing local councils that will oversee local priorities.

To grow the economy, Jordan has streamlined the development process and targeted export oriented investment. As many of you know, as mentioned by _____ were the first Arab

country to have a free trade agreement with the U.S., and we have an association agreement with the European Union. We are privatizing important sectors like telecommunications, mining, and power generation. And there are new investment opportunities in emerging sectors, financial services, tourism, and manufacturing.

We know that the talent of our people drives Jordan's future. And we have made a strong investment in our youth. Beginning early, Jordanian students learn the tools and language of the international economy, IT, and English. Higher curriculum standards are deepening learning and encouraging creative thinking. International studies rank our country first in the region for educational reform.

These and other initiatives have had measurable positive results. And I would like to share a few of the numbers. GDP growth reached 7.5 percent in 2004, and 7.7 percent in the first quarter of this year. The national budget deficit is down, so is external debt. Foreign currency reserves are up, to almost \$5 billion. Exports to the U.S. are over \$1 billion, up from \$13 million in 1999. Total exports last year reached \$3.3 billion, double what they were in 1999. And there is significantly greater market capitalization in the Amman Stock Exchange, over \$36 billion today, from \$5 billion in the year 2000.

These results play an important role of the private sector in creating prosperity. But in a world that is globalizing fast, markets can't be limited to one country alone. To address this issue we

have spearheaded a new global forum for emerging markets. It will be held at the Dead Sea, once a year, starting next April. The forum will allow institutions and businesses to share knowledge and build partnerships, leverage their strengths and identify value for global stakeholders. We are working closely with global business leaders to create this new forum. And we obviously, certainly, invite your interest and participation.

Jordan has moved forward strongly, despite conflict and instability. But we also are realistic. For our entire region and the world, long-term progress depends on peace. We strongly are committed to a lasting solution to the Arab-Israel conflict. Two states, a viable independent Palestine, living beside a secure Israel. We are also working to help the Iraqi people build a future. Two months ago, we hosted a major donor conference to organize international support.

But beyond the region, there is an important larger arena as well. To advance global peace we must counter the extremism that would divide the world into hostile camps. That requires outreach on all sides. Two days ago, my wife Rania and I were honored to meet with Pope Benedict XVI. Here in the U.S., I am speaking this week with Christians, Muslims, and Jews. Our religions have shared roots, and share responsibilities. We cannot allow extremists to dictate the dialogue, or silence our common humanity.

Jordan is also working with the international Muslim community to oppose extremist interpretations of Islam. Last November we issued the Amman Message, which articulates the

true nature of Islam; its call for tolerance and respect for others; the equal dignity of all people; and the pursuit of peace. We followed this up with the first International Islamic Conference in Amman this past July. One hundred eighty leading Muslim scholars, from 45 countries, affirmed the Amman Message and took measures to end abuses of our faith. Their voices are part of a global effort by traditional, orthodox, moderate Muslims, to reclaim Islam from the violent few who have tried to hijack it.

We are continuing to work with Islamic scholars and organizations, and Islamic leaders of vision, like King Abdullah of Saudi Arabia. We are planning major initiatives in education and in media strategy. All of this is key to the future of the world.

My friends, global prosperity doesn't take place in a vacuum. Justice and peace, freedom and moral values, will shape the environment for global economic development and growth. I believe in having a clear end game, results that will deliver what people need. But it will take all of us working together, God willing, we can make the promise real.

Thank you very much. (Applause)

QUESTION AND ANSWER SESSION

BARBARA HACKMAN: Thank you your majesty for your innovative leadership, your work

toward peace and against extremism and your inspiring words to us, we really appreciate them. We will now turn as is our custom, to our usual question and answer period. We have a questioner on either side of the dais. And they will take turns asking questions to his majesty. And at the appropriate time we will end this. On the left side of the dais is Peter G. Peterson, who is Senior Chairman and Founder of The Blackstone Group. And I might add a former chairman of this club. On the right side of the dais is Rita E. Hauser who is President of The Hauser Foundation and a former board member of this club. For the first question we will go to Pete.

PETER G. PETERSON: Thank you Barbara. Your royal highness, there has been a lot of talk, but not much progress about the economic development of Gaza. It seems to be an evermore pressing issue now, what are Gaza's Arab neighbors willing to do and what needs to be done to get the developed world involved.

KING ABDULLAH II: Working with international organizations and regional countries to see what we can do because this is an opportunity to get the peace talks back on track. We have to show the human element of what peace brings. And therefore, it is extremely important for all of us, to be able to invest, and as quickly as possible, to bring unemployment down, a better life for Palestinians, to show that peace works, because we have, obviously, a bigger challenge on our road map, and that is the West Bank. I think the message, not only to Israeli's but to Arabs, that peace works and we have to make the life of the average Palestinian better tomorrow than it is

today. I know for a fact that Jordan and many Arab countries as well as part of the international community are looking, as quickly as possible, how to invest through industries, tourism, building infrastructures, so that we can be a model of what people can achieve once peace is given a chance.

RITA E. HAUSER: Your highness, as we all know, economic development will always be conditioned by politics. So I will try to ask a few political questions. There are many who seek the withdrawal of the Israel's from Gaza as the first instructive step toward resumption of the road map and there are others who are pessimistic (tape malfunction) a third _____. I would like your view on that and your general sense of where you think the peace process is going in light of the Gaza withdrawal.

KING ABDULLAH II: Well I think that it took tremendous courage for the Prime Minister of Israel to convince you what he said _____ and I think it went, beyond all expectations, considering the problems that we felt going into this issue. But the question that was on everyone's mind is, what happens the next day. It is important to keep the hope alive to Israeli's and Palestinians that the process is going to continue. I have said this on many occasions that when we look at the Middle-East, the future Israel is not to the borders of Jordan or to Syria or to Egypt. The Future Israel, is really to Morocco, the _____ Ocean and Indian Ocean, full acceptance to the _____. I think that is the dream of all Israeli's. But at the same time, we have to have a future for the Palestinians. So these are the two issues we have a deal with. We have a

proper _____ the first step. I think that there is tremendous excitement that this will continue. At the end of the day, and I have spoken to many people in my country and many beyond, they are all interested in the same thing. The same things as young people are interested in here, which is job security, a future, parents want to be able to bring up their children in an environment that they can be proud of. It is this commonality that I think is the essence of being able to build the future. And if we are going to get true peace we have to solve this issue. And so I truly do hope that, being an optimist, that Gaza is just a stepping stone towards _____. And once and for all, solve this problem, put it behind us, so that the rest of us can continue with our lives. As Dr. Kissinger knows, his late majesty, always used to say he wanted peace for his children and their children. Well he is talking about my generation and my children's generation. There will be nothing worse than me coming back ten years from now and my child say, my godfather, my father said, peace for us and for generations. We cannot continue the process in this way any longer. How many people have to continue to suffer, whether it is Israeli's, Palestinians, or Arabs. There are so many talented people in those countries, given the chance, we can make the levant really paradise. And I also want to point out that 50 percent of the Middle East is under the age of 18. Now for a country like myself, I think this is something wonderful, and we have to capitalize on this, and use this energy, but will we have to give up peace to be able to achieve that too.

PETER G. PETERSON: Your royal highness, earlier this year there were eager reports that you expressed alarm over the potential development of the Shiites present, stretching from Iran to

Iraq and onto Kuwait, Iranian, Saudi Arabia. What is it about the development of Shiites political power that concerns you and other Arab leaders.

KING ABDULLAH II: Well there is nothing that concerns me on a religious point. Because as a descendant of prophet, we have a very warm place in our hearts towards all Shiites and (tape malfunction) therefore we are there for all descendants. My concern is somewhat (tape malfunction) there are some political elements that might want to take advantage of the situation which I thought would have been destructive to the unity of the future of Iraq. Iraq is on a very difficult road and we as Jordanians, and I think all of the countries bordering Iraq, want to see the unity with this country succeed. The breakup of Iraq will spill over many, many borders and ignite a conflict throughout the Middle East that I don't think any of us can resolve. So Arab countries, Iran and Turkey, the international community must work very closely together to make sure that there is unity in Iraq and that the Iraqis can finally be able to stand on their own two feet and take the country forward.

RITA E. HAUSER: Following up, your majesty, I think there is a great concern in the Middle East about the president _____ initiative to democratization. There are those who won't commit, and there are those who damage it, there are those who are very fearful of it. I would like to have your comments, if I may, about recent moves towards democratization in your own country, and in Egypt and Saudi Arabia, in particular.

KING ABDULLAH II: Well I think reform is really the only future that the Middle East has. And I think that all countries need to tackle this issue extremely seriously. In Jordan we have our ups and downs. We have articulated very bold measures of reform, socially, economically and politically. But as I have learned over the past six months, that you need to bring the country with you, and there are a lot of people that do fear change, that are allowed by extremists to say that reform is a foreign agenda and may even be ____ politics, I have difficulty with Parliament and others that reform is not a bad thing but it takes time. So my caution is that we have to opt to reform. But it is not something that can be done in a day. You have to bring the people with you. And many people are weary or fearful of change and we have, I see many of our ____ here, who have to work closely together reaching out to constituencies to explain to them what we are trying to do, socially, economically and politically. And in Jordan, as I have said, we have a national agenda initiative, which outlines a strategy for the next ten years, on all those elements, political, social and economic, so there is a master plan that successive governments can follow. The other thing that should be finished, I hope by the end of October, is what we call the decentralization of Jordan. We are creating a northern, southern and central, state, basically, for lack of a better word, so that we can get decentralization down, so that the people themselves, have the power to make their decisions. But in my discussions with many Americans, at the federal level, you have to get it right the first time around. And how do you do that by giving political incentives to people so that they are active participants in democracy by making sure that we don't lose all the gains that we have made socially and economically. Another words you want to increase transparency, not decrease it, and you want to fight corruption not increase

it. We are in touch with ___ members, particularly in the United States, to get your experiences on how to get this right.

PETER G. PETERSON: Your royal highness, do you see Iran's significant trend to peace and stability in the region, what do you believe could be done to improve the relationship, and in particular discourage them from developing nuclear weapons.

KING ABDULLAH II: Well I have just come away this morning from having my first meeting with the President of Iran and I found him to be a very warm man who has his concerns as I do on, for example, the issue of Iraq, the unity of Iraq, the desire to move the process forward so that the Iraqis can take control of their own future. And I believe whenever there is a crisis between any country and others, that dialogue is the name of the game. I know that Iranians are very capable and very bright, and I think that, I hope, western countries will allow dialogue with this particular government and hopefully with whatever we can give in the Middle East to bring ___ closer together. I think that is the way to go. I am now in the position obviously to _____ on what the intentions are for the program. I remember meeting with President _____ who said that there was only a peaceful _____ power for energy. And there have been concerns about _____

RITA E. HAUSER: You have so many interesting and difficult neighbors. So let me ask you about one of them in particular, that is Syria. A UN special representative is in the process of

finalizing his report, interviewing various high level Syrians with reference to the assassination of the Lebanese Prime Minister Hariri and the upheaval that, that caused. What are your expectancies about that and also about the future of Syria.

KING ABDULLAH II: I heard the same reports that you have and Prime Minister Hariri was an old and dear friend of my father and myself and my family. And we all took his loss very hard. Again, this is something that will have to be left to the international community. I do hope that the Syrians can be forthcoming, with their dialogue with the international community on this issue. Having the last six or seven years gone from one crisis to another in our region, I hope that dialogue is what we can use at the moment to be able to talk to the Syrians. Any escalation of the issues, in the Middle East, is going to be very difficult for all of us. I hope that also the Syrians can be very forthcoming, and open minded in their discussions with the western opposition.

PETER G. PETERSON: As you might imagine, all Americans are primarily concerned with Iraq and the future there. What do you and the other Sunni leaders in the area doing to discourage the insurgence to bring about a political _____.

KING ABDULLAH II: Well from a political point of view, obviously we can only be responsible for one border, which is our border with Iraq and that is something that is not new to me, because _____ when I was commander of special forces had asked me to obscure a border

_____ and I know for a fact it is. The problem is obviously, is transportation of goods across the border, that are coming in containers. And that is an area where people or weapons can cross. I think that we have actually a good record of being able to stop that, we are investing about \$85 million into the Jordanian side of the Iraq borders, making sure that Iraq's border is 100 percent secure. My feeling is the weapons are coming from Iraqi into Jordan. We have been working very strongly with the security to make sure that, that doesn't happen. We have a responsibility to protect Iraq and create a country that secures Iraq from insurgency and our intelligence organizations are working very closely with the international community, as well as with the Iraqi government and we have ___ meetings. But to deal with insurgency is to an extent a religious issue and being able to get the different Muslim _____ to come together to stand against terrorism, to stand against those who call Muslims _____ that allow political extremists to be able to basically condone violence even if you don't agree with them. We have come a long way inside the Islamic community to be able to do that. But that is only a first step. Education is going to take a lot longer. I am not talking about just Iraq but the Islamic message across society. Not only inside the Islamic world but also reaching out to the western religions. And this is something that I think we are going to take to the forefront and we will continue to do so. There is an insurgency problem inside of Iraq and I think that from my practical experience, part of the problem of the continued violence is opportunities for a better life. And we need to be able to create jobs, we need to create a climate where Iraqis actually are bringing money to their homes, as opposed to having nothing else to lose and being recruited by one group or another. And there is no quick fix for that. We just have to keep at it. And Jordan is part of the

international community who will continue to work on that. I have all my faith and hope that the Iraqis, at the end of the day, the overwhelming majority do not want violence and they don't want to affect harm on any of the other sects that are inside Iraq, but we do need to give them an atmosphere where they could make their life special.

RITA E. HAUSER: Last question. Your very estimable ambassador to the United Nations is here and I have worked with him, and admire him greatly. He has played a great role in work on the Summit and the Declaration which was adopted yesterday and great hope with the international community for reform of the world body. You were here obviously for the Summit and the signed Declaration fell short of a lot of people's hopes. Do you have any comment about that and your aspirations for the U.N. in the future.

KING ABDULLAH II: Well I was a very big fan of the United Nations because it is an international audience that allows us a platform for discussion. Now, obviously it is not for me to talk about the internal issues inside the United Nations. I know that our good friend and second general _____ is working very hard and I think sincerely to adopt these reforms. He is working very closely with my cousin, our ambassador to the United Nations, and whatever support that we can give, we will. The United Nations, fits a value that wasn't there, beforehand. So for those that want to write off the United Nation, that would be a tremendous shame and I think a blow to the international community. Any organization, you all belong, I presume, are representing businesses, you always get into the problem of becoming complacent, and every

now and then you need someone to come in and shake you up. If you want to compete, you need to get your act together. I think that the United Nations has just had their shake up, and it needs to get its act together. I think they know better than us, and we need to give them support to be able to do that. There are those that feel that the United Nations is not an important institution, talking as a Jordanian and representing many countries across the world, it would be a shame if the United Nations is weakened as a result of the issues that are being brought out recently.

(Applause)

BARBARA HACKMAN: His majesty must return to the U.N. I do want to say your majesty, how much we are honored by your presence. Your message inspires us and so does your illuminated leadership, and you have our every good wish for much success in everything that you are trying to do. So we thank you for being with us. (Applause) A round of applause for our two questioners. (Applause) His majesty will depart, I think in a few moments, and then your main course will be served and I hope you enjoy your table companions and your luncheon. We are pleased you are with us.

END OF PROGRAM