

The honorable president of the United States, George Bush, my colleague, president of the Palestinian Authority, Mahmoud Abbas, heads of delegations, and distinguished guests, I came here today from Jerusalem, Mr. President, at your invitation, to extend, on behalf of the people of Israel and the state of Israel, to the Palestinian people and to our neighboring Arab states, to extend a hand in peace, a hand which marks the beginning of historic reconciliation between us and you, the Palestinians, and all of the Arab nations.

I had many good reasons not to come here to this meeting. Memory of failures in the near and distant past weighed heavy upon us. The dreadful terrorism perpetrated by Palestinian terrorist organizations has affected thousands of Israeli citizens, has destroyed families and has tried to disrupt the lives of the citizens of Israel.

I witnessed this when I served as mayor of Jerusalem in days of bombings at cafes, on buses, and in recreational centers in Jerusalem, as well as in other cities in the state of Israel.

The ongoing shooting of Qassam rockets against tens of thousands of residents in the south of Israel, particularly in the city of Sderot, serves as a warning sign, one which we cannot overlook.

The absence of governmental institutions and effective law enforcement mechanisms, the role of Hamas in the Gaza Strip, the ongoing activity of murderous organizations throughout all the territories of the Palestinian Authority, the absence of a legal system that meets the basic criteria of democratic government, all of these are factors which deter us from moving forward too hastily.

I am not overlooking any of these obstacles which are liable to emerge along the way. I see them.

But I came here, despite the concerns and the doubts and the hesitations to say to you, President Mahmoud Abbas, and through you to your people, and to the entire Arab world, the time has come.

We no longer and you no longer have the privilege of adhering to dreams which are disconnected from the sufferings of our peoples, the hardships that they experience daily, and the burden of living under ongoing uncertainty, which offers no hope of change or of a better future.

We want peace. We demand an end to terror, an end to incitement and to hatred.

We are prepared to make a painful compromise, rife with risks, in order to realize these aspirations.

I came here today not in order to settle historical accounts between us and you about what caused the confrontations and the hatred, and what for many years has prevented a compromise, a settlement of peace.

I want to tell you from the bottom of my heart that I acknowledge the fact I know that alongside the constant suffering that many in Israel have experienced, because of our history, because of the wars, the terrorism and the hatred toward us, a suffering that has always been part of our lives in our land, your people, too, have suffered for many years; and there are some who still suffer.

Many Palestinians have been living for decades in camps, disconnected from the environment in which they grew up, wallowing in poverty, in neglect, alienation, bitterness, and a deep, unrelenting sense of humiliation.

I know that this pain and this humiliation are the deepest foundations which fomented the ethos of hatred toward us. We are not indifferent to this suffering. We are not oblivious to the tragedies that you have experienced.

I believe that, in the course of negotiations between us, we will find the right way, as part of an international effort, in which we will participate, to assist these Palestinians in finding a proper framework for their future, in the Palestinian state that will be established in the territories agreed upon between us.

Israel will be part of an international mechanism that will assist in finding a solution to this problem.

The negotiations between us will not take place here in Annapolis but rather in our home and in your home. These negotiations will be bilateral, direct, ongoing, and continuous, in an effort to complete the process in the course of 2008.

The negotiations will address all of the issues which we have thus far avoided dealing with.

We will do this directly, openly and courageously. We will not avoid any subject. We will deal with all the core issues.

I am convinced that the reality that emerged in our region in 1967 will change significantly.

This will be an extremely difficult process for many of us, but it is nevertheless inevitable. I know this. Many of my people know this. We are prepared for it.

In the course of the negotiations, we will use previous agreements as a point of departure. U.N. Security Council Resolutions 242 and 338, the road map, and the letter of President Bush to the prime minister of Israel dated April 14, 2004.

When the negotiations are concluded, I believe that we shall be able to arrive at an agreement that will fulfill the vision expressed by President Bush: two states for two peoples, a peace-seeking Palestinian state, a viable, strong, democratic and terror-free

state for the Palestinian people; and the state of Israel, Jewish and democratic, living in security and free from the threat of terrorism, the national home of the Jewish people.

Clearly the implementation of the agreement will be subject to the implementation of all obligations in the road map with all of its phases and according to its complete sequence, as concluded between us from the very beginning.

We will abide by all of our obligations, and so will you.

The agreement with you and its gradual implementation, cautiously and responsibly, is part of a much wider whole which will lead us, I believe and hope, to peace, to a peace agreement with all of the Arab states.

There isn't a single Arab state in the north, in the east or in the south with which we do not seek peace. There isn't a single Muslim state with which we do not want to establish diplomatic relations.

Anyone who wants to make peace with us, we say to them, from the bottom of our hearts (SPEAKING IN ARABIC) welcome.

I am pleased to see here in this hall representatives of Arab countries. Most of them do not have diplomatic relations with Israel. The time has come for you as well.

We cannot continue to stand by indefinitely and to watch the -- watch you standing and watching from the sidelines, watching the peace train, as it were, going by. The time has come to end the boycott, the alienation and the obliviousness toward the state of Israel. It does not help you and it hurts us.

I am familiar with the Arab peace initiative, which was born in Riyadh, affirmed in Beirut and recently reaffirmed by you in Riyadh.

I value this initiative, I acknowledge its importance, and I highly appreciate its contribution. I have no doubt that we will continue to refer to it in the course of the negotiations between us and the Palestinian leadership.

The Arab world represented here by many countries is a vital component in creating a new reality in the Middle East. The peace signed between Israel and Egypt, and subsequently between Israel and the Hashemite Kingdom of Jordan is a solid foundation of stability and hope in our region.

This peace is an example and a model of the relations that we can build with Arab states. My close relations with Egyptian President Hosni Mubarak and with His Majesty King Abdullah II of Jordan are extremely significant for the process of building trust and understanding with the Arab states.

However, these relations, important though they may be, are not enough. We aspire for normalization with those Arab states which eschew as much as we do radical and fanatical fundamentalism and which seek to grant their citizens a more moderate, tolerant and prosperous world.

This is an interest that all of us share.

There is quite a lot that separates us. There are memories, there is a heritage, that do not emanate from the same historical roots. We have different ways of living, different customs. And the spontaneous emotional identification that you feel with our neighboring Arab countries, which have been trapped for a long time in this age-old, bloody conflict between us.

Nevertheless, there is also a great deal that we share. Like us, you know that religious fanaticism and national extremism are a perfect recipe for domestic instability, for violence, for bitterness and, ultimately, for the disintegration of the very foundations of coexistence based on tolerance and mutual acceptance.

We are a small country with a small population, but rich in good will and with a significant ability to create a partnership that will lead to prosperity, to growth, to economic development, and to stability for the entire region.

From here, from Annapolis, we can come forth with a message of a new political horizon, renewed hope, not only for the Palestinians and the Israelis but also, together with you, for the entire region.

Mr. President of the United States, my colleague Mahmoud Abbas, distinguished guests, almost two years ago, under very sad circumstances, the prime minister of Israel, Ariel Sharon, was no longer able to carry the heavy responsibility of leading the state of Israel and this responsibility was passed on to me, first as a result of formal procedures and subsequently on the basis of an election in Israel's democratic system of government.

Prior to my election, I stated that my heart's desire and the desire of my people was to achieve a peace agreement, first and foremost with the Palestinian people. This is what I believed then, and this is what I continue to believe in now, with all my heart.

The past two years have been difficult for all of us.

The hardships have not been alleviated. The terrorist organizations have not been weakened. The enemies of peace have not disappeared. And we are still anxiously awaiting the return of our missing and captive sons who are being held by terrorist organizations.

I long for the day when I can see Gilad, Eldad and Udi back with their families. And I will continue relentlessly in my efforts to achieve their release.

I believe that there is no path other than the path of peace. I believe that there is no just solution other than the solution of two national states for two peoples. I believe that there is no path that does not involve painful compromise for you, the Palestinians, and for us, the Israelis.

I would like to thank you, President of United States George Bush, an ally in the path of peace, for your willingness, for the preparedness of your government, your administration, and for the assistance of the secretary of state, Ms. Rice, to assist us in the historical process of peace and reconciliation between us and our neighbors. I believe that the time has come. We are ready.

I invite you, my friend, Mahmoud Abbas, and your people to join us in this long and tormenting and complex path for which there is no substitute.

Together, we shall start. Together, we shall arrive.

Thank you very much.