

CRS Report for Congress

Israeli-Arab Negotiations: Background, Conflicts, and U.S. Policy

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Summary

After the first Gulf war, in 1991, a new peace process consisting of bilateral negotiations between Israel and the Palestinians, Jordan, Syria, and Lebanon achieved mixed results. Milestones included the Israeli-Palestine Liberation Organization (PLO) Declaration of Principles (DOP) of September 13, 1993, providing for Palestinian empowerment and some territorial control, the Israeli-Jordanian peace treaty of October 26, 1994, and the Interim Self-Rule in the West Bank or Oslo II accord of September 28, 1995, which led to the formation of the Palestinian Authority (PA) to govern the West Bank and Gaza Strip. However, Israeli-Syrian negotiations were intermittent and difficult, and postponed indefinitely in 2000. Negotiations with Lebanon also were unsuccessful, leading Israel to withdraw unilaterally from south Lebanon on May 24, 2000. President Clinton held a summit with Israeli and Palestinian leaders at Camp David on final status issues that July, but they did not produce an accord. A Palestinian uprising or *intifadah* began in September. On February 6, 2001, Ariel Sharon was elected Prime Minister of Israel, and rejected steps taken at Camp David and afterwards.

On April 30, 2003, the United States, the U.N., European Union, and Russia (known as the “Quartet”) presented a “Road Map” to Palestinian statehood. Neither Israel nor the Palestinians have implemented it. Israel unilaterally disengaged (withdrew) from the Gaza Strip and four small settlements in the West Bank in August 2005. On January 9, 2005, Mahmud Abbas was elected to succeed Yasir Arafat as President of the PA. The victory of Hamas, which Israel and the United States consider a terrorist group, in the January 2006 Palestinian parliamentary elections complicated prospects for peace because the United States, Israel, and the Quartet would not deal with a Hamas-led government until it disavowed violence, recognized Israel, and accepted prior Israeli-Palestinian accords. The June 2007 Hamas military takeover of the Gaza Strip and President Abbas’s dissolution of the Hamas-led government resulted in resumed international contacts with the PA. On November 27, President Bush convened an international conference in Annapolis, MD, and read a Joint Understanding reached by Abbas and Israeli Prime Minister Ehud Olmert, in which they agreed to simultaneously resume bilateral negotiations on core issues and implement the Road Map.

Congress is interested in issues related to Middle East peace because of its oversight role in the conduct of U.S. foreign policy, its support for Israel, and keen constituent interest. It is especially concerned about U.S. financial and other commitments to the parties, and the 110th Congress is engaged in these matters. Congress also has endorsed Jerusalem as the undivided capital of Israel, although U.S. Administrations have consistently maintained that the fate of the city is the subject of final status negotiations. This CRS report will be updated as developments warrant. See also CRS Report RS22768, *Israeli-Palestinian Peace Process: The Annapolis Conference*, by Carol Migdalovitz, and CRS Report RL33566, *Lebanon: The Israel-Hamas-Hezbollah Conflict*, coordinated by Jeremy Sharp.

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Israeli-Arab Negotiations: Background, Conflicts, and U.S. Policy

Most Recent Developments

Israel-Palestine

Israeli Prime Minister Ehud Olmert and Palestinian Authority (PA) President Mahmud Abbas worked for several months on a document or agreement on principles to present to a U.S.-initiated international meeting in Annapolis, MD, on November 27, 2007. Abbas pressed for a framework for a substantive agreement on “core issues,” formerly referred to as “final status issues,” such as borders, refugees, and Jerusalem, as well as for a timetable for implementation, mechanisms for implementation, and monitoring. At first, Olmert emphasized day-to-day issues to help develop Palestinian institutions and improve relations between Israelis and Palestinians. He then agreed to discuss core issues, while retaining his desire for a vague declaration that would enable him to hold his coalition government together as well as his opposition to a timetable. On September 10, Olmert and Abbas agreed to set up negotiating teams for a two-state solution and ministerial committees to work on security, communications, economic cooperation, water rights, environmental issues, and the like, and later appointed Foreign Minister Tzipi Livni and former Prime Minister Ahmad Quray (alternate spellings: Qurei, Qureia) to head the teams.

Secretary of State Condoleezza Rice visited the region several times to help the parties bridge differences. She described Annapolis as a meeting at which regional actors and the international community would rally around a bilateral vision of a two-state solution as well as help support the development of Palestinian institutions,

economic development, and so forth.¹ Rice excluded Hamas from the process, saying “If you’re going to have a two-state solution, you have to accept the right of the other party to exist ... you’re going to have to renounce violence.”

On September 24, Olmert described Annapolis as a “short international meeting intended to give international encouragement to the process that we initiated with the Palestinians.” He said that the goal was to increase support for Abbas and deepen Israel’s ties with moderate Arab countries. Nonetheless, on October 15, Olmert suggested that it is legitimate to question whether Israel should retain outlying Palestinian neighborhoods in Jerusalem, seeming to prepare the Israeli public for concessions and raising the politically sensitive question of “dividing” Jerusalem, which many Israelis and other Jews refer to as their “eternal, undivided capital.” Later, on November 12, Olmert told his cabinet that he did not view a freeze on all building on the West Bank to be part of the Road Map’s requirements. (See Significant Agreements, below.) He also asserted that Israel would not build new settlements or expropriate land, and that it would raze illegal outposts. This appeared to conform to Israel’s policy on so-called “natural growth,” whereby settlers would be allowed to build within the borders of existing settlements. The Palestinians demand a 100% settlement freeze, including ending natural growth.

At the Annapolis Conference on November 27, President Bush read a “Joint Understanding” that dealt with the process or structure, not with substance, of negotiations.² In it, Prime Minister Olmert and President Abbas express their determination to “immediately launch bilateral negotiations in order to conclude a peace treaty to resolve all core issues without exception, as specified in previous agreements.” They agree to engage in continuous bilateral negotiations in an effort to conclude an agreement before the end of 2008. For this purpose, a steering committee to oversee negotiating teams would meet continuously beginning on December 12. Abbas and Olmert would meet biweekly to follow and assist the negotiations. The Joint Understanding does not mention a role for United States in the negotiations. The resumption of negotiations after a seven-year hiatus is viewed as the main achievement of the conference.

In the Joint Understanding, the parties also commit to immediately implement their respective obligations under the Road Map. The United States will lead a tripartite U.S.-Israeli-Palestinian mechanism to follow up on implementation. The parties further commit to continue implementing the Road Map until they reach a peace treaty. Unless otherwise agreed by the parties, implementation of the future peace treaty will be subject to the implementation of the Road Map, as judged by the United States. The United States will monitor and judge fulfillment of their Road Map commitments. The U.S. role as “judge” is both unprecedented and unclear.

¹ FM Livni’s Press Conference with US Secretary of State Rice, (Israeli) Government Press Office, October 18, 2007, Open Source Center Document GMP20071018738002.

² For text, see [<http://www.whitehouse.gov/news/releases/2007/11/print/20071127.html>]. For more on the conference, see CRS Report RS22768, *Israeli-Palestinian Peace Process: The Annapolis Conference*, by Carol Migdalovitz.

At Annapolis, Abbas called for resolving the refugee issue in accordance with U.N. General Assembly Resolution 194, as stipulated by the Arab Peace Initiative, and with the participation of Arab States that harbor refugees. He also called for negotiations on final status issues to be supported by steps on the ground, including a halt to all settlement activity, including natural growth, reopening closed Palestinian institutions in Jerusalem, removing settlement enclaves, lifting roadblocks, releasing prisoners, and facilitating the tasks of the Palestinian Authority in imposing law and order. He said that the Palestinians seek east Jerusalem as their capital and to guarantee access to all holy sites. Abbas claimed that ending the occupation will eradicate the greatest excuse for terrorism.³

For his part, Olmert asserted that Israel would base its positions in the negotiations not just on U.N. Security Council Resolutions 242 and 338, and the Road Map, but on President Bush's April 14, 2004, letter to former Prime Minister Ariel Sharon, which averred that any agreement would have to take into account "realities on the ground, including already existing major Israeli population centers" (i.e., settlements).⁴

Both sides were able to appear successful at Annapolis. Israel succeeded in making implementation of any peace treaty dependent upon implementation of the Road Map and in avoiding a rigid timetable or fixed deadline. Israelis also were pleased that, in his speech, President Bush called for Israel to be a homeland for the Jewish people, which the Palestinians have been reluctant to acknowledge because of its possible effect on the refugee issue, and for ending settlement expansion, not for a freeze.⁵ Palestinians were able to remove Road Map implementation as a precondition for final status negotiations, obtained a one-year target date, and involved United States as "judge" of the parties' fulfillment of their commitments. On November 28, National Security Advisor Stephen Hadley claimed that President Bush helped create the context for success by refusing to impose an American solution. He said that the President believes that only Israelis and Palestinians can negotiate an agreement that both their peoples will accept.⁶

General James L. Jones (Ret.) was named special envoy for Middle East security to oversee the full range of security issues for the Israelis and Palestinians and security cooperation with neighboring countries. He will design and implement a new U.S.

³ Text of speech: "PA President Delivers Address at Annapolis, Stresses Commitment to Peace," Palestine Satellite Chanel Television, November 27, 2007, Open Source Center Document GMP20071127748002.

⁴ Text of speech: "PM Olmert Says in Annapolis Israel Ready for 'Painful Compromises' for Peace," Israel Television Channel 1, November 27, 2007, Open Source Center Document GMP20071127736005. For text of President Bush's 2004 letter, see Israel's Ministry of Foreign Affairs at [<http://www.mfa.gov.il/MFA/Peace+Process/Reference+Documents/Exchange+of+letters+Sharon-Bush+14-Apr-2004.htm>].

⁵ For Text of President Bush's remarks, see [<http://www.whitehouse.gov/news/releases/2007/11/20071127-2.html>].

⁶ Remarks on the Middle East and Freedom Agenda delivered at the School of Advanced International Studies, Johns Hopkins University, November 28, 2007, [<http://www.whitehouse.gov/news/releases/2007/11/20071128-12.html>].

plan for security assistance to the PA. Jones will not monitor compliance with the Road Map nor replace Lt. Gen. Keith Dayton, the U.S. Middle East security coordinator, who has been assisting the Palestinians with improving their security forces. Gn. Jones will be based in Washington and continue his full time employment at the U.S. Chamber of Commerce's Institute of Energy. He visited the region on December 18 to familiarize himself with the situation.

Hamas's reaction to Annapolis was not surprising. Deposed (Hamas) Prime Minister Ismail Haniyah said that his group believed that the only reason for the Annapolis Conference was to "legitimize the existence of the Zionist entity" and that any concessions made by the Palestinian delegation would not be binding on the Palestinian people.

The situation on the ground has not been quiet. Radical Palestinian groups continue to lob rockets from the Gaza Strip into Israel, and Israel takes military action to stop them. On September 11, the Palestine Islamic Jihad (PIJ) and Popular Resistance Committees launched a rocket that wounded 69 Israeli soldiers at an army base in the Negev in southern Israel. Israel blamed Hamas because it controls Gaza from which the rockets were fired and has the ability to stop such launches. Hamas praised the attack as legitimate self defense. On September 19, in response to more rocket attacks, Israel's security cabinet designated Gaza a "hostile territory," and threatened sanctions, including cuts in fuel and electricity supplies. The sanctions have prompted legal challenges in Israel and questions about their effectiveness.

On December 2, the Israeli Land Administration published tenders for the construction of 307 new housing units in the settlement of Har Homa (Jabal abu Ghneim) in East Jerusalem. The PA condemned the decision. Israel maintained that, unlike the West Bank, Jerusalem is not part of the requirements of the Road Map, and that Israel would retain Har Homa in any peace accord. Secretary Rice criticized the plan, asserting, "We are in a time when the goal is to build maximum confidence with the parties and this doesn't help build confidence.... There should not be anything which might prejudge final status negotiations."⁷

Formal peace talks began on December 12. Because of the controversy over Har Homa, they were brief, providing time only for the Palestinians to demand a complete halt to settlement building and for the Israelis to raise concerns about security, including rocket attacks from Gaza.

On December 17, international donors attending a conference in Paris pledged \$7.4 billion, including \$3.4 billion for 2008, for the Palestinian Authority. The United States pledged \$555 million, much of which has been previously announced but not been approved by Congress. On the sidelines of the conference, the international Quartet (United States, United Nations, European Union, and Russia) lauded the Annapolis Conference and the start of negotiations. It expressed concern about the Har Homa tenders, and called on all parties to refrain from steps that undermine confidence and that could prejudice permanent status negotiations. It also condemned

⁷ "James Blitz and Tobias Buck, "Israelis Criticized Over Plan to Build on Occupied Land," *Financial Times*, December 8, 2007.

rocket fire from Gaza into Israel, while expressing deep concern over humanitarian conditions in Gaza.

President Bush will visit Israel and the West Bank on January 9, 2008.

Israel-Syria

On September 6, the Israeli Air Force carried out an air raid against a site in northeastern Syria. Syria claimed that its air defenses forced the planes to leave after they dumped their ammunition without causing human casualties or material damage and complained to the U.N. about a violation of its sovereignty (i.e., violation of air space and dropping of munitions), and denied that any damage was done. The Israeli government has not commented or provided details. After early suggestions that Israel may have been probing Syrian defenses or monitoring missile bases, analysts suggested that the target might have been Russian-supplied radars, chemical weapons facilities, weapons intended for delivery to the Shiite Hezbollah group in Lebanon, or exiled Hamas or PIJ leaders. Others opined that Israel was sending a message to Iran about its ability to strike anywhere, without criticism from the U.S. or other Arab governments, and reestablishing deterrence vis-a-vis Syria that many Israelis believe had been weakened by the 2006 war with Hezbollah. On September 12, a *New York Times* report alleged that the target may have been a nuclear weapons installation under construction with North Korean-supplied materials. Syrian and North Korean officials denied this allegation and, on October 1, Syrian President Bashar al Asad claimed that the Israeli planes hit an unoccupied military compound. On October 25, the International Institute for Science and International Security released satellite photos indicating that a suspected reactor building had been razed and the site scrapped, raising suspicions about the site's purpose.

H.Res. 674, introduced on September 24, would express "unequivocal support" ... "for Israel's right to self defense in the face of an imminent nuclear or military threat from Syria." Sec. 328 of the Conference Report (H.Rept. 110-478) for H.R. 2082, the Intelligence Authorization Act for FY2008, agreed to in the House on December 13, would limit spending of the intelligence budget to 30% until each member of the intelligence committees has been informed with respect to intelligence regarding the facility targeted on September 6. The Administration objects that this provision would circumvent the Executive's authority to control access to extraordinarily sensitive information.⁸ The fate of the bill in the Senate is uncertain.

Syria has not taken any concrete actions in response to the Israeli air raid. On September 17, Israeli Prime Minister Olmert stated, "If the conditions ripen, we are ready to make peace with Syria, with no preconditions and no ultimate demands."

On September 23, Secretary of State Rice expressed hope that participants in the Annapolis meeting would include the members of the Arab League Follow Up Committee, which is made up of 12 Arab governments, including Syria. On October 1, President Asad declared that his government would not attend unless the Golan

⁸ See Statement of Administration Policy regarding H.R. 2082, issued December 11, 2008, [<http://www.whitehouse.gov/news/releases/2007/11/20071127-2.html>].

Heights is discussed. Asad confirmed that Turkey was trying to mediate between his country and Israel, but that Syria seeks guarantees that the full territory would be returned.⁹ In the end, Syria was represented at Annapolis by its Deputy Minister of Foreign Affairs, who explained that his presence resulted from the inclusion of the return of the Golan Heights on the agenda. Israel welcomed Syria's attendance, seeing it as perhaps the beginning of a process that could help distance Syria from Iran.

Israel-Lebanon

On October 30, the U.N. Secretary General Ban Ki-moon reported to the Security Council that there has been no breach of the 2006 cease-fire between Israel Lebanon and that the parties show determination to keep it. He noted reports of suspected Hezbollah construction north of the Litani River and in the Bekaa Valley. He stated that the government of Israel contends that Hezbollah has rearmed itself to a level higher than that it had maintained prior to the 2006 conflict because of the transfer of weapons from Iran and Syria in violation of the arms embargo.¹⁰

Background

Before the first Gulf war in 1991, Arab-Israeli conflict marked every decade since the founding of Israel. With each clash, issues separating the parties multiplied and became more intractable. The creation of the State of Israel in 1948 provided a home for the Jewish people, but the ensuing conflict made refugees of hundreds of thousands of Arab residents of formerly British Palestine, with consequences troubling for Arabs and Israelis alike. It also led to a mass movement of Jewish citizens of Arab states to Israel. The 1967 war ended with Israel occupying territory of Egypt, Jordan, and Syria. Egypt and Syria fought the 1973 war, in part, to regain their lands. In 1982, Israel invaded southern Lebanon to prevent terrorist incursions; it withdrew in 1985, but retained a 9-mile "security zone" that Lebanon sought to reclaim. Middle East peace has been a U.S. and international diplomatic goal throughout the years of conflict. The 1978 Camp David talks, the only previous direct Arab-Israeli negotiations, brought about the 1979 Israel-Egypt Peace Treaty.¹¹

⁹ "Assad Casts Doubt on Syrian Participation in Peace Summit," Associated Press, October 11, 2007, citing an interview with Tunisian newspapers.

¹⁰ United Nations Security Council, *Report of the Secretary General on the Implementation of Security Council Resolution 1701 (2006)*, S/2007/641, October 30, 2007, at [<http://www.un.org/Docs/sc/sgrep07.htm>].

¹¹ For additional background, see William B. Quandt, *Peace Process, American Diplomacy and the Arab-Israeli Conflict since 1967*, Washington, DC, Brookings Institution Press, Revised Edition 2001; Charles Enderlin, *Shattered Dreams: The Failure of the Peace Process in the Middle East*, New York, Other Press, 2003; Anton La Guardia, *War Without End: Israelis Palestinians and the Struggle for a Promised Land*, New York, St. Martin's Griffin, Revised and Updated, 2003; Alan Dowty, *Israel/Palestine*, Cambridge, UK, Polity Press, 2005; and Dennis Ross, *The Missing Peace: The Inside Story of the Fight for Middle East Peace*, New York, Farrar, Straus and Giroux, 2004.

U.S. Role

With the Gulf war in 1991, President George H.W. Bush declared solving the Arab-Israeli conflict among his postwar goals. On March 6, 1991, he outlined a framework for peace based on U.N. Security Council Resolutions 242 and 338 and the principle of “land for peace.” Secretary of State James Baker organized a peace conference in Madrid in October 1991 that launched almost a decade of the “Oslo process” to achieve peace. It continued under President William Clinton, who asserted that only the region’s leaders can make peace and vowed to be their partner. With the Hebron Protocol of 1997, however, the United States seemed to become an indispensable and expected party to Israeli-Palestinian talks. Clinton mediated the 1998 Wye River Memorandum, and the United States coordinated its implementation. He personally led negotiations at Camp David in 2000.

The current Bush Administration initially sought a less prominent role, and Secretary of State Colin Powell did not appoint a special Middle East envoy. After the September 11, 2001, terrorist attacks, the Administration focused on the peace process mainly as part of the war on terrorism. Secretary of State Condoleezza Rice also has not appointed a special envoy, asserting, “Not every effort has to be an American effort. It is extremely important that the parties themselves are taking responsibility.”¹² She encouraged Israelis and Palestinians to act, but personally mediated a November 2005 accord to reopen the border crossing Gaza and Egypt after Israel’s withdrawal from Gaza. In 2007, she engaged again partly in order to elicit the support of moderate Sunni Arab governments to thwart the rise of Iranian influence. Those governments see resolution of the Palestinian issue as a key to regional stability and to denying Iran opportunities for destabilizing actions. The Joint Understanding reached at the November 2007 Annapolis Conference creates a new, as yet undefined, role for the United States as “judge” of Israel’s and the Palestinians’ fulfillment of the commitments under the long-stalled 2003 Road Map.

Conferences, Negotiations, Conflicts

Madrid. The peace conference opened on October 30, 1991. Parties were represented by 14-member delegations. A combined Jordanian/Palestinian delegation had 14 representatives from each. An unofficial Palestinian advisory team coordinated with the Palestine Liberation Organization (PLO). The United States, the Soviet Union, Syria, Palestinians/Jordan, the European Community, Egypt, Israel, and Lebanon sat at the table. The U.N., the Gulf Cooperation Council,¹³ and the Arab Maghreb Union¹⁴ were observers.

¹² Anne Gearan, “Rice Blasts Way Iran Treats Its Own People,” Associated Press, February 4, 2005.

¹³ The Gulf Cooperation Council is comprised of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

¹⁴ The Arab Maghreb Union is comprised of Algeria, Libya, Mauritania, Morocco, and Tunisia.

Bilateral Talks and Developments

Israel-Palestinians. (Incidents of violence are noted selectively.) In November 1991, Israel and the Jordanian/Palestinian delegation agreed to separate the Israeli-Jordanian and the Israeli-Palestinian negotiating tracks, the latter to address a five-year period of interim Palestinian self-rule in the West Bank and Gaza Strip. In the third year, permanent status negotiations were to begin. On August 9, 1993, Palestinian negotiators were appointed to a PLO coordination committee, ending efforts to make it appear that the PLO was not part of the talks. Secret talks in Oslo produced an agreement on a Declaration of Principles (DOP), signed by Israel and the PLO on September 13, 1993. Through the end of the decade, incremental advances were made, including Israel's withdrawal from major cities and towns and Palestinian self-government as the Palestinian Authority (PA). However, no final agreement was reached. (See "Significant Agreements," below, for summaries of and links to accords reached between 1993 and 2000. This narrative resumes with the Camp David summit.)

President Clinton, Israeli Prime Minister Ehud Barak, and PA Chairman Yasir Arafat held a summit at Camp David, from July 11 to July 24, 2000, to forge a framework accord on final status issues. They did not succeed. The parties had agreed that there would be no agreement unless all issues were resolved. Jerusalem was the major obstacle. Israel proposed that it remain united under its sovereignty, leaving the Palestinians control, not sovereignty, over East Jerusalem and Muslim holy sites. Israel was willing to cede more than 90% of the West Bank, wanted to annex settlements where about 130,000 settlers lived, and offered to admit thousands of Palestinian refugees in a family unification program. An international fund would compensate other refugees as well as Israelis from Arab countries. The Palestinians reportedly were willing to accept Israeli control over the Jewish quarter of Jerusalem and the Western Wall, but sought sovereignty over East Jerusalem, particularly the Haram al Sharif/Temple Mount, a site holy to Jews and Muslims.

On September 28, Israeli opposition leader Ariel Sharon, with 1,000 security forces, visited the Temple Mount/Haram al Sharif. Palestinians protested, and Israel responded forcefully. The second Palestinian *intifadah* or uprising against the Israeli occupation began. On October 12, a mob in Ramallah killed two Israeli soldiers, provoking Israeli helicopter gunship attacks on Palestinian official sites. An international summit in Sharm al Shaykh, Egypt, on October 16 set up a commission under former U.S. Senator George Mitchell to look into the violence.

Barak resigned on December 10, triggering an early election for Prime Minister in Israel. Further negotiations were held at Bolling Air Force Base, in Washington, DC, December 19-23. On December 23, President Clinton suggested that Israel cede sovereignty over the Temple Mount/Haram al Sharif and Arab neighborhoods in Jerusalem, 96% of the West Bank, all of the Gaza Strip, and annex settlement blocs in exchange for giving the Palestinians Israeli land near Gaza. Jerusalem would be the capital of two countries. The Palestinians would cede the right of refugees to return to Israel and accept a Jewish "connection" to the Temple Mount and sovereignty over the Western Wall and holy sites beneath it. The

agreement would declare “an end to conflict.”¹⁵ Barak said he would accept the plan as a basis for further talks if Arafat did so. Arafat sought clarifications on contiguity of Palestinian state territory, the division of East Jerusalem, and refugees’ right of return, among other issues. The Israeli-Palestinian talks concluded at Taba, Egypt.

On February 6, 2001, Ariel Sharon was elected Prime Minister of Israel and vowed to retain united Jerusalem as Israel’s capital, the Jordan Valley, and other areas for security. Sharon’s associates asserted that the results of negotiations at and after Camp David were “null and void.”¹⁶ The Bush Administration said that Clinton’s proposals “were no longer United States proposals.”¹⁷ Sharon sought an interim agreement, not dealing with Jerusalem, Palestinian refugees, or a Palestinian state and, in an interview published on April 13, said that he could accept a disarmed Palestinian state on 42% of the West Bank.¹⁸

On September 24, Sharon declared, “Israel wants to give the Palestinians what no one else gave them before, the possibility of a state.” On October 2, President Bush said, for the first time, “The idea of a Palestinian state has always been part of a vision, so long as the right of Israel to exist is respected.”¹⁹ On November 10, he declared that the United States is “working toward the day when two states — Israel and Palestine — live peacefully together within secure and recognized borders....”

Secretary Powell sent General Anthony Zinni, USMC (Ret.) to work on a cease-fire, but violence impeded his mission. Israel confined Arafat to his headquarters in Ramallah on December 3. On December 7, Sharon doubted that an accord could be reached with Arafat, “who is a real terrorist.” On December 12, Hamas ambushed an Israeli bus in the West Bank and perpetrated two simultaneous suicide bombings in Gaza. The Israeli cabinet charged that Arafat was “directly responsible” for the attacks “and therefore is no longer relevant.”²⁰

On January 3, 2002, Israeli forces seized the *Karine A*, a Palestinian-commanded freighter, carrying 50 tons of Iranian-supplied arms. Secretary Powell stated that Arafat “cannot engage with us and others in the pursuit of peace, and at the same time permit or tolerate continued violence and terror.” At the White House on February 7, Sharon said that he believed that pressure should be put on Arafat so that an alternative Palestinian leadership could emerge.

¹⁵ For text of the President’s speech describing his proposal, also known as “the Clinton Plan” or “Clinton Parameters,” see the Israel Policy Forum website at [<http://www.israelpolicyforum.org/display.cfm?rid=544>].

¹⁶ Lee Hockstader, “Jerusalem is ‘Indivisible,’ Sharon Says; Camp David Concessions are Called ‘Null and Void,’” *Washington Post*, February 8, 2001.

¹⁷ Jane Perlez, “Bush Officials Pronounce Clinton Mideast Plan Dead,” *New York Times*, February 9, 2001.

¹⁸ Interview by Ari Shavit, *Ha’aretz*, April 13, 2001, Foreign Broadcast Information Service (FBIS) Document GMP200110413000070.

¹⁹ See [<http://www.whitehouse.gov>] for presidential statements cited in this report.

²⁰ “Israeli Cabinet Decision on Cutting Contacts with Arafat,” Government Press Office, December 13, 2001, FBIS Document GMP200111213000010.

On February 17, Saudi Crown Prince (later King) Abdullah unprecedentedly called for “full withdrawal from all occupied territories, in accord with U.N. resolutions, including Jerusalem, in exchange for full normalization of relations.” On March 28, the Arab League endorsed his proposal with some revisions; it is known as the “Arab Peace Initiative.”²¹ Prime Minister Sharon said that he was willing to explore the idea but that it would be a “mistake” to replace U.N. resolutions affirming Israel’s right to “secure and recognized borders” with total withdrawal to pre-1967 borders.

On March 27, Hamas perpetrated a suicide bombing at a hotel in Netanya during Passover celebrations, killing 27 and wounding 130. Israel declared Arafat “an enemy” and Israeli forces besieged his compound in Ramallah; they soon controlled all major Palestinian-ruled West Bank cities.

On May 2, the Quartet (U.S., European Union (EU), U.N., and Russian officials), proposed a conference on reconstructing the PA and related issues. After another suicide bombing, Sharon called for “the complete cessation of terror” before negotiations. On meeting Sharon on June 9, President Bush said that conditions were not ripe for a conference because “no one has confidence” in the Palestinian government. On June 24, the President called on the Palestinians to elect new leaders “not compromised by terror” and to build a practicing democracy. Then, he said, the United States will support the creation of a Palestinian state, whose borders and certain aspects of sovereignty will be provisional until a final settlement. He added, “as we make progress toward security, Israeli forces need to withdraw fully to positions they held prior to September 28, 2000 ... and (Israeli) settlement activity must stop.” The President foresaw a final peace accord within three years.²² On September 17, the Quartet outlined a preliminary “Road Map” to peace.

On March 7, 2003, in what was seen as a gesture to appeal to the Quartet, Arafat named Mahmud Abbas (aka Abu Mazen) Prime Minister. On April 14, Sharon acknowledged that Israel would have to part with some places bound up in the history of the Jewish people, but insisted that the Palestinians recognize the Jewish people’s right to its homeland and abandon their claim of a right of refugees to return to Israel.²³ On April 14, Israel submitted 14 reservations on the Road Map.²⁴ On April 30, the Quartet officially presented the Road Map. Abbas accepted it. On May 23, the Bush Administration stated that Israel had explained its concerns and that the United States shares the view “that these are real concerns and will address them fully and seriously in the implementation of the Road Map,” leading Sharon and his cabinet to accept “steps defined” in the Road Map “with reservations” on May 25. The next

²¹ For “Arab Peace Initiative,” see [<http://www.al-bab.com/arab/docs/league/peace02.htm>].

²² For text of the speech, see [<http://www.whitehouse.gov/news/releases/2002/06/20020624-3.html>].

²³ “Sharon, ‘Certain’ of Passing ‘Painful Concessions’ in Knesset,” *Ma’ariv*, April 15, 2003, FBIS Document GMP20030415000091.

²⁴ For text of Israel’s reservations, see Israel’s Response to the Road Map, online at [http://www.knesset.gov.il/process/docs/Road_Map_response_eng.htm].

day, Sharon declared, “to keep 3.5 million people under occupation is bad for us and them,” using the word occupation for the first time.

On June 4, President Bush met Abbas and Sharon in Aqaba, Jordan. Abbas vowed to achieve the Palestinians’ goals by peaceful means, while Sharon expressed understanding of “the importance of territorial contiguity” for a viable Palestinian state and promised to “remove unauthorized outposts” in the West Bank. Abbas said that he would use dialogue, not force, to convince Palestinian groups. On June 29, Hamas and Palestine Islamic Jihad (PIJ) suspended military operations against Israel for three months, while Fatah declared a six-month truce. Israel was not a party to the accord, but began withdrawing forces from Gaza. Abbas asked Sharon to release Palestinian prisoners, remove roadblocks, withdraw from more Palestinian cities, allow Arafat free movement, and end construction of a security barrier that Israeli is building in the West Bank. Israel demanded that the Palestinians dismantle terrorist infrastructures and act against terrorists.

On August 6, Israel released 339 prisoners. On August 19, a Hamas suicide bomber exploded in Jerusalem, killing 22, including 5 Americans, and injuring more than 130. Abbas cut contacts with Hamas and the PIJ, and unsuccessfully sought Arafat’s support to act against terrorists. Israel suspended talks with the Palestinians, halted plans to transfer cities to their control, and resumed “targeted killings” of terrorist leaders, among other measures. On September 6, Abbas resigned because of what he charged was lack of support from Arafat, the United States, and Israel.

On October 15, a bomb detonated under an official U.S. vehicle in Gaza, killing three U.S. security guards and wounding a fourth. Palestinian authorities arrested members of Popular Resistance Committees, who would be freed in April 2004.

Sounds of discontent with government policy were heard in Israel, culminating in the signing of the Geneva Accord, a Draft Permanent Status Agreement by Israeli opposition politicians and prominent Palestinians on December 1.²⁵ Perhaps partly to defuse these efforts, on December 18, Sharon declared that, “to ensure a Jewish and democratic Israel,” he would unilaterally disengage from the Palestinians by redeploying Israeli forces and relocating settlements in the Gaza Strip and intensifying construction of the security fence in the West Bank.²⁶ On February 13, 2004, the White House said that an Israeli pullback “could reduce friction,” but that a final settlement “must be achieved through negotiations.” After an upsurge in violence, Israeli missiles killed Hamas leader Shaykh Ahmed Yassin on March 22.

²⁵ For text, see the Geneva Initiative website at [<http://www.heskem.org.il>].

²⁶ For text, see “Sharon Outlines Disengagement Plan from Palestinians in Herzliyya Speech,” Parts 1 and 2, Voice of Israel, December 18, 2003, Open Source Center Documents GMP20031218000215 and GMP200312180002167.

On April 14, President Bush and Sharon met and exchanged letters.²⁷ The President welcomed Israel's plan to disengage from Gaza and restated the U.S. commitment to the Road Map. He noted the need to take into account changed "realities on the ground, including already existing major Israeli population centers," (i.e., settlements), asserting "it is unrealistic to expect that the outcome of final status negotiations will be full and complete return to the armistice lines of 1949." The President stated that a solution to the refugee issue will be found by settling Palestinian refugees in a Palestinian state, "rather than in Israel," thereby rejecting a "right of return." He called for a Palestinian state that is "viable, contiguous, sovereign, and independent." Sharon presented his disengagement plan as independent of but "not inconsistent with the Road Map." He said that the "temporary" security fence would not prejudice final status issues including borders. A day before, he had identified five large West Bank settlements and an area in Hebron that Israel intends to retain and strengthen. Palestinians denounced the President's "legitimization" of settlements and prejudgment of final status. On April 19, Sharon's chief of staff Dov Weissglas gave National Security Adviser Condoleezza Rice a written commitment to dismantle illegal settlement outposts.²⁸ (As of December 2007, the commitment has not been fulfilled.)

On June 6, Israel's cabinet approved a compromise disengagement plan whereby Israel would evacuate all 21 settlements in the Gaza Strip and 4 settlements in the northern West Bank. On June 30, the Israeli High Court of Justice upheld the government's right to build a security fence in the West Bank, but struck down some land confiscation orders for violating Palestinian rights and ordered the route to be changed. In subsequent rulings, the Israeli Court has attempted to balance Israel's security needs and the humanitarian claims of Palestinians and has sometimes required that the barrier be rerouted. On July 9, the International Court of Justice (ICJ) issued a non-binding, advisory opinion that the wall violates international law.²⁹

On October 6, Weissglas claimed that disengagement was aimed at freezing the political process in order to "prevent the establishment of a Palestinian state and a debate regarding refugees, borders, and Jerusalem."³⁰

Yasir Arafat died on November 11. Mahmud Abbas became Chairman of the PLO and, on January 9, 2005, was elected President of the PA. Abbas called for implementing the Road Map while beginning discussion of final status issues and cautioned against interim solutions to delay reaching a comprehensive solution.

²⁷ For text of letters, see Israel's Ministry of Foreign Affairs at [<http://www.mfa.gov.il/MFA/Peace+Process/Reference+Documents/Exchange+of+letters+Sharon-Bush+14-Apr-2004.htm>].

²⁸ For text of letter, see [<http://www.pmo.gov.il/PMOEng/Archive/Press+Releases/2004/04/Speeches7864.htm>].

²⁹ For text, see [<http://www.icj-cij.org>]. Note, Israel refers to the barrier as a "fence" and the Palestinians and other critics refer to it as a "wall." Neutral observers often use the word "barrier."

³⁰ Interview by Ari Shavit, "The Big Freeze," *Ha'aretz*, October 8, 2004, FBIS Document GMP20041008000026.

Secretary Rice visited Israel and the PA on February 7. She praised the Israelis' "historic" disengagement decision, discussed the need to carry out obligations concerning settlements and outposts, and warned them not to undermine Abbas. She appointed Lt. Gen. William Ward as Middle East Security Coordinator and emphasized the importance of Israeli-Palestinian security cooperation for the disengagement. (Lt. Gen. Keith W. Dayton succeeded Ward in November 2005.) The Secretary did not attend a February 8 meeting of Sharon, Abbas, Egyptian President Mubarak, and Jordanian King Abdullah II in Sharm al Shaykh, Egypt, where Sharon and Abbas declared the end of violence and of military operations.

On February 20, Israel's cabinet adopted a revised route for the security fence closer to the pre-1967 border in some areas, taking about 7% to 8% of the West Bank that includes major settlement blocs. On March 16, Israel transferred Jericho to the PA. On March 17, 13 Palestinian groups agreed to extend a "calm" or informal truce until the end of the year. On March 21, Israeli forces transferred Tulkarem to the PA.

On March 20, it was reported that Israel's defense minister had approved the building of 3,500 new housing units between the Ma'ale Adumim settlement and East Jerusalem, in the E-1 corridor. Critics charge that the construction would cut East Jerusalem off from Palestinian territory, impose a barrier between the northern and southern West Bank, and prevent a future contiguous Palestinian state. Secretary Rice asserted that the plan was "at odds with American policy." On April 11, President Bush conveyed to Sharon his "concern that Israel not undertake any activity that contravenes Road Map obligations or prejudices final status negotiations." Sharon responded, "It is the position of Israel that the major Israeli population centers will remain in Israel's hands under any final status agreement," declared that Ma'ale Adumim is a major population center, and, therefore, Israel is interested in contiguity between it and Jerusalem.

On May 26, President Bush met Abbas and said that "changes to the 1949 armistice lines must be mutually agreed to." Bush reaffirmed, "A viable two-state solution must ensure contiguity of the West Bank, and a state of scattered territories will not work. There must also be meaningful linkages between the West Bank and Gaza. This is the position of the United States today, it will be the position of the United States at the time of final status negotiations." He also said, "The barrier being erected by Israel ... must be a security, rather than political, barrier." Abbas stated that the boundaries of a future state should be those of before the 1967 war and that "there is no justification for the wall and it is illegitimate."

Palestine Islamic Jihad (PIJ) claimed responsibility for a suicide bombing in Netanya on July 12, killing 5 and injuring more than 90. Israeli forces launched operations against the PIJ, reoccupied Tulkarem, and closed the West Bank. Meanwhile, Hamas increased rocket and mortar fire against settlements in Gaza and towns in southern Israel in order to show that disengagement meant that Hamas was forcing Israel to withdraw from the Strip.

On August 15, Defense Minister Shaul Mofaz said that Israel would keep the settlement blocs of Ma'ale Adumim, the Etzyon Bloc, Efrat, Ari'el, Qedumim-Qarney Shomrom, and Rehan Shaqed — all are within or expected to be on Israel's side of

the security barrier. Mofaz added that Israel would retain the Jordan Rift Valley to guarantee Israel's eastern border.³¹

Israel evacuated all settlements in the Gaza Strip and four small settlements in the northern West Bank between August 17 and August 23. On August 29, Sharon declared that there would be no further disengagements and that the next step must be negotiations under the Road Map. He noted that while the large blocs of settlements would remain in Israeli hands and linked territorially to Israel, not all West Bank settlements would remain, but this would be decided in the final stage of negotiations.

On September 27, Hamas claimed responsibility for kidnaping and killing an Israeli settler in the West Bank. Israel responded with air and artillery strikes, closure of charities linked to terror groups, mass arrests including likely Hamas candidates in Palestinian parliamentary elections, and targeted killings of terrorists. On October 20, President Bush pressed Abbas to "confront the threat armed gangs pose to a genuinely democratic Palestine," but did not urge him to prevent Hamas from participating in parliamentary elections or to request that candidates renounce violence. Abbas said that they would be asked to renounce violence after election.

On October 26, a PIJ suicide bomber killed 6 and wounded more than 20 in Hadera, on the Israeli coast. Sharon announced an offensive against terrorism. He ruled out talks with Abbas until Abbas takes "serious action" against armed groups.

On November 14-15, Secretary Rice visited Israel and the PA. Sharon told her that Israel would not interfere if Hamas participated in the January 2006 Palestinian legislative elections, but warned that if an armed terrorist organization is a partner in the Palestinian administration it could lead to the end of the Road Map. Rice asserted that it would be easier to compel Hamas to disarm after the elections because the entire international community would then exert pressure. Rice vowed not to have contacts with an armed Hamas even if it were part of the Palestinian administration. On November 15, she announced that Israel and the PA had reached an Agreement on Movement and Access from the Gaza Strip.

On December 5, PIJ perpetrated another suicide bombing in Netanya. Israel barred Palestinians from entering Israel for one week, arrested militants in the West Bank, began air strikes in Gaza, and did not hold scheduled talks with the PA about West Bank-Gaza bus convoys foreseen in the November 15 agreement.

After Hamas's victories in December 2005 Palestinian municipal elections, speculation increased about possible effects on the peace process if Hamas were similarly successful in January 25, 2006, parliamentary elections. On December 28, the Quartet stated that a future Palestinian cabinet "should include no member who has not committed to the principles of Israel's right to exist in peace and security and an unequivocal end to violence and terrorism."³² On January 11, Secretary Rice

³¹ Interview by Golan Yokhpaz, IDF Radio, August 15, 2005, FBIS Document GMP20050 815621002.

³² This and subsequent Quartet statements cited may be found at the State Department's (continued...)

asserted, “It remains the view of the United States that there should be no place in the political process for groups or individuals who refuse to renounce terror and violence, recognize Israel’s right to exist, and disarm.”

On January 4, 2006, Prime Minister Sharon suffered an incapacitating stroke and Deputy Prime Minister Ehud Olmert became Acting Prime Minister. On January 12, Olmert told President Bush that peace efforts could not progress if Hamas joined the Palestinian government.

Hamas won the January 25 Palestinian parliamentary elections. It is a U.S.-designated Foreign Terrorist Organization (FTO), claims the entire land of Palestine, including Israel, “from the river to the sea” as an Islamic trust, rejects the Oslo agreements of the 1990s, insists on the right of Palestinian refugees to return to Israel, and on the right to “resistance,” which it claims forced Israel from the Gaza Strip.³³ Olmert declared that Israel would not negotiate with a Palestinian administration that included an armed terrorist organization calling for its destruction and demanded that Hamas disarm, annul its Covenant that calls for the destruction of Israel, and accept all prior agreements. President Bush stated that the United States would not deal with a political party “that articulates the destruction of Israel as part of its platform.”

On January 30, the Quartet stated that “future assistance to any new (Palestinian) government would be reviewed by donors against the government’s commitment to the principles of non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Road Map.”³⁴ Hamas countered that it will never recognize Israel, would consider negotiating a “long-term truce” if Israel withdrew to its 1967 borders, released all prisoners, destroyed all settlements, and recognized the Palestinian refugees’ right to return (to Israel), and would create a state on “any inch” of Palestinian territory without ceding another.

On February 8, Olmert said that Israel was moving toward a separation from the Palestinians and permanent borders that would include a united Jerusalem, major settlement blocs, and the Jordan Valley. Palestinian Prime Minister-designate Ismail Haniyah of Hamas declared, “Let them withdraw. We will make the Authority stronger on every inch of liberated land...” Damascus-based Hamas Political Bureau chief Khalid Mish’al said that his group would make no concessions and would “practice resistance side by side with politics as long as the occupation continued.”

After his Kadima party placed first in the March 28 Israeli parliamentary elections, Olmert said that he aspired to demarcate permanent borders for a Jewish state with a permanent Jewish majority and a democracy. He called for negotiations based on mutual recognition, agreements already signed, the principles of the Road Map, a halt to violence, and the disarming of terrorist organizations. Haniyah said that Hamas would not object to Abbas negotiating with Israel. In an op-ed in (the British

³² (...continued)
website: [<http://www.state.gov>].

³³ For Hamas Covenant text, see [<http://www.yale.edu/lawweb/avalon/mideast/hamas.htm>].

³⁴ “UN: Statement by Middle East Quartet,” M2 Presswire, January 31, 2006.

newspaper) *The Guardian* on March 31, Haniyah appealed for no more talk about recognizing Israel's "right to exist" or ending resistance until Israel commits to withdraw from the Palestinians' lands and recognizes their rights.

On March 30, the Al Aqsa Martyrs' Brigades had claimed responsibility for a suicide bombing near an Israeli settlement, killing four. The Palestinian Deputy Prime Minister said that Hamas would never object to the Palestinians' "self-defense." On April 9, the Israeli security cabinet recommended severing all ties with the Hamas-led PA, which it called a "hostile entity." Because it viewed the PA as "one authority and not as having two heads," the cabinet declared that there could be personal contacts, but not negotiations, with President Abbas. On April 17, PIJ carried out a suicide bombing in Tel Aviv, killing 11 and wounding 60, including an American teenager. Abbas condemned the attack as "despicable" and counter to Palestinian interests, while Hamas officials called it an act of "self-defense."

On April 26, Abbas called for an immediate international peace conference with himself as the Palestinian negotiator. He claimed that the Hamas-led government was not an obstacle to negotiations because the PLO, which he heads, had the mandate to negotiate as it had all previous agreements. He also noted that he was empowered as the democratically elected leader of the Palestinians.

On May 4, a new Israeli government took office, with guidelines vowing to strive to shape the permanent borders of the State of Israel as a democratic Jewish state, with a Jewish majority. Prime Minister Olmert asserted that the security fence would be adapted to conform to the borders in both east and west. The PLO rejected the Olmert Plan as aimed at undermining the Palestinian people's right to a state in all territories occupied in 1967, with Jerusalem as its capital.

On May 10, imprisoned Fatah, Hamas, and other officials drafted a "National Accord Document" calling for a Palestinian state with Jerusalem as its capital, the right of the return of refugees, and the release of all prisoners. It also called for renewing the PLO and for Hamas and PIJ to join it, supported the right to resist the occupation in lands occupied in 1967, and stated that the PLO is responsible for negotiations and that any agreement should be put to a vote by the Palestinian National Council or a referendum.³⁵ Abbas accepted the document, but Hamas rejected its implied recognition of pre-1967 Israel.

On May 23, at the White House, President Bush reported that Olmert agreed that a negotiated final status agreement best serves both peoples and the cause of peace, but accepted that Olmert's ideas for removing most Israeli settlements could lead to a two-state solution if a pathway to progress on the Road Map is not open in the period ahead. Olmert said that he had presented the President ideas for a "realignment" in the West Bank to "reduce friction between Israelis and Palestinians,

³⁵ For text of a later, final version of the National Accord Document (also known as the Palestinian Prisoners's Agreement), see Palestine Liberation Organization Negotiations Affairs Department website [http://www.nad-plo.org/inner.php?view=news-updates_pre].

ensure territorial contiguity for the Palestinians, and guarantee Israel's security as a Jewish state with the borders it desires."³⁶

Violence increased between Gaza and Israel. The Hamas military wing and other Palestinian groups repeatedly launched rockets at Sderot in southern Israel, and Israel responded with artillery fire and air strikes. On June 10, Hamas called off its 16-month truce in response to the deaths of Palestinian civilians on a Gaza beach from Israeli artillery fire on June 9. Israel denied responsibility for those deaths, but Israeli strikes caused other Palestinian civilian casualties as well.

On June 13, Olmert said that he would not negotiate until the Quartet's January 30 conditions were met. He told a group of British parliamentarians that, even with negotiations, "Israel will never agree to withdraw from the entire West Bank because the pre-1967 borders are not defensible." Olmert asserted that Israel would withdraw from approximately 90% of the West Bank and observed that not all of Jerusalem's Arab neighborhoods would be part of the future Jewish capital.³⁷

On June 28, Palestinian factions agreed on a revised National Accord Document. The Document stated that the PLO and the President of the PA will be responsible for negotiations to create a state on territories occupied by Israel in 1967. It insisted on the right of Palestinian refugees "to return to their homes and properties." All agreements with Israel will be presented to a new Palestine National Council or to a referendum in which Palestinians in both the occupied territories and the diaspora will vote. In tandem with political action, resistance will be concentrated in (but not limited to) territories occupied in 1967. The signatories vowed to work toward establishing a national unity government. The PLO will be reformed to allow Hamas and PIJ to join.³⁸ PIJ rejected the Document, while Hamas officials insisted that it did not require them to recognize Israel or to accept two states. The Israeli Foreign Ministry noted that the Document did not mention recognizing Israel's right to exist or ending the conflict with Israel. It argued that the return of all refugees is a formula for the destruction of Israel and contradicts a two-state solution.³⁹

On June 25, members of the Hamas military wing, the Popular Resistance Committees, and the previously unknown Army of Islam had attacked Israeli forces in Israel, just outside of Gaza, killing two Israeli soldiers, wounding four, and kidnapping Corporal Gilad Shalit. On June 27, after unsuccessful diplomatic efforts to secure the soldier's release, Israel forces began a major operation to rescue him, to deter attacks, and to weaken, bring down, or change the conduct of the Hamas-led

³⁶ See [<http://www.whitehouse.gov/news/releases/2006/05/20060523-9.html>] for text of joint news conference.

³⁷ Gil Hoffman, "Olmert Bids to Enlist Chirac Support for Realignment; PM tells British MPS: Israel Would Never Agree to Withdraw to Pre-1967 Borders," *Jerusalem Post*, June 14, 2006.

³⁸ "Text of National Consensus Document signed by the Palestinian factions, except the Islamic Jihad Movement," Ramallah *Al-Ayyam*, Open Source Center Document GMP2006 0628253002.

³⁹ For text of Foreign Ministry comments, see [<http://www.mfa.gov.il/mfa>].

government. Israeli officials claimed that Hamas had crossed a “red line” with the kidnaping and attack within pre-1967 Israel.

On June 29, Israel forces arrested 64 Palestinian (Hamas) cabinet ministers, parliamentarians, and other Hamas officials in the West Bank and Jerusalem. On July 1, the kidnapers demanded 1,000 prisoners in exchange for the Israeli soldier. The next day, Israeli missiles destroyed the offices of the Palestinian Prime Minister. Israeli troops and tanks began sweeping northern Gaza to locate tunnels and explosives near the border and continued operations targeting Hamas offices in the West Bank. The Hamas military wing fired an upgraded rocket at the Israeli port city of Ashkelon, a major population center, prompting the Israeli cabinet to approve “prolonged” activities against Hamas.

Diplomatic efforts were undertaken to resolve the crisis. On July 10, Hamas politburo chief Khalid Mish'al insisted on the mutual release (“swap”) of prisoners. Prime Minister Olmert responded, “Trading prisoners with a terrorist bloody organization such as Hamas is a major mistake that will cause a lot of damage to the future of the State of Israel,” adding that to negotiate with Hamas would signal that moderates such as President Abbas are not needed. The White House spokesman said that Hamas had been “complicit in perpetrating violence” and that Israel had a right to defend itself. Secretary Rice described the abduction as the “root cause” of the problem, called on Syrians (who host Mish'al) to use their considerable leverage to gain the soldier's release, and spoke of the need for pressure on Hamas to stop rocket attacks; she also called for Israeli restraint. Israeli forces expanded their offensive in Gaza and continued their round-up of Hamas officials.

Although sidelined by the kidnaping, President Abbas tried to assert his power. He said that the National Accord Document would be implemented and discussed the formation of a national unity government with Hamas officials. On September 11, Abbas and Haniyah agreed to form a national unity government. On September 21, Abbas told the U.N. General Assembly that any future Palestinian government would commit to all prior agreements, particularly the September 1993 mutual recognition of Israel and the PLO.⁴⁰ Haniyah differed, declaring, “I personally will not head any government that recognizes Israel.” Abbas concluded that efforts to form a unity government have “gone back to point zero.”

On October 31, Israeli forces began a six-day incursion into Beit Hanoun in the northern Gaza Strip to stop Palestinian rocket fire into southern Israel. The offensive resulted in heavy Palestinian casualties and did not stop rocket launches. After it ended, on November 8, an errant Israeli artillery barrage killed 20 and wounded many more, prompting international outcries. On November 25, Olmert and Abbas agreed to a cease-fire in Gaza. Hamas said that it would respect the accord. The Al Aqsa Martyrs' Brigades and PIJ continued firing rockets and declared that they would do so until Israel ceased its operations in the West Bank. The cease-fire nonetheless produced considerably less rocket fire and shooting along the border.

⁴⁰ “‘Unofficial’ Text of Palestinian President’s Speech,” Palestinian News Agency, September 22, 2006, BBC Monitoring Middle East.

On November 27, Olmert said if the Palestinians established a new government committed to carrying out the Quartet's principles, one that will implement the Road Map and bring about the release of the kidnaped soldier, then he would enter a dialogue with Abbas to establish an independent, viable Palestinian state with territorial contiguity and borders outlined by President Bush in his April 14, 2004, letter to Prime Minister Sharon. Olmert said that Israel would "free many Palestinian prisoners, including ones sentenced to long prison terms," upon the release of the soldier, increase freedom of movement in the territories and across the borders, and release Palestinian funds it had stopped transferring to the PA when Hamas took power. He emphasized that Israel would agree "to evacuate many areas and settlements" in exchange for true peace, and called on the Palestinians to recognize Israel's right to live in peace and security alongside them and renounce their demand for the right of return. Olmert also noted that "some parts of the (2002) Saudi Peace Initiative are positive."⁴¹

Abbas found it difficult to meet Olmert's preconditions. Nonetheless, the Israeli government and Bush Administration viewed him as the only partner for a peace process and took steps to bolster him in his contest with Hamas for control of the PA. On December 23, Olmert promised to hand over \$100 million in tax revenue to Abbas for humanitarian purposes, to ease crossings of goods and people between Israel and the Gaza Strip, and to remove some military checkpoints in the West Bank.⁴² On January 5, 2007, Olmert asserted that Israel should deal with Palestinians who are genuinely interested in peace and fight against radical forces. To that end, Israel had authorized Egypt's transfer of arms and ammunition to security forces allied with Abbas in Gaza in late December.

On January 9, the Egyptian Foreign Minister asserted that there is a common Egyptian, Jordanian, Arab, and Palestinian position that an agreement on the "end game" is needed before resuming the Road Map. Seeming to follow this line, Secretary Rice said that she would meet with Olmert and Abbas to discuss "the broad issues on the horizon, so that we can work on the Road Map...." (The Administration reportedly had promised the "moderate" Arab regimes that it would become more engaged in the peace process in exchange for their support in countering increased Iranian influence in the region.⁴³) Rice described her intent as "confidence-building" to which a broader political horizon can lend momentum.

On February 8, Abbas designated Haniyah to form a new unity government and called on him to "*respect* international resolutions and agreements" signed by the

⁴¹ For text Olmert's speech, see Israel's MFA at [<http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+leaders/2006/PM+Olmert+reaches+out+to+Palestinians+at+Ben-Gurion+memorial+27-Nov-2006.htm>]. For what Olmert called the "Saudi Peace Initiative, also called the "Beirut Declaration" or "Arab Peace Initiative," see [<http://www.saudiembassy.net/2002News/Statements/StateDetail.asp?cIndex=142>].

⁴² On January 19, Israel transferred the funds to a special account in an Israeli bank to ensure that the money did not reach Hamas.

⁴³ Cam Simpson, "Dangerous Territory: With Aid, U.S. Widens Role in Palestinian Crisis; To Undercut Hamas And Iran, Bush Pushes \$86 Million Plan" *Wall Street Journal*, January 12, 2007.

PLO, that is, prior accords reached with Israel (*italics added*). Abbas's letter of designation resulted from the Mecca Accord reached at a meeting of Abbas and Hamas Political Bureau Chief Mish'al hosted by Saudi King Abdullah. The Accord aimed mainly to stop fighting between Palestinian factions and unite them in a new government; it did not refer to Israel or to the Quartet's demands.⁴⁴

On February 19, Secretary Rice met with Olmert and Abbas in Jerusalem to discuss the Mecca Accord. Afterwards, Olmert said Israel would continue to boycott the Palestinian government until it met the Quartet's demands, ended rocket attacks from Gaza, and released Shalit. Israel would not have contact with moderates in a Palestinian government that does not meet the Quartet's conditions, but would maintain contact with Abbas in order to limit terror and ease Palestinian daily life. Olmert rejected the idea that he negotiate with Abbas as head of the PLO because doing so, he maintained, would free Hamas of the requirement to recognize Israel.

On March 11, Olmert and Abbas met in Jerusalem. Olmert would only discuss quality-of-life issues and not negotiate. Palestinians described the meeting as "very frank and very difficult." Olmert reaffirmed that "Israel will not cooperate with any Palestinian government or any part (i.e., Fatah ministers) of a Palestinian government" that fails to meet the demands of Israel and of the Quartet. Abbas urged Israel to engage with him on the major issues involved in a two-state solution and to broaden the cease-fire to the West Bank. Olmert responded that first Shalit must be released, weapons smuggling from Egypt to Gaza must end, and rocket-firing from Gaza into Israel must cease.

Secretary Rice conducted shuttle diplomacy, March 25-26, visiting Israel, the West Bank, Egypt, and Jordan. It was reported that Olmert rejected negotiations on final status issues.⁴⁵ Rice announced that the two leaders agreed to hold biweekly, bilateral meetings on issues of immediate concern. She said that they also would discuss developing a political horizon consistent with the establishment of a Palestinian state in accordance with the Road Map. Olmert clarified that "political horizon" did not mean final status issues of borders, refugees, and Jerusalem, but rather how a Palestinian state will be built. Olmert and Abbas met on April 15. They reportedly discussed easing restrictions on movement of Palestinian people and goods at border crossings as well as the structure of a Palestinian state and its economy.

The 2002 Arab Peace Initiative was revived. On February 17, 2002, then Saudi Crown Prince Abdullah had unprecedentedly called for Israel's "full withdrawal from all occupied territories, in accord with U.N. resolutions, including Jerusalem, in exchange for full normalization of relations" with all Arab states. The Arab League endorsed the Saudi proposal with revisions insisting on "a just solution to the Palestinian refugee problem to be agreed upon in accordance with U.N. General Assembly Resolution 194," which Palestinian refugees maintain gives them a "right

⁴⁴ Text of the Mecca Accord was published on [<http://www.middle-east-online.com>] February 9, 2007.

⁴⁵ Helene Cooper and Warren Hoge, "Rice Works to Bring Israel's Olmert and Arab Leaders Closer on What Issues Can Be Broached," *New York Times*, March 27, 2007.

of return” to Israel.⁴⁶ The League declaration became known as the “Arab Peace Initiative.”⁴⁷ Following his widely reported but officially unconfirmed meeting with Saudi National Security Advisor Prince Bandar in September 2006, Olmert noted in November that “some parts of the Saudi Peace Initiative are positive.”⁴⁸ Before meeting Abbas on March 11, Olmert told his cabinet that the Saudi Initiative is “a plan that we are ready to address seriously” and has “positive elements.” On March 12, Olmert expressed hope that these elements would be strengthened at an Arab League summit in Riyadh, Saudi Arabia, on March 28 in order to increase the chances for negotiations on the basis of the Initiative.

On March 15, a Palestinian unity government was formed, with a program confirming the Palestinian people’s “legitimate” right of resistance, insisting that halting resistance depends on ending the occupation, the right of refugees to return to their land and belongings, and independence. The government asserted that it “respects” international resolutions and agreements signed by the PLO. At the same time, it said that it would work to consolidate the calm in Gaza, extend it to the West Bank, and transform it into a comprehensive and mutual truce. On March 17, Prime Minister Haniyah vowed to work to establish an independent Palestinian state, with Jerusalem as its capital, along the 1967 borders.⁴⁹ Hamas said that it would not recognize Israel’s right to exist alongside that state and issued a statement calling on the government to support resistance. The government program authorized President Abbas to negotiate with Israel. The Palestinians hoped that formation of a new government would end internecine fighting and the international aid embargo.

In response, the Israeli cabinet voted to shun all contact with the new Palestinian government until it met the Quartet’s demands that it renounce violence, recognize Israel, and accept all prior accords with Israel, and called on the international community to maintain the aid embargo. The Bush Administration decided to deal with individuals in the PA government on a case-by-case basis and, on March 20, the U.S. Consul General in Jerusalem met Finance Minister Salam Fayyad, an independent member of the cabinet. A State Department spokesman said that the aid embargo would continue until the new government meets the Quartet’s demands. On March 21, Secretary Rice told a House committee that “it is extremely

⁴⁶ Some analysts challenge this interpretation of 194, noting that the resolution’s language is a recommendation for “permission” to return or for compensation and not a right.

⁴⁷ For “Arab Peace Initiative,” see [<http://www.al-bab.com/arab/docs/league/peace02.htm>].

⁴⁸ It has been widely reported that Olmert met Saudi National Security Advisor Prince Bandar in September 2006 in Jordan. Barbara Slavin, “Arabs try Outreach to Israel, U.S. Jews...” *USA Today*, February 12, 2007, quotes former Israeli Ambassador to the United States Dani Ayalon confirming the meeting. For Olmert’s speech referring to the Saudi peace initiative, see [<http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+leaders/2006/PM+Olmert+reaches+out+to+Palestinians+at+Ben-Gurion+memorial+27-Nov-2006.htm>].

⁴⁹ Some commentators suggest that Hamas’s acceptance of a state within the 1967 borders constitutes “implicit” recognition of Israel and that the demand for explicit recognition is “unreasonable” due to Israel’s continuing occupation and failure to define its borders. Daoud Kuttab, “Obstacle or Opportunity? How the Palestinian Unity Government Offers a Path to Peace,” *Washington Post*, March 26, 2007.

important to show American commitment to a political horizon so that the Palestinian people can see their future rests with moderate forces like Abu Mazen (Abbas), not with those forces that are extreme.” She added, “We will not suspend our contacts with those in the Palestinian government who have a record of fighting for peace.”⁵⁰ On April 17, Rice met Fayyad in Washington.

A summit of Arab leaders in Riyadh, Saudi Arabia, March 28-29, reiterated adherence, without changes, to the Arab Peace Initiative and called for a resumption of direct negotiations on all tracks. Abbas voted for the Initiative, while Haniyah abstained. The Israeli Foreign Ministry stated, “Israel is sincerely interested in pursuing dialogue with those Arab states that desire peace with Israel” in order to promote a process of normalization.

In a March 30 interview, Prime Minister Olmert distinguished between the 2002 Saudi Initiative and the Arab Initiative that superseded it. He noted that the Saudi initiative did not refer to the refugee problem and is more acceptable to Israel.⁵¹ On April 1, Olmert welcomed the Arab “revolutionary change in outlook” that represented “a new way of thinking, the willingness to recognize Israel as an established fact and to debate the conditions of the future solution.” Olmert invited all Arab heads of state, including the King of Saudi Arabia, to meet.⁵²

On April 28, the Arab League named a working group of ministers to present the Arab view to other countries. The group designated Egypt and Jordan to contact Israel regarding the Initiative on ways to restart negotiations. Israel expressed disappointment that Saudi Arabia and other League members with no formal ties to Israel would not be involved, but a spokeswoman said that Israel would be “happy to hear the ideas.” The State Department spokesman also noted, “we would like to see an initiative in which there were more participants in some form of direct dialogue, discussion with Israel.”

In May, factional fighting in Gaza between Fatah and Hamas escalated. Later, six days of intense infighting ended with Hamas in complete control of the Gaza Strip by June 14. President Abbas declared a state of emergency, dissolved the unity government, dismissed Haniyah, and named Fayyad prime minister. Hamas claimed that the decrees were illegitimate and that Haniyah is still head of government. Each side accused the other of perpetrating a coup and Abbas rejected dialogue with Hamas. Secretary Rice endorsed Abbas’s actions.

On June 18, President Bush told Abbas that he was open to the idea of restarting peace talks to stabilize the situation. Israeli officials asserted that the elimination of Hamas from the Palestinian government opened “new possibilities for cooperation” and a diplomatic process. After meeting President Bush on June 19,

⁵⁰ “U.S. to Cut Palestinian Aid Package,” Associated Press, March 22, 2007.

⁵¹ “Special Holiday Interview with Israeli Prime Minister Olmert,” *Ma’ariv*, March 31, 2007, BBC Monitoring Middle East, April 1, 2007.

⁵² “Israeli PM Offers Dialogue to Arabs,” Associated Press, April 2, 2007.

Prime Minister Olmert promised to work with Abbas “to provide the Palestinians with a real, genuine chance for a state of their own.”

On June 25, Olmert, Abbas, Egypt’s President Mubarak, and Jordan’s King Abdullah II met in Sharm al Shaykh, Egypt. Abbas called on Olmert to start serious negotiations to establish a Palestinian state with East Jerusalem as its capital. He insisted that “the West Bank, East Jerusalem, and the Gaza Strip constitute one geographical unit that cannot be split.” Olmert admitted that “there is an opportunity to renew the peace process,” but only agreed to resume biweekly meetings with Abbas to create conditions that would lead to discussions on establishing a Palestinian state. Olmert said that he would release 250 Palestinian prisoners, transfer tax revenues owed to the PA, resume security cooperation, and ease restrictions on freedom of movement in the West Bank. On July 1, Israel transferred \$118 million to the PA and, on July 20, it released 256 prisoners. Israel also granted clemency to 178 members of the Al Aqsa Martyrs Brigades who turned in their weapons and were to be integrated into the security force, and Israeli troops scaled back operations aimed at other militants in the West Bank.

On June 27, the Quartet announced the appointment of former British Prime Minister Tony Blair as their Representative to help the Palestinians build the institutions and economy of a viable state in Gaza and the West Bank.

Hamas’s takeover of the Gaza Strip and its ouster from the PA government in June 2007 produced new momentum in the peace process. Olmert and Abbas met in Jerusalem on July 16. On July 25, Olmert confirmed that they would work on an “agreement on principles” to include the characteristics of a state, its official institutions, its economy, and the customs arrangements it will have with Israel. Olmert favored leaving “final status” issues for the end of negotiations.⁵³ Meanwhile, Abbas preferred putting the “end game” first: a Palestinian state within 1967 borders, the status of Jerusalem, and the fate of refugees, and implementation afterwards. On August 2, Abbas told Secretary Rice that he would be willing to work on a “declaration of principles.”⁵⁴ On August 6, the Israeli and Palestinian leaders met in Jericho. Olmert has warned Abbas that a revived Fatah-Hamas unity government would end the diplomatic process.

New Palestinian Prime Minister Salam Fayyad presented his government’s program on July 27. It states that the government will seek to establish a state on all lands occupied by Israel in 1967, with Jerusalem as its capital and a just and agreed solution for Palestinian refugees, but does not refer to armed struggle or resistance, rather to “popular struggle against the Israeli occupation.”⁵⁵

⁵³ Aluf Benn, “PM Confirms Intention to Negotiate with Abbas on Formation of Palestinian State,” *Ha’aretz*, July 25, 2007.

⁵⁴ Interviewed by Ben Kaspi, *Ma’ariv*, July 27, 2007, BBC Monitoring Middle East.

⁵⁵ Program of Fayyad’s Government, *Ma’an News Agency*, July 27, 2007, BBC Monitoring Middle East, July 28, 2007.

The Bush Administration has tried to take advantage of the Hamas-Fatah split “to show the Palestinian people a choice between the kind of chaos under Hamas in Gaza and the prospect, under President Abbas and Prime Minister Fayyad, for an effective, democratic Palestinian state,” according to National Security Advisor Stephen Hadley.⁵⁶ On July 16, President Bush condemned Hamas as “devoted to extremism and murder” and promised to support the reforms of Abbas and Fayyad in order to lay the foundations for serious negotiations for a Palestinian state. President Bush called for an “international meeting this fall of representatives from nations that support a two-state solution, reject violence, recognize Israel’s right to exist, and commit to all previous agreements between the parties.” It will review progress toward building Palestinian institutions and look for ways to support further reform. Participants also will provide support for the parties in their bilateral negotiations on a Palestinian state. The key participants will be the Israelis, the Palestinians, and their neighbors in the region. Secretary Rice will chair the meeting.⁵⁷

Israel-Syria. Syria seeks to regain sovereignty over the Golan Heights, 450 square miles of land along the border that Israel seized in 1967. Israel applied its law and administration to the region in December 1981, an act other governments do not recognize. In 1991, Syria referred to its goal in the peace conference as an end to the state of belligerency, not a peace treaty, preferred a comprehensive Arab-Israeli peace, and rejected separate agreements between Israel and Arab parties. Israel emphasized peace, defined as open borders, diplomatic, cultural, and commercial relations, security, and access to water resources.

In 1992, Israel agreed that U.N. Security Council Resolution 242 (after the 1967 war) applies to all fronts, meaning that it includes Syria’s Golan. Syria submitted a draft declaration of principles, reportedly referring to a “peace agreement,” not simply an end to belligerency. Israeli Prime Minister Yitzhak Rabin accepted an undefined withdrawal on the Golan, pending Syria’s definition of “peace.” On September 23, 1992, the Syrian Foreign Minister promised “total peace in exchange for total withdrawal.” Israel offered “withdrawal.” In 1993, Syrian President Hafez al Asad announced interest in peace and suggested that bilateral tracks might progress at different speeds. In June, U.S. Secretary of State Warren Christopher said that the United States might be willing to guarantee security arrangements in the context of a sound agreement on the Golan.

On January 16, 1994, President Clinton reported that Asad had told him that Syria was ready to talk about “normal peaceful relations” with Israel. The sides inched toward each other on a withdrawal and normalization timetable. Asad again told President Clinton on October 27 that he was committed to normal peaceful relations in return for full withdrawal. Asad never expressed his ideas publicly, leaving it to his interlocutors to convey them.

⁵⁶ Statement on “This Week” television show, July 15, 2007, quoted in Robin Wright, “U.S. Bet on Abbas for Middle East Peace Meets Skepticism,” *Washington Post*, July 16, 2007.

⁵⁷ For President’s speech, see [<http://www.whitehouse.gov/news/releases/2007/07/20070716-7.html>].

On May 24, 1994, Israel and Syria announced terms of reference for military talks under U.S. auspices. Syria reportedly conceded that demilitarized and thinned-out zones may take topographical features into account and be unequal, if security arrangements were equal. Israel offered Syria an early-warning ground station in northern Israel in exchange for Israeli stations on the Golan Heights, but Syria insisted instead on aerial surveillance only and that each country monitor the other from its own territory and receive U.S. satellite photographs. It was proposed that Syria demilitarize 6 miles for every 3.6 miles Israel demilitarizes. Rabin insisted that Israeli troops stay on the Golan after its return to Syria. Syria said that this would infringe on its sovereignty, but Syrian government-controlled media accepted international or friendly forces in the stations. Talks resumed at the Wye Plantation in Maryland in December 1995, but were suspended when Israeli negotiators went home after terrorist attacks in February/March 1996.

A new Israeli government led by Prime Minister Benjamin Netanyahu called for negotiations, but said that the Golan is essential to Israel's security and water needs and that retaining Israeli sovereignty over the Golan would be the basis for an arrangement with Syria. Asad would not agree to talks unless Israel honored prior understandings, claiming that Rabin had promised total withdrawal to the June 4, 1967-border (which differs slightly from the international border of 1923). Israeli negotiators say that Rabin had suggested possible full withdrawal if Syria met Israel's security and normalization needs, which Syria did not do. An Israeli law passed on January 26, 1999 requires a 61-member majority and a national referendum to approve the return of any part of the Golan Heights.

In June 1999, Israeli Prime Minister-elect Ehud Barak and Asad exchanged compliments via a British writer. Israel and Syria later agreed to restart talks from "the point where they left off," with each side defining the point to its satisfaction. Barak and the Syrian Foreign Minister met in Washington on December 15-16, 1999, and in Shepherdstown, WV, from January 3-10, 2000. President Clinton intervened. On January 7, a reported U.S. summary revealed Israeli success in delaying discussion of borders and winning concessions on normal relations and an early-warning station. Reportedly because of Syrian anger over this leak, talks scheduled to resume on January 19, 2000 were "postponed indefinitely."

On March 26, President Clinton met Asad in Geneva. A White House spokesman reported "significant differences remain" and said that it would not be productive for talks to resume. Barak indicated that disagreements centered on Israel's reluctance to withdraw to the June 1967 border and cede access to the Sea of Galilee, on security arrangements, and on the early-warning station. Syria agreed that the border/Sea issue had been the main obstacle. Asad died on June 10; his son, Bashar, succeeded him. Ariel Sharon became Prime Minister of Israel in February 2001 and vowed to retain the Golan Heights. In a December 1 *New York Times* interview, Bashar al Asad said that he was ready to resume negotiations from where they broke off. Sharon responded that Syria first must stop supporting Hezbollah and Palestinian terror organizations.⁵⁸

⁵⁸ See also CRS Report RL33487, *Syria: U.S. Relations and Bilateral Issues*, by Alfred B. (continued...)

On August 29, 2005, Sharon said that this is not the time to begin negotiations with Syria because it is collaborating with Iran, building up Hezbollah, and maintaining Palestinian terrorist organizations' headquarters in Damascus from which terrorist attacks against Israel are ordered. Moreover, Sharon observed that there was no reason for Israel to relieve the pressure that France and the United States are putting on Syria (over its alleged complicity in the February 2005 assassination of former Lebanese Prime Minister Rafik Hariri).

On June 28, 2006, Israeli warplanes caused sonic booms over President Asad's summer residence in Latakia to warn him to discontinue support for the Damascus-based head of the Hamas political bureau, Khalid Mish'al, whom Israel considered responsible for a June 25 attack in Israel, and for other Palestinian terrorists. On July 3, Syrian Foreign Minister Walid Muallem denied that Mish'al had a role in the attack and said that Syria would never force him to leave the country.

In a speech on August 15 to mark the end of the war in Lebanon, President Asad declared that the peace process had failed since its inception and that he did not expect peace in the near future.⁵⁹ Subsequently, he said that Shib'a Farms (an area near where the Israeli, Syrian, and Lebanese borders meet) are Lebanese, but that the border between Lebanon and Syria there cannot be demarcated as long as it is occupied by Israel. The priority, he said, must be liberation.⁶⁰

Responding to speculation by some members of his cabinet about reopening peace talks with Syria, Israeli Prime Minister Ehud Olmert said on August 21 that Syria must stop supporting terrorist organizations before negotiations resume. In September, he declared, "As long as I am prime minister, the Golan Heights will remain in our hands because it is an integral part of the State of Israel."⁶¹ He also indicated that he did not want to differ from the Bush Administration, which views Syria as a supporter of terror that should not be rewarded. On November 28, U.S. National Security Advisor Stephen Hadley concurred with Olmert that as long as Syria is "a supporter of terror, is both provisioning and supporting Hezbollah and facilitating Iran in its efforts to support Hezbollah, and is supporting Hamas," then it is "not on the agenda to bring peace and security to the region." Hadley agreed that you cannot talk about negotiating with that Syria.⁶²

⁵⁸ (...continued)
Prados.

⁵⁹ For text of speech, see "Syria's Asad Addresses 'New Middle East,' Arab 'Failure' to Secure Peace," Syrian Arab Television TV1, Open Source Center Document GMP2006 08156070001.

⁶⁰ In interview by Hamdi Qandil on Dubai TV, August 23, 2006, Open Source Center Document GMP20060823650015.

⁶¹ "Olmert Tells Israeli Paper: Golan 'An Integral Part of the State of Israel,'" *Yedi'ot Aharonot*, September 26, 2006, citing a *Mishpaha* newspaper interview, Open Source Center Document GMP20060926746002.

⁶² Shmuel Rosner, "Chirac: France, U.S. Agree There is No Point Talking to Syria," *Ha'aretz*, November 29, 2006.

On December 6, the Iraq Study Group released a Report that included recommendations for changing U.S. policy toward the Arab-Israeli conflict because “Iraq cannot be addressed effectively in isolation from other major regional issues.” It stated that the United States will not be able to achieve its goals in the Middle East unless it has a “renewed and sustained commitment” to a comprehensive, negotiated peace on all fronts, including “direct talks with, by, and between Israel, Lebanon, Palestinians (those who accept Israel’s right to exist), and particularly Syria....” The Report recommended that Israel return the Golan Heights, with a U.S. security guarantee that could include an international force on the border, including U.S. troops if requested by both parties, in exchange for Syria’s taking actions regarding Lebanon and Palestinian groups.⁶³ Olmert rejected any linkage between the Mideast issue and the situation in Iraq and believes that President Bush shares his view.

In December, Asad and his Foreign Minister expressed interest in unconditional negotiations with Israel. Their statements deepened a debate in Israel over Syria’s intentions. Olmert was skeptical of Asad’s motives and demanded that Syria first end support for Hamas and Hezbollah and sever its ties with Iran.⁶⁴ On January 17, 2007, Secretary Rice asserted that “this isn’t the time to engage Syria,” blaming Damascus for allowing terrorists to cross its territory to enter Iraq, failing to support Palestinians who believe in peace with Israel, and trying to bring down the Lebanese government.⁶⁵

On April 4, Speaker Nancy Pelosi and a House delegation held talks in Syria with President Asad. President Bush and other Administration officials denounced the visit. The Speaker stated that the delegation had expressed concerns about Syria’s ties to Hamas and Hezbollah and about militants’ infiltration from Syria into Iraq. She also said that she had brought a message from Prime Minister Olmert that Israel was ready for peace talks and that Asad responded that he was ready, too. Ms. Pelosi averred that “there is absolutely no division between this delegation and the President of the United States on issues of concern.” The Israeli Prime Minister’s Office issued a statement noting that “what was discussed with the House Speaker does not include any change in Israel’s policy” and restated Israel’s demands that, to begin serious and genuine peace negotiations, Syria must cease its support of terror and its sponsorship of Hamas and Islamic Jihad, stop arming Hezbollah and destabilizing Lebanon, and relinquish its ties to Iran.

On May 4, on the sidelines of a meeting on Iraq in Egypt, Secretary of State Rice met Foreign Minister Muallem. U.S. officials said that the meeting focused exclusively on Iraq. Some Israeli observers asked why Israelis should not have contacts with Syrians if U.S. officials could do so. On June 8, Israeli officials confirmed that Israel had sent messages to Syria signaling willingness to engage in talks based on the principle of land for peace and attempting to discern whether

⁶³ For text of Iraq Study Group report, see [<http://www.usip.org/isg/>].

⁶⁴ Gideon Alon, “Olmert, Peretz Spar over Syrian Overtures,” [<http://www.haaretz.com/>], December 18, 2006.

⁶⁵ Interview with Andrea Mitchell of NBC News, January 17, 2007.

Damascus might be willing to gradually end its relations with Iran, Hezbollah, and Hamas in exchange.

Amid speculation that miscalculation could produce an unwanted war, Israeli, Syrian, and Hezbollah leaders continued to send messages regarding their lack of interest in a confrontation and desire for peace. In a July 10, interview with Al Arabiya TV, Prime Minister Olmert said that he was willing to “sit down” and discuss peace with President Asad, but complained that Asad only wants negotiations to be conducted via Americans, who do not want to talk to him.⁶⁶ On July 17, Asad called on Israeli officials to make an “unambiguous and official announcement” about their desire for peace and “offer guarantees about the return of the land in full,” opening “channels via a third party, but not direct negotiations.” This, he said, would lead to direct talks in the presence of an “honest broker.” Those talks would be on security arrangements and relations, and not land. Asad asserted that he cannot negotiate with Israel because “we do not trust them.”⁶⁷ Olmert responded on July 20, calling on Asad to drop preconditions which Israel cannot accept.

Israel-Lebanon. Citing Security Council Resolution 425, Lebanon sought Israel’s unconditional withdrawal from the 9-mile “security zone” in southern Lebanon, and the end of Israel’s support for Lebanese militias in the south and its shelling of villages that Israel said were sites of Hezbollah activity. Israel claimed no Lebanese territory, but said that its forces would withdraw only when the Lebanese army controlled the south and prevented Hezbollah attacks on northern Israel. Lebanon sought a withdrawal schedule in exchange for addressing Israel’s security concerns. The two sides never agreed. Syria, which then dominated Lebanon, said that Israel-Syria progress should come first. Israel’s July 1993 assault on Hezbollah prompted 250,000 people to flee from south Lebanon. U.S. Secretary of State Warren Christopher arranged a cease-fire. In March/April 1996, Israel again attacked Hezbollah and Hezbollah fired into northern Israel. Hezbollah and the Israeli Defense Forces agreed to a cease-fire and to refrain from firing from or into populated areas but retained the right of self-defense. The agreement was monitored by U.S., French, Syrian, Lebanese, and Israeli representatives.

On January 5, 1998, the Israeli Defense Minister indicated readiness to withdraw from southern Lebanon if the second part of Resolution 425, calling for the restoration of peace and security in the region, were implemented. He and Prime Minister Netanyahu proposed withdrawal in exchange for security, not peace and normalization. Lebanon and Syria called for an unconditional withdrawal. As violence in northern Israel and southern Lebanon increased later in 1998, the Israeli cabinet twice opposed unilateral withdrawal. In April 1999, however, Israel decreased its forces in Lebanon and, in June, the Israeli-allied South Lebanese Army (SLA) withdrew from Jazzin, north of the security zone. On taking office, new Israeli Prime Minister Ehud Barak promised to withdraw in one year, by July 7, 2000.

⁶⁶ “Israeli PM Discusses Interest in Arab Initiative, Syria Talks,” Al Arabiya TV, Dubai, July 10, 2007, BBC Monitoring Middle East, July 11, 2007.

⁶⁷ Speech to People’s Assembly, Syrian Arab Television, July 17, 2007, Open Source Center Document GMP20070717607001.

On September 4, 1999, the Lebanese Prime Minister confirmed support for the “resistance” against the occupation, that is, Hezbollah. He argued that Palestinian refugees residing in Lebanon have the right to return to their homeland and rejected their implantation in Lebanon. He also rejected Secretary of State Madeleine Albright’s assertion that refugees would be a subject of Israeli-Palestinian final status talks and insisted that Lebanon be a party to such talks.

On March 5, 2000, the Israeli cabinet voted to withdraw from southern Lebanon by July. Lebanon warned that it would not guarantee security for northern Israel unless Israel also withdrew from the Golan and worked to resolve the refugee issue. On April 17, Israel informed the U.N. of its plan. On May 12, Lebanon told the U.N. that Israel’s withdrawal would not be complete unless it included Shib’a Farms. On May 23, U.N. Secretary-General Kofi Annan noted that most of Shib’a is within the area of operations of the U.N. Disengagement Observer Force (UNDOF) overseeing the 1974 Israeli-Syrian disengagement, and recommended proceeding without prejudice to later border agreements. On May 23, the SLA collapsed, and on May 24 Israel completed its withdrawal. Hezbollah took over the former security zone. On June 18, the U.N. Security Council agreed that Israel had withdrawn. The U.N. Interim Force in Lebanon (UNIFIL) deployed only 400 troops to the border region because the Lebanese army did not back them against Hezbollah.⁶⁸

On October 7, Hezbollah shelled northern Israel and captured three Israeli soldiers; then, on October 16, it captured an Israeli colonel. On November 13, the U.N. Security Council said that Lebanon was obliged to take control of the area vacated by Israel. On April 16 and July 2, 2001, after Hezbollah attacked its soldiers in Shib’a, Israel, claiming that Syria controls Hezbollah, bombed Syrian radar sites in Lebanon. In April, the U.N. warned Lebanon that unless it deployed to the border, UNIFIL would be cut or phased out. On January 28, 2002, the Security Council voted to cut it to 2,000 by the end of 2002.

In March 2003, Hezbollah shelled Israeli positions in Shib’a and northern Israel. Israel responded with air strikes and expressed concern about a possible second front in addition to the Palestinian *intifadah*. At its request, the Secretary-General contacted the Syrian and Lebanese Presidents and, on April 8, Vice President Cheney telephoned President Asad and Secretary of State Powell visited northern Israel and called on Syria to curb Hezbollah. On January 30, 2004, Israel and Hezbollah exchanged 400 Palestinian and 29 Lebanese and other Arab prisoners, and the remains of 59 Lebanese for the Israeli colonel and the bodies of the three soldiers.

⁶⁸ See CRS Report RL31078, *The Shib’a Farms Dispute and Its Implications*, by Alfred B. Prados.

U.N. Security Council Resolution 1559, September 2, 2004, called for the withdrawal of all foreign (meaning Syrian) forces from Lebanon.⁶⁹ Massive anti-Syrian demonstrations occurred in Lebanon after the February 14, 2005, assassination of former Lebanese Prime Minister Rafik Hariri, widely blamed on Syrian agents. On March 5, Assad announced a phased withdrawal of Syrian troops from Lebanon, which was completed on April 26.

On May 28, 2006, Palestinian rockets hit deep inside northern Israel and Israeli planes and artillery responded by striking PFLP-GC bases near Beirut and near the Syrian border. Hezbollah joined the confrontation and was targeted by Israelis. UNIFIL brokered a cease-fire.

On July 12, in the midst of massive shelling of a town in northern Israel, Hezbollah forces crossed into northwestern Israel and attacked two Israeli military vehicles, killing three soldiers and kidnaping two. Hezbollah demanded that Israel release Lebanese and other Arab prisoners in exchange for the soldiers and for a third soldier who had been kidnaped by the Palestinian group Hamas on June 25. (On the latter situation, see "Israel-Palestinians," above.) Hezbollah leader Shaykh Hassan Nasrallah said that the soldiers would be returned only through indirect negotiations for a prisoner exchange. He suggested that the Hezbollah operation might provide a way out of the crisis in Gaza because Israel had negotiated with Hezbollah in the past, although it refused to negotiate with Hamas now.

Israeli Prime Minister Olmert declared that Hezbollah's attack was "an act of war" and promised that Lebanon would suffer the consequences of Hezbollah's actions. The Lebanese government replied that it had no prior knowledge of the operation and did not take responsibility or credit for it. Israeli officials also blamed Syria and Iran but were careful to say that they had no plans to strike either one. Immediately after the Hezbollah attack, Israeli forces launched a major military campaign against and imposed an air, sea, and ground blockade on Lebanon. In a July 17 speech, Olmert summarized Israel's conditions for the end of military

⁶⁹ For text of U.N. Security Council Resolution 1559, see [http://www.un.org/Docs/sc/unsc_resolutions04.html].

operations: the return of the kidnaped soldiers, the end to Hezbollah rocket attacks, and the deployment of the Lebanese army along the border.⁷⁰

Lebanese Prime Minister Fuad Siniora requested U.N. help in arranging a cease-fire. On August 8, the Lebanese government promised to deploy 15,000 troops to the south for the first time since 1978 if Israel withdrew its forces. Hezbollah agreed to the government proposal, while Olmert found it “interesting.” On August 9, the Israeli security cabinet authorized the Prime Minister and Defense Minister to determine when to expand the ground campaign while continuing efforts to achieve a political agreement. Only after the U.N. Security Council passed Resolution 1701 calling for the end to hostilities on August 11 did Olmert authorize an offensive, and two days of fighting costly for both sides ensued.

Resolution 1701 called for the full cessation of hostilities, the extension of the government of Lebanon’s control over all Lebanese territory, and the deployment of Lebanese forces and an expanded UNIFIL, 15,000 each, in a buffer zone between the Israeli-Lebanese border and the Litani River to be free of “any armed personnel” other than the Lebanese army and UNIFIL.⁷¹ The resolution authorized UNIFIL to ensure that its area of operations is not used for hostile activities and to resist by forceful means attempts to prevent it from discharging its duties. The resolution also banned the supply of arms to Lebanon, except as authorized by the government. Reiterating prior resolutions, it called for the disarmament of all armed groups in Lebanon. The resolution did not require the return of the abducted Israeli soldiers or the release of Lebanese prisoners. It requested the Secretary-General to develop proposals for the delineation of the international borders of Lebanon, “including by dealing with the Shib’a Farms area.” The truce went into effect on August 14. In all, 44 Israel civilians and 119 military men, 1191 Lebanese civilians, 46 members of the Lebanese Army, and an estimated 600 Hezbollah militants died by the war’s end. The Lebanese Army began to move south to the border on August 17 as Israeli forces handed over positions to the U.N.

Hezbollah leader Nasrallah declared victory and said that Hezbollah would not disarm as long as Israel did not withdraw completely from Lebanon, including the Shib’a Farms. On August 14, the Lebanese Defense Minister said that the army had no intention of disarming Hezbollah, but Hezbollah weapons would no longer be visible. On August 19, Israeli commandos raided an Hezbollah stronghold near Ba’albek in the Bekaa Valley. Hezbollah did not respond and the cease-fire held.

On August 14, Olmert accepted responsibility for the military operation, and claimed as achievements a terrorist organization no longer allowed to operate from Lebanon and the government of Lebanon responsible for its territory. He declared that

⁷⁰ For text of Olmert’s speech, see [<http://www.pmo.gov.il/PMOEng/Communication/PMSpeaks/speechknesset170706.htm>].

⁷¹ Text of U.N. Security Council Resolution 1701 is available at [http://www.un.org/Docs/sc/unsc_resolutions06.htm].

a severe blow had been dealt to Hezbollah.⁷² After the war, he expressed hope that the cease-fire could help “build a new reality between Israel and Lebanon,” while Lebanese Prime Minister Siniora declared that Lebanon would be the last country to sign a peace agreement with Israel. On September 7, Olmert said that if the Shib’a Farms is determined to be Lebanese and not Syrian and if Lebanon fulfills its obligations under U.N. resolutions, including the disarming of Hezbollah, then Israel would discuss the Farms with Lebanon.

On June 17, 2007, two rockets fired from Lebanon landed in Israel for the first time since the 2006 cease-fire. The action was attributed to a small Palestinians group perhaps linked to Al Qaeda. Also in June, the U.N. reported evidence of Hezbollah rearmament via the Syrian border and, on August 6, the U.N. Security Council, in a Presidential statement, expressed “grave concern” at the persistent breaches of the arms embargo along the Lebanon-Syrian border.

Israel-Jordan. Of Jordan’s 3.4 million people, 55 to 70% are Palestinian. Jordan initialed a June 1993 agenda with Israel on water, energy, environment, and economic matters on September 14, 1993. On July 25, 1994, Israeli Prime Minister Yitzhak Rabin and King Hussein signed the Washington Declaration, a non-belligerency accord. A peace treaty was signed on October 26, 1994. (See “Significant Agreements,” below). The border was demarcated and Israel withdrew from Jordanian land on February 9, 1995. More agreements followed.

Although supportive of the peace process and of normalization of relations with Israel, on March 9, 1997, King Hussein charged that Israeli Prime Minister Benjamin Netanyahu was “bent on destroying the peace process....” After Israeli agents bungled an attempt to assassinate Hamas official Khalid Mish’al in Jordan on September 25, 1997, the King demanded that Israel release Hamas founder Shaykh Yassin, which it did on October 1, with 70 Jordanian and Palestinian prisoners in exchange for the detained Israeli agents. On December 5, 1998, the King called for Jordan-Palestinian coordination, observing that many final status issues are Jordanian national interests. King Hussein died on February 7, 1999, and was succeeded by his son Abdullah.

King Abdullah said that the Palestinians should administer the Muslim holy sites in Jerusalem, a traditional responsibility of his family, and proposed that Jerusalem be an Israeli and a Palestinian capital, but rejected a Jordanian-Palestinian confederation. On November 21, 2000, Jordan stopped accreditation of a new ambassador to Israel because of Israeli “aggression” against the Palestinians. On March 18, 2004, the King met Sharon to discuss Israel’s security barrier and disengagement from Gaza. In February 2005, Jordan proposed deploying about 1,500 Palestinian soldiers (Badr Brigade) from Jordan to the northern West Bank, pending approval of the PA and Israel. Israeli Defense Minister Mofaz said that the Badr Brigade could train Palestinians in the West Bank, but the Brigade still has not deployed. Also in February 2005, Jordan sent an ambassador to Israel; in March, its foreign minister visited Israel for the first time in four years.

⁷² For text of Olmert’s statement, see Israeli Television Channel 1, August 14, 2006, Open Source Center Document GMP20060814728001.

In a March 14, 2007, address to a joint session of Congress, King Abdullah II of Jordan pleaded for U.S. leadership in the peace process, which he called the “core issue in the Middle East.” He suggested that the Arab Peace Initiative is a path to achieve a collective peace treaty.

Significant Agreements and Documents

Israel-PLO Mutual Recognition. On September 9, 1993, PLO Chairman Yasir Arafat recognized Israel’s right to exist, accepted U.N. Security Council Resolutions 242 and 338, the Middle East peace process, and the peaceful resolution of conflicts. He renounced terrorism and violence and undertook to prevent them, stated that articles of the Palestinian Charter that contradict his commitments are invalid, undertook to submit Charter changes to the Palestine National Council, and called upon his people to reject violence. Israeli Prime Minister Yitzhak Rabin recognized the PLO as the representative of the Palestinian people and agreed to negotiate with it.⁷³

Declaration of Principles. On August 29, 1993, Israel and the Palestinians announced that they had agreed on a Declaration of Principles on interim self-government for the West Bank and Gaza, after secret negotiations in Oslo, Norway, since January 1993. Effective October 13, it called for Palestinian self-rule in Gaza and Jericho; transfer of authority over domestic affairs in the West Bank and Gaza to Palestinians; election of a Palestinian Council with jurisdiction over the West Bank and Gaza. During the interim period, Israel is to be responsible for external security, settlements, Israelis in the territories, and foreign relations. Permanent status negotiations to begin in the third year of interim rule and may include Jerusalem.⁷⁴

Agreement on the Gaza Strip and the Jericho Area. Signed on May 4, 1994, provides for Israeli withdrawal from Gaza/Jericho, and describes the Palestinian Authority’s (PA) responsibilities. The accord began the five-year period of interim self-rule.⁷⁵

Israel-Jordan Peace Treaty. Signed on October 26, 1994.

Israeli-Palestinian Interim Agreement, West Bank-Gaza Strip. (Also called the Taba Accords or Oslo II.) Signed on September 28, 1995. Annexes deal with security arrangements, elections, civil affairs, legal matters, economic relations, Israeli-Palestinian cooperation, and the release of prisoners. Negotiations on permanent status to begin in May 1996. An 82-member Palestinian Council and Head of the Council’s Executive Authority will be elected after the Israeli Defense Force redeploy from Jenin, Nablus, Tulkarem, Qalqilyah, Ramallah, and Bethlehem, and 450 towns and villages. Israel will redeploy in Hebron, except where necessary for security of Israelis. Israel will be responsible for external security and the security of

⁷³ For text, see [<http://www.state.gov/p/nea/rls/22579.htm>].

⁷⁴ For text, see [<http://www.state.gov/p/nea/rls/22602.htm>].

⁷⁵ For text, see [<http://www.state.gov/p/nea/rls/22676.htm>].

Israelis and settlements. Palestinians will be totally responsible for Area “A,” the six cities, plus Jericho. Israeli responsibility for overall security will have precedence over Palestinian responsibility for public order in Area “B,” Palestinian towns and villages. Israel will retain full responsibility in Area “C,” unpopulated areas. Palestinian Charter articles calling for the destruction of Israel will be revoked within two months of the Council’s inauguration.⁷⁶

Protocol Concerning the Redeployment in Hebron. Initialed by Israel and the PA on January 15, 1997. Details security arrangements. Accompanying Israeli and Palestinian Notes for the Record and letter from Secretary of State Christopher to Prime Minister Netanyahu.⁷⁷

Wye River Memorandum. Signed on October 23, 1998. Delineated steps to complete implementation of the Interim Agreement and of agreements accompanying the Hebron Protocol. Israel will redeploy from the West Bank in exchange for Palestinian security measures. The PA will have complete or shared responsibility for 40% of the West Bank, of which it will have complete control of 18.2%. The PLO Executive and Central Committees will reaffirm a January 22, 1998, letter from Arafat to President Clinton that specified articles of the Palestinian Charter that had been nullified in April 1996. The Palestine National Council will reaffirm these decisions. President Clinton will address this conclave.⁷⁸

Sharm al Shaykh Memorandum. (Also called Wye II.) Signed on September 4, 1999.⁷⁹ Israeli Prime Minister Barak and PA Chairman Arafat agreed to resume permanent status negotiations in an accelerated manner in order to conclude a framework agreement on permanent status issues in five months and a comprehensive agreement on permanent status in one year. Other accords dealt with unresolved matters of Hebron, prisoners, etc.

A Performance-Based Road Map to a Permanent Two-State Solution to the Israeli-Palestinian Conflict. (More briefly referred to as the Road Map.) Presented to Israel and the Palestinian Authority on April 30, 2003, by the Quartet (i.e., the United States, European Union, United Nations, and Russia). To achieve a comprehensive settlement in three phases by 2005. Phase I calls for the Palestinians to unconditionally end violence, resume security cooperation, and undertake political reforms, and for Israel to withdraw from areas occupied since September 28, 2000, and to freeze all settlement activity. Phase II will produce a Palestinian state with provisional borders. Phase III will end in a permanent status agreement which will end the conflict.⁸⁰

⁷⁶ For text, see [<http://www.state.gov/p/nea/rls/22678.htm>].

⁷⁷ For Protocol text, see [<http://www.state.gov/p/nea/rls/22680.htm>].

⁷⁸ For text, see [<http://www.state.gov/p/nea/rls/22694.htm>].

⁷⁹ For text, see [<http://www.state.gov/p/nea/rls/22696.htm>].

⁸⁰ For text, see [<http://www.state.gov/r/pa/prs/ps/2003/20062.htm>].

Agreement on Movement and Access. From the Gaza Strip, reached on November 15, 2005, calls for reopening the Rafah border crossing to Egypt with European Union monitors on November 25, live closed circuit TV feeds of the crossing to Israel, Palestinian bus convoys between the West Bank and Gaza beginning December 15, exports from Gaza into Israel, and construction of the Gaza seaport.⁸¹

Joint Understanding. Read by President Bush at the Annapolis Conference, November 27, 2007. Prime Minister Olmert and President Abbas express their determination to immediately launch continuous, bilateral negotiations in an effort to conclude a peace treaty resolving all core issues before the end of 2008. They also commit to immediately and continuously implement their respective obligations under the Road Map until they reach a peace treaty. Implementation of the peace treaty will be subject to the implementation of the road map, as judged by the United States.⁸²

Role of Congress

Aid.⁸³ As in prior legislation, H.R. 2764, the Consolidated Appropriations Act, 2008, Division J, passed in both houses on December 19, 2007, prohibits aid for a Palestinian state unless the Secretary of State determines and certifies that it has demonstrated a commitment to peaceful coexistence with Israel, taken measures to counter terrorism and terrorism financing, and established security entities that cooperate with Israeli counterparts. It also limits cash transfers to the Palestinian Authority (PA) to \$100 million until certain financial conditions are met, and forbids the use of any funds to pay salaries of PA personnel in Gaza or to aid Hamas.

After Hamas took power on March 30, 2006, Secretary of State Rice said, “We are not going to fund a Hamas-led government. But we are going to look at what we can do to increase humanitarian assistance to the Palestinian people...” The Administration requested that the PA return \$50 million in direct aid provided in 2005; as of April 7, \$30 million had been returned. On April 7, the Administration announced that it would provide \$245 million for basic human needs and democracy building through various U.N. and nongovernmental agencies, suspend or cancel \$239 million for programs related to the PA (\$105 million of which will be redirected to human needs), and review \$165 million in other projects. It redirected about \$100 million for humanitarian needs and \$42 million for civil society groups.⁸⁴

⁸¹ For text, see [<http://www.israel-mfa.gov.il/MFA/Peace+Process/Reference+Documents/Agreed+documents+on+movement+and+access+from+and+to+Gaza+15-Nov-2005.htm>].

⁸² For text, see [<http://www.whitehouse.gov/news/releases/2007/11/20071127.html>].

⁸³ See also CRS Report RL32260, *U.S. Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2006 Request*; CRS Report RS22370, *U.S. Foreign Aid to the Palestinians*; and CRS Report RL33222, *U.S. Foreign Aid to Israel*, all by Jeremy Sharp.

⁸⁴ For details, see [<http://www.state.gov/r/pa/prs/ps/2006/64234.htm>].

On May 9, 2006, the Quartet endorsed a Temporary International Mechanism (TIM) to be developed by the European Union (EU) to ensure direct delivery of aid to the Palestinian people. On June 17, the Quartet endorsed a TIM plan open to all donors to bypass the PA government. The TIM has been extended thru December 2007. After President Abbas dissolved the Hamas-led unity government in June 2007, the EU resumed direct aid to the PA.

P.L. 109-234, June 15, 2006, the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006, prohibits obligation of ESF appropriated in P.L. 109-102 for the West Bank and Gaza (above) until the Secretary of State submits a revised plan for such assistance and ensures that it is not provided to or through entities associated with terrorist activity. Section 550 prohibits assistance to the PA unless the Secretary of State determines that it has complied with the Quartet's January 30 conditions. The President may waive the prohibition with respect to the administrative and personal security costs of the Office of the President of the PA and for his activities to promote democracy and peaceful resolution of the Israeli-Palestinian conflict if it is in the U.S. national security interest, if the President of the PA is not associated with Hamas or any other foreign terrorist group, and if aid will not be transferred to Hamas.

H.R. 5522, the Foreign Operations Appropriations bill for 2007, passed on June 9, prohibits the provision of economic aid to the PA unless the President certifies that it is important to U.S. national security interests. When the President exercises the waiver authority, he must report to Congress on the steps that the PA has taken to arrest terrorists, confiscate weapons, and dismantle the terrorist infrastructure. It also prohibits assistance to support a Palestinian state unless the Secretary of State certifies that its leadership has been democratically elected, has demonstrated a commitment to peaceful coexistence with the State of Israel, is taking measures to counter terrorism and terrorist financing, and is establishing a new security entity that is cooperative with Israel, and the PA is working for a comprehensive peace. Again it grants the President waiver authority.

Other legislation in the 109th Congress reacting to the Hamas victory in the January 2006 Palestinian parliamentary elections included S.Con.Res. 79, passed in both houses in February, which expressed the sense of Congress that no assistance should be provided directly to the PA if a party calling for the destruction of Israel holds a majority of its parliamentary seats. Also, H.R. 4681, passed in the House on May 23, would have limited aid to the PA until it met specific conditions, to nongovernmental organizations operating in the West Bank and Gaza, and to U.N. agencies and programs that "fail to ensure balance" in the U.N. approach to Israeli-Palestinian issues; denied visas to PA officials; restricted the travel of PA and PLO officials stationed at the U.N.; and prohibited PA and PLO representation in the United States, among other measures. The White House said that H.R. 4681 "unnecessarily constrains the executive's ability to use sanctions, if appropriate, as tools to address rapidly changing circumstances." The less restrictive Senate version, S. 2370, passed on June 23, provides presidential waiver authority, and calls for establishing a \$20 million Israeli-Palestinian Peace, Reconciliation, and Democracy Fund. The House passed the Senate version on December 7, by a voice vote, and the President signed it into law, P.L. 109-446, on December 21, with a statement directing

executive agencies to construe certain provisions as advisory and not mandatory to prevent encroachment on the President's constitutional authority.⁸⁵

On March 23, 2007, the Administration notified Congress that it intended to reprogram \$59 million in FY2006 ESF funds, including \$16 million to improve the Karni crossing between Israel and Gaza and \$43 million for training and non-lethal assistance to Abbas's Presidential Guard. Congress did not object and the President issued a waiver to permit the aid to be disbursed. H.R. 1856, introduced on March 30, 2007, would limit aid to Palestinian Authority ministries, agencies, and instrumentalities controlled by a Foreign Terrorist Organization until the PA meets specific conditions. Other provisions are similar to H.R. 4681 of 2006, above.

P.L. 108-11, April 16, 2003, appropriated \$9 billion in loan guarantees to Israel over three years to be used only within its 1967 borders. In November 2003, the Administration deducted \$289.5 million from \$3 billion in guarantees for the year because it determined that amount had been spent on the security barrier and settlements in the occupied territories. P.L. 109-472, January 11, 2007, extends the guarantees for a second time until September 30, 2011.

Jerusalem. Israel annexed the city in 1967 and proclaimed it to be Israel's eternal, undivided capital. Palestinians seek East Jerusalem as their capital. Successive U.S. Administrations have maintained that the parties must determine the fate of Jerusalem in negotiations. H.Con.Res. 60, June 10, 1997, and S.Con.Res. 21, May 20, 1997, called on the Administration to affirm that Jerusalem must remain the undivided capital of Israel. Congress has repeatedly prohibited official U.S. government business with the PA in Jerusalem and the use of appropriated funds to create U.S. government offices in Israel to conduct business with the PA and allows Israel to be recorded as the place of birth of U.S. citizens born in Jerusalem. These provisions are again in H.R. 2764, the Consolidated Appropriations Act, 2008, passed in both houses on December 19, 2007. The State Department does not recognize Jerusalem, Israel as a place of birth for passports because the U.S. government does not recognize all of Jerusalem as part of Israel.

A related issue is the relocation of the U.S. embassy from Tel Aviv to Jerusalem. Proponents argue that Israel is the only country where a U.S. embassy is not in the capital, that Israel's claim to West Jerusalem, proposed site of an embassy, is unquestioned, and that Palestinians must be disabused of their hope for a capital in Jerusalem. Opponents say a move would undermine the peace process and U.S. credibility in the Islamic world and with Palestinians, and would prejudge the final status of the city. P.L. 104-45, November 8, 1995, provided for the embassy's relocation by May 31, 1999, but granted the President authority, in national security interest, to suspend limitations on State Department expenditures that would be imposed if the embassy did not open. Presidents Clinton and Bush each used the authority several times. The State Department Authorization Act for FY2002-FY2003, P.L. 107-228, September 30, 2002, urged the President to begin relocating the U.S. Embassy "immediately." The President replied that the provision would "if construed

⁸⁵ For text of statement, see [<http://www.whitehouse.gov/query.html?col=colpics&qt=2370&submit.x=10&submit.y=16>].

as mandatory ... impermissibly interfere with the president's constitutional authority to conduct the nation's foreign affairs." The State Department declared, "our view of Jerusalem is unchanged. Jerusalem is a permanent status issue to be negotiated between the parties."

Compliance/Sanctions. The President signed the Syria Accountability and Lebanese Sovereignty Restoration Act, P.L. 108-175, on December 12, 2003, to hold Syria accountable for its conduct, including actions that undermine peace. On May 11, 2004, he cited the Act as his authority to block property of certain persons and prohibit the exportation or reexportation of certain goods to Syria. These measures have since been extended annually, most recently on May 8, 2007.

Israeli Conflicts with Hamas and Hezbollah. S.Res. 524, passed on July 18, 2006, condemn the two terror groups and their state sponsors and support Israel's exercise of its right to self-defense; H.Res. 921, passed on July 20, expressed the same views.

H.Res. 107, agreed to by a voice vote on March 13, 2007, and S.Res. 92, agreed to by unanimous consent on April 12, demand that Hamas and Hezbollah immediately release kidnaped Israeli soldiers and condemn the actions of both groups and of Iran and Syria, their patrons.

H.Res. 125, agreed to by a voice vote on April 25, 2007, strongly condemns Hezbollah's use of innocent civilian as human shields.

Other. H.Res. 143, urges the President to appoint a Special Envoy for Middle East Peace. Introduced and referred to the Subcommittee on Middle East and South Asia on April 17, 2007. S.Res. 224, introduced on June 7 and referred to the Committee on Foreign Relations, has a similar provision.

Figure 1. Israel and Its Neighbors



Source: Map Resources. Adapted by CRS. (K.Yancey 7/11/06).