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

**Updated July 25, 2006**

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# Report Documentation Page

Form Approved  
OMB No. 0704-0188

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1. REPORT DATE <b>25 JUL 2006</b>		2. REPORT TYPE		3. DATES COVERED <b>00-00-2006 to 00-00-2006</b>	
4. TITLE AND SUBTITLE <b>Israeli-Arab Negotiations: Background Conflicts, and U.S. Policy</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>Congressional Research Center, The Library of Congress, 101 Independence Ave SE, Washington, DC, 20540-7500</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			

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

## Summary

After the first Gulf war, in 1991, a new peace process involved bilateral negotiations between Israel and the Palestinians, Jordan, Syria, and Lebanon. On September 13, 1993, Israel and the Palestine Liberation Organization (PLO) signed a Declaration of Principles (DOP), providing for Palestinian empowerment and some territorial control. On October 26, 1994, Israeli Prime Minister Yitzhak Rabin and King Hussein of Jordan signed a peace treaty. Israel and the Palestinians signed an Interim Self-Rule in the West Bank or Oslo II accord on September 28, 1995, which led to the formation of the Palestinian Authority (PA) to govern the West Bank and Gaza. The Palestinians and Israelis signed additional incremental accords in 1997, 1998, and 1999. Israeli-Syrian negotiations were intermittent and difficult, and were postponed indefinitely in 2000. On May 24, 2000, Israel unilaterally withdrew from south Lebanon after unsuccessful negotiations. From July 11 to 24, 2000, President Clinton held a summit with Israeli and Palestinian leaders at Camp David on final status issues, but they did not produce an accord. A Palestinian uprising or *intifadah* began that September. On February 6, 2001, Ariel Sharon was elected Prime Minister of Israel, and rejected steps taken at Camp David and afterwards.

The post 9/11 war on terrorism prompted renewed U.S. focus on a peace process, emphasizing as its goal a democratic Palestinian state as a prerequisite for achieving peace. On April 30, 2003, the United States, the U.N., European Union, and Russia (known as the “Quartet”) presented a “Roadmap” to Palestinian statehood within three years. It has not been implemented by either Israel or the Palestinians. In what he considered the absence of a Palestinian partner for peace, Sharon proposed that Israel unilaterally withdraw from the Gaza Strip and four small settlements in the West Bank. On August 23, 2005, Israel completed its disengagement from Gaza.

PA Chairman/President Yasir Arafat died on November 11, 2004; on January 9, 2005, Mahmud Abbas was elected to succeed him and seeks final status talks. Since Hamas, which Israel and the United States consider a terrorist group, won the January 2006 Palestinian parliamentary elections, however, the situation has been complicated. Israeli officials have offered ideas for unilateral disengagement from more of the West Bank, but not a fully developed plan. The U.S. Administration and others have urged them to negotiate first. The recent kidnappings of Israeli soldiers by Hamas and Hezbollah sparked conflicts in Gaza and Lebanon and cast new shadows on the prospects for future talks.

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. Members have also repeatedly 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 replaces CRS Issue Brief IB91137, *The Middle East Peace Talks*, and will be updated as developments warrant. See also CRS Report RL33566, *Israel-Hamas-Hezbollah: the Current Conflict*, coordinated by Jeremy Sharp.

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

## Most Recent Developments

**Lebanon.** On July 12, in the midst of massive shelling of a town in northern Israel, Hezbollah forces crossed the international border from Lebanon into northwestern Israel and attacked two Israeli Hummers, killing three Israeli soldiers and kidnaping two. Hezbollah demanded that Israel release three Lebanese and other Arab prisoners in exchange for the soldiers and for a third soldier who had been kidnaped by Hamas on June 25. Hezbollah leader Shaykh Hassan Nasrallah said that the soldiers would be returned only through indirect negotiations for a prisoner exchange. Hezbollah had acted in order to open a second front in support of Hamas, which has been under siege by Israeli forces mostly in Gaza, but also in the West Bank, since the June kidnaping. Nasrallah suggested that the Hezbollah operation might provide a way out of the crisis in Gaza because Israel has negotiated with Hezbollah in the past, although it refuses to negotiate with Hamas now. Hezbollah is a mentor and role model for Hamas, with which it shares a desire to destroy Israel.

Hezbollah has the capacity to act on its own in solidarity with the besieged Palestinians or with its Syrian and Iranian supporters. However, some observers question Hezbollah's autonomy and offer additional explanations for the July 12 attack. Much speculation focuses on whether Hezbollah acted at the behest of or with the approval of Iran, its main sponsor, because Iran also questions Israel's right to exist, also supports Hamas, and perhaps wants to divert international attention from its nuclear program. It is also possible that Hezbollah acted to advance the interest of Syria, which may be seeking to reclaim influence in Lebanon from which it withdrew in 2005, by showing the weakness of the Lebanese government. Finally, Hezbollah may have sought to exercise its own influence over the Palestinians by preventing a resolution of the Gaza crisis. Egyptian President Hosni Mubarak and Palestinian President Mahmud Abbas have claimed that, immediately before the Hezbollah attack, an agreement had almost been reached to solve the kidnaping of the Israeli soldier near Gaza through a prisoner exchange. The Hezbollah attack has complicated that resolution.

Israeli Prime Minister Ehud Olmert declared that Hezbollah's attack was "an act of war, without any provocation, on sovereign territory over which there is no argument." Olmert charged, "The Lebanese government, which Hezbollah is a part of, is trying to undermine the regional stability. Lebanon will suffer the consequences of its actions." The Lebanese government has stated that it had no prior knowledge of the operation and does not take responsibility or credit for it. Israeli officials also blamed Syria and Iran but have been careful to say that they had no plans to strike either one. Iran and Syria have a mutual defense pact, and, after Israel began a

military operation against Hezbollah, Iranian President Mahmud Ahmadinejad rapidly vowed to come to Syria's defense if it is attacked.

Immediately after the attack, Israeli forces launched a major military campaign against Lebanon, at first using only artillery and air strikes aimed at power stations, Hezbollah strongholds and television, as well as bridges, roads, and the Beirut airport, which are used to resupply Hezbollah. They imposed an air, sea, and ground blockade of Lebanon. Israeli planes have hit central Beirut and concentrated considerable fire power on Hezbollah strongholds in southern Beirut and elsewhere. On July 17, they struck a Lebanese army position near Tripoli in northern Lebanon, killing eight soldiers. On July 19, Israeli planes dropped tons of bombs on a bunker thought to shelter Hezbollah leaders, but Nasrallah appeared publicly the next day. They also have targeted vehicles suspected of transporting Hezbollah rocket launchers but have hit civilians in the process. The Lebanese civilian death toll has mounted as has international criticism of Israel's use of force. According to the U.N., up to 750,000 people have been internally displaced or are under siege in Lebanon.

Israel has mobilized thousands of reserves, and its troops and tanks have increasingly entered southern Lebanon, but it has not launched a major ground offensive. On July 19, the Israeli Defense Forces (IDF) called on all Lebanese residents south of the Litani River to evacuate their homes, but their exodus was complicated by the damaged roads and bridges. In the ground campaign, Israeli soldiers and Hezbollah guerrillas first engaged in fierce combat in the Maroun ar-Ras area of southern Lebanon. After they deemed it under control, Israeli forces moved on to Bint Jubail, a major Hezbollah stronghold.

In return, Hezbollah has fired rockets unrelentingly into what it calls "Zionist occupied northern Palestine" (northern Israel, one-third of the state), reaching many cities and towns, including Haifa, Israel's third largest city. On July 14, Hezbollah launched a radar-guided Iranian C-802 missile at an Israeli naval vessel. Shaykh Nasrallah claimed on July 24 that the Israeli incursion would not produce any political results if it failed to stop the rocket fire. The next day, he declared, "If the resistance survives, this will be a victory."

On July 17, in a speech to the Knesset (parliament), Olmert summarized Israel's conditions for the end of military operations: the return of the kidnaped soldiers, the end to Hezbollah rocket attacks, and the deployment of the Lebanese army along the border. The last is a requirement of U.N. Security Council Resolution 1559, as is the disarming of militias in Lebanon.<sup>1</sup> Olmert declared, "This is as far as it goes. Israel will be no hostage ... of terrorist gangs or of any sovereign state."<sup>2</sup>

Lebanese Prime Minister Fuad Siniora requested U.N. help in obtaining a cease-fire. His government called for the release of the two Israeli soldiers but said that a resolution should include cease-fire, Israel's withdrawal from the disputed Shiba'a

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<sup>1</sup> Text of U.N. Security Council Resolution 1559, September 2, 2004, is available online at [[http://www.un.org/Docs/sc/unsc\\_resolutions04.html](http://www.un.org/Docs/sc/unsc_resolutions04.html)].

<sup>2</sup> For full text of Olmert's speech, see [<http://www.pmo.gov.il/PMOEng/Communication/PMSpeaks/speechknesset170706.htm>].

Farms area (where the borders of Lebanon, Syria, and Israel meet), the release of Lebanese prisoners from Israeli jails, and a return to the 1949 armistices. Siniora said that the Lebanese army would move to the south when these conditions are met. Lebanon's Speaker of Parliament Nabih Berri, whose Shi'a party is allied with Hezbollah, said that Hezbollah had agreed to allow the Lebanese government to lead negotiations for a prisoner exchange — a very limited mandate compared to the additional issues requiring resolution in order to settle the conflict.

**U.S. Response.** President Bush, Secretary of State Condoleezza Rice, and other U.S. officials have refused to call for a cease-fire in Lebanon, have maintained that Israel has the right to defend itself, and have held Hezbollah responsible for the conflict. They also have held Syria and Iran responsible because of their support for the terrorist group and called on Syria, in particular, to exert its influence in support of a positive outcome. In addition, they have called on Israel to act with restraint and not to weaken the Lebanese government. Nonetheless, U.S. spokesmen have repeatedly said that the United States is not going to make military decisions for Israel.

On July 18, President Bush put the conflict between Israel and Hezbollah into the context of the global war on terror. He said that the “root cause” is “terrorist attacks on a democratic country. And part of those terrorist attacks are inspired by nation states, like Syria and Iran. And in order to be able to deal with this crisis, the world must deal with Hezbollah, with Syria, and to continue to work to isolate Iran.”<sup>3</sup>

Secretary Rice repeatedly deflected calls for a cease-fire, declaring on July 16 “if a cessation of violence is hostage to Hezbollah's next decision to launch missiles into Israel or Hamas's next decision to abduct an Israeli citizen, then we will have gotten nowhere.” At a July 21 briefing, she stated, “A cease-fire would be a false promise if it simply returns us to the status quo, allowing terrorists to launch.” En route to Lebanon on July 24, she underscored the need for a “sustainable” cease-fire to ensure that Lebanon regains sovereignty over its country. While in Beirut, Rice met with Nabih Berri, who conveyed the (Hezbollah) message that a cease-fire and prisoner swap are preconditions for all other possible steps to resolve the conflict. Secretary Rice proposed a different sequence of events: the United States would support a cease-fire once the Israeli soldiers are released and Hezbollah pulled back from the border.

On July 22, it was reported that the Administration is expediting the delivery of precision guided bombs ordered by Israel in 2005.

**International Action/Reaction.** On July 16, the G-8 group of major nations said, “The root cause of the problems in the Middle East is the absence of a comprehensive peace.” It blamed Hamas and Hezbollah for a crisis aimed at destabilizing the region and frustrating “the aspirations of the Palestinian, Israeli, and Lebanese people for democracy and peace.” It called on “extremists” to halt their attacks immediately. The G-8 also cautioned Israel to “be mindful of the strategic

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<sup>3</sup> Statement made during a press briefing at the G-8 Summit; for text, available online, see [<http://www.whitehouse.gov/news/releases/2006/07/20060718-4.html>].

and humanitarian consequences of its actions” and to use the “utmost restraint.” It called for the return of the kidnaped Israeli soldiers, an end to the shelling of Israeli territory, an end to Israeli military operations, the early withdrawal of Israeli forces from Gaza, and the release of arrested Palestinian ministers and parliamentarians. After all that is achieved, the G-8 proposed a list of political, security, and aid actions that could be taken. The statement G-8 statement did not mention Syria and Iran. Although some European leaders present at the summit and others have criticized Israel’s use of “disproportionate force” and called for a cease-fire, the G-8 statement did not.<sup>4</sup>

U.N. Secretary General Kofi Annan sent his Special Advisor Vijay Nambiar, Special Envoy to Syria and Lebanon Terje Roed-Larsen, and U.N. Mideast Envoy Alvaro de Soto to the region. In a speech to the Security Council on July 20, Annan criticized Hezbollah for triggering the crisis and, while acknowledging Israel’s right to defend itself, condemned its “excessive” use of force and weakening of the Lebanese government. He called for an immediate cessation of hostilities to prevent further loss of life, allow for humanitarian relief, and give diplomacy a chance. He laid out a broad framework for resolving the crisis: transfer of the Israeli soldiers to Lebanese authorities under the auspices of the International Red Cross, a cease-fire, an expanded peacekeeping force with a two-year mandate to help strengthen the Lebanese army, implementation of U.N. Security Council Resolution 1559, and an international conference to deal with residual issues such as Shiba’a Farms. Annan also noted his team’s frank assessment “that there are serious obstacles to reaching a cease-fire, or even diminishing the violence quickly.”<sup>5</sup>

On July 16, in an unusual move at an Arab League meeting, signaling their concern about the spread of Iranian influence in the region, Saudi Arabia, Jordan, Egypt, and several Gulf states chastised Hezbollah for “unexpected, inappropriate, and irresponsible acts.” The three moderate Sunni Arab regimes condemned Hezbollah for “adventurism that does not serve Arab interests.” Syria, Yemen, Algeria, Lebanon, and Qatar disagreed. As the conflict continued and Arab public opinion was seen to support Hezbollah overwhelmingly and to sympathize with the plight of the Palestinians, the Saudi position evolved. On July 23, Foreign Minister Saud al Faisal delivered a letter from King Abdullah to President Bush, urging the United States to work on a cease-fire, prisoner exchange, and delay in dismantling Hezbollah. For its part, the U.S. Administration reportedly encouraged the Saudis to pressure Syria to end its support for Hezbollah.

Meanwhile, Syrian officials have offered to work for a cease-fire only as part of a package to include a prisoner exchange and the start of a peace process that would lead to the return of the Golan Heights to Syria but indicated that they would not do so as long as the United States works to isolate Syria. Syria’s Ambassador to the United States Imad Mustapha asserted, “What we are calling for is de-escalation, diplomatic engagement, and for the United States to restart playing the role it used to play in the past, the role of the broker of peace.” Other Syrian officials have

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<sup>4</sup> For full text of G-8 Statement, see [<http://en.g8russia.ru/docs/21.html>].

<sup>5</sup> For text of the Secretary General’s briefing, see [<http://www.un.org/News/Press/docs/2006/sgsm10570.doc.htm>].

warned against the deployment of an international peacekeeping force without the cooperation of Hezbollah and Syria.

**Peacekeepers.** U.N. Secretary General Kofi Annan and British Prime Minister Tony Blair called early on for an enlarged international stabilization force for Lebanon, and the idea has since gathered steam, although a possible force's mission, strength, and structure have not been determined. Prime Minister Olmert's office initially said that Israel would agree only to the deployment of the Lebanese army along the border in south Lebanon, not to international troops. As the conflict continued, however, Israeli officials have said that they would consider an international force if its mission were robust, prevented the resupply of Hezbollah, and did not duplicate the unsatisfactory experience of the U.N. Interim Force in Lebanon (UNIFIL). On July 23, Israeli Defense Minister Amir Peretz suggested that the international force should come from NATO and act to prevent weapons smuggling from Syria into Lebanon. (Most observers and NATO members believe, however, that NATO is over-committed to other theaters of operation or are wary of a deployment without Hezbollah concurrence. No official request has been made to NATO.) Meanwhile, Prime Minister Olmert indicated that Israel would consider "the deployment of a force with military capability and fighting experience, comprising European Union countries." He projected a force mandate to include control of the passes between Syria and Lebanon, the deployment in south Lebanon, and assisting the Lebanese Army in the full implementation of U.N. Security Council Resolution 1559, which calls for the disarmament of Hezbollah. He also expressed support for incorporating troops from Arab states in the multinational force.

U.S. Secretary of State Condoleezza Rice has also recognized that the deployment of Lebanese forces to the south would need significant international assistance. She said, however, that she did not anticipate that U.S. forces would be part of a "robust" international force. In Beirut on July 24, Rice reportedly proposed the deployment of an international force to a buffer zone along Lebanon's border with Israel, after which it would expand its mission to help the Lebanese army regain control of the south. Nabih Berri responded that Hezbollah was unlikely to accept a foreign military presence in the south. U.S. Ambassador to the U.N. John Bolton has said that the Administration is "looking carefully at a multinational force, perhaps authorized by the Security Council, but not a U.N.-helmeted force."

**Gaza.** In July, Israeli forces have expanded their offensive in Gaza. On July 13, they conducted air strikes against a house where members of the Hamas military wing were believed to be meeting and reportedly wounded the wing's commander as well as nine civilians. They also bombed Palestinian Authority (PA) ministries, which are headed by Hamas. Palestinian militants continue to fire rockets from Gaza into southern Israel, and Israeli forces continue operations in Gaza.

Although he appeared to have been sidelined by the Hamas kidnaping of the Israeli soldier in June, Palestinian President Mahmud Abbas persists in his efforts to assert his power. On July 15, he said that the National Accord Document (also known as the Prisoners' Document) would be implemented after Israel released Palestinian officials arrested in June and that a national referendum is no longer needed to approve it. Abbas has discussed the formation of a national unity government with Hamas officials. In addition, Abbas told a visiting U.N. team that

he wanted to “de-link” the crisis in the Palestinian areas from the crisis in Lebanon in order to prevent non-Palestinian extremists (Hezbollah) from hijacking the leadership of the Palestinian issue. Egyptian officials are working to resolve the issue of the kidnaped Israeli soldier and, thereby, to close the Gaza front. On July 22, Abbas met Prime Minister Ismail Haniyah and representatives of Palestine Islamic Jihad (PIJ) and other groups and proposed that they end cross-border rocket attacks in exchange for an Israeli pledge to end artillery shelling and tank incursions into the Gaza Strip. There was no agreement.

## Background

Before the first Gulf war in 1991, Arab-Israeli conflict marked every decade since the founding of Israel until the 1990s. 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.<sup>6</sup>

## 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” efforts 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

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<sup>6</sup> For additional background, see William B. Quandt, *Peace Process, American Diplomacy and the Arab-Israeli Conflict since 1967*, Washington, D.C., 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.

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, 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." Nonetheless, she has actively encouraged Israelis and Palestinians to act and personally mediated a November 2005 accord to reopen the border crossing between Gaza and Egypt after Israel's withdrawal from Gaza.

## Conference, 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,<sup>7</sup> and the Arab Maghreb Union<sup>8</sup> were observers.

## 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 a charade that had distanced the PLO from the talks. Secret talks in Oslo in 1993 produced an August 19 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 with interim accords. Perhaps the most important developments were Israel's withdrawal from major cities and towns and the achievement of Palestinian self-government as the Palestinian Authority (PA), electing a chief executive (translated as "chairman" or "president") and a legislature to administer those territories. However, no final agreement was ever 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 in 2000.)

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<sup>7</sup> The Gulf Cooperation Council is comprised of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

<sup>8</sup> The Arab Maghreb Union is comprised of Algeria, Libya, Mauritania, Morocco, and Tunisia.

President Clinton, Israeli Prime Minister Ehud Barak, and Palestinian Authority (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 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, D.C., 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. Israeli forces would control borders in the Jordan Valley for three to six years, and then be replaced by an international force. The agreement would declare “an end to conflict.”<sup>9</sup> 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 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.” The Bush Administration said that Clinton’s proposals “were no longer United States proposals.” Sharon sought an interim agreement, not dealing with Jerusalem, Palestinian refugees, or a Palestinian state

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<sup>9</sup> (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>].)

and, in an interview published on April 13, said that he could accept a disarmed Palestinian state on 42% of the West Bank.<sup>10</sup>

On April 30, 2001, the Mitchell commission made recommendations for ending violence, rebuilding confidence, and resuming negotiations. On June 12, the two sides accepted CIA Director George Tenet's plan to cement a cease-fire. On June 28, they agreed to a seven-day period without violence followed by a six-week cooling-off period. Secretary Powell said Sharon would determine if violence abated. On August 8, a Hamas suicide bomber detonated in Jerusalem. On August 10, Israeli forces seized Orient House, the center of Palestinian national activity in East Jerusalem, and then repeatedly entered Palestinian territory. On August 27, Israel killed the Popular Front for the Liberation of Palestine's (PFLP) leader.

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."<sup>11</sup> The PFLP assassinated Israel's Minister of Tourism on October 17. On November 10, President Bush 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...."<sup>12</sup>

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.

On February 17, Saudi Crown Prince 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 has since become known as the "Arab Peace Initiative."<sup>13</sup>) Prime Minister Sharon said that he was willing to explore

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<sup>10</sup> Interview by Ari Shavit, *Ha'aretz*, April 13, 2001, Foreign Broadcast Information Service (FBIS) Document GMP200110413000070.

<sup>11</sup> See [<http://www.whitehouse.gov>] for presidential statements cited in this report.

<sup>12</sup> "Israeli Cabinet Decision on Cutting Contacts with Arafat," Government Press Office, December 13, 2001, FBIS Document GMP200111213000010.

<sup>13</sup> For "Beirut Declaration" or "Arab Peace Initiative," see [<http://www.saudiembassy.net/>]  
(continued...)

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 the Israeli armed forces besieged his compound in Ramallah; they soon controlled all major Palestinian-ruled West Bank cities.

On May 2, the Quartet (i.e., U.S., EU, U.N., and Russian officials), proposed a conference on reconstructing the PA and related issues. After another Hamas suicide bombing near Tel Aviv, Sharon called for “the complete cessation of terror” before negotiations. After 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.<sup>14</sup> On September 17, the Quartet outlined a preliminary “Roadmap” 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.<sup>15</sup> On April 14, Israeli emissaries submitted 14 reservations on the Roadmap to U.S. officials.<sup>16</sup> On April 30, the Quartet officially presented the Roadmap. Abbas accepted it. On May 23, the 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 Roadmap,” leading Sharon and his cabinet to accept “steps defined” in the Roadmap “with reservations” on May 25. The next 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, the President met Abbas and Sharon as a conference hosted by Jordan’s King Abdullah in Aqaba, Jordan. Abbas vowed to achieve the Palestinians’

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<sup>13</sup> (...continued)  
2002News/Statements/StateDetail.asp?cIndex=142].

<sup>14</sup> For text of the speech, see [<http://www.whitehouse.gov/news/releases/2002/06/20020624-3.html>].

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

<sup>16</sup> For text of Israel’s reservations, see Israel’s Response to the Road Map, online at [[http://www.knesset.gov.il/process/docs/roadmap\\_response\\_eng.htm](http://www.knesset.gov.il/process/docs/roadmap_response_eng.htm)].

goals by peaceful means. Sharon expressed understanding of “the importance of territorial contiguity” for a viable Palestinian state and promised to “remove unauthorized outposts.” Abbas said that he would use dialogue, not force, with 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 September 7, Arafat named Palestinian Legislative Council Speaker Ahmed Qureia, aka Abu Ala, to be Prime Minister.

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 — disaffected former members of the Palestinian security services, Fatah, and other groups. (They were 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.<sup>17</sup> 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. 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, on March 22, Israeli missiles killed Hamas leader Shaykh Ahmed Yassin and others.

On April 14, 2004, President Bush and Sharon met and exchanged letters.<sup>18</sup> The President welcomed Israel’s plan to disengage from Gaza and restated the U.S. commitment to the Roadmap. 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

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<sup>17</sup> For text, see the Geneva Initiative website at [<http://www.heskem.org.il>].

<sup>18</sup> 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>].

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 Roadmap.” 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 will retain and strengthen. Palestinians denounced the President’s “legitimization” of settlements and prejudgement 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.<sup>19</sup> (As of July 2006, very few of the outposts have been dismantled.)

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. The government said that it would abide by the ruling. The Israeli Court has repeatedly attempted to balance Israel’s security needs and the humanitarian claims of Palestinians in subsequent rulings; in some of the cases, it has 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.<sup>20</sup>

On October 6, Sharon’s aide Dov 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.”<sup>21</sup>

Yasir Arafat died on November 11. Mahmud Abbas became Chairman of the PLO and a candidate for president of the PA. On January 9, 2005, Abbas won election as President. He called for implementing the Roadmap while beginning discussion of final status issues and cautioned against interim solutions designed to delay reaching a comprehensive solution.

Secretary of State Condoleezza 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. The Secretary did not attend a February 8 meeting of Sharon, Abbas, Egyptian President Hosni Mubarak, and Jordanian King

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<sup>19</sup> For text of letter, see [<http://www.pmo.gov.il/PMOEng/Communication/DisengamePlan/letter1804.htm>].

<sup>20</sup> 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.”

<sup>21</sup> Interview by Ari Shavit, “The Big Freeze,” *Ha’aretz*, October 8, 2004, FBIS Document GMP20041008000026.

Abdullah II in Sharm al-Shaykh, Egypt, where Sharon and Abbas declared the end of violence and military operations.

On February 20, the Israeli 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 to encompass major settlement blocs. On March 16, Israel handed Jericho over to PA control. 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 PA control.

On March 20, it was reported that the Israeli 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 Roadmap obligations or prejudices final status negotiations.” Sharon stated, “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 April 15, the Quartet appointed outgoing World Bank President James Wolfensohn to be their Special Envoy for Gaza Disengagement. He served until April 30, 2006.

On May 26, President Bush met Abbas at the White House and said that “changes to the 1949 armistice lines must be mutually agreed to.” The President 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 said that the boundaries of a future state should be those of before the 1967 war and asserted, “there is no justification for the wall and it is illegitimate.” He also stated that the PA was ready to coordinate the Gaza disengagement with Israel and called for moving immediately thereafter to final status negotiations.

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 an effort to show that the disengagement meant that Hamas was forcing Israel to withdraw from the Strip. Israel helicopters fired missiles at targets in Gaza and the West Bank.

On July 22, Secretary Rice met Sharon and encouraged him to coordinate the disengagement with the Palestinians. On August 4, an Israeli army deserter opposed

to the disengagement killed four Israeli Arabs and injured 13 on a bus in northern Israel. On August 15, Israeli 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.<sup>22</sup>

Israel evacuated all of its settlements in the Gaza Strip and four small settlements in the northern West Bank between August 17 and August 23.<sup>23</sup> On August 17, a settler opposed to the disengagement shot four Palestinians at the West Bank settlement of Shiloh. On August 29, Sharon declared that there would be no further unilateral or coordinated disengagements and that the next step must be negotiations under the Road Map. He affirmed that while the large blocs of settlements will remain in Israeli hands and linked territorially to Israel, not all West Bank settlements will remain; but this will be decided in the final stage of negotiations.

After an upsurge in Hamas rocket attacks from Gaza into Israel, Hamas announced on September 25 that it would halt operations from Gaza, but, on September 27, it claimed responsibility for kidnaping and killing an Israeli settler in Ramallah. Israel responded with air and artillery strikes, closure of charities linked to terror groups, mass arrests including likely Hamas candidates in forthcoming Palestinian elections, and targeted killings of terrorists. A Sharon advisor said, "we might consider turning disengagement into a strategy. Israel would determine its borders independently." On September 29, however, Sharon again insisted that Israel would work solely via the Road Map and "(t)here will not be any further unilateral territorial moves."

On October 20, at the White House, 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 asserted that legislators should 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 a "broad and relentless 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 elections, but it also would not coordinate preparations for the elections with the PA or allow Hamas people to move around more during the campaign. He said if an armed terrorist organization is a partner in the Palestinian administration it could lead to the end of the Roadmap. Only if Hamas disarms and annuls its Covenant which

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<sup>22</sup> Interview by Golan Yokhpaz, IDF Radio, August 15, 2005, FBIS Document GMP20050815621002.

<sup>23</sup> See CRS Report RS22000, *Israel's Disengagement from Gaza*, by Carol Migdalovitz.

calls for the destruction of Israel would Israel provide assistance for the elections and accept Hamas's participation. Rice asserted that it would be easier to compel Hamas to disarm after the elections because the entire international community would then exert pressure. She added that Abbas would lose U.S. and international support if he does not disarm Hamas. Rice vowed that the United States would not hold 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 achieved an Agreement on Movement and Access from the Gaza Strip. On November 25, the Rafah border crossing between the Gaza Strip and Egypt reopened with European Union (EU) monitors.

On December 5, PIJ, which has no apparent ambitions to participate in the Palestinian political process, perpetrated a suicide bombing in Netanya, killing 5 and wounding more than 50. On December 6, Israel barred Palestinians from entering Israel for one week, arrested militants in the West Bank, and began air strikes in Gaza. Israeli officials suspended talks with the PA about West Bank-Gaza bus convoys that were to begin on December 15. PIJ claimed responsibility for two suicide bombings at an Israeli army checkpoint in the northern West Bank on December 28, killing an Israeli soldier.

After Hamas victories in December 2005 Palestinian municipal elections, speculation increased about possible effects on the peace process if Hamas achieved similar successes 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."<sup>24</sup> On January 11, Secretary Rice stated, "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."

Israeli Prime Minister Ariel Sharon suffered an incapacitating stroke on January 4. Deputy Prime Minister Ehud Olmert became Acting Prime Minister and, on January 12, he told President Bush that peace efforts could not progress if terrorist organizations like Hamas joined the Palestinian government. On January 19, PIJ perpetrated a suicide bombing in Tel Aviv, injuring 30.

Hamas won the January 25 Palestinian parliamentary elections. It is a U.S.-designated Foreign Terrorist Organization, 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.<sup>25</sup> 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

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<sup>24</sup> This and subsequent Quartet statements cited, may be found at the State Department's website: [<http://www.state.gov>].

<sup>25</sup> For text of the Hamas Covenant, see [<http://www.yale.edu/lawweb/avalon/mideast/hamas.htm>].

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” and, on January 31, called on Hamas to “recognize Israel, disarm, reject terrorism, and work for a lasting peace.”

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.” 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. Abbas remained committed to negotiating a two-state solution and suggested continuing to use the PLO for this purpose.

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. On March 5, his security advisor, Avi Dichter, asserted new borders would consolidate isolated settlements into settlement blocs. He added that the Israeli Defense Forces would retain control over territory to prevent terrorism. On March 8, Olmert stated that he would wait a “reasonable” amount of time to see whether Hamas met his conditions. He aimed to reach a national consensus on permanent borders by 2010 and stated that the security barrier would be moved to those borders. Olmert also declared that construction would begin in the E-1 corridor between the Ma’ale Adumim settlement and Jerusalem. No Hamas official accepted Olmert’s plan, but Prime Minister-designate Ismail Haniyah 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 to Israel and would “practice resistance side by side with politics as long as the occupation continued.” On March 15, Israeli forces besieged a Palestinian prison in Jericho to capture men wanted for the October 2001 killing of an Israeli minister, indicating a lack of trust in a Hamas-led PA to keep a 2002 agreement to hold the prisoners.

After his 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. He said he hoped to hear a similar announcement from the PA, but “Israel will take its fate into its own hands” if the Palestinians do not act. On March 30, Secretary Rice said, referring to Olmert’s plan, “I wouldn’t on the face of it just say absolutely we don’t think there’s any value in what the Israelis are talking about.”

Prime Minister Haniyah said that Hamas would not object to President Abbas negotiating with Israel and that Hamas could redefine its position if the result serves the people’s interests. In an op-ed in (the British newspaper) *The Guardian* on March 31, Haniyah described Olmert’s unilateralism as “a recipe for conflict” and a “plan to impose a permanent situation in which the Palestinians end up with a

homeland cut into pieces....” He 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 April 1, PA Foreign Minister Mahmud al-Zahhar stated that he dreamed of a map with an independent state on all of historic Palestine and “which does not show Israel on it.”<sup>26</sup> On March 30, the Al Aqsa Martyrs Brigades claimed responsibility for a suicide bombing near the Israeli settlement of Kedumim, killing four. Reacting to the bombing, the Palestinian Deputy Prime Minister said that Hamas would never object to the Palestinians’ “self-defense” as long as they were under occupation.

On April 9, the Israeli security cabinet recommended severing all ties with the Hamas-led PA, which it called a “hostile entity.” Because it views 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.” Israel did not respond militarily, but revoked the Jerusalem residency of three Hamas officials among other steps. Some Israelis maintained that Hamas’s repeated defense of bombings and its appointment of a leader of the terrorist Popular Resistance Committees to head security forces (despite Abbas’s veto) would serve to justify Israel’s unilateralism.

On April 26, President Abbas called for an immediate international peace conference with himself as the Palestinian negotiator. He said that the Hamas-led government is not an obstacle to negotiations because the PLO, which he heads, has the mandate to negotiate as it had all previous agreements. He also has noted that he is empowered as the democratically elected leader of the Palestinians. In response, an Israeli spokesman cited the Road Map, which does not call for an international conference until its final phase, as the best way to move forward. Meanwhile, Hamas officials said that, for negotiations to begin, Israel must accept withdrawal from territories occupied in 1967, including East Jerusalem, recognition of the refugees’ right to return, the release of prisoners, and the dismantling of the (security) wall.

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. Although preferring to achieve this goal through negotiations, the government said that it would act to determine borders in their absence. 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.

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<sup>26</sup> “Hamas Foreign Minister Moots Temporary Two-State Solution,” BBC Monitoring Middle East, April 3, 2006.

On May 10, imprisoned Fatah, Hamas, and other political detainees 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 called for renewing, perhaps recreating, the PLO and for Hamas and PIJ to join it. It supported the right to resist the occupation in the lands occupied in 1967. It asserted 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.<sup>27</sup> Abbas accepted the document, but Hamas officials rejected its implied recognition of pre-1967 Israel.

On May 21, Prime Minister Olmert asserted that, since the Hamas-led government was elected, President Abbas is “powerless,” and “unable to even stop the minimal terror activities amongst the Palestinians, so how can he seriously negotiate with Israel and assume responsibility for the most major, fundamental issues that are in controversy between us and them?”<sup>28</sup> Israeli Foreign Minister Tzipi Livni met Abbas on the sidelines of the World Economic Forum meeting in Egypt, where Abbas asserted that “permanent” arrangements are impossible without resolving the main issues of conflict: security, borders, Jerusalem, and refugees. He warned that Israeli “unilateralism will quickly put an end to the two-state solution and will increase violence.”<sup>29</sup>

On May 21, Prime Minister Haniyah said if Israel withdraws to the 1967 borders, then his government will maintain a cease-fire for many years. He also said that his government was prepared to talk with Israel about practical but not political issues.

On May 23, Olmert met President Bush at the White House. The President reiterated his vision of two democratic states, Israel and Palestine, living side-by-side in peace and security and said that Olmert agrees that a negotiated final status agreement best serves both peoples and the cause of peace. The President said 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. The President described the ideas as “bold.” Olmert extended his “hand in peace” to Mahmud Abbas, but noted that despite Israel’s sincere desire for negotiations, “we cannot wait indefinitely for the Palestinians to change. We cannot be held hostage by a terrorist entity which refuses to change or to promote dialogue.” He said that he had presented the President ideas for a “realignment” in the West Bank to “reduce friction between Israelis and Palestinians, ensure territorial contiguity for the Palestinians, and guarantee Israel’s security as a Jewish state with the borders it desires.”<sup>30</sup> In his

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<sup>27</sup> For text of 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](http://www.nad-plo.org/inner.php?view=news-updates_pre)].

<sup>28</sup> In interview on CNN Late Edition, May 22, 2006.

<sup>29</sup> “‘Full text’ of Palestinian President’s Speech at World Economic Forum,” BBC Monitoring Middle East, May 25, 2006.

<sup>30</sup> See [<http://www.whitehouse.gov/news/releases/2006/05/20060523-9.html>] for text of joint news conference. As Olmert and other Israeli officials have discussed “realignment,”

address to Congress on May 24, Olmert said that realignment would allow Israel to build its future without being held hostage to terrorist activities, significantly reduce friction between Israelis and Palestinians and prevent much of the conflict between the two nations.<sup>31</sup> Afterwards, Olmert reiterated that he accepted Abbas as the elected president of the Palestinians and knew that Abbas would like to create conditions for negotiations, but doubted that he could do it.

On May 25, President Abbas called on Hamas to agree within 10 days to the National Accord Document drafted by Hamas and Fatah prisoners of Israel or he would hold a national referendum on the document within 40 days.<sup>32</sup> Prime Minister Haniyah claimed that Palestinian laws do not authorize referenda and demanded more time for a dialogue to revise the proposals. On June 10, Abbas scheduled a July 26 referendum on the question: “Do you agree to the National Accord Document, the prisoners’ document?” He also stated that the dialogue with Hamas would continue and an agreement could preclude the referendum. Hamas officials rejected the Document and the referendum and called on the people to boycott it, and Hamas prisoners who had co-authored the Document withdrew their support for it. Nonetheless, the dialogue continued.

While telling a June 4 cabinet meeting that the contents of the Palestinians’ Document are completely unacceptable, Israeli Prime Minister Olmert also said that he would not respond because it is an internal Palestinian issue. He later noted that Document is “far behind the basic principles that the international community defined.” U.S. officials have stated that the Document is an internal Palestinian matter and would not comment.

Violence increased especially 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 there were other Palestinian civilian casualties of Israeli strikes.

On June 13, Olmert said that while he would prefer to negotiate with a Palestinian partner, he would not do so until the Quartet’s January 30 conditions were met. (See above.) He stated that he would meet with Abbas to discuss what each of

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<sup>30</sup> (...continued)

previously convergence, it would entail the withdrawal of Israeli settlers from many West Bank settlements and their movement into major settlement blocs. Officials have not provided a detailed plan of how many settlers would be moved, how Israeli forces would be redeployed, and what the cost might be. Foreign Minister Tzipi Livni reportedly has created a committee to develop a plan.

<sup>31</sup> For text of speech, see [<http://www.mfa.gov.il/MFA/Government/Speeches+by+Israeli+leaders/2006/Address+by+PM+Olmert+to+a+joint+meeting+of+US+Congress+24-May-2006.htm>].

<sup>32</sup> For text of National Accord Document (also known as the Palestinian Prisoners’ Agreement), see Palestine Liberation Organization Negotiations Affairs Department website [[http://www.nad-plo.org/inner.php?view=news-updates\\_pre](http://www.nad-plo.org/inner.php?view=news-updates_pre)].

them can do to enable the Palestinians to meet the conditions. 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 also 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.<sup>33</sup>

On June 22, Olmert and Abbas had a cordial and informal meeting in Jordan and agreed to meet officially in a few weeks.

On June 28, the national dialogue among Palestinian factions agreed on a revised National Accord Document (also known as the Prisoners’ Document). The Document states that the PLO and the President of the PA will be responsible for negotiations with Israel to create a state on territories occupied by Israel in 1967. The Document insists 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 to be formed before the end of 2006 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 also vow to work toward establishing a national unity government. The PLO will be reformed to allow Hamas and PIJ to join.<sup>34</sup> PIJ rejected the Document, while Hamas officials insisted that it does not require them to recognize Israel or to accept two states. The Israeli Foreign Ministry, among other comments, also noted that the Document does not mention recognizing Israel’s right to exist or ending the conflict with Israel. It said that the demand for the return of all refugees is a formula for the ultimate destruction of Israel and contradicts a two-state solution.<sup>35</sup>

On June 25, members of the Hamas military wing (Izz ad-Din al-Qassam Brigades), the Popular Resistance Committees, and the previously unknown Army of Islam attacked Israeli forces in Israel, near Kerem Shalom and the Egyptian border, just outside of Gaza, killing two Israeli soldiers, wounding four, and kidnaping one. The terrorists had entered Israel via a long tunnel from Gaza and demanded the release of women and minors (an estimated 400 persons) from Israeli prisons. It was the first cross-border attack since Israel withdrew from the Gaza Strip in August 2005. Israel held the PA and its Hamas-led government responsible for the attack and the fate of the kidnaped soldier. Some analysts suggest that militants intended the attack to torpedo the political approach evinced in the National Accord Document.

On June 27, after unsuccessful diplomatic efforts to secure the kidnaped soldier’s release, Israel forces began a major operation to rescue him, to deter future Hamas attacks, including rocket launches from Gaza into southern Israel, and to weaken,

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<sup>33</sup> 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.

<sup>34</sup> “Text of National Consensus Document signed by the Palestinian factions, except the Islamic Jihad Movement,” Ramallah *Al-Ayyam*, Open Source Center Document GMP20060628253002.

<sup>35</sup> For text of Foreign Ministry comments, see [<http://www.mfa.gov.il/mfa>].

bring down, or change the conduct of the Hamas-led government. The operation first targeted infrastructure more than individuals and, therefore, was considered restrained compared to past Israeli military actions. Israeli officials claimed that Hamas had crossed a “red line” with the kidnaping and attack within pre-1967 Israel. Prime Minister Olmert asserted, however, that Israel did not intend to reoccupy Gaza. Israeli forces first knocked out much of Gaza’s electrical supply and bridges that the kidnappers could use to escape or move their victim. On June 28, Hamas political leaders echoed the demands of the kidnappers; Israeli officials responded by insisting on the unconditional release of the soldier.

On June 28, the Popular Resistance Committees announced that they had kidnaped a young West Bank settler and threatened to kill him if Israel did not stop the Gaza operation; his body was found the next day. Israeli forces arrested three alleged perpetrators of this attack from the Fatah movement on July 4 in Ramallah.

On June 29, Israel forces arrested 64 Palestinian (Hamas) cabinet ministers, parliamentarians, and other Hamas officials in the West Bank and Jerusalem. An Israeli spokeswoman stated that the arrests were not an effort to get bargaining chips to exchange for the Israeli soldier, and the Israeli Foreign Ministry described the action as a “normal legal procedure” targeting suspected terrorists.

On June 30, Israeli planes bombed the empty Palestinian Interior Ministry office, weapons’ depots, training camps, and access roads in a series of 30 air raids over Gaza. The Israeli Interior Minister also stripped four Hamas Palestinian officials of their Jerusalem residency, denying them the right to live in the city.

On July 1, the three groups that had perpetrated the kidnaping demanded that Israel release 1,000 prisoners in exchange for the soldier. Israeli officials again demanded his unconditional release.

On July 2, Israeli missiles destroyed the empty offices of the Palestinian Prime Minister. On July 3, 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. On July 4, Israeli planes destroyed a wing of the PA Interior Ministry building that had been damaged on June 30, an empty Hamas-run school in Gaza City, a building at the Islamic University, and a Hamas training site.

The Hamas military wing fired an upgraded rocket at the Israeli port city of Ashkelon, hitting near a vacant school in that major population center. It was the farthest north that a Palestinian rocket had ever struck and prompted the Israeli cabinet to approve “prolonged” activities against Hamas, institutions and infrastructures used by terrorist organizations, and rocket launching squads in Gaza. Israeli operations in northern Gaza were expanded, with forces deploying in former Jewish settlements that had been used as sites to fire rockets. In the first intense fighting in Palestinian populated areas since the crisis began, the Israeli soldiers encountered armed militants from Hamas and other groups and Palestinian casualties mounted.

Meanwhile, the kidnapers reportedly again revised their demands, insisting that Israel release of all women (said to number about 100) and 30 male prisoners, and some diplomatic efforts were undertaken to resolve the crisis. On July 3, an advisor

to Turkish Prime Minister Recep Tayyip Erdogan met President Asad and Hamas leader Khalid Mish'al in Syria. Egyptian mediators reportedly proposed that Hamas release the soldier in exchange for an Israeli promise to release prisoners at a later date. On July 10, however, Mish'al insisted on the mutual release ("swap") of prisoners. On the same day, Prime Minister Olmert said, "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." He added that to negotiate with Hamas would signal that moderates such as President Abbas are not needed.

Reacting to the kidnaping and subsequent developments, the White House spokesman has said that Hamas had been "complicit in perpetrating violence" and that Israel had a right to defend itself. He urged Israel not to harm civilians and to avoid unnecessary destruction of property and infrastructure. On June 30, U.S. Ambassador to the United Nations John Bolton told an emergency session of the Security Council, "The United States is of the firm view that a prerequisite for ending this conflict is that the governments of Syria and Iran end their role as state sponsors of terror and unequivocally condemn the actions of Hamas."

In remarks on July 5, Secretary of State Rice described the abduction as the "root cause" of the problem. Rice also asserted that the Syrians need to use all of their considerable leverage to help the soldier's release take place and also spoke of the need for pressure on Hamas to stop rocket attacks. In addition, she called on the Israelis to exercise restraint. A spokesman for the U.S. Embassy in said, "We understand why Israel is taking the actions it does, it has a right to protect itself and its citizens. We put the blame on the group that caused the raid and the kidnaping, and secondly, on the Hamas government for not taking on its responsibility to prevent terrorism, rather than helping precipitate these events."

**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. 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 the leak of the summary, 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 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.<sup>36</sup> 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 Bashar 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.

**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 is monitored by U.S., French, Syrian, Lebanese, and Israeli representatives.

On January 5, 1998, Israeli Defense Minister Yitzhak Mordechai 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 then 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.

On September 4, 1999, the Lebanese Prime Minister confirmed support for the "resistance" against the occupation, (i.e., Hezbollah). He argued that Palestinian refugees residing in Lebanon have the right to return to their homeland and rejected

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<sup>36</sup> See also CRS Report RL33487, *Syria: U.S. Relations and Bilateral Issues*, by Alfred B. Prados.

their implantation in Lebanon. He rejected Secretary of State Madeleine Albright's assertion that refugees will 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 the small area known as 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.<sup>37</sup>

On October 7, Hezbollah shelled northern Israel and captured three Israeli soldiers. On October 16, Hezbollah announced that it had captured an Israeli colonel. On November 13, the 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 Sheba'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, U.S. Vice President Dick Cheney called President Asad. In April, Secretary 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 Israeli soldiers.

U.N. Security Council Resolution 1559, September 2, 2004, called for the withdrawal of all foreign (meaning Syrian) forces from Lebanon. 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, Asad announced a phased withdrawal of Syrian troops from Lebanon, which was completed on April 26. On December 28, Israeli jets attacked a terrorist base south of Beirut after rockets fired from Lebanon hit a northern Israeli town; Abu Musab al-Zarqawi's Al Qaeda in Iraq claimed responsibility for the attacks, but the claim has not been verified.

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<sup>37</sup> See CRS Report RL31078, *The Shib'a Farms Dispute and Its Implications*, by Alfred Prados.

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, in turn, was targeted by Israelis. UNIFIL eventually brokered a cease-fire.

**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.

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 its new ambassador to Israel because of Israeli "aggression" against the Palestinians. On March 18, 2004, the King met Sharon to discuss Israel's security fence 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 has said that the Badr Brigade could train Palestinians in the West Bank. Jordan is training Palestinian security force officers in Jordan. Also in February, Jordan sent an ambassador to Israel and, in March, its foreign minister visited Israel for the first time in four years.

Jordanian officials have expressed concern about a possible Israeli unilateral disengagement from the West Bank, fearing that it could produce instability that might spread to Jordan.

## 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.<sup>38</sup>

**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.<sup>39</sup>

**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.<sup>40</sup>

**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 redeploys from Jenin, Nablus, Tulkarem, Qalqilyah, Ramallah, and Bethlehem, and 450 towns and villages. Israel will redeploys in Hebron, except where necessary for security of Israelis. Israel will be responsible for external security and the security of 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.

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<sup>38</sup> For text, see [<http://www.state.gov/p/nea/rls/22579.htm>].

<sup>39</sup> For text, see [<http://www.state.gov/p/nea/rls/22602.htm>].

<sup>40</sup> For text, see [<http://www.state.gov/p/nea/rls/22676.htm>].

Palestinian Charter articles calling for the destruction of Israel will be revoked within two months of the Council's inauguration.<sup>41</sup>

**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.<sup>42</sup>

**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.<sup>43</sup>

**Sharm al-Shaykh Memorandum.** (Also called Wye II.) Signed on September 4, 1999.<sup>44</sup> 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 Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict.** (More briefly referred to as the Roadmap.) 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.<sup>45</sup>

**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

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<sup>41</sup> For text, see [<http://www.state.gov/p/nea/rls/22678.htm>].

<sup>42</sup> For Protocol text, see [<http://www.state.gov/p/nea/rls/22680.htm>].

<sup>43</sup> For text, see [<http://www.state.gov/p/nea/rls/22694.htm>].

<sup>44</sup> For text, see [<http://www.state.gov/p/nea/rls/22696.htm>].

<sup>45</sup> For text, see [<http://www.state.gov/r/pa/prs/ps/2003/20062.htm>].

beginning December 15, exports from Gaza into Israel, and construction of the Gaza seaport.<sup>46</sup>

## Role of Congress

**Aid.**<sup>47</sup> Unless the President certifies that it is in the national security interest, P.L. 109-102, November 14, 2005, the Foreign Operations Appropriations Act, 2006, prohibits aid for a Palestinian state and the PA unless its leaders have not supported terrorism, been democratically elected, demonstrated their 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 provides \$150 million in Economic Support Funds (ESF) for the West Bank and Gaza Strip.

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.<sup>48</sup>

On May 9, the Quartet endorsed a Temporary International Mechanism (TIM) to be developed by the EU to ensure direct delivery of aid to the Palestinian people. In June, the EU presented a three-prong plan open to all donors to bypass the PA government. It calls for the expanding a World Bank emergency support program for essential health and social services programs and employees, for contributions to ensure uninterrupted supply of essential utilities (fuel for electricity from Israel), and for a needs-based social safety net based on for the poorest Palestinians. The first two programs already exist; the third has yet to be worked out in detail. The Quartet endorsed the TIM on June 17, and money is expected to begin to flow in August.

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)

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<sup>46</sup> 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>].

<sup>47</sup> 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.

<sup>48</sup> For details, see [<http://www.state.gov/r/pa/prs/ps/2006/64234.htm>].

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.

Other legislation reacting to the Hamas victory in the January 2006 Palestinian parliamentary elections includes 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 limit assistance to the PA until it meets a number of specific conditions, to nongovernmental organizations operating in the West Bank and Gaza, and to specified U.N. agencies and programs that “fail to ensure balance” in the U.N. approach to Israeli-Palestinian issues, proportionate to U.N. aid to the PA; deny visas to PA officials; restrict the travel of PA and PLO officials stationed at the U.N.; and prohibit 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 Senate version of the bill, S. 2370, passed on June 23, is less restrictive regarding nongovernmental organizations and adds a call for the establishment of a \$20 million Israeli-Palestinian Peace, Reconciliation, and Democracy Fund.

P.L. 109-234, June 15, 2006, the Emergency Supplemental Appropriations Act, 2006, Sec. 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, the President of the PA is not associated with Hamas or any other foreign terrorist group, and aid will not be transferred to Hamas.

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. Congress has extended the guarantees through 2008.

**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.<sup>49</sup> 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.

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<sup>49</sup> See P.L. 109-102, November 14, 2005, for recent restrictions.

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. Only El Salvador and Costa Rica have embassies in Jerusalem. 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. 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 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 issued executive orders to impose sanctions on Syria and, on May 5, 2005 and May 8, 2006, he extended them for a year.

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

Figure 1. Israel and Its Neighbors



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