

# CRS Report for Congress

Received through the CRS Web

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

**Updated November 14, 2006**

Carol Migdalovitz  
Specialist in Middle Eastern Affairs  
Foreign Affairs, Defense, and Trade Division

| Report Documentation Page                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                    |                                     |                                          | Form Approved<br>OMB No. 0704-0188       |                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------|------------------------------------------|------------------------------------------|---------------------------------|
| Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. |                                    |                                     |                                          |                                          |                                 |
| 1. REPORT DATE<br><b>14 NOV 2006</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                    | 2. REPORT TYPE<br><b>N/A</b>        |                                          | 3. DATES COVERED<br><b>-</b>             |                                 |
| 4. TITLE AND SUBTITLE<br><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)<br><b>Congressional Research Service 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<br><b>Approved for public release, distribution unlimited</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                    |                                     |                                          |                                          |                                 |
| 13. SUPPLEMENTARY NOTES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                    |                                     |                                          |                                          |                                 |
| 14. ABSTRACT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                    |                                     |                                          |                                          |                                 |
| 15. SUBJECT TERMS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                    |                                     |                                          |                                          |                                 |
| 16. SECURITY CLASSIFICATION OF:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                    |                                     | 17. LIMITATION OF ABSTRACT<br><b>SAR</b> | 18. NUMBER OF PAGES<br><b>26</b>         | 19a. NAME OF RESPONSIBLE PERSON |
| a. REPORT<br><b>unclassified</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | b. ABSTRACT<br><b>unclassified</b> | c. THIS PAGE<br><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 with mixed results. Milestones included the Israeli-Palestine Liberation Organization (PLO) Declaration of Principles (DOP) of September 13, 1991, providing for Palestinian empowerment and some territorial control, the Israeli-Jordanian peace treaty of October 26, 1994, and the Interim Self-Rule in the West Bank or Oslo II accord of September 28, 1995, which led to the formation of the Palestinian Authority (PA) to govern the West Bank and Gaza. However, Israeli-Syrian negotiations were intermittent and difficult, and postponed indefinitely in 2000. Negotiations with Lebanon also were unsuccessful, leading Israel to withdraw unilaterally from south Lebanon on May 24, 2000. President Clinton held a summit with Israeli and Palestinian leaders at Camp David on final status issues that July, but they did not produce an accord. A Palestinian uprising or *intifadah* began in September. On February 6, 2001, Ariel Sharon was elected Prime Minister of Israel, and rejected steps taken at Camp David and afterwards.

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 precondition 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 this disengagement.

PA Chairman/President Yasir Arafat died on November 11, 2004; on January 9, 2005, Mahmud Abbas was elected to succeed him and he 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 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, but agree that Hamas is not a negotiating partner. The kidnappings of Israeli soldiers by Hamas and Hezbollah in June and July, respectively, sparked conflicts in Gaza and Lebanon and led Israeli officials to shelve further unilateralism. They also cast 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 also have 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, *Lebanon: The Israel-Hamas-Hezbollah Conflict*, coordinated by Jeremy Sharp.

## Contents

|                                                                                                            |    |
|------------------------------------------------------------------------------------------------------------|----|
| Most Recent Developments .....                                                                             | 1  |
| Background .....                                                                                           | 2  |
| U.S. Role .....                                                                                            | 2  |
| Conference, Negotiations, Conflicts .....                                                                  | 3  |
| Madrid .....                                                                                               | 3  |
| Bilateral Talks and Developments .....                                                                     | 3  |
| Israel-Palestinians .....                                                                                  | 3  |
| Israel-Syria .....                                                                                         | 18 |
| Israel-Lebanon .....                                                                                       | 21 |
| Israel-Jordan .....                                                                                        | 25 |
| Significant Agreements and Documents .....                                                                 | 25 |
| Israel-PLO Mutual Recognition .....                                                                        | 25 |
| Declaration of Principles .....                                                                            | 26 |
| Agreement on the Gaza Strip and the Jericho Area .....                                                     | 26 |
| Israel-Jordan Peace Treaty .....                                                                           | 26 |
| Israeli-Palestinian Interim Agreement, West Bank-Gaza Strip .....                                          | 26 |
| Protocol Concerning the Redeployment in Hebron .....                                                       | 26 |
| Wye River Memorandum .....                                                                                 | 27 |
| Sharm al-Shaykh Memorandum .....                                                                           | 27 |
| A Performance-Based Roadmap to a Permanent Two-State<br>Solution to the Israeli-Palestinian Conflict ..... | 27 |
| Agreement on Movement and Access .....                                                                     | 27 |
| Role of Congress .....                                                                                     | 28 |
| Aid .....                                                                                                  | 28 |
| Jerusalem .....                                                                                            | 29 |
| Compliance/Sanctions .....                                                                                 | 30 |
| Israeli Conflicts with Hamas and Hezbollah .....                                                           | 30 |

## List of Figures

|                                          |    |
|------------------------------------------|----|
| Figure 1. Israel and Its Neighbors ..... | 31 |
|------------------------------------------|----|

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

## Most Recent Developments

On October 2, 2006, Egyptian Foreign Minister Ahmed Abul Gheit said that Israel had offered to release up to 1,000 prisoners in exchange for a captured soldier, but Hamas had turned down the offer. Hamas officials have said that Israel must first release many more prisoners, beginning with minors and women.

During an early October swing through the region, Secretary of State Condoleezza Rice focused on border crossings between Israel and the Gaza Strip, humanitarian aid to the Palestinians, and efforts to improve those Palestinian security forces subordinate to Palestinian Authority (PA) President Mahmud Abbas.

In an October 17 press conference, President Abbas said that he and Prime Minister Ismail Haniyah had agreed on guidelines for national action, including resolution of the problem of the kidnaped Israeli soldier, working for calm, and announcement of a national unity government after the release of Palestinian legislators, ministers, and municipal council members from Israeli custody.

On October 31, the Israeli Defense Forces began a six-day incursion into Beit Hanoun in the northern Gaza Strip to stop Palestinians firing of rockets into southern Israel. The offensive resulted in heavy Palestinian casualties and did not stop rocket launches. After it ended, on November 8, a reportedly errant Israeli artillery barrage killed 20 and wounded many more, prompting international outcries. Hamas Political Bureau Head Khaled Mish'al called on his group's military wing to avenge the attack. On November 11, the United States vetoed a U.N. Security Council resolution that would have condemned Israel for its action in Gaza. In response, four Palestinian groups called for strikes against Americans and the Arab League decided to break the international financial blockade on the Hamas-led government.

Toward mid-November, there was an apparent easing of Hamas positions. On November 12, Palestinian (Hamas) Foreign Minister Mahmud al-Zahhar agreed to an Arab League proposal for a peace conference with Israel. The next day, Hamas and Fatah appeared to agree on a new government to be headed by Muhammad Shabir, the former rector of the Islamic University in Gaza, who is an Islamist but not a member of Hamas and viewed as perhaps more flexible than that group's leaders. Other independents are expected to be appointed as foreign minister and finance minister. The formation of a new government is intended to produce the lifting of the international aid embargo that was imposed on the PA when Hamas took office in March. However, it is not yet clear if the new government will accept the conditions for lifting the embargo laid down by the international community, i.e.,

disavow violence, recognize Israel, and accept all prior agreements with it. A spokeswoman for the U.S. Consulate in Jerusalem said that those demands are unchanged.

Israeli Prime Minister Olmert met President Bush at the White House on November 13. The Prime Minister said an international conference on the Palestinian issue will not replace direct negotiations.

Israel's northern front with Lebanon has been quiet. Although Israeli overflights of southern Lebanon and its coast created difficulties with French and German contingents in the United Nations Interim Force in Lebanon (UNIFIL), all parties have agreed that the tensions have abated. Israeli officials maintain that overflights of the region are needed to prevent arms smuggling from Syria to resupply Hezbollah and say that they will continue until the two soldiers seized by Hezbollah in July are released and arms deliveries to Hezbollah cease.

## 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>1</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

---

<sup>1</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.

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 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.”<sup>2</sup> 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>3</sup> and the Arab Maghreb Union<sup>4</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,

---

<sup>2</sup> Anne Gearan, “Rice Blasts Way Iran Treats Its Own People,” Associated Press, February 4, 2005.

<sup>3</sup> The Gulf Cooperation Council is comprised of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

<sup>4</sup> The Arab Maghreb Union is comprised of Algeria, Libya, Mauritania, Morocco, and Tunisia.

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.)

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>5</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 Israeli-Palestinian talks concluded at Taba, Egypt.

---

<sup>5</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>].

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."<sup>6</sup> The Bush Administration said that Clinton's proposals "were no longer United States proposals."<sup>7</sup> Sharon sought an interim agreement, not dealing with Jerusalem, Palestinian refugees, or a Palestinian state and, in an interview published on April 13, said that he could accept a disarmed Palestinian state on 42% of the West Bank.<sup>8</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>9</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>10</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

---

<sup>6</sup> Lee Hockstader, "Jerusalem is 'Indivisible,' Sharon Says; Camp David Concessions are Called 'Null and Void,'" *Washington Post*, February 8, 2001.

<sup>7</sup> Jane Perlez, "Bush Officials Pronounce Clinton Mideast Plan Dead," *New York Times*, February 9, 2001.

<sup>8</sup> Interview by Ari Shavit, *Ha'aretz*, April 13, 2001, Foreign Broadcast Information Service (FBIS) Document GMP200110413000070.

<sup>9</sup> See [<http://www.whitehouse.gov>] for presidential statements cited in this report.

<sup>10</sup> "Israeli Cabinet Decision on Cutting Contacts with Arafat," Government Press Office, December 13, 2001, FBIS Document GMP200111213000010.

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 is known as the “Arab Peace Initiative.”<sup>11</sup>) Prime Minister Sharon said that he was willing to explore the idea but that it would be a “mistake” to replace U.N. resolutions affirming Israel’s right to “secure and recognized borders” with total withdrawal to pre-1967 borders.

On March 27, Hamas perpetrated a suicide bombing at a hotel in Netanya during Passover celebrations, killing 27 and wounding 130. Israel declared Arafat “an enemy” and 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>12</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>13</sup> On April 14, Israeli emissaries submitted 14 reservations on the Roadmap to U.S. officials.<sup>14</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

---

<sup>11</sup> For “Beirut Declaration” or “Arab Peace Initiative,” see [<http://www.saudiembassy.net/2002News/Statements/StateDetail.asp?cIndex=142>].

<sup>12</sup> For text of the speech, see [<http://www.whitehouse.gov/news/releases/2002/06/20020624-3.html>].

<sup>13</sup> “Sharon, ‘Certain’ of Passing ‘Painful Concessions’ in Knesset,” *Ma’ariv*, April 15, 2003, FBIS Document GMP20030415000091.

<sup>14</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)].

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

On August 6, Israel released 339 prisoners. On August 19, a Hamas suicide bomber exploded in Jerusalem, killing 22, including 5 Americans, and injuring more than 130. Abbas cut contacts with Hamas and the PIJ, and unsuccessfully sought Arafat’s support to act against terrorists. Israel suspended talks with the Palestinians, halted plans to transfer cities to their control, and resumed “targeted killings” of terrorist leaders, among other measures. On September 6, Abbas resigned because of what he charged was lack of support from Arafat, the United States, and Israel. On 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 would be freed in April 2004.)

Sounds of discontent with government policy were heard in Israel, culminating in the signing of the Geneva Accord, a Draft Permanent Status Agreement by Israeli opposition politicians and prominent Palestinians on December 1.<sup>15</sup> Perhaps partly to defuse these efforts, on December 18, Sharon declared that, “to ensure a Jewish and democratic Israel,” he would unilaterally disengage from the Palestinians by redeploying Israeli forces and relocating settlements in the Gaza Strip and intensifying construction of the security fence in the West Bank.<sup>16</sup> 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

---

<sup>15</sup> For text, see the Geneva Initiative website at [<http://www.heskem.org.il>].

<sup>16</sup> For text, see “Sharon Outlines Disengagement Plan from Palestinians in Herzliyya Speech,” Parts 1 and 2, Voice of Israel, December 18, 2003, Open Source Center Documents GMP20031218000215 and GMP200312180002167.

violence, on March 22, Israeli missiles killed Hamas leader Shaykh Ahmed Yassin and others.

On April 14, President Bush and Sharon met and exchanged letters.<sup>17</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 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 intends to retain and strengthen. Palestinians denounced the President's "legitimization" of settlements and prejudgment of final status. On April 19, Sharon's chief of staff Dov Weissglas gave National Security Adviser Condoleezza Rice a written commitment to dismantle illegal settlement outposts.<sup>18</sup> (As of September 2006, very few outposts had 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 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>19</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>20</sup>

---

<sup>17</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>].

<sup>18</sup> For text of letter, see [<http://www.pmo.gov.il/PMOEng/Communication/DisengagementPlan/letter1804.htm>].

<sup>19</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>20</sup> Interview by Ari Shavit, "The Big Freeze," *Ha'aretz*, October 8, 2004, FBIS Document GMP20041008000026.

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 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 that includes 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 responded, "It is the position of Israel that the major Israeli population centers will remain in Israel's hands under any final status agreement," declared that Ma'ale Adumim is a major population center, and, therefore, Israel is interested in contiguity between it and Jerusalem.

On April 15, 2005, 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 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 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 Shaged — 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>21</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. 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 would remain in Israeli hands and linked territorially to Israel, not all West Bank settlements would remain; but this would be decided in the final stage of negotiations.

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 in the West Bank. Israel responded with air and artillery strikes, closure of charities linked to terror groups, mass arrests including likely Hamas candidates in Palestinian elections, and targeted killings of terrorists.

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

---

<sup>21</sup> Interview by Golan Yokhpaz, IDF Radio, August 15, 2005, FBIS Document GMP20050815621002.

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 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 another suicide bombing in Netanya, killing 5 and wounding more than 50. 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 a soldier.

After Hamas's 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>22</sup> On January 11, 2006, 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 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>23</sup> Olmert declared that Israel would not negotiate with a Palestinian administration that included an armed terrorist organization calling for its destruction

---

<sup>22</sup> This and subsequent Quartet statements cited may be found at the State Department's website: [<http://www.state.gov>].

<sup>23</sup> For Hamas Covenant text, see [<http://www.yale.edu/lawweb/avalon/mideast/hamas.htm>].

and demanded that Hamas disarm, annul its Covenant that calls for the destruction of Israel, and accept all prior agreements. President Bush stated that the United States would not deal with a political party “that articulates the destruction of Israel as part of its platform” 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.”<sup>24</sup> 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 Kadima party placed first in the March 28 Israeli parliamentary elections, Olmert said that he aspired to demarcate permanent borders for a Jewish state with a permanent Jewish majority and a democracy. He called for negotiations based on mutual recognition, agreements already signed, the principles of the Road Map, a halt to violence, and the disarming of terrorist organizations. 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.

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

---

<sup>24</sup> “UN: Statement by Middle East Quartet,” M2 Presswire, January 31, 2006.

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>25</sup> On March 30, the Al Aqsa Martyrs Brigades had 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 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.

---

<sup>25</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 also called for renewing, perhaps recreating, the PLO and for Hamas and PIJ to join it. It supported the right to resist the occupation in 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>26</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>27</sup> Israeli Foreign Minister Tzipi Livni met Abbas on the sidelines of a 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>28</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 added 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>29</sup> In his address to Congress on May 24, Olmert said that realignment would allow Israel to

---

<sup>26</sup> For text of a later, final version of the National Accord Document (also known as the Palestinian Prisoners’s Agreement), see Palestine Liberation Organization Negotiations Affairs Department website [[http://www.nad-plo.org/inner.php?view=news-updates\\_pre](http://www.nad-plo.org/inner.php?view=news-updates_pre)].

<sup>27</sup> In interview on CNN Late Edition, May 22, 2006.

<sup>28</sup> “‘Full text’ of Palestinian President’s Speech at World Economic Forum,” BBC Monitoring Middle East, May 25, 2006.

<sup>29</sup> See [<http://www.whitehouse.gov/news/releases/2006/05/20060523-9.html>] for text of joint news conference.

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>30</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 prisoners' National Accord Document or he would hold a national referendum on the document within 40 days.<sup>31</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, dialogue continued.

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. 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>32</sup> On June 22, Olmert and Abbas had a cordial, informal meeting in Jordan and agreed to meet officially in a few weeks. They have not done so.

On June 28, the national dialogue among Palestinian factions agreed on a revised National Accord 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

---

<sup>30</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>31</sup> See note 33, above.

<sup>32</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.

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>33</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, 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>34</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 had 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 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, bring down, or change the conduct of the Hamas-led government. 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. On June 28, Hamas political leaders echoed the demands of the kidnapers; Israeli officials responded by insisting on the unconditional release of the soldier.

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 soldier, and the Israeli Foreign Ministry described the action as a "normal legal procedure" targeting suspected terrorists.

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. The next day, Israeli missiles destroyed the empty offices of the Palestinian Prime Minister. Israeli troops and tanks began sweeping northern Gaza to locate tunnels and explosives near the border and continued operations targeting Hamas offices in the West Bank.

---

<sup>33</sup> "Text of National Consensus Document signed by the Palestinian factions, except the Islamic Jihad Movement," Ramallah *Al-Ayyam*, Open Source Center Document GMP2006 0628253002.

<sup>34</sup> For text of Foreign Ministry comments, see [<http://www.mfa.gov.il/mfa>].

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. In the first intense fighting in Palestinian populated areas since the crisis began, the Israeli soldiers encountered militants from Hamas and other groups and Palestinian casualties mounted.

Some diplomatic efforts were undertaken to resolve the crisis. 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. Permanent Representative to the U.N. 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. She asserted that the Syrians need to use their considerable leverage to gain the soldier’s release and spoke of the need for pressure on Hamas to stop rocket attacks, but also 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.”

Israeli forces expanded their offensive in Gaza and continued their round-up of Hamas officials, arresting Speaker of the Palestinian Legislative Council Abd al-Aziz Duwayk on August 6 and Deputy Prime Minister Nasser Shaer on August 19.

Although he appeared to have been sidelined by the kidnaping, Palestinian President Mahmud Abbas persisted in his efforts to assert his power. On July 15, he said that the National Accord Document would be implemented after Israel released the arrested Palestinian officials and that a national referendum was no longer needed to approve it. He also discussed the formation of a national unity government with Hamas officials. Prime Minister Ismail Haniyah insisted that political representation in the new government be proportional to the results of the January election, meaning a Hamas majority, and that Hamas would not accept a technocratic government.

Abbas told a visiting U.N. team in July that he wanted to “de-link” the crisis in the Palestinian areas from the war in Lebanon that began three weeks later in order to prevent non-Palestinian extremists (Hezbollah) from hijacking the leadership of the Palestinian issue. (For the war in Lebanon, see Israel-Lebanon below.) Prime Minister

Olmert said that a prisoner release would only be done in coordination with Abbas in order to strengthen his authority and that Israel would continue to avoid Hamas. However, neither Abbas nor Prime Minister Haniyah is in control of the kidnaped soldier, and Hamas political bureau leader Mish'al, who may have power over the matter, opposes de-linking the Palestinian and Lebanese issues.

On September 2, Palestinian public employees began a strike for unpaid salaries. This pressure resulted from and added to that of the international embargo on aid to the Hamas-led government. It apparently prompted Abbas and Haniyah to agree on September 11 to form a national unity government on the basis of the National Accord Document. A September 12 Hamas statement declared that the Abbas-Haniyah agreement "does not include any tacit or open recognition of the legitimacy of the Zionist entity..." and Hamas officials often repeated that stance.<sup>35</sup>

On September 20, the Quartet issued a statement welcoming Abbas's effort to form a government of national unity and hoping that the government's platform would reflect the Quartet's principles.<sup>36</sup> The Quartet's statement did not say that acceptance of the principles is a precondition for aid or relations. Secretary Rice asserted, however, "it only goes without saying that you cannot have peace if you do not recognize the right of the other party to exist and that the renunciation of violence is a key to negotiations." She noted that it would be difficult for a Palestinian government to function without international support and implied that support would not be forthcoming without a commitment to the Quartet's principles.<sup>37</sup>

On September 21, 2006, President Abbas told the U.N. General Assembly that any future Palestinian government will commit to all prior agreements, particularly the September 1993 mutual recognition of Israel and the PLO.<sup>38</sup> This statement sparked contradictory ones by Hamas officials. The next day, Prime Minister Haniyah declared, "I personally will not head any government that recognizes Israel," adding that Hamas is ready to establish a state on territory Israel occupied in 1967, i.e., East Jerusalem, the Gaza Strip, and the West Bank, in return for a cease-fire. On September 23, Foreign Minister Al-Zahhar argued that recognition would endanger other Israeli-occupied areas, such as Jerusalem and the Golan Heights.<sup>39</sup> Abbas said that efforts to establish a unity government have "gone back to point zero."

**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

---

<sup>35</sup> "HAMAS Statement Welcomes PA National Unity Government," Palestine Information Center, September 12, 2006, Open Source Center Document GMP20060912748009.

<sup>36</sup> For text of statement, see [<http://www.un.org/News/Press/docs//2006/sg2116.doc.htm>].

<sup>37</sup> Remarks at the Annual Meeting of the Gulf Cooperation Council, see [<http://www.state.gov/secretary/rm/2006/72891.htm>].

<sup>38</sup> "'Unofficial' Text of Palestinian President's Speech," Palestinian News Agency, September 22, 2006, BBC Monitoring Middle East.

<sup>39</sup> "Al-Zahhar: Hamas Will not be Part of a Government Recognizing Israel," Palestine Information Center, September 23, 2006, BBC Monitoring Middle East.

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>40</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.

In a speech on August 15 to mark the end of the war in Lebanon, President Asad declared that the peace process had failed since its inception and that he did not expect peace in the near future.<sup>41</sup> Subsequently, he said that Shib’a Farms are Lebanese, but that the border between Lebanon and Syria there cannot be demarcated as long as it is occupied by Israel. The priority, he said, must be liberation.<sup>42</sup>

Responding to speculation by some members of his cabinet about reopening peace talks with Syria, Israeli Prime Minister Olmert said on August 21 that Syria

---

<sup>40</sup> See also CRS Report RL33487, *Syria: U.S. Relations and Bilateral Issues*, by Alfred B. Prados.

<sup>41</sup> For text of speech, see “Syria’s Asad Addresses ‘New Middle East,’ Arab ‘Failure’ to Secure Peace,” Syrian Arab Television TV1, Open Source Center Document GMP200608156070001.

<sup>42</sup> In interview by Hamdi Qandil on Dubai TV, August 23, 2006, Open Source Center Document GMP20060823650015.

must stop supporting terrorist organizations before negotiations resume. In September, Olmert said, “As long as I am prime minister, the Golan Heights will remain in our hands because it is an integral part of the State of Israel.”<sup>43</sup> He also indicated that he did not want to differ from the U.S. Administration, which views Syria as a supporter of terror that should not be rewarded.

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

On January 5, 1998, 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 Benjamin 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 their implantation in Lebanon. He also 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

---

<sup>43</sup> “Olmert Tells Israeli Paper: Golan ‘An Integral Part of the State of Israel’,” *Yedi’ot Aharonot*, September 26, 2006, citing a *Mishpaha* newspaper interview, Open Source Center Document GMP20060926746002.

known as Shib'a Farms, where the Israeli, Lebanese, and Syrian borders meet. 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>44</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 Shib'a, Israel, claiming that Syria controls Hezbollah, bombed Syrian radar sites in Lebanon. In April, the U.N. warned Lebanon that unless it deployed to the border, UNIFIL would be cut or phased out. On January 28, 2002, the Security Council voted to cut it to 2,000 by the end of 2002.

In March 2003, Hezbollah shelled Israeli positions in Shib'a and northern Israel. Israel responded with air strikes and expressed concern about a possible second front in addition to the Palestinian *intifadah*. At its request, the Secretary General contacted the Syrian and Lebanese Presidents and, on April 8, 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.<sup>45</sup> 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; Al Qaeda in Iraq claimed responsibility for the attacks, but the claim has not been verified.

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.

On July 12, in the midst of massive shelling of a town in northern Israel, Hezbollah forces crossed into northwestern Israel and attacked two Israeli military

---

<sup>44</sup> See CRS Report RL31078, *The Shib'a Farms Dispute and Its Implications*, by Alfred Prados.

<sup>45</sup> For text of U.N. Security Council Resolution 1559, see [[http://www.un.org/Docs/sc/unsc\\_resolutions04.html](http://www.un.org/Docs/sc/unsc_resolutions04.html)].

vehicles, 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 the Palestinian group Hamas on June 25. (For more on the latter situation, see Israel-Palestinians, above.) Hezbollah leader Shaykh Hassan Nasrallah said that the soldiers would be returned only through indirect negotiations for a prisoner exchange. 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.

Israeli Prime Minister Olmert declared that Hezbollah's attack was "an act of war" and promised that Lebanon would suffer the consequences of Hezbollah's actions. The Lebanese government replied that it had no prior knowledge of the operation and did not take responsibility or credit for it. Israeli officials also blamed Syria and Iran but were careful to say that they had no plans to strike either one.

Immediately after the Hezbollah attack, Israeli forces launched a major military campaign against and imposed an air, sea, and ground blockade on Lebanon. 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.<sup>46</sup>

Lebanese Prime Minister Fuad Siniora requested U.N. help in obtaining a cease-fire. His cabinet agreed on a seven-point proposal to end the crisis: an immediate cease-fire; the release of Lebanese prisoners by Israel and of Israeli soldiers by Hezbollah; the return of displaced Lebanese to their homes; Israeli-Lebanese negotiations on Shib'a Farms, which would be put under U.N. supervision until a settlement on the territory's fate; Israeli disclosure of minefields north of the border; the deployment and strengthening of the Lebanese army and the expansion of the U.N. force in the south; and implementation of the Taif Accords of 1990, which call for the disarming of militias. Hezbollah ministers in the government agreed to the proposal despite reservations about the international force and disarmament, with the understanding that additional discussion would occur after the U.N. Security Council decided on the force.

On August 8, the Lebanese government promised to deploy 15,000 troops to the south for the first time since 1978 if Israel withdrew its forces. Hezbollah agreed to the government proposal, while Israeli Prime Minister Olmert found it "interesting." On August 9, the Israeli political-security cabinet authorized the Prime Minister and Defense Minister to determine when to expand the ground campaign while continuing efforts to achieve a political agreement. Their stated goals for an agreement included the immediate, unconditional return of the kidnaped soldiers, the cessation of hostilities against Israel, implementation of U.N. Security Council Resolution 1559, which called for the disarmament of all Lebanese militias, deployment of an international force and the Lebanese army in south Lebanon along the border, and prevention of the rearming of Hezbollah. Only after the U.N. Security Council passed

---

<sup>46</sup> For text of Olmert's speech, see [<http://www.pmo.gov.il/PMOEng/Communication/PMSpeaks/speechknesset170706.htm>].

Resolution 1701 calling for the end to hostilities on August 11 did Olmert authorize the offensive, and two costly days of fighting for both sides ensued.

Resolution 1701 called for the full cessation of hostilities, the extension of the government of Lebanon's control over all Lebanese territory, and for the deployment of Lebanese forces and an expanded UNIFIL in southern Lebanon, 15,000 each, in a buffer zone between the Israeli-Lebanese border and the Litani River to be free of "any armed personnel" other than the Lebanese army and UNIFIL.<sup>47</sup> The deployment would occur parallel to the withdrawal of Israeli forces. The resolution authorized UNIFIL to insure that its area of operations is not used for hostile activities and to resist by forceful means attempts to prevent it from discharging its duties. The resolution also bans the supply of arms to Lebanon, except as authorized by the government. Reiterating prior resolutions, it calls for the disarmament of all armed groups in Lebanon. The resolution does not require the return of the abducted Israeli soldiers or the release of Lebanese prisoners. It requests the Secretary General to develop proposals for the delineation of the international borders of Lebanon, "including by dealing with the Shib'a Farms area." On August 14, the truce went into effect. The Lebanese Army began to move south to the border on August 17 as Israeli forces began to hand over positions to the U.N.

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

In a speech on August 14, Prime Minister Olmert accepted responsibility for the military operation, but claimed achievements in a terrorist organization no longer being allowed to operate from Lebanon and the government of Lebanon taking responsibility for its territory. He declared that a severe blow had been dealt to Hezbollah.<sup>48</sup> After the war, Olmert expressed hope that the cease-fire could help "build a new reality between Israel and Lebanon." Lebanese Prime Minister Fuad Siniora declared, however, that Lebanon would be the last country to sign a peace agreement with Israel. On September 7, Olmert said that if the Shib'a Farms area is determined to be Lebanese and not Syrian and if Lebanon fulfills its obligations under U.N. Security Council resolutions, including the disarming of Hezbollah, then Israel would agree to discuss the Farms issue with Lebanon.

On September 19, the Israeli Chief of Staff told a Knesset committee that Hezbollah is respecting the cease-fire, its fighters are not carrying weapons or wearing uniforms, and no significant resupply of weapons and missiles from Syria and Iran has been detected.

---

<sup>47</sup> Text of U.N. Security Council Resolution 1701 is accessible online at [[http://www.un.org/Docs/sc/unsc\\_resolutions06.htm](http://www.un.org/Docs/sc/unsc_resolutions06.htm)].

<sup>48</sup> For text of Olmert's statement, see Israeli Television Channel 1, August 14, 2006, Open Source Center Document GMP20060814728001.

On October 31, Nasrallah asserted that serious indirect negotiations are ongoing for a prisoner exchange. He said that U.N. Secretary General Annan had appointed an arbitrator to work with Hezbollah and Israel on the issue.

**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>49</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>50</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>51</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 redeploy from Jenin, Nablus, Tulkarem, Qalqilyah, Ramallah, and Bethlehem, and 450 towns and villages. Israel will redeploy in Hebron, except where necessary for security of Israelis. Israel will be responsible for external security and the security of Israelis and settlements. Palestinians will be totally responsible for Area "A," the six cities, plus Jericho. Israeli responsibility for overall security will have precedence over Palestinian responsibility for public order in Area "B," Palestinian towns and villages. Israel will retain full responsibility in Area "C," unpopulated areas. Palestinian Charter articles calling for the destruction of Israel will be revoked within two months of the Council's inauguration.<sup>52</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>53</sup>

---

<sup>49</sup> For text, see [<http://www.state.gov/p/nea/rls/22579.htm>].

<sup>50</sup> For text, see [<http://www.state.gov/p/nea/rls/22602.htm>].

<sup>51</sup> For text, see [<http://www.state.gov/p/nea/rls/22676.htm>].

<sup>52</sup> For text, see [<http://www.state.gov/p/nea/rls/22678.htm>].

<sup>53</sup> For Protocol text, see [<http://www.state.gov/p/nea/rls/22680.htm>].

**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>54</sup>

**Sharm al-Shaykh Memorandum.** (Also called Wye II.) Signed on September 4, 1999.<sup>55</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>56</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 beginning December 15, exports from Gaza into Israel, and construction of the Gaza seaport.<sup>57</sup>

---

<sup>54</sup> For text, see [<http://www.state.gov/p/nea/rls/22694.htm>].

<sup>55</sup> For text, see [<http://www.state.gov/p/nea/rls/22696.htm>].

<sup>56</sup> For text, see [<http://www.state.gov/r/pa/prs/ps/2003/20062.htm>].

<sup>57</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>].

## Role of Congress

**Aid.**<sup>58</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>59</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 was expected to flow in August. On September 20, the Quartet extended the TIM for three months and expanded it to security sector reform, reconstruction of infrastructure, and economic development.

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

---

<sup>58</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>59</sup> For details, see [<http://www.state.gov/r/pa/prs/ps/2006/64234.htm>].

resolution of the Israeli-Palestinian conflict if it is in the U.S. national security interest, if the President of the PA is not associated with Hamas or any other foreign terrorist group, and if aid will not be transferred to Hamas.

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

Other legislation 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. 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. The Administration has agreed to extend them for an additional three years, or until 2011, but Congress has not yet acted.

After the 2006 war in Lebanon, President Bush promised \$230 million in aid to help rebuild Lebanon and to train and equip its armed forces. However, Representative Tom Lantos put a hold on the aid until UNIFIL and the Lebanese army are deployed to the border with Syria.

**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>60</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.

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

---

<sup>60</sup> See P.L. 109-102, November 14, 2005, and H.R. 5522, June 9, 2006, for recent restrictions.

**Figure 1. Israel and Its Neighbors**

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