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The Middle East Peace Talks

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SUMMARY

After the first Gulf war, in 1991, a new peace process was begun, with Israel and the Palestinians discussing a 5-year period of interim self-rule leading to a final settlement. Israel and Syria discussed Israeli withdrawal from the Golan Heights in exchange for peace. Israel and Jordan discussed relations. Israel and Lebanon focused on Israel's withdrawal from its self-declared security zone in south Lebanon and reciprocal Lebanese actions.

On September 13, 1993, Israel and the Palestine Liberation Organization (PLO) signed a Declaration of Principles (DOP), providing for Palestinian empowerment and some territorial control. Prime Minister Rabin and King Hussein affirmed the end of the state of belligerency between Israel and Jordan on July 25, 1994, and signed a Peace Treaty on October 26. Israel and the Palestinians signed an Interim Self-Rule in the West Bank/Oslo II accord on September 28, 1995. Israel continued implementing it despite the November 4 assassination of Prime Minister Rabin.

Israel suspended talks with Syria after terror attacks in February/March 1996. They resumed in December 1999, but were "postponed indefinitely" after January 2000.

A January 1997 protocol produced Israeli redeployment from Hebron. An October 15-23, 1998, summit resulted in the Wye River Memorandum on implementing earlier agreements. On September 4, 1999, Israeli Prime Minister Barak and Palestinian leader Arafat signed the Sharm al-Shaykh Memorandum on implementing Wye. Israel withdrew from south Lebanon on May 24, 2000.

From July 11-24, President Clinton held a summit with Israeli and Palestinian leaders at Camp David to reach a framework accord,

but they did not succeed. A Palestinian uprising or *intifadah* began in September. President Clinton presented bridging proposals in December. Ariel Sharon was elected Prime Minister of Israel on February 6, 2001. He said that the results of Camp David and afterwards were null and void.

The international war against terrorism after September 11, 2001 prompted renewed U.S. focus on a peace process. On June 24, 2002, President Bush declared, "peace requires new and different Palestinian leadership so that a Palestinian state can be born." The United States, the U.N., European Union, and Russia (the Quartet) developed a "road map" to Palestinian statehood within three years, and presented it on April 30, 2003. On June 3 and 4, President Bush held summits to move the peace process forward. On June 29, three terrorist groups declared a cease-fire, and Israeli forces then withdrew from Gaza and Bethlehem. However, seven weeks of relative calm ended in mid-August. On September 6, Palestinian Prime Minister Mahmud Abbas resigned after failing to extract power from Arafat.

Congress is interested in the peace talks because of its oversight role in the conduct of U.S. foreign policy, its support for Israel, and keen constituent interest. It is concerned about U.S. financial and other commitments and Palestinian fulfillment of commitments. Congress has appropriated aid for the West Bank and Gaza, with conditions intended to ensure Palestinian compliance with agreements with Israel. Congress repeatedly endorsed Jerusalem as the undivided capital of Israel, and many Members seek sanctions on the PLO and PA.



MOST RECENT DEVELOPMENTS

Seven weeks of relative calm ended on August 19, when a Hamas suicide bomber exploded in Jerusalem, killing 22 (including 5 Americans) and injuring over 130. Palestinian Prime Minister Mahmud Abbas cut contacts with Hamas and Palestine Islamic Jihad (PIJ). He reportedly sought Palestinian Authority (PA) Chairman Yasir Arafat's support to act against the terrorist groups, and it was not forthcoming. Israel suspended political talks with the Palestinians, halted plans to transfer cities to Palestinian control, imposed a closure on the West Bank and Gaza, raided several West Bank towns, and resumed "targeted killings" of terrorist leaders, but did not launch large-scale military operations. Hamas senior official Ismail Abu Shanab was the first target. Palestinian terror groups then declared an end to their cease-fire. On August 22, Secretary Powell called on Arafat to make available the security elements under his control to Abbas. On August 25, Arafat named Jibril Rajoub to be his national security advisor. The White House accused Arafat of undercutting the fight against terrorism and undermining the hopes of the Palestinians for peace and for a state by blocking the consolidation of the security services under Abbas. Abbas' ally, Palestinian Security Minister Mohammed Dahlan, sealed some tunnels used to smuggle arms from Egypt into Gaza, seized some weapons and funds, and the PA froze bank accounts of some Islamic charities linked to Hamas. As Arafat reasserted his authority, Israeli Foreign Minister Silvan Shalom said, on August 31, that Israel would not negotiate with a new government formed under Arafat's influence. On September 4, Abbas named Arafat ally Saeb Erekat to be chief negotiator with Israel. On September 6, Abbas resigned because of what he charged was lack of support from Arafat, the United States, and Israel. That day, an Israeli air strike in Gaza wounded Hamas leader Ahmed Yassin. On September 7, Arafat nominated Palestinian Legislative Council Speaker Ahmad Quray, known as Abu Ala, to be Prime Minister.

BACKGROUND AND ANALYSIS¹

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 thousands of Arab residents of the formerly British Palestine, with consequences troubling for Arabs and Israelis alike. 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, retaining control of 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.

¹ For more information, see William B. Quandt, *Peace Process, American Diplomacy and the Arab-Israeli Conflict since 1967*, Washington: Brookings Institution Press, 2001; Anton La Guardia, *War without End: Israelis, Palestinians, and the Struggle for the Promised Land*, New York: St. Martin's Griffin, 2003.

Changed International and Regional Scenes

In 1990, Iraqi President Saddam Hussein offered to withdraw from Kuwait if Israel withdrew from Arab territories it occupied. The United States and others denied a linkage, but on the day after the first Gulf war began, January 18, 1991, President Bush declared, “When all this is over, we want to be the healers” His postwar goals, defined on March 6, included finding solutions to the Arab-Israeli conflict and the Lebanon situation, and he sent Secretary of State Baker to the Middle East to organize a conference. The end of the Cold War and the decline of the Soviet Union aided Baker’s mission. The Soviets needed Western aid and agreed with U.S. initiatives. They also were unable to continue to aid Iraq, Syria, and the Palestine Liberation Organization (PLO). The failed August 1991 Moscow coup sidelined hard-liners. U.S. policymakers no longer viewed the Soviet Union as obstructionist and sought it to cosponsor of a peace conference.

Arab states, whose unity was damaged in the war, recognized the United States as the remaining superpower. Egypt, Syria, and the Gulf states (Saudi Arabia, Kuwait, Bahrain, the United Arab Emirates, Qatar, Oman) joined the anti-Iraq coalition. Gulf regimes depend on U.S. and allied military might. After Camp David, Egypt became the second largest recipient of U.S. foreign aid. Syria, opposed to Saddam Hussein and seeking benefactors, sent troops to defend Saudi Arabia. The PLO and Jordan, however, were sympathetic to Iraq and debilitated by the choice. European and other sympathy for the Palestinians eroded temporarily as Iraqi missiles hit Israeli civilian sites. Meanwhile, in the West Bank and Gaza Strip, moderates argued for negotiations to ease the plight of the people. Thus, each party to the peace conference sought U.S. support: Egypt as a consequence of Camp David; Syria to replace lost Soviet patronage; Jordan to reclaim lost goodwill, aid, and trade; the Palestinians for some gain after years of loss; Israel because of its dependence on external, especially U.S., aid and resources.

Role of the United States

On March 6, 1991, President George H.W. Bush outlined a framework for peace: grounded in U.N. Security Council Resolutions 242 and 338 and the principle of “territory for peace,” providing for Israel’s security and recognition of Palestinian political rights. Secretary Baker provided Israel, Syria, Lebanon, and the Palestinians with non-binding letters of assurance that have not been released officially. He reportedly accepted Israel’s view that 242 is subject to interpretation, stated that the United States would not support creation of an independent Palestinian state, and that the United States would give “considerable weight” to Israel’s view that the Golan Heights are important to its security. He reportedly assured Syria that the United States believes 242 applies to all fronts and gave Lebanon a commitment to its territorial integrity within its internationally recognized borders. He told the Palestinians that the United States wanted their legitimate political rights and opposed Israel’s annexation of East Jerusalem.

President Clinton later said that only the region’s leaders can make peace, and vowed to be their partner. With the Hebron Protocol of 1997, the United States became an indispensable party to Israeli-Palestinian talks. Clinton mediated the October 1998 Wye

River Memorandum, and the United States undertook to coordinate its implementation. Clinton personally led negotiations at Camp David in July 2000.

The current Bush Administration initially sought a less prominent role. In March 2001, Secretary of State Powell said that he would not appoint a special Middle East envoy and that “the United States stands ready to assist, not insist. Only the parties themselves can determine the pace and scope and content of any negotiations” After the September 11, 2001, terrorist attacks on the United States, however, the Administration focused on the peace process to ensure Arab support for the war on terrorism.

Conference and Developments

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

Bilateral Talks

Israel-Palestinians. (Note: Because of space constraints, incidents of violence, terror, reprisals, and casualties are noted selectively.) On November 3, 1991, Israel and the Jordanian/Palestinian delegation agreed to separate Israel-Jordan and Israel-Palestinians negotiating tracks, the latter to address a 5-year period of interim self-rule for Palestinians 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 since January 1993 produced an August 19 agreement on a Declaration of Principles, signed September 13, 1993. (For summaries and links to accords, see **Agreements**, below.) Talks begun in October 1993 led to An Agreement on the Gaza Strip and the Jericho Area on May 4, 1994, which incorporated A Protocol on Economic Relations. It officially began the 5-year interim period of Palestinian self-rule. On September 28, 1995, Israel and the Palestinians signed an Interim Agreement. Israel began redeploying from the West Bank on October 10. Israeli Prime Minister Rabin was assassinated on November 4; Foreign Minister Peres succeeded him and redeployed from six cities, and from areas around Hebron by December. On January 20, 1996, Palestinians elected an 88-member Council and Yasir Arafat as Chairman. On April 24, the Palestine National Council (PNC) canceled Palestinian Charter “articles contrary to letters exchanged between the PLO and Israel in September 1993,” i.e., those calling for the destruction of Israel. Final status talks on borders, security, settlements, refugees, water, and Jerusalem began ceremonially on May 5.

Binyamin Netanyahu was elected Prime Minister of Israel on May 29, 1996. His coalition’s guidelines called for negotiations on a permanent arrangement only if the Palestinians fulfilled all commitments fully, opposed the establishment of a Palestinian state west of the Jordan River, vowed to ensure the existence and security of Jewish settlements, and to keep Jerusalem under Israel’s sovereignty. On August 2, his cabinet abolished most restraints on settlements. In September 1996, Palestinians protested violently against Israel’s opening of an archaeological tunnel at the base of Jerusalem holy sites. The two sides later

resumed talks and initialed a Protocol Concerning the Redeployment in Hebron on January 15, 1997. Israel redeployed from about 80% of Hebron. On February 26, 1997, Israel approved construction of housing at Har Homa/Jabal Abu Ghneim in south East Jerusalem, and broke ground there on March 18. On July 30, a double suicide bombing in Jerusalem killed 13, including one American, and wounded 168. The President and Secretary of State called on the PA to make a 100% effort on security and sent Special Envoy Dennis Ross to the region. Israel and the PA agreed to report on the bombing to a panel including the CIA.

U.S. efforts to complete implementation of the Interim Accord culminated in the Wye River Memorandum of October 23. The Israeli cabinet approved the Memorandum, but said that redeployments depended on the abrogation of Palestinian Charter articles; that a third redeployment should not be from more than 1% of territory before a final agreement; and that if the Palestinians unilaterally declare a state, then Israel reserved the right to apply Israeli law to the rest of the West Bank. On December 14, the PNC and others voted to annul the Charter articles. On December 20, Israel froze Wye implementation until the Palestinians abandoned their call for a state with Jerusalem as its capital and met other conditions. Europe and the United States forestalled a Palestinian declaration of statehood on May 4, 1999. The European Union (EU) reaffirmed the "Palestinian right to self-determination including the option of a state" On April 26, President Clinton wrote, "We support the aspirations of the Palestinian people to determine their own future on their land."

Ehud Barak defeated Netanyahu in the May 17, 1999 election. Barak and Arafat signed the Sharm al-Shaykh Memorandum on September 4, 1999. Final status talks resumed ceremonially on September 13. The Palestinians gave Israel 30,000 police officers' names. Israel released prisoners, opened a safe passage between the West Bank and Gaza and a major road in Hebron, and redeployed from more territory. In May 2000, Israeli soldiers fought Palestinian demonstrators and police.

Clinton, Barak, and 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 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 live, 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. (See CRS Report RS20648, *Israeli-Palestinian Peace Process: Camp David Negotiations*.)

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 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 on October 16 set up a fact-finding committee under former Senator George Mitchell to look into the violence.

Barak resigned on December 10, triggering an early election for Prime Minister. Further negotiations were held at Bolling Air Force Base, 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 remain in the Jordan Valley for 3 to 6 years to control borders, and then be replaced by an international force. The agreement would declare “an end to conflict.” Barak said he would accept the plan as a basis for further talks if Arafat did so. Arafat sought clarifications on contiguity of Palestinian state territory, the division of East Jerusalem, and refugees’ right of return, among other issues. The talks concluded at Taba, Egypt.

On February 6, 2001, Sharon was elected Prime Minister. He 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 since Camp David were “null and void.” The Bush Administration said that Clinton’s proposals “were no longer United States proposals.” Sharon said that he sought an interim agreement, not dealing with Jerusalem, Palestinian refugees, or a Palestinian state. On April 13, Sharon said that he could accept a disarmed Palestinian state on 42% of the West Bank.

On April 30, the Mitchell commission made recommendations for ending violence, rebuilding confidence, and resuming negotiations. (For text, see [<http://www.state.gov/p/nea/rls/rpt/3060.htm>].) On June 12, the two sides agreed to CIA Director Tenet’s plan to cement the cease-fire and restore security cooperation. On June 28, they agreed to a 7-day period without violence followed by a 6-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.” Israel eased its blockade of Palestinian areas, but stopped after the PFLP assassinated its Minister of Tourism on October 17. On November 10, President Bush declared further 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 Anthony Zinni to work on a cease-fire, but violence impeded his mission. Israel confined Arafat 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. Israel charged that Arafat was “directly responsible” for the attacks ... “and therefore is no longer relevant”

On January 3, 2002, Israel seized a Palestinian-commanded freighter, the *Karine A*, in the Red Sea carrying 50 tons of Iranian-supplied arms. On February 5, 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.” When Sharon visited the White House on February 7, he said that he believed that pressure should be put on Arafat so that an alternative Palestinian leadership could emerge. On February 28, Israeli forces besieged West Bank refugee camps, “bases of terror infrastructure,” reoccupying Palestinian areas. Al Aqsa Brigades, the Palestine Islamic Jihad (PIJ), Hamas, and the PFLP continued to exact a high toll on Israelis. On March 14, President Bush said that Israel’s reoccupation was “not helpful.” Israel withdrew by March 19. After March 20, there were daily suicide bombings.

On February 17, Saudi Crown Prince Abdullah unprecedentedly had called for “full withdrawal from all occupied territories, in accord with U.N. resolutions, including Jerusalem, in exchange for full normalization of relations.” Sharon said that he was willing to explore the idea but 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, the Arab League summit Beirut Declaration endorsed Abdullah’s offer of “normal relations and security for Israel in exchange for full withdrawal from the occupied Arab territories, recognition of an independent Palestinian state with Jerusalem as its capital, and the return of refugees.” The summit communique saluted the Palestinian *intifadah* and called for stopping the establishment of ties with Israel.

Also on March 27, a Hamas suicide bomber exploded at an Israeli hotel in Netanya, killing 27 and wounding 130. Israel declared Arafat “an enemy” and, on March 29, troops besieged his compound in Ramallah. Israeli forces soon controlled all major Palestinian-ruled West Bank cities.

On April 4, President Bush chastised Arafat, Arab nations, and Israel, and urged Israel to begin withdrawing from Palestinian areas. On April 6, he emphasized that Israel must withdraw “without delay.” Secretary Powell met moderate Arab, U.N., and EU leaders and representatives before arriving in Israel on April 10. During his visit, there were suicide bombings in Israel. On May 2, the Quartet, i.e., U.S., EU, U.N., and Russian officials, proposed a foreign ministers’ conference on reconstructing the PA and related issues. On May 8, the President emphasized providing “the framework for the growth of a Palestinian state,” while Sharon was reluctant to discuss a state before “real reform.” During their meeting, a Hamas suicide bombing occurred south of Tel Aviv. On May 14, Sharon called for “the complete cessation of terror, violence, and incitement, and basic structural reforms in all areas” of the PA before negotiations for a settlement in stages. After meeting Sharon on June 9, President Bush said that conditions were not ripe for an international conference because “no one has confidence” in the Palestinian government.

On June 24, President Bush called on the Palestinians to elect new leaders “not compromised by terror” and to build a practicing democracy. (For speech, see White House press release [<http://www.whitehouse.gov/news/releases/2002/06/20020624-3.html>].) He said that when the Palestinians have new leaders, new institutions, and new security arrangements with their neighbors, then 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 settlement activity must stop.” The President envisaged a final settlement within 3 years negotiated by the parties “based on U.N. Resolutions 242 and 338, with Israeli withdrawal to secure and

recognized borders.” On July 31, Hamas set off a bomb at the Hebrew University in Jerusalem, killing 7, including 5 Americans, and wounding 80.

On August 18, the Israeli Defense Minister and the Palestinian Interior Minister agreed that Israel would cede responsibility for the security of Bethlehem and parts of Gaza to the Palestinian police. If the police prevented terrorism, then Israeli forces would withdraw from other areas. On August 19, Israeli troops withdrew from Bethlehem but kept a blockade around it. The process then stalled. Hamas, PIJ, and Damascus-based Palestinian groups denounced the accord and vowed to continue attacks.

On September 17, the Quartet outlined a preliminary “roadmap” to peace. (See **Agreements** below for link to final version.) But, more than six weeks of relative quiet ended with two suicide bombings on September 19. On September 20-21, Israeli forces demolished buildings at Arafat’s headquarters. On September 24, the United States abstained from U.N. Security Council Resolution 1435, which demanded an immediate end to Israel’s reoccupation of Arafat’s headquarters and expeditious withdrawal from Palestinian cities and condemned terror attacks against civilians. Israel lifted its siege of Arafat’s compound on September 29. In October and November, violence escalated. In December, Secretary Powell suggested waiting until after the January 2003, Israeli election to make the roadmap public. President Bush and the Quartet issued a joint statement on December 21, condemning Palestinian terror attacks and the killing of Palestinian civilians and calling for an immediate cease-fire and “as calm is established, Israeli forces should withdraw from Palestinian areas and the pre-intifadah status quo on the ground should be restored.”

On January 5, 2003, two Palestinian suicide bombers killed 23 and wounded 100 in Tel Aviv. Israel imposed a travel ban on the territories, barring Palestinians from attending a conference on reform with the Quartet and others in London. On January 20, Sharon told an interviewer, “the Quartet is nothing! Don’t take it seriously.” Secretary Powell responded that Washington remained “fully supportive of the Quartet, which we helped create.” On January 26, Israeli forces made a deep incursion into Gaza City to target weapons factories, killing 12 and injuring more than 40. A landmine destroyed an Israeli tank and killed its crew on February 15. The Israeli military then began persistent operations against Hamas and later blocked two main roads in the Gaza Strip, while continuing to make incursions into West Bank cities. On March 5, a suicide bomber destroyed a bus in Haifa, killing 16, including one American, and wounding about 55. Israeli forces then raided a Gaza refugee camp, killing 11, and reoccupied an area of northern Gaza.

On February 24, Sharon formed a coalition government whose guidelines call for reaching interim agreements when violence ends and declare settlement(s) an important national project. Negotiations on statehood require cabinet approval. On February 27, President Bush said that, as the terror threat is removed and security improves, Israel will be expected to support the creation of a viable Palestinian state and to work quickly for a final status agreement. “As progress is made toward peace,” he said, settlement activity must end. The President gave his personal commitment to implement the roadmap.

On March 7, Arafat named Mahmud Abbas (aka Abu Mazen) Prime Minister. On April 14, Sharon acknowledged that Israel would have to part with some places (in the West Bank) bound up in the history of the Jewish people. He insisted that the Palestinians had to recognize the Jewish people’s right to its homeland, and abandon their claim of a right of

return. On April 14, Israel submitted 14 reservations on the roadmap to U.S. officials. On April 30, the same day that Abbas's appointment was approved, the "Quartet" presented the roadmap. Abbas accepted the roadmap and rejected Israel's conditions. On May 14, Sharon stated that settlements, which are to be frozen in the first stage of the roadmap, "is not an issue on the horizon right now." Sharon and Abbas met on May 17. Five suicide bombings bracketed their meeting. President Bush telephoned Abbas for the first time on May 20 and met Palestinian Finance Minister Salam Fayyad on May 22. On May 23, the Administration said that Israel had explained "its significant concerns about the roadmap" and that the United States shares the view "that these are real concerns and will address them fully and seriously in the implementation of the roadmap." The U.S. assurances led Sharon and his cabinet to accept "steps defined" in the roadmap "with reservations" on May 25. The next day, Sharon told his party, "to keep 3.5 million people under occupation is bad for us and them," using the word *occupation* for the first time.

On June 3, President Bush met Abbas and leaders of Egypt, Saudi Arabia, Jordan, and Bahrain in Sharm al-Shaykh, Egypt. The President declared, "All progress towards peace requires the rejection of terror" and asked the Arabs to help Abbas by cutting off arms and financing to terrorist groups. On June 4, the President met Abbas and Sharon in Aqaba, Jordan, and gave his personal commitment to "move the process forward." Abbas vowed to end "the militarization of the intifadah" and to achieve the Palestinians' goals by peaceful means; he denounced "violence against Israelis wherever they are." Sharon expressed understanding of "the importance of territorial contiguity" for a viable Palestinian state and promised to "immediately begin to remove unauthorized outposts."

On June 6, Hamas and the PIJ withdrew from cease-fire talks the next day, they and the Al Aqsa Brigades claimed credit for a joint attack, killing four Israeli soldiers. Israel dismantled some outposts, but new ones were set up. On June 10, an Israeli missile attack failed to kill Hamas leader Abdel Aziz al-Rantissi but killed and wounded others. Abbas said that he would use dialogue, not force, with the Palestinian groups because he wants to avoid a civil war, his security forces are weak, and Israel's continued presence in the territories prevents action. On June 11, a Hamas suicide bombing on a Jerusalem bus killed 17 and wounded others. On June 13, an Israeli air strike killed a Hamas militant and wounded 26 others. On June 15, U.S. Ambassador John Wolf and a 10-person team arrived in Israel to monitor implementation of the roadmap.

On June 29, Hamas and the PIJ suspended military operations against Israel for three months, while Fatah declared a six-month truce. Israel was not party to the accords, but its forces began withdrawing from Gaza. Israeli officials said that they would give intelligence about imminent attacks to the Palestinians and only act if the Palestinians did not. On June 30, when she visited the region, National Security Advisor Condoleeza Rice called for the dismantlement of terrorist organizations and asked Israel to restrain its military actions and to reconsider construction of a security fence in the West Bank. Israel refused to compromise on the fence, which it views as a defensive measure. (See CRS Report RS21564, *Israel's Security Fences, Separating Israel from the Palestinians*.) On July 2, Israel handed over security control for Bethlehem to the Palestinians.

On July 14, Arafat and Abbas agreed to form committees to provide negotiating guidelines and on security and to rule on differences over the powers of the prime minister and chairman, reaffirming Arafat's authority. On July 17, Abbas asked Sharon to release

Palestinian prisoners, including those belonging to Hamas and PIJ, remove roadblocks, withdraw from more Palestinian cities, allow Arafat free movement, and end construction of the security fence. Israel demanded that the Palestinian dismantle terrorist infrastructures and arrest, try, and incarcerate terrorists. On July 21, Sharon distinguished between unauthorized outposts to be evacuated and settlements whose future would be decided in permanent arrangements.

After meeting Abbas on July 25, President Bush observed that Israel's "wall" to separate Palestinians and Israelis on the West Bank is "a problem." The President told Abbas, "in order for us to be able to make progress on a lot of difficult issues (referring in part to Israeli settlements), there has to be a firm and continued commitment to fight terror." Regarding Palestinian prisoners, the President said that he would not ask anybody "to let a prisoner out who would then commit terrorist actions." (For text, see [<http://www.whitehouse.gov/news/releases/2003/07/20030725-6.html>].) On July 29, the President met Sharon, who said, "the security fence will continue to be built, with every effort to minimize the infringement on the daily life of the Palestinian people. Unauthorized outposts will be removed." The President expressed hope that "in the long-term a fence would be irrelevant" because terrorist organizations will not exist. (For text, see [<http://www.whitehouse.gov/news/releases/2003/07/20030729-2.html>].)

On August 6, Israel released 339 prisoners. Israel continued to raid Palestinian areas for weapons and terror suspects. On August 8, four Palestinians and one Israeli died during a raid on an alleged Hamas weapons factory in Nablus. On August 12, an Al Qsa Brigades suicide bomber detonated at a supermarket near Tel Aviv, and a Hamas bomber exploded at a bus stop at a West Bank settlement, leaving 2 dead and 17 injured. Israel undertook no large-scale reprisals, and talks continued on its withdrawal from four West Bank towns. On August 15, Israel released 73 Palestinian prisoners. That day, Israeli troops killed a PIJ commander in Hebron. Palestinian security forces reportedly began confiscating illegal weapons in the Gaza Strip and Bethlehem.

Israel-Syria. Syria seeks to regain sovereignty over the Golan Heights, 450 square miles of land along the border that Israel seized in 1967. Israel applied its law and administration to the region in December 1981, an act other governments do not recognize. Syria initially referred to its goal as an end to the state of belligerency, not a peace treaty, preferred a comprehensive Arab-Israeli peace, and disdained 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 242 applies to all fronts. Syria submitted a draft declaration of principles, reportedly referring to a "peace agreement." Israeli Prime Minister 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 only "withdrawal." In 1993, Syrian President Asad announced interest in peace and suggested that bilateral tracks might progress at different speeds. In June, Secretary 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 for talks 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. Israeli and Syrian chiefs of staff met in December. On March 20, 1995, ambassadorial talks resumed. On May 24, Israel and Syria announced terms of reference for senior military experts to meet 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. Chiefs of staff discussed principles for security arrangements. Israel offered Syria an early-warning ground station in northern Israel in exchange for Golan stations, but Syria insisted 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 said that Israeli troops must man early-warning stations on the Golan after its return to Syria. Syria said that this would infringe on its sovereignty, but 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 called for negotiations, but said that the Golan is essential to Israel's security and water needs and that retaining sovereignty 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 (as opposed to the international border of 1923). Israeli negotiators contend that Rabin had suggested full withdrawal was possible only if Syria met Israel's security and normalization needs and those needs were not met. On January 26, 1999, the Israeli Knesset passed a law requiring a 61-member majority and a national referendum to approve the return of any part of the Golan Heights to Syria.

In June, Prime Minister-elect Barak and Asad exchanged compliments through a British writer. In July, the Syrian Vice President told radical Palestinian groups in Damascus to end their armed struggle against Israel and Syria prevented Hizballah from firing into Israel, but not from targeting Israeli forces in south Lebanon. Israel and Syria 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, the United States summarized points of accord and discord. As reported, it 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 document, 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.

Israel-Lebanon. Citing Security Council Resolution 425, Lebanon sought unconditional Israeli military withdrawal from the 9-mile "security zone" in southern

Lebanon, and the end of Israel's support for Lebanese militias in the south and of shelling of villages that Israel claimed were sites of Hizballah activity. Israel claimed no Lebanese territory but sought security, and said that it would withdraw when the Lebanese army controlled the south and prevented Hizballah attacks on northern Israel. Lebanon sought a withdrawal schedule in exchange for addressing Israel's security concerns. The two sides never agreed. Syria, which dominates Lebanon, said that Israel-Syria progress should come first. Israel's July 1993 assault on Hizballah prompted 250,000 people to flee south Lebanon. Secretary of State Christopher arranged a cease-fire. In March/April 1996, Israel again attacked Hizballah targets, and Hizballah fired rockets into northern Israel. A cease-fire accord, monitored by U.S., French, Syrian, Lebanese, and Israeli representatives, barred Hizballah attacks into Israel and Israeli attacks on civilian targets in Lebanon and all attacks on civilians or civilian areas. Each side retained the right of self-defense.

On January 5, 1998, Israel's Defense Minister indicated readiness to withdraw from southern Lebanon if the second part of Resolution 425, calling for the restoration of peace and security in the region, were implemented. He and Netanyahu then proposed that Israel withdraw in exchange for security, not peace and normalization. Lebanon and Syria called for an unconditional Israeli withdrawal. Violence in northern Israel and southern Lebanon increased in November and December, prompting the Israeli cabinet to reaffirm its opposition to a unilateral withdrawal twice. In April 1999, however, Israel decreased its force in Lebanon. In June, the Israeli-allied South Lebanese Army (SLA) withdrew from Jazzin, north of the security zone. New Prime Minister Barak promised to withdraw from southern Lebanon in one year, or by July 7, 2000, with security for northern Israel.

On September 4, 1999, Lebanese Prime Minister Al-Hoss confirmed his country's commitment to 425 and support for the "resistance" against the occupation, i.e., Hizballah. He argued that Palestinian refugees residing in Lebanon have the right to return to their homeland, and rejected their implantation in Lebanon. Al-Hoss did not accept Secretary of State Albright's statement that Palestinian refugees in Lebanon will be a subject of Israeli-Palestinian final status talks, insisting that Lebanon should 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 informed the U.N. that Israel's withdrawal would not be complete unless it included Sheba'a farms near the Golan. On May 23, the U.N. Secretary General noted that almost all of Sheba'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. Hizballah 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 Hizballah. (See CRS Report RL31078, *The Shi'ba Farms Dispute and Its Implications*.)

On October 7, Hizballah shelled northern Israel and captured three Israeli soldiers. (Israel has since declared them to be dead.) On October 16, Hizballah announced that it had captured an Israeli colonel. On November 13, U.N. Security Council members said that Lebanon was obliged to "take effective control of the whole area vacated by Israel" On

April 16 and July 2, 2001, Israel, claiming Syria controls Hizballah, bombed Syrian radar sites in Lebanon after Hizballah attacked its soldiers in Sheba'a. In April, the U.N. warned Lebanon that unless it deployed to the border, UNIFIL would be diminished or phased out. On January 28, 2002, the Security Council voted to cut UNIFIL to 2,000 by the end of 2002.

In March, Hizballah shelled Israeli positions in Sheba'a and northern Israel. Israel responded with air strikes, and concern about the possible opening of a second front (in addition to the intifadah). At its request, U.N. Secretary General Annan contacted the Syrian and Lebanese Presidents, and on April 8, Vice President Cheney called President Asad to warn him that the situation could spiral out of control. Syria denied that it or Lebanon was interested in opening a second front. In April, Secretary Powell visited northern Israel and called on Syria to curb Hizballah. Afterwards, while in Lebanon and Syria, he urged the cessation of attacks. They stopped briefly and then resumed. Israel claims that Lebanon's plan to pump water from the Wazzani River would reduce the flow of water into the Galilee. On August 8, 2003, Hizballah shelled Israeli positions in Sheba'a for the first time in 8 months in what it said was retaliation for the assassination of its security chief on August 2, for which Israel denied responsibility. Israel responded with air strikes and Hizballah shelled northern Israel, causing the first Israeli fatality since March 2002.

Israel-Jordan. Of Jordan's 3.4 million people, 55 to 70% are Palestinian. An estimated 300,000 Palestinians displaced by the Gulf War fled to Jordan. Jordan hoped an Israel-Palestinian accord would ease its economic problems by producing international aid. Jordan initialed a June 1993 agenda on water, energy, environment, and economic matters before other Arab parties reached accords on September 14, 1993, after the Israeli-Palestinian DOP was signed. Rabin reportedly met King Hussein secretly on September 26, 1993. On October 1, Crown Prince Hassan, Foreign Minister Peres, and President Clinton agreed to set up a Trilateral Economic Committee. In June 1994, Israel and Jordan held talks, and Rabin and King Hussein opened a border crossing for third country tourists on August 8. A peace treaty was signed on October 26 (see **Agreements** below). The border was demarcated and Israel withdrew from Jordanian land on February 9, 1995. More agreements followed.

On March 9, 1997, King Hussein charged that Netanyahu was "bent on destroying the peace process...." After Israeli agents failed to assassinate a Hamas official 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 agents. On December 5, 1998, the King again lambasted Netanyahu. He called for Jordan-Palestinian coordination, observing that many final status issues are Jordanian national interests. King Hussein died on February 7, 1999 and was succeeded by his son Abdullah. On February 28, Netanyahu and King Abdullah II reaffirmed their dedication to peace. Abdullah has said that the Palestinians should administer the Muslim holy sites in Jerusalem, a traditional responsibility of the Jordanian royal family, but rejected a Jordanian-Palestinian confederation. He said that warmer relations with Israel depend upon progress toward peace with the Palestinians and Syria, and proposed that Jerusalem be an Israeli and a Palestinian capital. On November 21, 2000, Jordan stopped accreditation of its new ambassador to Israel because of Israel's "aggression" against the Palestinians.

Significant Agreements

Israel-PLO Mutual Recognition. On September 9, 1993, 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. Rabin recognized the PLO as the representative of the Palestinian people and agreed to negotiate with it. (For text, see [<http://www.state.gov/p/nea/rls/22579.htm>].)

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 on August 19, 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 education, culture, health, social welfare, direct taxation, and tourism in the West Bank and Gaza to Palestinians; election in 9 months of a Palestinian Council with jurisdiction over the West Bank and Gaza; Palestinian residents of East Jerusalem will vote; Israeli troops to redeploy from Palestinian population centers before the election and further as Palestinian police assume responsibility; joint Israeli-Palestinian committees; cooperation with Jordan and Egypt in deciding modalities of admission of persons displaced in 1967, etc. During the interim period, Israel would be responsible for external security, settlements, Israelis, and foreign relations. Permanent status negotiations to begin in the third year of interim rule and may include Jerusalem. (For text, see [<http://www.state.gov/p/nea/rls/22602.htm>].)

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 PA will have 24 members with legislative and executive powers and administrative units. Its territorial jurisdiction includes land, subsoil, and territorial waters. Israel retains jurisdiction over foreign relations, external security, and security of settlements. The PLO may conclude economic, assistance, and development agreements with international organizations and foreign states. The PA may promulgate laws, regulations, and other legislative acts. The Palestinians may have a police force, but not other armed forces. The parties agree to a Temporary International Presence of 400 for 6 months. The accord began the 5-year period of interim self-rule. (For text, see [<http://www.state.gov/p/nea/rls/22676.htm>].)

Israel-Jordan Peace Treaty. Signed on October 26, 1994. An international boundary will be delimited within 9 months. Each party will refrain from threats or use of force against the other and from joining alliances hostile to the other and will remove restrictions from normal economic relations and terminate economic boycotts. Problems of displaced persons (from 1967) will be resolved with Egypt and the Palestinians and of refugees (from 1948) in the multilateral framework. Israel respects Jordan's role in the mosques in Jerusalem and will give it high priority in permanent status negotiations. Annexes called for Jordan to lease one sq. mi. to Israelis for a renewable 25-year period and for Israel to provide Yarmuk River water and desalinized water to Jordan; dams will be built on the Yarmuk and Jordan Rivers to yield more water.

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 Palestinian prisoners. Negotiations on permanent status will begin in May 1996. An 82-member Palestinian Council and Head of the Council's Executive Authority will be elected after Israeli redeployment from populated areas in the West Bank. Palestinian residents of Jerusalem will participate in the elections by mail and may stand for election if they have a second address in the West Bank or Gaza. The Israeli Defense Force will redeploy from Jenin, Nablus, Tulkarm, 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. 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.

Further redeployments will take place in 6-month intervals following the Council's inauguration, with Palestinians gaining jurisdiction over more of Area C, subject to land rights of Israelis and provision of services to settlements. Palestinian Charter articles calling for the destruction of Israel will be revoked within two months of the Council's inauguration. Israel and the Palestinians will cooperate against terrorism. Palestinians will have a police force of 12,000, issue arms' permits, and confiscate illegal arms. Israelis may not be arrested by Palestinian police. Responsibility for religious sites will be transferred to the Palestinians, with freedom of access and of worship guaranteed. Israel will increase water allocated to Palestinians. Further increases to be based on increases in resources developed through international funding and channels. Israel will release Palestinian prisoners in three stages. Economic Annex of the Gaza-Jericho Agreement, with minor changes, is incorporated. (For text, see [<http://www.state.gov/p/nea/rls/22678.htm>].)

Protocol Concerning the Redeployment in Hebron. Initialed by Israel and the PA on January 15, 1997. Details security arrangements. In Notes for the Record, Israel agreed to prisoner release and to resume negotiations on safe passage between Gaza and the West Bank, Gaza Airport and port, economic, and other issues. The Palestinians reaffirmed their commitment to revise their Charter, to fight terror, and to keep police force size in line with the Interim accord. Permanent status negotiations were to resume within two months after implementation of the Protocol. Christopher wrote a letter to Netanyahu, stating U.S. policy to promote full implementation of the Interim Agreement and that he had advised Arafat that Israeli redeployments would be completed no later than mid-1998. (For text, see [<http://www.state.gov/p/nea/rls/22679.htm>].)

Wye River Memorandum. Signed on October 23, 1998. Delineated steps to complete implementation of the Interim Agreement and of agreements that accompanied 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%. Palestinians will ensure systematic combat of terrorist organizations and their infrastructures, and share their work plan with the United States. A U.S.-Palestinian committee will review steps to counter terrorism. The Palestinians will prohibit illegal weapons and incitement, and establish mechanisms to act against provocateurs. A U.S.-Palestinian-Israeli committee will monitor incitement and

recommend how to prevent it. Israeli-Palestinian security cooperation will be full, continuous, and comprehensive. A trilateral committee will assess threats and deal with impediments to cooperation. 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. The two sides agreed on a Gaza industrial estate and on opening the Gaza airport. They agreed to work on safe passage between the Gaza Strip and West Bank and on a Gaza seaport. Permanent status talks will resume when the Memorandum takes effect. A time line is an “integral attachment” to the Memorandum. U.S. officials provided both sides with letters of assurance regarding U.S. policies. (For text, see [<http://www.state.gov/p/nea/rls/22694.htm>]; also see CRS Report 98-911, *Israeli-Palestinian Peace Process: The Wye River Memorandum*.)

Sharm al-Shaykh Memorandum. (Also called Wye II.) Signed on September 4, 1999. Agreed to resume permanent status negotiations to conclude a framework agreement on permanent status issues and a comprehensive agreement on permanent status by September 13, 2000. They also agreed on other Wye issues. (For text, see [<http://www.state.gov/p/nea/rls/22696.htm>]; see also CRS Report RS20341, *Israeli-Palestinian Peace Process: The Sharm el Sheikh Memorandum*.)

A Performance-Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict. Presented to Israel and the Palestinian Authority on August 30, 2003, by the Quartet (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 and end of the conflict. (For text, see [<http://www.state.gov/r/pa/prs/ps/2003/20062.htm>].)

Role of Congress

Aid. (See also CRS Issue Brief IB85066, *Israel: U.S. Foreign Assistance*, and CRS Report RS21594, *United States Aid to the Palestinians*.) The Middle East Peace Facilitation Act (MEPFA) (P.L. 103-236, April 30, 1994, Title X) granted the President authority to suspend provisions of laws affecting the PLO in the national interest and if the PLO is abiding by commitments made in letters to Israel and Norway and under the DOP. The State Department reported that the PLO honored its commitments, with shortcomings, and asserted that suspensions were in the U.S. national interest, enabling U.S. support for the peace process and interaction with all parties. After August 12, 1997, MEPFA was included in foreign operations appropriations legislation. P.L. 108-1, February 20, 2003, prohibits funding to support a Palestinian state unless its leaders have not supported terrorism, have been democratically elected, have demonstrated their commitment to peaceful coexistence with Israel, have taken measures to counter terrorism and terrorism financing, and have established security entities that cooperate with Israeli counterparts. An exemption is provided for aid to reform the PA and a waiver is provided for national security interests. P.L. 108-11, April 16, 2003, appropriates \$9 billion in loan guarantees to Israel; funds may be used only within its 1967 borders. On July 9, the State Department approved a first time

\$20 million grant for the PA to fund basic services and bolster Abbas. On July 16, the House passed H.R. 1950, which includes the Israeli-Palestinian Peace Enhancement Act of 2003, prohibiting assistance to a Palestinian state unless the President certifies that a binding peace agreement exists between Israel and the Palestinians and the Palestinian government has taken certain steps or the President waives the prohibition in the national interest.

Jerusalem. Jerusalem is a subject for final status negotiations. Israel annexed the city in 1967 to be its eternal, undivided capital. Palestinians seek East Jerusalem as their capital. Successive U.S. Administrations have maintained that the parties must determine its fate. 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 prohibits 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. (See P.L. 108-7, February 20, 2003.) H.R. 167, introduced on January 7, 2003, calls for the U.S. consulate in Jerusalem to operate under the supervision of the ambassador, for Jerusalem to be identified as the capital of Israel in official documents, and for Israel to be recorded as the place of birth of U.S. citizens born in Jerusalem.

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, U.S. credibility in the Islamic world and with Palestinians, and prejudice final status. P.L. 104-45, November 8, 1995, provided for the relocation of the embassy 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 President signed H.R. 1646, the State Department Authorization Act for FY2002-2003, into law as P.L. 107-228, September 30, 2002. It urges the President to begin relocating the U.S. Embassy "immediately," and contains the same provisions as H.R. 167 noted above. The President charged that the provision would "if construed as mandatory rather than advisory, 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. P.L. 107-115, January 10, 2002, Sec. 566 left it to the President to assess PLO/PA compliance with its 1993 commitments and, if there is none, to impose sanctions. A November 9, 2002 State Department report, mandated by the PLO Commitments Compliance Act (P.L. 101-246), noted the PLO and PA failed to act against, and in some cases provided support for, terrorist groups and cited other noncompliance. It imposed the sanction of downgrading the status of the PLO office in the United States but waived the sanction in the interest of national security. H.R. 1828 (Syria Accountability and Lebanese Sovereignty Restoration Act), introduced on April 12, 2003, and S. 982 (Syria Accountability Act of 2003), introduced on May 1, would hold Syria accountable for its conduct, including actions that undermine peace. On August 22, President Bush signed an executive order to freeze the assets of six Hamas leaders and five European charities that financially support Hamas.