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The Middle East Peace Talks

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The Middle East Peace Talks

SUMMARY

The end of the Cold War, the decline of the Soviet Union, and the U.S.-led victory in the Gulf war facilitated the beginning of a new peace process in 1991. Israel and the Palestinians discussed 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 the Declaration of Principles (DOP) on Interim Self-Government for the West Bank and Gaza Strip/Oslo I, providing for Palestinian empowerment and some territorial control. Israel and Jordan signed a peace treaty agenda on September 14, 1993; Prime Minister Rabin and King Hussein affirmed the end of the state of belligerency between Israel and Jordan on July 25; a Peace Treaty was signed on October 26. Israel and the Palestinians signed an Interim Self-Rule in the West Bank/Oslo II accord on September 28. 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 a January 2000 round. President Asad of Syria died on June 10, 2000, and was succeeded by his son, Bashar.

A January 1997 protocol produced Israeli redeployment from Hebron. Israeli-Palestinian talks were suspended in March 1997, after Israel began work on a housing project in south East Jerusalem and a Palestinian terrorist bombed a café in Tel Aviv. Suicide bombings

in Jerusalem in July and August distanced the parties further. In 1998, the United States intensively mediated. An October 15-23 summit resulted in the Wye River Memorandum on implementation of earlier agreements. The Israeli cabinet froze implementation on December 20.

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 convened 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 and continues. On December 23, President Clinton presented bridging proposals. Ariel Sharon was elected Prime Minister of Israel on February 6, 2001. He said that the results of Camp David and subsequent talks are null and void. The international war against terrorism in the aftermath of the September 11 attacks on the United States has prompted renewed U.S. focus on ending the violence and resuming the peace process.

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 PLO compliance with agreements with Israel. Congress repeatedly has endorsed Jerusalem as the undivided capital of Israel, and opposed a possible Palestinian unilateral declaration of statehood.

MOST RECENT DEVELOPMENTS

On November 2, Deputy Assistant Secretary of State for Near Eastern Affairs David Satterfield said, “the intifadah, whatever its origin, has become an ongoing process of calculated terror and escalation.” He added that it was in Palestinian Authority (PA) Chairman Yasir Arafat’s fundamental interests to confront Hamas and Islamic Jihad. Without such steps, Satterfield said, it was “very difficult to establish the credibility necessary to advance a meaningful political process.” On November 4, U.S. Ambassador to Israel Daniel Kurtzer said that the United States is concerned that some militant Palestinian groups have “turned quite specifically to terrorism.” On November 4, an Palestinian Islamic Jihad terrorist opened fire on a school bus in Jerusalem, killing two girls and injuring dozens. On November 12, National Security Advisor Condoleeza Rice criticized Arafat and declared, “Until there is a real effort at the cessation of terrorism, its going to be very hard to get the peace process going.”

As of November 14, Israeli forces remained in two of 6 Palestinian-ruled towns they had reentered in October.

On November 10, President Bush told the U.N. General Assembly that the United States is “working toward the day when two states – Israel and Palestine – live peacefully together within secure and recognized borders....” Secretary of State Powell said that the Administration will soon follow up with a more explicit outline of its position on the kind of settlement it seeks.

BACKGROUND AND ANALYSIS

Since the founding of Israel, Arab-Israeli conflict marked every decade 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” over which Lebanon seeks 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.

Changed International and Regional Scenes

At the height of the crisis he provoked in 1990, Iraqi President Saddam Husayn offered to withdraw from Kuwait if Israel withdrew from Arab territories it occupied (and if Syria withdrew from Lebanon). The United States and others denied a linkage, but on the day after the Gulf war began, January 18, 1991, President Bush declared, “When all this is over, we

want to be the healers” On March 6, he defined U.S. postwar goals to include finding solutions to the Arab-Israeli conflict and the Lebanon situation, and 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 him. During the Gulf war, the Soviets did not use their U.N. veto to prevent action and banned arms exports to Iraq. They needed Western aid and agreed with U.S. initiatives. They also were unable to continue diplomatic, military, and financial aid to 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 Gulf 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. Since Camp David, Egypt has been a U.S. ally and the second largest recipient of U.S. foreign aid. Syria, opposed to Saddam Husayn and seeking benefactors, sent troops to defend Saudi Arabia. The PLO and Jordan, however, were sympathetic to Iraq and debilitated by the choice. The Gulf states ended aid for Jordan and the PLO as Palestinians fled the Gulf, inundating Jordan. European and other sympathy for the Palestinian cause eroded temporarily as Iraqi missiles hit Israeli civilian sites. Meanwhile, in the West Bank and Gaza, 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

Israelis and Arabs agreed to talk primarily to improve relations with, or avoid the consequences of, defying the United States. On March 6, 1991, President 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 of State Baker avoided declaring U.S. positions, but provided Israel, Syria, Lebanon, and the Palestinians 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 assured Israel that the United States abided by a 1975 promise to 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 talks to achieve their legitimate political rights and opposed Israel’s annexation of East Jerusalem.

President Clinton said that only the region’s leaders can make peace, and vowed to be their partner. In February 1993, Secretary of State Christopher defined full partner as an intermediary or an honest broker, to “probe positions, clarify responses, help define common ground, offer what may be bridging ideas.” The United States mediated the 1997 Hebron Protocol, and 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 led negotiations at Camp David in July 2000.

The Bush Administration sought a less prominent role. In March 2001, Secretary of State Colin Powell said that he would not appoint a special Middle East envoy to Arab-Israeli negotiations 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”

Conference Format 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. 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. Official negotiations addressed issues codified in the September 13, 1993 Declaration of Principles (See **Significant Agreements**, below), except Palestinian control of territory.

On August 9, 1993, Palestinian negotiators were appointed to a PLO coordination committee, ending a charade that had distanced the PLO from the talks. Israel and the PLO announced that secret talks in Oslo since January 1993 had produced an August 19 agreement on a Declaration of Principles, signed in September. (See **Agreements**, below.)

Talks begun in October 1993 produced An Agreement on the Gaza Strip and the Jericho Area on May 4, 1994, which incorporated A Protocol on Economic Relations. (See **Agreements**, below.) It officially began the 5-year period of interim Palestinian self-rule. On September 28, 1995, Israel and the Palestinians signed an Interim Agreement. (See **Agreements**, below.) Israel began redeploying on October 10. Israeli Prime Minister Rabin was assassinated on November 4; Foreign Minister Shimon 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 Arafat as Chairman. On February 25, HAMAS terrorists perpetrated the first of four suicide bombings in Israel. On April 24, the Palestine National Council (PNC) amended the Palestinian Charter by canceling “articles contrary to letters exchanged between the PLO and Israel in September 1993”, i.e., those calling for the destruction of Israel. A committee to draft a new Charter within 6 months never met. Final status talks on borders, security, settlements, refugees, 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 to reach a permanent arrangement on condition

that the Palestinians fulfill 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. After an October 1-2 summit, the two sides resumed talks on Hebron. Israel and the Palestinian Authority (PA) initialed a Protocol Concerning the Redeployment in Hebron on January 15, 1997 (See **Agreements**, below). 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. On March 7, Israel announced the first of three further redeployments, from 7% of West Bank territory to Palestinian control and from 2% to joint Israeli-Palestinian control. The Palestinians demanded 30%, to be consulted, and to control 90% after final redeployment. Netanyahu proposed suspending implementation of the Interim Accord and beginning final status talks immediately. Arafat rejected the idea. On March 18, Israel broke ground at Har Homa. A March 21 suicide bombing occurred in Tel Aviv. 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 station chief. On September 4, HAMAS exploded three suicide bombs in Jerusalem.

The United States then focused on redeployments, security cooperation, accelerated final status talks, and a timeout on settlement construction. Netanyahu conditioned further redeployments on Palestinians anti-terrorism and insisted on deferring the third redeployment to final status arrangements. Arafat gave the President a letter listing Palestinian Charter articles that he said were repealed in April 1996, and asserted that the PLO Executive Committee would confirm the letter. Netanyahu insisted on PNC action on the matter.

In September and October 1998, U.S. officials made a concerted effort to complete implementation of the Interim Accord, culminating in the Wye River Memorandum of October 23 (see **Agreements**, below). The Israeli cabinet approved the Memorandum on November 11 but said (1) that redeployments depended on the abrogation of Palestinian Charter articles, (2) that a third redeployment should not be from more than 1% of territory before a final agreement, and (3) that if the Palestinians unilaterally declare a state, then Israel reserves the right to apply Israeli law to the rest of the West Bank. On November 19, the cabinet approved the first stage of the second redeployment (from 2% of territory to joint Israeli-Palestinian control and from 7.1% of territory to Palestinian control) and the release of 250 Palestinian prisoners. Israeli forces redeployed the next day. Palestinian officials protested the release of 150 criminals with 100 political prisoners. After a December 2 attack on an Israeli, Netanyahu said that the next redeployment would occur only if the PA agreed that Israel need not release prisoners with blood on their hands or who belong to HAMAS, abandoned its intention to declare a state on May 4, 1999, and halted incitement.

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, curbed violence and incitement, accepted Israeli prisoner releases, collected and destroyed illegal weapons, and resumed security cooperation. Europe and the United States forestalled a Palestinian declaration of statehood on May 4, 1999. In March,

the European Union (EU) reaffirmed the “Palestinian right to self-determination including the option of a state ... [and] declare[d] its readiness to consider the recognition of a Palestinian State in due course” 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. (See **Agreements**, below.) Israel released 199 prisoners, and transferred civilian control of 7% of the West Bank to the Palestinians. Final status talks resumed ceremonially on September 13. The Palestinians gave Israel 30,000 police officers’ names. Israel released 151 more prisoners, and opened a safe passage for Palestinians between the West Bank and Gaza Strip and a major thoroughfare in Hebron. Israel redeployed from 5% of West Bank territory on January 5, 2000. The two sides disagreed about the next redeployment and failed to conclude a framework for a final status accord by February 13, 2000, as called for at Sharm al-Shaykh.

On March 8, Barak and Arafat agreed to resume negotiations. A U.S. timetable called for a framework by May and an accord by September. Israel transferred 6.1% of the West Bank territory to the PA to complete the second redeployment. Talks at Bolling Air Force Base in March and April did not meet the May deadline. In May, Israeli soldiers fought Palestinian demonstrators and police. The Palestinians withdrew from talks because, they said, Israel’s offer to withdraw from 80% of the West Bank lacked geographic contiguity. “Secret” talks in Sweden were suspended on May 21 due to violence. On May 15, the Israeli cabinet and parliament had voted to transfer three villages near Jerusalem to Palestinian control, but Barak linked their handover to Palestinian control over violence. Talks resumed on June 1, and moved to the United States on June 13.

Clinton, Barak, and Arafat held a summit at Camp David, from July 11 to July 24, 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 the city 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 Palestinian 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 Israeli police and military responded forcefully. The second Palestinian *intifadah* or uprising thus began. On October 12, a mob in Ram Allah killed two Israeli soldiers, provoking Israeli helicopter gunship attacks on Palestinian official sites. U.S. and other diplomats produced a summit in Sharm al-Shaykh on October 16 and established an international fact-finding committee into the violence. Violence continued.

Barak resigned on December 10, triggering an early election for Prime Minister. Contacts among Israeli, Palestinian, and U.S. officials, President Clinton’s imminent departure

from office, and the impending Israeli election led to negotiations at Bolling Air Force Base, December 19-23. On December 23, President Clinton suggested orally that Israel cede sovereignty over the Temple Mount/Haram al-Sharif and Arab neighborhoods in Jerusalem and 96% of the West Bank and all of the Gaza Strip, and annex settlement blocs in exchange for giving the Palestinians Israeli land near Gaza. Jerusalem would become the capital of two countries. The Palestinians would give up 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, reportedly 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 January 27, 2001.

On February 6, 2001, Ariel Sharon was elected Prime Minister of Israel. He vowed to retain united Jerusalem as Israel's capital, the Jordan Valley and other security areas, and the Golan Heights. Sharon's associates asserted that the results of negotiations at and since Camp David were "null and void." On February 9, the U.S. State Department spokesman said that Clinton's proposals "were no longer United States proposals." Palestinian negotiators insisted that talks restart from the point where they left off at Taba. Violence intensified. Sharon said that he would strive for an interim agreement, not dealing with Jerusalem, Palestinian refugees, or a Palestinian state.

On February 25, Sharon demanded that Arafat call for the end to violence in Arabic, make an effort to halt incitement, and renew security cooperation. Israel then would ease economic restrictions on the Palestinians and resume negotiations. Arafat called for an end to the Israeli "siege," a halt to killings by Israeli troops, and release of Palestinian taxes collected by Israel. Israeli forces entered Palestinian-controlled territory in Gaza to destroy sites that Israel said provide cover for gunmen who fire on Israeli towns, bases, or settlements.

On April 13, Sharon said that he could accept a disarmed Palestinian state on 42% of the West Bank, or about 2% more than the Palestinians control. He could foresee a long-term non-belligerency accord, not a peace treaty.

An Egyptian-Jordanian initiative called on Israel and the PA to take certain steps: Israel will end its military and economic siege on the Palestinians, withdraw its forces to September 2000 positions, and transfer tax funds to the PA. Confidence-building measures will include resuming implementation of the September 1999 Sharm al-Shaykh Memorandum (See **Agreements**, below) and a freeze on all settlement, including East Jerusalem. The two sides will resume negotiations based the Taba talks of January 2001, and will complete them within one year. Egypt, Jordan, the European Union, and the U.N. Security Council will oversee implementation. Sharon rejected a freeze on settlement and resuming talks from where they left off, and wanted a long cease-fire before any talks. Israelis noted that the initiative made demands of Israel and wanted demands made of the Palestinians, such as returning terrorists to prison. Arafat endorsed the initiative.

On April 30, an international fact-finding commission headed by former Senator George Mitchell submitted a report on the causes of the violence and made recommendations for

ending it, rebuilding confidence, and resuming negotiations. (See the State Department web site [<http://usinfo.state.gov/regional/nea/mitchell.htm>].) On May 22, Sharon announced a unilateral cease-fire. The Palestinians demanded a simultaneous freeze on settlements. On June 1, an HAMAS bomber blew himself up in Tel Aviv, killing 21. International pressure prompted Arafat to declare a cease-fire on June 2. On June 12, the two sides agreed to CIA Director Tenet's work plan to cement the cease-fire and restore security cooperation, but violence continued. On June 28, Israel and Palestinians agreed to a 7-day period without violence to be followed by a 6-week cooling-off period. Powell said that it was up to Sharon to determine if violence abated adequately.

On July 19, the G-8 group of industrialized powers, including the United States, said that they believed "third-party monitoring, accepted by both parties, would serve their interests in implementing the Mitchell report."

On August 8, HAMAS detonated a suicide bomb at a Jerusalem pizzeria, killing 15 and wounding over 100. Two victims were American; one died. On August 10, Israeli forces seized Orient House, the center of Palestinian national activity in East Jerusalem, and other Palestinian offices. On August 26, Palestinian guerrillas infiltrated an Israeli army outpost in Gaza and killed five soldiers. Israeli forces have repeatedly entered Palestinian-controlled territory to destroy security posts and buildings they say provide cover for gunmen. During Israeli forces' stay in Beit Jala, August 28-30, the State Department said that it objected to such incursions because they try to reverse agreements that were made in the past.

Israel targets Palestinians whom it says were involved in attacks on Israelis and, on August 27, killed the head of the Popular Front for the Liberation of Palestine (PFLP). On August 28, the U.S. State Department spokesman noted that targeted killings "are only inflaming an already volatile situation."

In August and September, activity also focused on arranging cease-fire talks. A HAMAS suicide bombing in Jerusalem on September 4 hindered the effort. An Israeli-Arab HAMAS member set off a suicide bomb at a Nahariya train station on September 9. Israel responded by firing missiles from helicopters at PA security posts and by entering Jenin, where it said bombers originated, and Jericho with tanks. On September 14, Sharon said that talks between Peres and Arafat could occur only after 48 hours of "absolute quiet," and he postponed the meeting several times due to violence. After the September 11 terrorist attacks on the United States, the United States urged Peres and Arafat to meet. On September 26, they did and agreed to resume security cooperation and exert efforts to sustain a cease-fire.

Palestinian Islamic Jihad and HAMAS perpetrated attacks on October 1 and 2; a Palestinian fired at a Jewish crowd in Hebron on October 3, and another at a bus station in Afula on October 4, all prompting forceful Israeli military responses. On October 6, the PA cabinet warned the factions which violate the cease-fire that they are harming Palestinian national interest, but, on October 7, there was another suicide bombing.

On September 24, Sharon declared in a speech, "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." Arafat expressed his gratitude, but Sharon warned, "Do not try to appease the Arabs at our expense ... Israel will not be

Czechoslovakia.” The White House said his”remarks are unacceptable.” Sharon apologized for the “misunderstanding.” On October 17, Sharon said that he would accept the creation of a demilitarized Palestinian state, with Israel controlling all borders while retaining security zones and all of Jerusalem.

In mid-October, Israel began to ease its blockade of Palestinian areas but stopped after the PFLP assassinated its Minister of Tourism on October 17. Sharon blamed Arafat for the attack, although Arafat condemned it. On October 19, Israeli forces retaliated by moving into Palestinian-ruled areas. Israel repeatedly rejected U.S. calls to withdraw, saying its actions were to prevent terrorism. Israel demanded that the PA arrest and hand over the assassins. The PA outlawed military wings of Palestinian political factions and arrested some 20 PFLP activists but refused extradition. On October 29, Israel began to withdraw as Palestinian security forces kept peace.

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 withdrawal on the Golan, without defining it, 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,” without “total.” 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. In August, Rabin revealed a withdrawal timetable of “several years” and three years of normalization before complete withdrawal. Asad reportedly would not agree to more than one year for withdrawal. Asad again told President Clinton on October 27 that he was committed to establishing normal peaceful relations in return for full withdrawal. Israeli and Syrian chiefs of staff met in December. Syria claimed to have rejected Israel’s demands for observation posts and asymmetrical demilitarized zones. Asad told Christopher that he would allow low-level Israeli diplomatic representation before complete withdrawal.

On March 20, 1995, ambassadorial talks resumed. Syria demanded an agreement on a declaration of principles for security arrangements before military talks. 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 a government-controlled media commentary accepted international or friendly forces in the stations. Syria said that military talks could not continue until the early-warning issue was settled. Israel refused to continue without military talks. 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.

The new Israeli government called for negotiations, but said that the Golan is essential to Israel's security and water resources and that retaining sovereignty would be the basis for an arrangement with Syria. Netanyahu suggested a Lebanon-first approach, whereby Israel would withdraw from southern Lebanon in exchange for a border guarantee, disarming Hizballah, and arrangements for the Israeli-allied South Lebanon Army (SLA). Asad refused, and 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. Syrian Vice President Khaddam met with radical Palestinian groups in July and told them to end their armed struggle against Israel. The Israeli Defense Forces Chief of Staff said that Syria had been preventing Hizballah guerrillas from firing rockets into Israel, although they still were 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. They met in Washington on December 15-16, 1999, and in Shepherdstown, WV from January 3-10, 2000. Barak and Syrian Foreign Minister Shar'a led delegations. President Clinton intervened. Trilateral committees dealt with borders, security arrangements, normal peaceful relations, and water. On January 7, the United States presented a document summarizing points of accord and discord. As published by an Israeli newspaper, it revealed Israel's apparent success in the negotiations, in particular by delaying discussion of borders and winning concessions on normal relations and an early-warning station on Mount Hermon. 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 that "significant differences remain" and that it would not be productive for talks to resume. Barak indicated that disagreements had centered on Israel's reluctance to withdraw to the June 1967 border and give Syria access to the Sea of Galilee, on security arrangements, and on the early-warning station. Shar'a agreed that the border/Sea issue had been the main obstacle. Asad died on June 10; his son, Bashar, succeeded him.

Israel-Lebanon. As called for by Security Council Resolution 425, Lebanon sought unconditional Israeli military withdrawal from the 9-mile "security zone" in southern Lebanon, the end of Israel's support for militias in the south, and of shelling of villages that Israel claimed were sites of Hizballah guerrilla 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 repeatedly sought a withdrawal schedule in exchange for addressing Israel's security concerns. The two sides never agreed on a timetable or the order in which withdrawal and security measures would occur. Syria, which dominates Lebanon, said that Israel-Syria progress should come first. In July 1993, Israel conducted a large assault to stop Hizballah attacks; 250,000 people fled south Lebanon. U.S. Secretary of State Christopher arranged a cease-fire. In March/April 1996, Israel again attacked presumed Hizballah targets, and Hizballah fired rockets into northern Israel. An April 26 cease-fire accord 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. U.S., French, Syrian, Lebanese, and Israeli representatives monitored the cease-fire.

On January 5, 1998, Defense Minister Mordechai said that Israel was ready 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 proposed that Israel withdraw in exchange for security, not peace and normalization. On April 1, the Israeli cabinet accepted 425 and called on Lebanon to negotiate. Lebanon and Syria called for an unconditional Israeli withdrawal. Violence in northern Israel and southern Lebanon increased in November and December 1998, prompting the Israeli cabinet to reaffirm its opposition to a unilateral withdrawal twice. In April 1999, Israel "downsized" its force in Lebanon. In June, the Israeli-allied South Lebanese Army 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, while maintaining security for northern Israel.

On September 4, 1999, Lebanese Prime Minister Al-Hoss confirmed his country's commitment to 425 but noted Lebanese 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. Lebanese President Lahoud warned that Lebanon would not guarantee security for northern Israel unless Israel also withdrew from the Golan and worked to resolve the future of the Palestinian refugees in Lebanon. 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. Israel said that Lebanon had no valid claim because the area had been Syrian before Israel occupied it in 1967. 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 to fight until Israel withdraws from Sheba'a and releases Lebanese prisoners. On June 18, the U.N. Security Council agreed that Israel had withdrawn. The U.N. Interim Force in Lebanon (UNIFIL) began to redeploy to the border region in July. About 1,000 Lebanese soldiers and policemen moved into the area but not to positions on the border, where Hizballah and UNIFIL coexist. Only about 400 U.N. peacekeepers deployed by December because the Lebanese army failed to back them against Hizballah.

On October 7, Hizballah shelled northern Israel and captured three Israeli soldiers. (A year later, Israeli officers declared them dead.) On October 16, Hizballah announced that it had captured an Israeli colonel, whom it claimed is an intelligence agent, but Israel said he is a reserve officer and businessman. 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 bombed Syrian radar sites in Lebanon after Hizballah attacked soldiers in Sheba’a, claiming Syria controls Hizballah. On April 25, the U.N. warned Lebanon that unless it deployed to the border, UNIFIL would be diminished or phased out. On July 23, the Secretary General laid out plans to cut UNIFIL from 4,500 to 2,000 in the next year. (See CRS Report RL31078, *The Shi’ba Farms Dispute and Its Implications*.)

Israel-Jordan. Of Jordan’s 3.4 million people, 55 to 70% are Palestinian; government figures acknowledge 40%. 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 would not ratify a June 1993 agenda on water, energy, environment, and economic matters before other Arab parties reached accords. It was initialed 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 on boundaries, water, energy, moving talks to the region, and trade and economic relations. 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....” On September 25, 1997, Israeli agents failed in an attempt to assassinate a HAMAS official in Jordan. King Hussein demanded that Israel release HAMAS founder Shaykh Yasmin, 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 final status issues such as refugees, borders, settlements, water, security, and Palestinian sovereignty are Jordanian national interests. King Hussein died on February 7, 1999.

On February 28, 1999, Netanyahu and King Abdullah II reaffirmed their dedication to peace. King 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 indicated 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, Jordan stopped accreditation of its new ambassador to Israel because of Israel’s “aggression” against the Palestinians.

Multilateral Talks

A January 1992 meeting organized groups on economic development, arms control and regional security, environment, refugees, and water issues to meet twice yearly and to create a context for peace. Syria and Lebanon would not attend until Israel withdrew from Arab territory, and Egypt stopped attending arms control meetings when Israel refused to allow its

nuclear weapons to be discussed. Scheduling of multilateral talks has depended on progress in bilateral talks, and talks have not been held for several years. (See CRS Report RL30311, *Middle East: The Multilateral Peace Talks.*)

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. Prime Minister Rabin recognized the PLO as the representative of the Palestinian people and agreed to negotiate with it.

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; "early empowerment" or 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 redeploy further as a Palestinian police force assumes responsibility for public order; joint Israeli-Palestinian committees for common issues such as economic cooperation and dispute resolution; the parties to invite Jordan and Egypt to establish cooperative arrangements that will decide modalities of admission of persons displaced in 1967, etc. During the interim period, Israel will be responsible for external security, settlements, Israelis, and foreign relations. Permanent status negotiations will begin in the third year of interim rule and may include Jerusalem.

Israel-Jordan Agenda. Initialed on September 14, 1993, with sections on security, water, refugees and displaced persons, borders and territorial matters, bilateral cooperation on natural and human resources, infrastructure, and economic areas. Reaffirms the 1967 international border; Israel to withdraw from two small strips of land seized in 1968.

Agreement on the Gaza Strip and the Jericho Area. Signed on May 4, 1994, provides for Israeli forces withdrawal from Gaza/Jericho to begin immediately and to be complete within three weeks. Israel to evacuate all military bases, hand them over to Palestinian police, and redeploy to settlements and military installations. Israelis may use roads within Gaza/Jericho and Palestinians may use public roads crossing settlements. Palestinian police to be responsible for public order and internal security. Authority to be transferred from the Israeli military government and civil administration to the PA. The PA will consist of 24 members with legislative and executive powers and established administrative units. The Authority's 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 regional 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. Israel is to release 5,000 Palestinian prisoners within five weeks and negotiate release of others. The parties agree to a Temporary International Presence of 400 for 6 months. The accord began the 5-year period of interim self-rule.

The Washington Declaration. Signed on July 25, 1994. Affirms aim as comprehensive peace between Israel and its neighbors and a treaty of peace between Israel and Jordan. Israel respects the special role of Jordan in Muslim holy sites in Jerusalem and will give it high priority. Terminates state of belligerency; King Hussein declared an end to the state of war at the signing ceremony.

Israel-Jordan Peace Treaty. Signed on October 26, 1994. Provided that the international boundary will be delimited within 9 months with reference to that of the former British Mandate. 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 in a committee 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. Unrevealed annexes reportedly called for Israel to return some land to Jordan and 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 from near the Sea of Galilee to Jordan; and Israel and Jordan will build dams on the Yarmuk and Jordan Rivers to yield additional 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 arrangements and relations with neighboring countries will begin no later than May 1996. A Palestinian Council will be elected after Israeli redeployment from populated areas in the West Bank. A simultaneous election will be held for the Head of the Council's Executive Authority. 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 Council will have 82 members and legislative and executive powers. The Israeli Defense Force will redeploy in stages from Jenin, Nablus, Tulkarm, Qalqilyah, Ram Allah, 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. In Area "A," the six cities, Palestinians will be responsible for internal security. In Area "B," Palestinian towns and villages, Israeli responsibility for overall security will have precedence over Palestinian responsibility for public order. In Area "C," unpopulated areas, Israel will retain full responsibility.

Further redeployments will take place in 6-month intervals following the Council's inauguration, with Palestinians gaining territorial 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 over 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, including the U.S.-Palestinian-Israeli forum. Israel will release Palestinian prisoners in three stages: upon signing of the agreement, on the eve of elections, and according to other principles to be established. Economic Annex of the Gaza-Jericho Agreement, with minor changes, is incorporated.

Protocol Concerning the Redeployment in Hebron. Initialed by Israel and the PA on January 15, 1997. Details security arrangements, defining areas of Palestinian police, Israeli force, and joint responsibility, and specifying the Palestinian police force's size and weapons. In Notes for the Record, Israel agreed to prisoner release in accordance with the Interim Agreement (above) 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 prevent violence, 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 that it remains 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— defined by U.S. Special Envoy Ross as August 1998.

Wye River Memorandum. Signed on October 23, 1998. Delineates steps to be taken over a 12-week period to complete implementation of the Interim Agreement and of agreements specified in Notes for the Record that accompanied the Hebron Protocol (see above). Israel will redeploy from territories in 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 ensure systematic combat of terrorist organizations and their infrastructure. Their work plan will be shared with the United States. A U.S.-Palestinian committee will review steps to counter terrorism. The Palestinians will ensure the legal, systematic prohibition of illegal weapons, with U.S. assistance. The Palestinians will prohibit incitement to violence and terror and establish mechanisms to act against provocateurs.

A U.S.-Palestinian-Israeli committee will monitor possible incitement and recommend how to prevent it. Israeli-Palestinian security cooperation will be full, continuous, and comprehensive. A trilateral committee will meet not less than biweekly to assess threats and deal with impediments to cooperation. The Palestinians will provide a list of their policemen to the Israelis. The PLO Executive and Central Committees will reaffirm the 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 meet with the Committees to reaffirm these decisions. President Clinton will address this conclave. The two sides agreed on a Gaza industrial estate and on a protocol for opening the Gaza airport. They agreed to work to agree on safe passage between the Gaza Strip and West Bank in one week and on a Gaza seaport in 60 days. 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. (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 in an accelerated manner by

September 13, to make a determined effort to conclude a framework agreement on permanent status issues in five months, and to conclude a comprehensive agreement on permanent status within one year or by September 13, 2000. They also agreed on other Wye issues. (See CRS Report RS20341, *Israeli-Palestinian Peace Process: The Sharm el Sheikh Memorandum*.)

Role of Congress

Aid. (See also CRS Report RS20895, *Palestinians: U.S. Assistance*.) In 1993, President Clinton said that the United States would compensate Israel for risks involved in peace and would provide “seed money” for the PA. 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. MEPFA was extended with additional requirements, expired on August 12, 1997, then included in annual foreign operations appropriations legislation. H.R. 2506, the Foreign Operations Appropriations Act for 2002, passed in the House on July 24 and in the Senate on October 24, also prohibits the provision of funds to the PA unless the President certifies that it is important to U.S. national security interests.

In February 1999, President Clinton requested \$1.2 billion for Israel, \$300 million for Jordan, and \$400 million for the West Bank and Gaza over three years for Wye accord implementation. P.L. 106-31, May 21, 1999, included \$100 million for Jordan. P.L. 106-113, November 29, 1999 provided \$450 million in economic aid over 3 years for Jordan, the West Bank, and Gaza, and \$1.2 billion for Israel, \$25 million for Egypt, and \$150 million in military aid for Jordan. After Israel withdrew from Lebanon in May 2000, it was permitted to use \$50 million in military aid for security of its northern border, instead of spending it in the United States as required. On November 14, President Clinton asked for \$750 million in emergency aid for Israel, Egypt, and Jordan. The 106th Congress did not appropriate the funds, and the Bush Administration did not renew the request. In a complementary move, however, President Bush signed the U.S.-Jordan Free Trade Area Implementation Act into law, P.L. 107-43, September 28, 2001.

The House passed H.R. 1646 on May 16, 2001; \$625,000 in international military education and training funds will not be provided to Lebanon unless its armed forces deploy to the border with Israel and Lebanon asserts its authority in the area. If Lebanon does not deploy within 6 months, then the President is to provide a plan to terminate \$35 million in economic support funds to Lebanon.

U.S. Forces on the Golan. Successive Administrations have assured the parties of U.S. help to guarantee border security, subject to congressional approval. Opponents note risks to U.S. troops, cost, size of the force, open-endedness, and effects on other U.S. concerns. Some argue that a U.S. role would lessen Israel’s strategic value and undermine the special U.S.-Israel relationship. Advocates contend that barring a U.S. role would weaken prospects for peace, while a U.S. role would add to peace and security and minimize risks to Israel. They say that a force in a consensual, non-hostile environment would not be at great risk and that vulnerability to terrorism would be diminished by a comprehensive

peace, including Lebanon, noting too, the long incident-free U.S. presence in the Sinai multinational force. The January 2000 U.S. draft document submitted at Israeli-Syrian talks suggested that the Syrians were willing to accept a joint U.S.-French force.

Jerusalem. Jerusalem is a subject for final status negotiations. Israel annexed the city in 1967 to be its eternal, undivided capital. Palestinians seek to have their capital in East Jerusalem. U.S. Administrations have maintained that it is up to the parties to 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 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, in P.L. 106-429, November 6, 2000, and in H.R. 2506, passed in the House on July 24, 2001 and in the Senate on October 24.

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. President Clinton exercised the authority three times. (See CRS Report RS20339, *Jerusalem: The U.S. Embassy and P.L. 104-45.*) On August 15, 1999, Barak reportedly recommended that Congress defer moving the embassy until a final status agreement is achieved. On July 28, 2000, President Clinton said that he would make a decision on a move by the end of the year, but he did not before leaving office. H.Con.Res. 30, introduced on February 13, 2001, urges the President to begin the relocation process, as does H.R. 1646, passed in the House on May 16. On June 11, 2001, President Bush waived the P.L. 104-45 requirement to relocate the embassy.

Palestinian Statehood. S.Con.Res. 5, March 11, 1999, and H.Con.Res. 24, March 16, 1999, oppose a unilateral declaration of a Palestinian state and urge the President to assert U.S. opposition to one. S.Con.Res. 36, July 1, 1999, condemns Palestinian efforts to revive the U.N. General Assembly Resolution 181, November 27, 1947, Palestine partition plan; and the U.N. Commission on Human Rights' April 27, 1999, resolution endorsing Palestinian self-determination on the basis of the plan. (See CRS Report 98-791, *A Palestinian State and U.S. Recognition: Pro and Con Arguments.*)

Compliance/Sanctions. H.R. 1795, introduced on May 10, 2001, modified and incorporated as Section 562 of H.R. 2506, as passed by the House on July 24, 2001, requires sanctions if the PLO or PA has not complied with commitments made in 1993. The sanctions are not in the Senate version of the bill passed on October 24. S. 1409, introduced on September 6, requires the President to report on steps that the PLO and PA take to substantially comply with commitments and on determining if the PLO or its constituent groups, Fatah and Tanzim and the PA's Force 17, should be designated foreign terrorist organizations. It requires sanctions if they failed to substantially comply.