

# CRS Issue Brief for Congress

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## **The Middle East Peace Talks**

**Updated October 6, 2004**

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## The Middle East Peace Talks

### SUMMARY

After the first Gulf war, in 1991, a new peace process was begun, with Israel and the Palestinians discussing a five-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. Israeli Prime Minister Rabin and King Hussein of Jordan signed a Peace Treaty on October 26, 1994. 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. Israel withdrew from south Lebanon on May 24, 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 and Palestinian leaders signed the Sharm al-Shaykh Memorandum on implementing Wye.

From July 11-24, President Clinton held a summit with Israeli and Palestinian leaders at Camp David, but they did not succeed in producing a framework accord. A Palestinian uprising or *intifadah* began in September. President Clinton presented benchmark 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." On April 30, 2003, the United States, the U.N., European Union, and Russia (the Quartet) presented a "Roadmap" to Palestinian statehood within three years. In December 2003, in the face of no official progress, Sharon proposed to unilaterally disengage from Gaza. Implementation of the plan is expected in the summer of 2005.

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 the Palestinians' fulfillment of their commitments to Israel. Congress has appropriated aid for the West Bank and Gaza, with conditions intended to ensure Palestinian compliance with agreements with Israel. Congress has repeatedly endorsed Jerusalem as the undivided capital of Israel, and many Members seek sanctions on the PLO and PA.

## **MOST RECENT DEVELOPMENTS**

In a September 15 interview, Israeli Prime Minister Ariel Sharon said, “it could very well be that after the evacuation (disengagement), there will be a long period in which nothing else will happen” and that, as long as there is no change in Palestinian leadership and policy, “Israel will continue its war on terrorism and will stay in the territories that will remain after the implementation of the disengagement.” He added, “Today, we are also not following the Road Map. I am not ready for this.” After rockets launched from Gaza killed two children in southern Israel on September 29, Israeli forces began a major offensive into northern Gaza, destroying buildings and killing or wounding many Palestinians. On October 5, the United States vetoed as “unbalanced” a U.N. Security Council condemning the operation. On October 6, the chief of Sharon’s office told the *Ha’aretz* newspaper that the disengagement plan was aimed at freezing negotiations with the Palestinian Authority (PA) in order to “prevent the establishment of a Palestinian state and a debate regarding the issues of the refugees, borders, and Jerusalem.”

## **BACKGROUND AND ANALYSIS<sup>1</sup>**

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 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, but retained a 9-mile “security zone” that Lebanon sought to reclaim. Middle East peace has been a U.S. and international diplomatic goal throughout the years of conflict. The 1978 Camp David talks, the only previous direct Arab-Israeli negotiations, brought about the 1979 Israel-Egypt Peace Treaty.

## **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, during and after the Gulf war in 1991, President Bush declared finding solutions to the Arab-Israeli conflict among his postwar goals. He directed Secretary of State Baker 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 to U.S. initiatives. They also

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<sup>1</sup> For additional background, 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; Dennis Ross, *The Missing Peace: The Inside Story of the Fight for Middle East Peace*, New York: Farrar, Straus, and Giroux, 2004.

were unable to continue to aid Iraq, Syria, and the Palestine Liberation Organization (PLO). 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. After Camp David, Egypt became the second largest recipient of U.S. foreign aid. Syria opposed Saddam Hussein, sought benefactors, and 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, Palestinian 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; and Israel because of its dependence on U.S. aid and resources.

## Role of 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 Baker provided non-binding letters of assurance to all parties 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 said that only the region’s leaders can make peace, and vowed to be their partner. With the Hebron Protocol of 1997 (See *Agreements*, below), however, 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. Secretary of State Powell did not appoint a special Middle East envoy and said that “the United States stands ready to assist, not insist.” After the September 11, 2001, terrorist attacks on the United States, however, the Administration refocused on the peace process partly to obtain 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 European Community, 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.** (Because of space constraints, incidents of violence 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 five-year period of interim Palestinian self-rule in the West Bank and Gaza Strip. In the third year, permanent status negotiations were to begin. On August 9, 1993, Palestinian negotiators were appointed to a PLO coordination committee, ending a charade that had distanced the PLO from the talks. Secret talks in Oslo since January 1993 produced an August 19 agreement on a Declaration of Principles, signed September 13, 1993. (For summaries of and links to accords reached during the “Oslo process” that ended in 2000, see **Significant Agreements**, below.)

President Clinton, Israeli Prime Minister Barak, and Palestinian Authority (PA) Chairman 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 lived, and offered to admit thousands of Palestinian refugees in a family unification program. An international fund would compensate other refugees as well as Israelis from Arab countries. The Palestinians reportedly were willing to accept Israeli control over the Jewish quarter of Jerusalem and the Western Wall, but sought sovereignty over East Jerusalem, particularly the Haram al-Sharif/Temple Mount, a site holy to Jews and Muslims. (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, Egypt, on October 16 set up a fact-finding committee under former Senator 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 control borders in the Jordan Valley for three to six years, and then be replaced by an international force. The agreement would declare “an end to conflict.” (For text of speech, see the Israel Policy Forum website at [<http://www.israelpolicyforum.org/display.cfm?rid=544>].) 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 and vowed to retain united Jerusalem as Israel's capital, the Jordan Valley, and other areas for security. Sharon's associates asserted that the results of negotiations at and after Camp David were "null and void." The Bush Administration said that Clinton's proposals "were no longer United States proposals." Sharon sought an interim agreement, not dealing with Jerusalem, Palestinian refugees, or a Palestinian state and, on April 13, 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. On June 12, the two sides agreed to CIA Director Tenet's plan to cement a cease-fire and restore security cooperation. On June 28, they agreed to a seven-day period without violence followed by a six-week cooling-off period. Secretary Powell said Sharon would determine if violence abated. On August 8, a Hamas suicide bomber detonated in Jerusalem. On August 10, Israeli forces seized Orient House, the center of Palestinian national activity in East Jerusalem, and then repeatedly entered Palestinian territory. On August 27, Israel killed the Popular Front for the Liberation of Palestine's (PFLP) leader.

On September 24, Sharon declared, "Israel wants to give the Palestinians what no one else gave them before, the possibility of a state." On October 2, President Bush said for the first time, "The idea of a Palestinian state has always been part of a vision, so long as the right of Israel to exist is respected." The PFLP assassinated Israel's Minister of Tourism on October 17. On November 10, President Bush declared that the United States is "working toward the day when two states — Israel and Palestine — live peacefully together within secure and recognized borders...." Secretary Powell sent 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 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." At the White House on February 7, Sharon said that he believed that pressure should be put on Arafat so that an alternative Palestinian leadership could emerge. On February 28, Israeli forces besieged West Bank refugee camps, which they referred to as "bases of terror infrastructure," reoccupying Palestinian areas. Al Aqsa Brigades, the Palestine Islamic Jihad (PIJ), Hamas, and the PFLP continued attacks.

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, a Hamas suicide bomber exploded at a hotel in Netanya, killing 27 and wounding 130. Israel declared Arafat “an enemy” and, on March 29, besieged his compound in Ramallah. Its 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 added “without delay.”

Secretary Powell met moderate Arab, U.N., and EU leaders and representatives before visiting Israel on April 10. On May 2, the Quartet, i.e., U.S., EU, U.N., and Russian officials, proposed a conference on reconstructing the PA and related issues. 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 near Tel Aviv. On May 14, Sharon called for “the complete cessation of terror” before negotiations. After meeting Sharon on June 9, President Bush said that conditions were not ripe for a conference because “no one has confidence” in the Palestinian government.

On June 24, 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>].) 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 envisioned a final settlement within three years. On July 31, Hamas set off a bomb at the Hebrew University in Jerusalem, killing 7, including 5 Americans, and wounding 80.

On September 17, the Quartet outlined a preliminary “roadmap” to peace. (See **Agreements**, below, for summary and link.) Six weeks of relative quiet ended with two suicide bombings on September 19. On September 20-21, Israeli forces demolished buildings in Arafat’s compound. On September 24, the United States abstained from U.N. Security Council Resolution 1435, which demanded an end to Israel’s reoccupation of Arafat’s headquarters and withdrawal from Palestinian cities and condemned terror attacks against civilians. Israel lifted its siege of Arafat’s compound on September 29. Violence escalated.

On January 5, 2003, two Palestinian suicide bombers killed 23 and wounded 100 in Tel Aviv. On January 26, Israeli forces entered Gaza City to target weapons factories, killing 12 and injuring more than 40. On February 15, a landmine destroyed an Israeli tank, killing its crew. The Israeli military then conducted operations against Hamas and blocked two main roads in the Gaza Strip, while making 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 raided a Gaza refugee camp, killing 11, and reoccupied an area of northern Gaza.

On February 24, Sharon formed a new 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 March 7, Arafat named Mahmud Abbas (aka Abu Mazen) Prime Minister. On April 14, Sharon allowed that Israel would have to part with some places bound up in the history



of the Jewish people but insisted that the Palestinians recognize the Jewish people's right to its homeland and abandon their claim of a right of refugees to return to Israel. On April 14, Israel submitted 14 reservations on the Roadmap to U.S. officials. On April 30, the "Quartet" presented the Roadmap. Abbas accepted it. On May 23, the Administration stated that Israel had explained its concerns and that the United States shares the view "that these are real concerns and will address them fully and seriously in the implementation of the Roadmap," leading Sharon and his cabinet to accept "steps defined" in the Roadmap "with reservations" on May 25. The next day, Sharon declared, "to keep 3.5 million people under occupation is bad for us and them," using the word *occupation* for the first time.

On June 3, President Bush met Abbas and four Arab leaders in Sharm al-Shaykh. The President declared, "All progress towards peace requires the rejection of terror." He 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 achieve the Palestinians' goals by peaceful means and 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."

Abbas said that he would use dialogue, not force, with Palestinian groups. 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 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 accord, but its forces began withdrawing from Gaza. On June 30, U.S. National Security Advisor Rice called for dismantling 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. (See CRS Report RS21564, *Israel's Security Fences, Separating Israel from the Palestinians*.)

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 Palestinians dismantle terrorist infrastructures and act against terrorists. After meeting Abbas on July 25, President Bush observed that Israel's "wall" is "a problem." He told Abbas, "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." 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.

On August 6, Israel released 339 prisoners, far fewer than Abbas had sought. On August 15, Israel released more prisoners. On August 19, a Hamas suicide bomber exploded in Jerusalem, killing 22, including 5 Americans, and injuring more than 130. Abbas cut contacts with Hamas and the PIJ, and unsuccessfully sought Arafat's support to act against terrorists. Israel suspended political talks with the Palestinians, halted plans to transfer cities to Palestinian control, imposed a closure on the West Bank and Gaza, raided West Bank towns, and resumed "targeted killings" of terrorist leaders, with a senior Hamas official first. Palestinian terror groups then officially ended their cease-fire.

On August 22, Secretary Powell called on Arafat to make available the security elements under his control to Abbas. After Arafat named Jibril Rajoub to be his national security advisor, the White House accused Arafat of undercutting the fight against terrorism and undermining Palestinian hopes for a state by blocking consolidation of security services under Abbas. On September 6, Abbas resigned because of what he charged was lack of support from Arafat, the United States, and Israel. On September 7, Arafat named Palestinian Legislative Council Speaker Ahmed Qureia, known as Abu Ala, to be Prime Minister. On September 9, Hamas suicide bombings near Tel Aviv and in Jerusalem killed 15 and wounded many.

On September 11, Israel declared that because Arafat is a “complete obstacle to peace,” it would remove him “in the manner, at the time, and in the ways” to be decided. Secretary Powell said, “the United States does not support either the elimination or the exile of Mr. Arafat.” On October 4, a PIJ suicide bomber killed 19 and wounded more than 60 in Haifa. Israeli forces killed and wounded Palestinians and demolished houses in operations to close arms-smuggling tunnels in the Rafah refugee camp bordering Egypt begun on October 9. On October 15, a bomb detonated under an official U.S. vehicle in Gaza, killing three U.S. security guards and wounding a fourth. Palestinian authorities blamed and arrested members of Popular Resistance Committees — disaffected former members of the Palestinian security services and other groups, for the attack. (They were freed in April 2004.)

There were rumblings of discontent in Israel with the government’s policies. On October 30, Israel’s Chief of Staff Lt. Gen. Moshe Ya’alon said that Israel’s harsh tactics were acting contrary to its strategic interests by fomenting hatred and terrorism. On November 14, four former heads of Israel’s General Security Service (Shin Bet) criticized the focus on military considerations to the detriment of a political solution. Former Shin Bet head Ami Ayalon and Palestinian intellectual Sari Nusseibeh lead the People’s Voice campaign, a petition setting out principles for peace (see [<http://www.mifkad.org.il>]). On December 1, Israeli opposition politicians and prominent Palestinians signed the Geneva Accord, a Draft Permanent Status Agreement, (see [<http://www.heskem.org.il>]). Secretary Powell met the authors of the Accord and People’s Voice, but asserted the primacy of the Roadmap. On December 4, President Bush observed that the Accord was “productive.”

On December 18, Sharon declared that, “to ensure a Jewish and democratic Israel,” he would unilaterally disengage from the Palestinians by redeploying Israeli forces and relocating settlements in the Gaza Strip. He also said that Israel would intensify construction of the West Bank security fence. Sharon maintained that Israel would coordinate its unilateral steps “to the maximum with the United States.” (For text of Sharon’s speech, see [[http://www.israelemb.org/current\\_events.html](http://www.israelemb.org/current_events.html)].)

On February 13, 2004, the White House said that a unilateral Israeli pullback from Gaza “could reduce friction between Israelis and Palestinians, improve Palestinian freedom of movement, and address some of Israel’s responsibilities in moving ahead,” and that a final settlement “must be achieved through negotiations.” U.S. Deputy National Security Advisor Stephen Hadley, National Security Council Mideast Specialist Elliott Abrams, and Assistant Secretary of State William Burns consulted Israeli, Palestinian, Egyptian, and Jordanian officials on Israel’s disengagement. The Americans wanted the plan to be consistent with the Roadmap. On February 22, an Al Aqsa Brigades suicide bombing on a Jerusalem bus killed 8 and wounded 72. Israel stepped up operations in Gaza. On March 7, Israeli forces

killed 14 and injured 83 in refugee camps. On March 14, Hamas and the Al Aqsa Brigades carried out dual suicide bombings in Ashdod near, but not damaging to, chemical storage tanks, killing 10 and wounding 16. On March 22, Israeli missiles killed Hamas leader Shaykh Ahmed Yassin and seven others.

On March 31, Qureia welcomed “in principle” Israel’s withdrawal from Palestinian soil but said that it must lead to the resumption of the peace process and full withdrawal from the West Bank. In interviews on April 5, Sharon noted that in his plan “there is no Palestinian state. This situation could continue for many years.”

On April 14, President Bush and Sharon met and exchanged letters. (For text of letters, see [<http://www.whitehouse.gov>].) The President welcomed Sharon’s disengagement plan and restated the U.S. commitment to the Roadmap. Mr. Bush noted the need to take into account changed “realities on the ground, including already existing major Israeli population centers,” i.e. settlements, asserting “it is unrealistic to expect that the outcome of final status negotiations will be full and complete return to the armistice lines of 1949.” He said that a solution to the refugee issue will be found by settling Palestinian refugees in a Palestinian state, “rather than in Israel,” thereby rejecting a “right of return.” He called for a Palestinian state that is “viable, contiguous, sovereign, and independent.” Sharon presented principles of his disengagement plan as independent of but “not inconsistent with the Roadmap.” He said that the security fence is “temporary” and will not prejudice final status issues including borders. A day before, he had identified five large West Bank settlements and an area in Hebron that Israel will retain and strengthen. Palestinians denounced what they viewed as the President’s “legitimization” of settlements and prejudgement of final status. On April 19, Sharon’s chief of staff gave National Security Adviser Rice a written commitment to dismantle illegal outposts and to take other measures. On April 17, Israeli missiles killed Hamas leader Abdel Aziz Rantisi and two others.

On May 2, voters in a Likud party referendum rejected Sharon’s disengagement plan. Sharon said that he would modify it and press for approval. On May 6, President Bush gave Jordan’s King Abdullah a letter reiterating support for the disengagement plan, for the vision of two states, and for the Roadmap. The President stated, “the United States will not prejudice the outcome of final status negotiations, and all final status issues must still emerge from negotiations between the parties....” He also said that he would expand the dialogue between the United States and the Palestinians. On May 11, the President wrote to Qureia, praising Israel’s plan and asking him to meet Roadmap commitments. Secretary Powell and National Security Adviser Rice soon met Qureia and urged him to wrest control of security forces from Arafat, to build institutions for a state, and, reportedly, to develop a security plan for Gaza. After 13 Israeli soldiers were killed, Israeli forces again conducted major operations in the Rafah refugee camp in Gaza. A May 19 U.N. Security Council resolution condemned Israel’s killing of Palestinian civilians and demolition of their homes. The United States abstained from the vote.

On June 6, Israel’s cabinet approved a compromise disengagement plan. In the first stage, Israel will evacuate three isolated settlements in the Gaza Strip. In the second, it will evacuate four small settlements in the northern West Bank. Then, the Katif bloc of settlements in southern Gaza will be removed. Finally, northern Gaza settlements will be evacuated. The cabinet will vote on each step, beginning in March 2005. The disengagement will be completed by the end of 2005. Sharon fired two right-wing ministers opposed to his

plan before the cabinet vote and two others resigned after it, leaving his coalition with 59 out of 120 seats in the Knesset (parliament) and a minority government.

On June 30, the Israeli High Court of Justice upheld the government's right to build the security fence, but struck down some land confiscation orders for violating Palestinian rights and ordered the route to be changed. The government said that it would abide by the ruling and reroute the fence. On July 9, the International Court of Justice (ICJ) issued a non-binding, advisory opinion that the wall violates international law and that Israel must cease construction, dismantle structures built so far, and pay reparations to Palestinians for damage caused by construction. It stated that the wall "cannot be justified by the requirements of national security." (For text, see [<http://www.icj-cij.org>].) The Israeli government charged that the opinion failed to address the reason for the fence — Palestinian terrorism. The White House said that the ICJ is not an appropriate forum to resolve a political issue.

The Al Aqsa Brigades claimed responsibility for the first bombing in Israel in four months, killing one person and injuring 33 at a Tel Aviv bus stop on July 11. Amid turmoil in the Gaza Strip in July, Arafat agreed to consolidate his security forces into three groups — police, intelligence, and security — and to give Qureia more authority.

On August 17, the Israeli government announced plans to build 1,001 housing units in four West Bank settlements that it says it would keep in any peace deal. On August 24, it announced the rezoning of land near Jerusalem for 533 more homes. The Bush Administration said that it was seeking information from Israel about its plans. An article in the *New York Times* on August 21 quoted "an Administration official" as saying that "a covert policy decision toward accepting natural growth" of some settlements had been made. On August 23, a State Department spokesman declared that "it's wrong or inaccurate to write that the United States is condoning or supporting or otherwise turning a blind eye to agreements made in the Road Map," which calls for a freeze on settlement activity as both sides fulfill commitments. The spokesman did not have a definition of "settlement freeze."

Hamas claimed responsibility for two suicide bombings which killed 15 and wounded more than 90 on buses in Beersheva on August 31, saying that the attacks were revenge for the assassinations of its leaders in the spring. Israel accused Hamas leaders in Damascus of orchestrating the attacks, and threatened Syria with retaliation for aiding terrorists. On September 7, Israeli helicopters attacked a Hamas training site in Gaza, killing 14 and wounding more than 25. On September 26, a car bomb killed a senior Hamas leader in Damascus.

**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 “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 to talk about “normal peaceful relations” with Israel. The sides inched toward each other on a withdrawal and normalization timetable. Asad again told President Clinton on October 27 that he was committed to normal peaceful relations in return for full withdrawal. On May 24, 1994, Israel and Syria announced terms of reference for military talks under U.S. auspices. Syria reportedly conceded that demilitarized and thinned-out zones may take topographical features into account and be unequal, if security arrangements were equal. Israel offered Syria an early-warning ground station in northern Israel in exchange for 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 stay 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 say that Rabin had suggested possible full withdrawal if Syria met Israel’s security and normalization needs, which Syria did not. An Israeli law passed on January 26, 1999, requires a 61-member majority and a national referendum to approve the return of any part of the Golan Heights.

In June, 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, a reported U.S. summary of points of accord and discord revealed Israeli success in delaying discussion of borders and winning concessions on normal relations and an early-warning station. Reportedly because of Syrian anger over the leak of the summary, talks scheduled to resume on January 19, 2000, were “postponed indefinitely.”

On March 26, President Clinton met Asad in Geneva. A White House spokesman reported “significant differences remain” and said that it would not be productive for talks to resume. Barak indicated that disagreements centered on Israel’s reluctance to withdraw to the June 1967 border and cede access to the Sea of Galilee, on security arrangements, and on the early-warning station. Syria agreed that the border/Sea issue had been the main

obstacle. Asad died on June 10; his son, Bashar, succeeded him. Ariel Sharon became Prime Minister of Israel in February 2001 and vowed to retain the Golan Heights.

On October 5, 2003, Israel bombed what it and the State Department said was a Palestinian terrorist training camp, holding Syria responsible for terrorism. Syria claimed that the site was deserted. In a December 1 *New York Times* interview, Asad said that he was ready to resume negotiations from where they broke off. Sharon responded that Syria must first stop supporting Hizballah and Palestinian terror organizations. In an interview published on August 13, 2004, Israel's Chief of Staff Lt. Gen. Moshe Ya'alon said that Israel could give up the Golan for peace with Syria without compromising security.

**Israel-Lebanon.** Citing Security Council Resolution 425, Lebanon sought Israel's unconditional withdrawal from the 9-mile "security zone" in southern Lebanon, and the end of Israel's support for Lebanese militias in the south and its shelling of villages that Israel said were sites of Hizballah activity. Israel claimed no Lebanese territory, but said that it would withdraw only 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 and Hizballah fired into northern Israel. After the two sides agreed to a cease-fire monitored by U.S., French, Syrian, Lebanese, and Israeli representatives, 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 withdrawal in exchange for security, not peace and normalization. Lebanon and Syria called for an unconditional withdrawal. As violence in northern Israel and southern Lebanon increased at the end of 1998, the Israeli cabinet twice reaffirmed opposition to unilateral withdrawal. In April 1999, however, Israel decreased its forces in Lebanon, and in June, the Israeli-allied South Lebanese Army (SLA) withdrew from Jazzin, north of the security zone. New Prime Minister Barak promised to withdraw in one year, by July 7, 2000.

On September 4, 1999, Lebanese Prime Minister Al-Hoss confirmed 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. He rejected Secretary of State Albright's assertion that refugees will be a subject of Israeli-Palestinian final status talks and insisted that Lebanon be a party to such talks.

On March 5, 2000, the Israeli cabinet voted to withdraw from southern Lebanon by July. Lebanon warned that it would not guarantee security for northern Israel unless Israel also withdrew from the Golan and worked to resolve the refugee issue. On April 17, Israel informed the U.N. of its plan. On May 12, Lebanon informed the U.N. that Israel's withdrawal would not be complete unless it included Sheba'a farms. On May 23, the U.N. Secretary General noted that most 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 later declared them to be dead.) On October 16, Hizballah announced that it had captured an Israeli colonel. On November 13, the U.N. Security Council said that Lebanon was obliged to take control of the area vacated by Israel. On April 16 and July 2, 2001, after Hizballah attacked its soldiers in Sheba'a, Israel, claiming that Syria controls Hizballah, bombed Syrian radar sites in Lebanon. 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 2003, Hizballah shelled Israeli positions in Sheba'a and northern Israel. Israel responded with air strikes, and concern about a possible second front (in addition to the intifadah). At its request, the U.N. Secretary General contacted the Syrian and Lebanese Presidents and, on April 8, Vice President Cheney called President Asad. Syria denied that it or Lebanon was interested in a second front. In April, Secretary Powell visited northern Israel and called on Syria to curb Hizballah. While in Lebanon and Syria, he urged the cessation of attacks, which stopped briefly and then resumed. On August 8, Hizballah shelled Israeli positions in Sheba'a. Israel launched air strikes and Hizballah again shelled northern Israel. On January 19, 2004, a Hizballah missile killed an Israeli soldier and wounded another. The next day, Israeli planes struck Hizballah bases.

On January 30, Israel and Hizballah exchanged 400 Palestinian and 29 Lebanese and other Arab prisoners, and the remains of 59 Lebanese for one Israeli and the bodies of 3 Israeli soldiers. If the fate of Israeli airman Ron Arad, who disappeared in Lebanon in 1986, becomes known, Israel will release a Lebanese convicted of killing an Israeli family in 1979.

**Israel-Jordan.** Of Jordan's 3.4 million people, 55 to 70% are Palestinian. Jordan initialed a June 1993 agenda with Israel on water, energy, environment, and economic matters on September 14, 1993, after the Israeli-Palestinian DOP was signed. After bilateral and trilateral meetings that included the United States, 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. In December 1998, the King lambasted Netanyahu and called for Jordan-Palestinian coordination, observing that many final status issues are Jordanian national interests. King Hussein died on February 7, 1999, and was succeeded by his son.

King Abdullah said that the Palestinians should administer the Muslim holy sites in Jerusalem, a traditional responsibility of his family, but rejected a Jordanian-Palestinian confederation. He maintained 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 its “aggression” against the Palestinians. On March 18, 2004, the King met Sharon to discuss Israel’s security fence and proposed disengagement from Gaza. Jordan reportedly fears that the fence will worsen conditions for the Palestinians and prompt their exodus to Jordan.

## 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 domestic affairs in the West Bank and Gaza to Palestinians; election in nine 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 population centers before the election and further as Palestinian police assume responsibility; joint Israeli-Palestinian committees; cooperation with Jordan and Egypt regarding persons displaced in 1967, etc. During the interim period, Israel is to 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 legislation. The Palestinians may have a police force, but not other armed forces. The parties agree to a Temporary International Presence of 400 for six months. The accord began the five-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 nine 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 in the West Bank. 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 six-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. 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 of the Protocol, see [<http://www.state.gov/p/nea/rls/22680.htm>].)

**Wye River Memorandum.** Signed on October 23, 1998. Delineated steps to complete implementation of the Interim Agreement and of agreements 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 April 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*.) P.L. 108-199, January 23, 2004, and H.R. 4818, Sec. 555, passed in the House on July 15, 2004, prohibit 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. The President may waive the prohibition for national security interests. H.R. 4818, Sec. 547, prohibits funding for the PA unless the President certifies that it is in the national security interest. On July 9, 2003, the State Department waived a similar restriction and approved a \$20 million grant to the PA to bolster Prime Minister Abbas. P.L. 108-11, April 16, 2003, appropriates \$9 billion in loan guarantees to Israel over three years; funds may be used only within its 1967 borders. In

November, the Administration deducted \$289.5 million from \$3 billion in guarantees for the year because of Israel's spending on the security fence and settlements in the West Bank.

**Jerusalem.** 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 and allows Israel to be recorded as the place of birth of U.S. citizens born in Jerusalem. (See P.L. 108-199, January 23, 2004, and H.R. 4818, passed in the House on July 15, 2004.)

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 State Department Authorization Act for FY2002-FY2003, P.L. 107-228, September 30, 2002, urged the President to begin relocating the U.S. Embassy "immediately." The President replied that the provision would "if construed as mandatory ... impermissibly interfere with the president's constitutional authority to conduct the nation's foreign affairs." The State Department declared, "our view of Jerusalem is unchanged. Jerusalem is a permanent status issue to be negotiated between the parties."

**Compliance/Sanctions.** P.L. 107-115, January 10, 2002, Sec. 566 let the President assess PLO/PA compliance with its 1993 commitments and, if there were none, to impose sanctions. A November 9, 2002 State Department report, mandated by the PLO Commitments Compliance Act (P.L. 101-246), noted that the PLO and PA had 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's U.S. office, but waived it in the interest of national security. The President signed the Syria Accountability and Lebanese Sovereignty Restoration Act, P.L. 108-175, on December 12, 2003, to hold Syria accountable for its conduct, including actions that undermine peace. On May 11, 2004, he issued an executive order to implement the law by imposing sanctions on Syria. (For more, see CRS Issue Brief IB92075, *Syria: U.S. Relations and Bilateral Issues*.)

**Other.** H.Con.Res. 460, passed on June 23, 2004, by a vote of 407-9, 3 Present, "strongly endorsed principles articulated by President Bush in his April 14, 2004 letter to Israeli Prime Minister Sharon." S.Res. 393, passed on June 24, by a vote of 95-3, similarly endorsed those principles.