



HOW THE U.S. CAN RESHAPE THE ISRAELI- PALESTINIAN NEGOTIATING FRAMEWORK

PUBLISHED BY THE CONFLICT RESOLUTION PROGRAM OF RICE UNIVERSITY'S
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Acknowledgment

This report was funded in part by a grant from the Norwegian Ministry of Foreign Affairs in cooperation with the Peace Research Institute of Oslo. Benjamin Stevenson, policy assistant to the Baker Institute's director, was responsible for compiling the contributions of the working group and coordinating workshop meetings.

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This paper was written by a working group of Israeli and Palestinian experts convened by Baker Institute director Ambassador Edward P. Djerejian and led, respectively, by Baker Institute fellows Dr. Yair Hirschfeld and Dr. Samih Al-Abid. The members of the working group, who are well connected to their respective leaderships, did not represent their governments in any official capacity and the views and proposals herein do not reflect the official positions of either government and do not necessarily represent the views of the James A. Baker III Institute for Public Policy.

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Introduction

Following the end of direct negotiations between the Israelis and Palestinians in April 2014 and the destructive cycle of events in the region since, the Obama administration faces difficult choices for pursuing its stated policy of a sustainable two–state solution to the conflict. Setting aside the Israeli–Palestinian situation would allow policymakers to focus on other, perhaps more pressing, priorities such as the signing and implementation of a nuclear deal with Iran as well as counterterrorism operations in Iraq, Syria, and Yemen. However, under present conditions, this approach could contribute to the potential collapse of the Palestinian Authority and greater violence. American allies in the Middle East would view such a policy as “walking away,” adding to the perception of the U.S. as a half–hearted world power and an unreliable advocate and protector of its interests in the Middle East.

Following the demands of the Palestinians and some European states, the U.S. administration could initiate or support a substantive United Nations Security Council resolution for a two–state solution that defines the parameters for solving the core issues of conflict. While action at the U.N. this coming September would send a clear signal of the U.S. position, passing a resolution—even one supported by European and Arab states—would, however, be mostly symbolic. Such a move would likely reinforce Israeli and Palestinian positions and diminish, at least for the short term, the prospects for compromises on either side.

Attempting to restart direct negotiations from the positions reached in the last round of talks would demonstrate American leadership on the issue, but would ignore important developments since 2013. Both the Palestinian Authority leadership and the new Israeli coalition have pushed their negotiating positions away from each other, widening the already considerable gaps.

Given the problematic prospects under current circumstances to move forward on direct negotiations between the parties, this report recommends that the U.S. administration continue to demonstrate strong U.S. support for the two–state model, test the willingness of the parties to compromise, and adopt a more comprehensive approach to resolving the conflict with the support of the international community. This approach follows three concrete steps. First, the U.S. administration should present clear final status parameters for a two–state solution. Second, the administration should communicate this position and set expectations with the negotiating parties and regional governments regarding

the minimum preconditions necessary for the renewal of peace negotiations. Third, if these preconditions are met, the United States should reshape the Israeli–Palestinian negotiating framework to first reach an understanding on the territorial issue before pursuing other final status issues, economic development, and regional engagement.

The approach would require consistent involvement by the U.S. administration in a complex political context. The proposed path also requires a comprehensive public diplomacy effort to address the Israeli and Palestinian public directly. Such a policy will have to be supported by an in–depth policy dialogue with Israeli and Palestinian groups to gain support for a variety of bottom–up and middle–out initiatives.

The recommendations in this report are based in part on the findings of previous Baker Institute reports, including the 2010 policy report on the territorial components of a two–state solution; the 2013 paper outlining a suggested negotiating structure; and the 2014 report on strategies to promote effective public diplomacy that produces change on the ground.

This report first presents a brief summary of the challenges facing the Obama administration and the Israeli and Palestinian perspectives of the current state of the conflict. Second, the paper outlines recommendations for short–term action and setting clear expectations with the Israelis, Palestinians, and other regional stakeholders. The report concludes by presenting a potential reshaping of negotiations using a “territory first” approach.

The Current Challenges

During the recent election campaign that culminated in his re-election, Prime Minister Netanyahu clearly signaled the impossibility, in his opinion, of a two-state solution to the Israeli-Palestinian conflict in the near future. Although he worked to add nuance to his statement, in practice the new government is likely to pursue a policy that will seriously question the option of a two-state solution. For example, episodically withholding tax monies diminishes the capability of the Palestinian Authority to pay salaries to employees and provide necessary government services to the Palestinian people; the continuation, if not the expansion, of settlement construction will make a territorial understanding more and more difficult.

Palestinian counter moves, including membership in the International Criminal Court, have also pushed the two-state solution toward the brink. Moves to internationalize the conflict by Palestinians tend to provoke punitive measures from the Israeli government, which may lead to the collapse of the Palestinian Authority. Even if the Palestinian Authority manages to sustain itself, the growing atmosphere of enmity, especially around Jerusalem, and the diminishing legitimacy of the Palestinian security forces cooperating with their Israeli counterparts erodes law and order and creates an environment conducive to individual acts of terrorism.

The cycle of military encounters between Israel and Hamas in the Gaza Strip presents another critical challenge to the two-state solution. Although neither side “wins” from renewed military conflict, the inherent behavioral patterns of each side may easily lead to a renewed conflagration. In Gaza, the situation is controlled by the military wing of Hamas, which, while interested in achieving the reconstruction of the Gazan economy, is determined to sustain its military capacities and its capability to threaten Israel at any given moment. Without any fundamental shift in the approaches of Hamas and Israel, the countdown toward the renewal of a military confrontation will continue, especially if no headway in the reconstruction effort is achieved.

The final challenge to reaching an Israeli-Palestinian settlement is the current regional turmoil. The civil wars in Syria and Iraq have strengthened radical groups in those countries and allowed the forces of the Islamic State of Iraq and Syria (ISIS, also known as ISIL or Daesh) to reach the northeastern border of Jordan and threaten the Hashemite kingdom. The presence of over 600,000 refugees from Iraq and Syria creates enormous social and economic pressures on the Jordanian government. The

risk in Jordan is also connected to events in the West Bank and Gaza, as renewed violence may cause internal upheaval, particularly among Jordan's large Palestinian population. Destabilization in Jordan will have serious geopolitical implications for both the Palestinians and the Israelis.

The Palestinian Perspective

The Palestinian leadership has been willing to negotiate a peaceful settlement to end Israeli occupation for over two decades, regardless of the composition of the Israeli government. This willingness continues today. However, the asymmetrical balance of power between Israeli and Palestinian authorities gives Israel the option to use protracted negotiations while continuing to create facts on the ground that further undermine the possibility of a two-state solution. The evident unwillingness of the newly formed Israeli government to engage in serious negotiations with the Palestinians based on the two-state formula drives the Palestinian leadership to pursue two parallel courses utilizing international mechanisms to change the status quo through peaceful means. First, in order to counter the deteriorating situation on the ground, the State of Palestine will continue to engage the international mechanisms to which it has been given access by the consensus of the international community. Palestinian leaders view this engagement as enhancing the rights of the State of Palestine and not in contradiction to potential negotiations with Israel.

Second, the ultimate right of Palestinian self-determination can only be achieved through the end of the Israeli occupation of Palestinian land. The right to self-determination is enshrined in international law, which, in the views of the Palestinian leadership, should be the basis for achieving a just and lasting peace with Israel.

International law, however, is only as strong as the states that are willing to enforce it. Thus far, key states—namely the United States—have been unwilling to impose consequences on Israel for its blatant disregard for international law. The lack of consequences has allowed Israel to act with impunity because the message it continues to receive is that there is no cost to maintaining the status quo of occupation. The Palestinian leadership will use existing international mechanisms in order to challenge this incentive structure through peaceful means. This strategy reflects a faith in the international system to function as it intended in order to ensure international order.

The Palestinian leadership is confident that Israeli leaders will face increasingly serious consequences for violations of international law that will eventually outweigh the benefits of its occupation. However, this change will not come quickly and the suffering of the Palestinian people will continue in the meantime. The international community can significantly reduce the time frame for this process by taking concrete and immediate actions that impose consequences on Israel for its continued occupation.

The U.S. administration should play a more proactive role in line with the rest of the international community in order to salvage the two-state solution. A first step could be a visit from Secretary John Kerry that sends a strong message to the Israeli administration that the status quo cannot continue. Secretary Kerry can provide a clear framework to restart negotiations with a clear vision for reaching the two-state solution and ending the occupation. This framework must then be supported by regional partners as well as the rest of the international community in order to avoid further deterioration of the situation on the ground and further escalations of violence. Regional partners, in particular, should play an instrumental role in facilitating the reconciliation process among Palestinian factions and the reconstruction of Gaza.

If the Israeli administration is unwilling to accept this renewed initiative, the Palestinian leadership will have no choice but to pursue a new U.N. Security Council resolution, which should be supported by the United States. This resolution must call for an end to the occupation and the recognition of a Palestinian state based on the 1967 borders, with East Jerusalem as its capital. It must also be coupled with consequences for lack of compliance, which will force Israel to reevaluate its cost-benefit analysis and impose the two-state solution the world has been calling for. The time has come to translate these calls into real actions with tangible consequences.

If negotiations are restarted, the Palestinian leadership is determined to define the territorial division between Israel and Palestine on the basis of the June 4, 1967 lines with agreed and equivalent swaps, bringing about the end of occupation, establishing its capital in East Jerusalem, and implementing a just and agreed resolution of the refugee question. A map defining the territories of Israel and Palestine is the key factor for moving the peace process forward on the Palestinian side. A potential understanding on the territorial issue would enable Israel to integrate agreed areas of settlements into the recognized sovereign territory of Israel and evacuate or relocate the settler population from the agreed Palestinian territory. It will create the necessary certainty to enable massive Palestinian Diaspora and the Arab investment necessary for economic state-building. Similarly, it will enable the Palestinian government to plan and construct an effective physical infrastructure for building a prosperous Palestinian state.

The definition of the final borders between Israel and Palestine will also enable the Palestinian government to create an effective security system to guarantee the security needs of the Palestinian people, while at the same time permit Israel, together with Palestine and the neighboring Arab states, to build an effective regional security structure that will be able to counter terrorism and provide a key layer of security for Israel.

Additionally, having an agreed map that clearly spells out Israel on one side, and Palestine on the other, will make it possible to pursue a comprehensive peace education effort. Palestinian and Israeli schools will teach geography based upon the same map, and will educate the younger generation to achieve mutual recognition and engage in a process of reconciliation. Last but not least, after having defined the border between Israel and

Palestine, the geographical proximity and the complementary nature of the Palestinian and Israeli economy will allow the business communities on both sides of the divide to work together, the border regional councils to develop a functioning cross-border cooperative structure, and promote trade and other contacts with the Arab world on one side, and with Europe, the U.S., and Asia on the other side.

Internally, this vision of peace is being ideologically opposed by Hamas and various jihadist groups. However, the Palestinian leadership anticipates that defining the borders between Israel and Palestine will enable the PLO to proceed in a process of internal reconciliation and gradually bring about the demilitarization of the armed wing of Hamas, and achieve by political means the aim of implementing the slogan “one state, one law, one gun.” This could and should be done in full cooperation between Palestine and the neighboring regional states to be led by Egypt, Saudi Arabia, and Jordan, but also to include the United Arab Emirates, Qatar, Bahrain, and Turkey.

The Israeli Perspective

On May 14, 2015, Prime Minister Netanyahu’s new governing coalition was sworn in after long and contentious negotiations. The new government is composed of right wing parties, and enjoys only a very small and volatile majority in parliament (61 of 120 seats). Netanyahu has already announced that he will make an effort to widen his coalition, by either regaining the support of Avigdor Lieberman and his Yisrael Beiteinu party, attracting defectors from parties in opposition, or by forming a national unity government with the Labor Party. None of these three options will be easy to achieve.

The new government faces multiple foreign and domestic challenges. Internally, growing social inequality requires substantial social and economic reforms that would prove unpopular with some far-right coalition partners. Accordingly, pressure from the more centrist elements within the government to move toward a national unity government could force a crisis. On the external front, relations with the United States will have to be repaired and European sanctions against settlement expansion will have to be prevented. In addition, a deterioration of relations with the Palestinian Authority could seriously challenge law and order and increase violence, particularly in Jerusalem. Last but not least, the situation in Gaza is so volatile that a renewed military confrontation between Israel and Hamas could start at any given moment.

Amid the Israeli electoral campaign and coalition negotiations, Israel’s security authorities have quietly attempted to implement substantial measures on the ground to restore stability in the West Bank and Gaza. A major effort to ease movement and trade between Israel to Gaza has increased truck traffic entering Gaza from 40 trucks a day following the war last summer to nearly 800 trucks entering Gaza today. Restrictions on the movement of people have been eased, and the Israeli government is working together particularly with Qatar, and other Arab donors to support a modest revival of the Gazan economy.

A parallel effort is ongoing in the West Bank, where access and movement have increased. Palestinian security forces have been encouraged to enter areas within the northern boundaries of the Jerusalem municipality, yet outside the security fence. On the regional level, political and security cooperation with Egypt has substantially improved, and an ongoing bilateral dialogue has been initiated to prevent misunderstandings and deal effectively with upcoming security challenges. Cooperation with Jordan has also been increasing, as prior friction between Jerusalem and Amman regarding confrontations on the Haram ash-Sharif/Temple Mount has been resolved with the proactive support of Secretary Kerry. Israeli-Jordanian dialogue and coordination has also improved to provide security against the threat of the al-Qaida-affiliated Nusra Front and ISIS operating in Syria and Iraq.

These developments are positive, but not enough to sustain improved Israeli-Palestinian relations or Israeli coordination with its neighbors if the new government enhances settlement activities and takes punitive or provocative actions against the Palestinian Authority. In this case, the emergence of a vicious circle may all too easily lead to renewed destabilization and to the further loss of the power, influence, and legitimacy of President Abbas and the Palestinian Authority. Undoubtedly, the breakdown of the Palestinian Authority would lead to a process of dangerous radicalization on both sides that could further destabilize the region beyond the borders of Israel and Palestine.

Netanyahu's undisguised strategy to work together with the Republican Party and against the Obama administration most likely will come to an end. Paradoxically enough, it may be in the interest of the U.S. to assist Netanyahu to form a national unity government, under the condition that Israel will pursue a forthcoming strategy in support of substantial progress on the way to a stable two-state solution. In order to do so, the U.S. administration should open an ongoing dialogue with the new government and the parties of the opposition to discuss the possibilities for creating the necessary change.

In essence, Israel's long-term strategic interest dovetails with the Palestinian interest to define and demarcate the border between Israel and Palestine and thereby achieve international and regional recognition of Israel's borders. An agreed border is necessary in order to maintain and strengthen Israel as a Jewish and democratic state, permitting the Jewish people to carry out fully their right to self-determination in their historic homeland. Moreover, the Palestinian commitment to engage together with Israel to promote peace education and reconciliation to buttress a wider Israeli-Arab peace settlement also advances Israeli vital interests.

Nevertheless, the present Israeli leadership maintains serious reservations toward the "territory first" approach. On the strategic level, Prime Minister Netanyahu has repeatedly referred to the security threats Israel has to face regarding Iran and the rise of militant radical forces in Iraq, Syria, the Sinai Peninsula, and beyond. Under such circumstances, the prime minister argues, any withdrawal from territory that would become the State of Palestine would create a serious security threat to Israel. On the

political and ideological level, Netanyahu has demanded that Palestinians recognize the Jewish historical, cultural, and religious connection to the Land of Israel, arguing not without major support from within Israel, that the essence of a two-state solution indicates that Israel is the nation-state of the Jewish people, and Palestine the nation-state of the Palestinian people.

On the tactical level, there are other reasons from the Israeli perspective to oppose the “territory first” approach. Repeated Palestinian rejections of territorial offers made in 2001 by Prime Minister Barak and in 2008 by Prime Minister Olmert have created the perception in Israel that the Palestinian leadership is rejecting one offer after the other, and is aiming to start negotiations based on the last Israeli offer made. A second Israeli concern relates to the need to find solutions to the other core issues of conflict. An Israeli concession on a territorial partition—without gaining in return essential Palestinian concessions in regard to Jerusalem, refugees, the recognized nature of the two-state solution, and the end of conflict—appears to be a slippery slope that would permit the Palestinian side to gain one Israeli concession after the other, without being obliged to make any substantial concessions on their part.

On the internal Israeli front, the need to contain settlement activities and evacuate a substantial number of settlers necessitates a political and ideological confrontation with the extreme elements of the national-religious right wing. As Netanyahu’s political majority in Israel has been based on support of the radical religious right wing, he has continually refused to confront them.

Policy Recommendations

The imminent danger of crisis and further destabilization in the Middle East necessitates prompt action. We suggest that the U.S. administration should first present a U.S. framework for the two-state solution based on the U.S. positions in the most recent round of negotiations. The U.S. should make it clear to all parties that it will move forward in this direction and will oppose any unilateral measures of either side that impede reaching a positive outcome. Then, the Obama administration should open high-level communications with Prime Minister Netanyahu, President Abbas, President Sisi, King Abdullah II, and King Salman of Saudi Arabia to convey the following points:

Palestinian Commitments

President Obama should ask President Abbas to renew unequivocally the Palestinian commitment to the two-state model through the following actions:

- Enhance security cooperation with Israel through upgraded Palestinian security empowerment of the Palestinian police and the Palestinian Security Forces;
- Engage with Israel, Jordan, and Egypt, as well as with CENTCOM to create and promote a regional security structure;
- Move forward toward exercising full sovereign Palestinian rights over its own territory in a phased but sustained process, permitting the replacement of dependencies upon Israel through cross-border arrangements and coordination between Palestine, Israel, and its Arab neighbors in an atmosphere of regional cooperation, while guaranteeing security and stability to the Palestinian and the Israeli people;
- Put an end to the Palestinian anti-normalization movement and support comprehensive, bottom-up peace work between the Israeli and Palestinian public;
- Develop together with Israeli counterparts, regional actors, and members of the international community a public diplomacy effort in support of the envisaged peace process; and
- Starting immediately, educate the young Palestinian generation on peace and reconciliation through school curricula and public campaigns spelling out Israel's rights on the other side of the suggested demarcation line.

The United States should commit, in cooperation with the international community, to fully support efforts to maintain the sustainability of the Palestinian Authority, providing the necessary financial, diplomatic, and political support. President Obama should also inform President Abbas that the United States government intends to submit to the parties a more detailed concept specifically for the territorial endgame, making it evident where and how to draw the line dividing between Israel and Palestine. Based on the suggested territorial endgame, the U.S. government should prepare a benchmarked process of Palestinian state-building and the creation of good neighborly relations. Substantial support for constructing the physical and institutional infrastructure of the State of Palestine should be offered in support of a prosperous, contiguous, secure, and democratic Palestinian state.

If the administration is not able to coordinate expectations with the Palestinian Authority along these lines, the administration should take steps to introduce these parameters through a U.N. Security Council Resolution and re-evaluate increases in funding support to focus on the most essential and mutually beneficial areas of cooperation.

Israeli Commitments

President Obama should ask Prime Minister Netanyahu to renew unequivocally the Israeli commitment to the two-state model through five key policy actions:

- End the practice of withholding Palestinian tax transfers and support Palestinian state-building beyond Areas A and B to include substantial parts of Area C;
- Limit settlement construction to those areas that Palestinians and Israelis have agreed upon for swap purposes;
- Take action in coordination with Egypt, the Palestinian Authority, Jordan, Saudi Arabia, and Qatar to allow for rehabilitation of Gaza and a gradual, step-by-step connection between Gaza and the West Bank;
- Ease Palestinian civilian activities in Jerusalem in coordination with the Palestinian Authority while maintaining full coordination with Jordan in order to preserve security and order at religious sites, particularly on Haram ash-Sharif/ the Temple Mountain; and
- Take forceful legal and public action against the perpetrators of the so-called “price tag” policy.

The United States should commit to continuing its political and diplomatic support to prevent any boycotts or sanctions against Israel, provide continued security support, and recognize Israeli reservations on key negotiating issues, particularly security and the recognition of Israel as the nation-state of the Jewish people.

If the administration is not able to coordinate expectations with the Israeli government along these lines, the administration should take steps to introduce these parameters through a U.N. Security Council Resolution and re-evaluate increases in funding support to focus on the most essential and mutually beneficial areas of cooperation.

The Egyptian Role

For the Egyptian leadership, the maintenance of the two-state solution is a major strategic interest. Our Egyptian interlocutors described this by referring to what they called the “demographic, the political, and the security dangers.” Cairo fears that the Gaza population will move more and more into Egypt and further destabilize the situation in the Sinai Peninsula. If the political unity of Palestine between its two geographical areas, the West Bank and Gaza, is not maintained, it is feared that Gaza will become more and more dependent on Egypt, causing eventually a serious security challenge. The current Egyptian government sees Hamas activists cooperating not only with the Muslim Brotherhood but also with various al-Qaida groups in Sinai, and as direct threats to Egyptian security forces.

The Obama administration should ask President Sisi to play a key role in the promotion of Israeli-Palestinian peace. A plan to initiate bilateral Israeli-Palestinian and simultaneous multilateral Israeli-Arab negotiations should be developed in an intimate dialogue between Washington and Cairo, in consultation with the other concerned parties. Negotiations on regional security should be initiated between Israel, Egypt and Palestine, as well as between Israel, Jordan, and Palestine. These negotiations should focus at first on how to prevent spoiler and terror action during the process of negotiations and create the necessary cooperation structure. Those negotiations should also include the creation of a regional security structure that would make it possible for Palestine to assert full sovereign control over its territory while, at the same time, take full care of the security concerns of Israel and all other states in the region.

The Obama administration should also ask the Egyptian government to coordinate with Israel, the Palestinian Authority, Saudi Arabia, Qatar, and other Arab Gulf states to bring about the reconstruction of Gaza. Immediate plans for easing, together with Israel, the siege on Gaza should be implemented, permitting international organizations to work together with the Hamas authorities to stabilize the situation there, concomitant to obligations from the Hamas authorities to refrain from violent action and prevent the violent actions of other groups while, after necessary preparation, permitting elections in Gaza, parallel to such elections in the West Bank.

The Jordanian Role

The Obama administration should assure King Abdullah of undivided U.S. and international support for Jordan’s stability; intensify security coordination to deter security threats against Jordan from Iraqi and Syrian territory; and assist in overcoming the social and economic difficulties facing Jordan as a result of the burden created by the close to 2 million refugees who have come from Iraq and Syria during the last decade.

The administration should thank and support King Abdullah for his contribution, in coordination with Israel, for creating and maintaining stability and quiet in Jerusalem. A close U.S.-Jordanian cooperation structure should be created to assist Jordan in working together with Palestine and Israel to promote trilateral security arrangements and train professional Palestinian security forces to be deployed in the West Bank.

The kingdom of Jordan should also be asked to play a supportive role in promoting trilateral Jordanian-Palestinian-Israeli cross-border cooperation and assist in connecting Palestine to the Jordanian road and railway network, to the Jordanian electricity network, and to develop together additional water resources, thereby providing a regional network that serves all states in the region.

The Saudi Role

President Obama should ask King Salman to take the lead in promoting the Arab Peace Initiative and encouraging public discussion with Israeli and Palestinian policymakers on how to implement it. At the same time, Saudi Arabian financial and political support for Palestinian state building is needed in both the West Bank and Gaza, as well for enhancing regional security cooperation against terrorist threats.

A New Negotiating Structure

Using the approach outlined above, the Obama administration should then evaluate if four key conditions for the renewal of negotiations can be met:

1. The parties accept the U.S. framework to move forward;
2. The parties agree to the introduction of coordinated unilateral confidence-building steps on the ground aimed at renewing mutual trust;
3. The parties agree to work toward an early understanding on the territorial contours of the envisaged two-state solution, to be implemented in phases;
4. If circumstances require, the parties agree to a U.N. Security Council Resolution defining the parameters for negotiations.

The proposed policy concept challenges the positions of Prime Minister Netanyahu as well as President Abbas. It will be essential provide each leader with the support necessary to continue on the path of negotiations. If the necessary preconditions for a revival of Israeli-Palestinian negotiations can be achieved, the Baker Institute conflict resolution team suggests adopting a comprehensive approach, based on a territory-first concept.

The Baker Institute conflict resolution team is convinced that **the territorial component of the Israeli-Palestinian conflict has to be at the core of a U.S. peace-seeking effort**. An agreed division of territory through a two-state solution serves, in essence, the most important interests of both the Israeli and Palestinian people. It would establish secure and recognized boundaries for Israel, and lead the way for the full integration of Israel in the region. It would offer Palestinians the opportunity to end the Israeli occupation and build a viable democratic state. The challenge for the U.S. peace-making effort is to take account of mutual and contradictory Israeli and Palestinian fears, and accordingly square the circle between the Palestinian demand to start finalizing the territorial division and bring about Israeli withdrawal in a short period of time, and the Israeli demand to prevent the repetition of the experience gained after Israel's withdrawal from Lebanon and from Gaza, when rockets and missiles directed at Israel's civilian population followed the Israeli withdrawal, instead of the creation of peaceful and good neighborly relations.

We suggest incorporating Israeli and Palestinian demands in the following way: Design the conceptual demarcation line between Israel and Palestine in as much detail as possible. Relate the division of the territory between Israel and Palestine as a "deposit." Mobilize all concerned parties, throughout a phased process, in the areas of

peace education and reconciliation, the creation of good neighborly relations, cross-border cooperation, bilateral and multilateral regional security cooperation, and economic cooperation.

Under the specific conditions that have been created as a result of the recent Israeli elections, the U.S. government should offer the new Israeli government a choice: Option One will be to accept and implement, under U.S. monitoring and oversight, the five requirements President Obama puts before Prime Minister Netanyahu, as stated above. If this approach is accepted and implemented by Netanyahu, negotiations on the territorial division between Israel and Palestine should be based on the parameters agreed upon in the Kerry Paper (see below) and concluded within a short period of time.

Option Two will come into play if Prime Minister Netanyahu rejects the five requirements put to him as suggested by President Obama. In this case, the United States should support a Security Council Resolution describing the criteria for the territorial division between Israel and Palestine, with full legitimacy given to Israel on its own side of the divide; civilian Israeli activities on the Palestinian side of the divide have to be authorized by the Palestinian Authority under conditions when full security cooperation is maintained.

Continuing the Four Pillar Approach

We have described above how the U.S. government can set the tone for the renewal of Israeli-Palestinian peace negotiations. We suggest that along these lines the U.S. can resurrect the Four Pillar Approach developed by Secretary Kerry:

- Parameters for Final Status Issues
- Security
- Economy Development
- Regional Support

Guidelines and Parameters for Resolving the Core Issues of Conflict

The Kerry Paper of March 2014 defined the guidelines and parameters for resolving the core issues of conflict. The French government worked together with other members of the international community to prepare a parallel text for an envisaged Security Council Resolution.

We suggest that the U.S. government publish its own strategic approach for the solution of the Israeli-Palestinian conflict. This could be made in a statement by President Obama, by the publication of the Kerry Paper of March 2014, or by negotiating a Security Council Resolution that also takes into consideration legitimate Israeli and Palestinian concerns and demands. It will not be necessary for the parties to accept, in full, the declared U.S. strategic approach. However, the U.S. government should hold the parties responsible in moving toward the direction described in the U.S. strategic approach.

Security

In pursuing the second pillar, Secretary Kerry appointed Gen. John Allen to look into the relevant security issues on the bilateral Israeli-Palestinian level. In doing so, it became evident that Israeli security needs and Palestinians demands to achieve full sovereignty over their territory were not solvable on a bilateral basis. This simple state of affairs has been fully recognized not only by Israel, but also by President Abbas as well as by President Sisi of Egypt and King Abdullah of Jordan. Having learned this lesson, Secretary Kerry should announce the renewal of the Gen. John Allen mission and ask to pursue Israeli-Palestinian-Egyptian security understandings in regard to Gaza and the Sinai, and Israeli-Palestinian-Jordanian security understandings in regard to the West Bank and

the Jordan Valley. It is possible and necessary to combine the emerging trilateral security arrangements, with wider regional arrangements that permit Israel and the Palestinian Authority to work together with other Arab nations and with the United States, to defend the area against unconventional and terrorist threats. In this way a regional security structure can and should be constructed.

Most obviously, the tri- and multi-lateral negotiations on regional security can and should be combined with parallel Israeli-Palestinian negotiations to define Palestinian security needs and reinforce Israeli-Palestinian security cooperation, which both sides need. The United States should pursue the envisaged security cooperation independently of headway in other spheres.

Economic Development

In pursuing the third pillar, Secretary Kerry encouraged the Quartet Representative and his team, as well as the Palestinian Authority, to develop the Initiative for the Palestinian Economy (IPE). The IPE included a multitude of projects in agriculture, building materials, construction, energy, information and communication technology (ICT), light manufacturing, tourism, and water. The aim was to promote employment creation, increase the income of Palestinian families, and upgrade the Palestinian economy.

Whereas much important detailed preparatory work was successfully carried out, the IPE suffered from three strategic shortcomings. The Palestinian Authority perceived the IPE as a foreign concept, motivated by good will, but without an in-depth understanding of the Palestinian economic and social needs. During the last months, the Palestinian Authority and the Quartet Representative Office have undertaken an effort to correct this and, accordingly, the IPE is being replaced by an Economic Development Plan authored by the Palestinian Authority. The second strategic shortcoming of the IPE was the fact that Israeli agreement on a project-by-project basis was needed and accepted by the Office of the Quartet Representative. The third strategic problem was the fact that the projects served exclusively the Palestinian economy, without taking Israeli interests into account.

Under a reshaped U.S. peace policy, the government of Israel should be asked to accept the new Palestinian Economic Development Plan as one package and, only in very specific cases, ask both sides to reconsider projects that might negatively affect Israeli interests. In more practical terms, the Israeli government should be asked to agree to the implementation of the suggested economic projects in their entirety, as a prelude to the renewal of negotiations. This should entail providing the Palestinian Authority with necessary administrative control in managing governmental and private investment projects, not only in Areas A and B, but also where functionally necessary, in Area C.

Regional Engagement

Secretary Kerry has engaged in a comprehensive dialogue with the regional actors in the Middle East, promoting mainly the Arab Peace Initiative. Prince Turki al-Faisal of Saudi Arabia offered in televised meetings with Israeli counterparts (Gen. Amos Yadlin and, at another time, Dan Meridor) to discuss with Israel possible ways and means to implement the Arab Peace Initiative. President Sisi of Egypt has made similar and, in some cases, even more far-reaching statements. It is evident that Arab support is needed to provide the necessary political legitimacy for President Abbas to pursue negotiations with Israel. Similarly, Israel needs to understand that headway in negotiations with the Palestinians will open important avenues on a regional basis. In more practical terms, Arab political, financial, and economic support for the Palestinian Authority will be essential in promoting Palestinian state-building and creating a contiguous and prosperous Palestinian state. At the same time, Israel security cooperation with the Arab states could be explored in the context of a functioning regional security structure. In regard to Gaza, Hamas spoiler activities may only be prevented if a wide coalition is created between the PA/PLO and Egypt, Jordan, Saudi Arabia, Qatar, and Turkey in coordination with Israel. Such a coalition should make it possible to prevent the re-arming of Hamas, initiate substantial reconstruction and rehabilitation of the Gazan economy, and lead the way to a PLO-Fatah-Hamas reconciliation process.

Conclusion

Experience demonstrates that negotiations alone are not a panacea for conflict resolution. On the contrary, starting negotiations when the necessary preconditions for success have not been created may cause more damage than good. The failure of negotiations causes despair and, as a rule, provides a most dangerous impetus for the rise of radical forces.

As there is a common U.S., Israeli, Palestinian interest to counter and prevent radicalization in the region, the U.S. administration should explore new options as outlined in this policy report to work closely together with Israeli and Palestinian authorities, as well as with regional allies and the international community to achieve positive change on the ground by promoting a variety of mutual confidence-building measures. Independent of the reaction of either side, there is a clear U.S. interest in achieving an Israeli-Palestinian peace settlement and maintaining security cooperation and political and economic stability in Israel, Palestine, and the entire Middle East region.