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The Middle East Crisis: Camp David, the 'Al- Aqsa Intifada' and the Prospects for the Peace Process

The Middle East peace process is in a state of crisis, following an upsurge in violence between Israelis and Palestinians in the autumn of 2000. Some progress towards a comprehensive settlement was made at a summit at Camp David in July 2000, but important differences remained over the status of Jerusalem and the Palestinian refugee issue. Intensive negotiations began on 21 January 2001 aimed at reaching a framework agreement before the Israeli prime ministerial elections on 6 February.

The background to the Arab-Israeli conflict and developments in the peace process between 1991 and 2000 are covered in the companion Library Research Paper 01/08, *Developments in the Middle East Peace Process 1991-2000*, of 24 January 2001. It is intended that the forthcoming Israeli prime ministerial elections should be the subject of a separate Library Research Paper shortly.

Tim Youngs

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Summary of main points

- The Middle East peace process is in crisis after an upsurge of violence between Israelis and Palestinians during the autumn of 2000. The violence began after a visit by the Israeli opposition leader, Ariel Sharon, to the Islamic holy site on Jerusalem's disputed Temple Mount. By mid-January 2001 over 350 people had died (including around 300 Palestinians) and several thousands had been wounded.
- The crisis emerged after the Camp David summit in July 2000. At the summit Israeli and Palestinian negotiators had tried and failed to reach a final status agreement, which would have resolved the outstanding 'final status' issues of Jerusalem, the Jewish settlements, the Palestinian refugees, and the territory of a future Palestinian state. The main area of dispute concerned sovereignty over East Jerusalem and the Islamic holy sites.
- The violence has hampered efforts to restart negotiations. Former President Clinton put forward a set of bridging proposals in December 2000, but it became apparent that both sides had serious reservations.
- In early January 2001 Mr Barak and Mr Arafat effectively ruled out any prospect of concluding a comprehensive peace settlement in the immediate future, focusing instead on the conclusion of a framework agreement that would cement the progress made so far and spell out the remaining areas of disagreement. As of 24 January intensive negotiations in Egypt had been suspended after further violence, but were expected to resume shortly.
- An added complication has been the political instability in Israel, which led to the collapse of Prime Minister Barak's coalition in November. Pre-term prime ministerial elections are due on 6 February 2001 and polls suggest Mr Barak is trailing Mr Sharon by around 20 points.
- The background to the peace process prior to the Camp David summit is provided by the companion Library Research Paper 01/08, *Developments in the Middle East Peace Process 1991-2000*, 24 January 2001.

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I Introduction

On 5 July 2000 President Clinton announced that Israeli Prime Minister Ehud Barak and the President of the Palestinian Authority, Yasser Arafat,¹ had agreed to attend a summit at the US presidential retreat of Camp David from 11 July. The aim of the summit was to resolve the outstanding ‘final status’ issues in the Palestinian-Israeli peace process. At the start of the process in 1993 these issues, which included the status of Jerusalem, the Palestinian refugees, the Jewish settlements and the establishment of a Palestinian state, had been considered too sensitive to be tackled immediately.² Instead, the two sides agreed on a five-year interim period that would see the phased withdrawal of Israeli forces from the West Bank and Gaza Strip and the introduction of Palestinian self-rule. It was hoped that the process would help build confidence between the two sides and allow the more complex issues to be resolved as part of a final settlement at the end of the five years.

However, repeated disagreements, particularly over the amount of territory to be brought under Palestinian control, delayed the original timetable and led to the extension of the five-year interim period. By early 2000 approximately 40 per cent of the West Bank and Gaza was under full or partial Palestinian control (Areas A and B³) – significantly less than the 90 per cent hoped for by Mr Arafat. As a result, there was mounting concern on both sides that a failure to reach agreement at Camp David could lead to a resumption of violence and plunge the whole peace process into crisis.

The background to the peace process prior to Camp David and the main developments since 1990 is given in the companion Library Research Paper, *Developments in the Middle East Peace Process 1991-2000*, of 24 January 2001.

¹ The title ‘President of the Palestinian Authority’ is the subject of some discussion, as the Arabic word ‘ra’ees’ can be translated as ‘chairman’, ‘head’ or ‘president’. For the sake of consistency, this paper will use the term ‘president’.

² Language has become an important tool for all sides in the conflict, with certain words and phrases becoming imbued with particular meaning or significance. Any use of such words or phrases in this paper should not be taken as an endorsement or criticism of the parties’ positions.

³ Under the 1995 Interim Agreement, the Palestinian territories were divided into three sectors. Within Area A the Palestinian Authority (PA) assumed responsibility for both security and civil matters; in Area B the Palestinians had civilian control, while Israel retained overall security control; and in Area C the Palestinians had only restricted civilian jurisdiction. A map of the West Bank as of January 2000 is included as Appendix 3.

II The Camp David Summit (July 2000)

The circumstances surrounding the summit appeared far from auspicious. Just prior to Mr Barak's departure for the United States, three parties (Shas, the National Religious Party and Yisrael B'Aliya) withdrew from the governing coalition, claiming Mr Barak had failed to consult them over possible concessions to the Palestinians. Foreign Minister David Levy also indicated that he would not be attending the summit. Consequently, Mr Barak was left with a minority government dependent on the support of Arab and left-wing parties for its survival. The withdrawals came in spite of strenuous efforts to keep the coalition intact by means of a series of concessions. A parliamentary motion of no confidence in the government failed narrowly, with 52 members opposed and 54 in favour, seven short of the required majority of 61.

There were also reports of divisions within the Palestinian camp amid claims that key figures in the leadership, such as Mahmoud Abbas⁴ and Ahmed Qurie,⁵ had been sidelined by Mr Arafat.⁶ It was also suggested that Mr Arafat was reluctant to attend the talks, "fearing the ground was not sufficiently prepared for a conclusive agreement."⁷

In light of these difficulties, many commentators concluded it was highly unlikely that the two negotiating teams were in a position to make the concessions necessary to resolve the complex issues under discussion.

A. Outstanding Issues

1. Jerusalem

Perhaps the most complex issue to be addressed as part of the final status negotiations was the status of Jerusalem (*Yerushalayim* in Hebrew, *al-bayt al-muqaddas* or *al-Quds* in Arabic), a city with profound spiritual and emotional significance for the three major monotheistic religions: Christianity, Islam and Judaism. The third holiest site in Islam, the Haram al-Sharif,⁸ with its twin shrines of the Dome of the Rock and the Al-Aqsa Mosque, is located on Jerusalem's Temple Mount – Judaism's most holy place. The western flank of the Haram al-Sharif forms the Western (Wailing) Wall – the most important site for Jewish prayer and pilgrimage. The major Christian denominations share control over the Church of the Holy Sepulchre, which is located in the Christian Quarter of the Old City, several hundred metres from the Temple Mount. The Church is

⁴ Mahmoud Abbas (also known as Abu Mazen) is the Secretary General of the PLO Executive Committee.

⁵ Ahmed Qurie (also known as Abu Ala) is the Speaker of the Palestinian Legislative Council

⁶ See for example 'Palestinian leaders divided over strategy', *The Financial Times*, 31 August 2000

⁷ Rosemary Hollis, 'Frightening fall-out', *The World Today*, November 2000, p.8

⁸ Haram al-Sharif means Noble Sanctuary. The most sacred site for Muslims is the Ka'bah sanctuary in Mecca, the second is the Prophet's mosque in Medina.

believed to be on the site where Jesus Christ was crucified. Jerusalem is also the seat of three resident patriarchs of the Eastern Orthodox churches.

The status of the city, which both the Israelis and the Palestinians claim as their capital, has long been the subject of bitter dispute.⁹ In 1948 Jewish forces secured control of western Jerusalem, while the Arab districts in eastern Jerusalem (including the Old City and the religious sites) were annexed by Transjordan (later Jordan). The following year, in a move not recognised by the international community, Israel declared West Jerusalem to be its “eternal capital” in place of Tel Aviv.¹⁰

During the 1967 Arab-Israeli conflict, East Jerusalem was captured and brought under Israeli control.¹¹ This was widely regarded as an annexation, although the Israeli government disputed the use of the term, referring instead to a process of administrative and municipal integration. Despite considerable international opposition, Israeli civil law was applied to the eastern part of the city, and the municipal boundaries were extended significantly to the north and south.¹² In 1980 the Israeli parliament, the Knesset, formally declared all Jerusalem to be the capital of Israel.

Israeli control over the Old City allowed access for Jews to the Temple Mount and the Western Wall, which had been out of bounds during the period of Jordanian rule. However, administration of the religious sites was left to the respective religious leaders: in the case of the Islamic shrines, to the Council of Waqf (religious endowment) and Muslim Affairs.

Jewish land expropriation and settlement construction during the 1970s around the eastern perimeter of the city threatened to cut off the Palestinian districts of East Jerusalem from the rest of the West Bank.¹³ Within East Jerusalem itself, Israel pursued a programme of housing construction, with the aim of establishing a Jewish majority within the city. This policy, coupled with the demolition of Palestinian housing and tight restrictions on new construction, ensured that the Jewish population in East Jerusalem increased by 67 per cent between 1967 and 1993 to around 168,000, outnumbering the 150,000 Arab Palestinians with residence permits to live there.¹⁴

⁹ For more detail on the historical background to the Jerusalem issue and the British position, see Foreign and Commonwealth Office Background Brief, *Jerusalem: A Background*, March 1998 (revised), at <http://files.fco.gov.uk/info/briefs/jerusalmb.pdf>

¹⁰ Most states recognised Israel’s *de facto* authority over West Jerusalem, but refused to grant *de jure* recognition.

¹¹ For more detail on the Arab-Israeli conflict of 1967, see p.12 of Library Research Paper 01/08.

¹² The UN General Assembly responded by adopting Resolution 2253 (ES-V) in July 1967, which stated that measures taken by Israel to change the status of the city were invalid. It also called on Israel “to rescind all measures already taken and to desist forthwith from taking any action which would alter the status of Jerusalem”.

¹³ A map of the city and its environs is included as Appendix 2.

¹⁴ *Report on Israeli Settlement in the Occupied Territories: Special Report: A Jerusalem Primer*, Foundation for Middle East Peace, February 1994, from <http://www.fmep.org/feb94.html>

As the deadline for the final status negotiations approached, neither side appeared willing to contemplate any compromise over its claims to the city. The Israeli stance prior to the Camp David summit was that Jerusalem would remain united under Israeli sovereignty, a position that was reiterated by Mr Barak in early June 2000:

Jerusalem shall forever remain ours because it is in our souls. Never again will Jerusalem be under foreign sovereignty. Only someone who has no sense of reality, who does not understand anything about Israel's yearning and longing and the Jewish people's historical connection to Jerusalem for over 3,000 years would even consider making concessions over the city.¹⁵

By contrast, the Palestinians insisted that East Jerusalem be handed over to their control, arguing that UN Security Council Resolution 242 required the return of all land captured by Israel in 1967.¹⁶ Mahmoud Abbas outlined the Palestinian negotiating position in a letter to a conference in Gaza on 28 May 2000:

Israel has no choice but to withdraw from the West Bank and Gaza Strip, territories occupied in 1967 including holy Jerusalem. This withdrawal must take place in accordance with the first article of U.N Resolution 242, and in accordance with implementing the draft introduction of the resolution that does not allow occupying territories of others by force. In addition, we have a precedent set in the withdrawal that took place from all of [Egyptian] Sinai and the Jordanian territories.¹⁷

The summit at Camp David represented the first occasion that the two sides had addressed the status of Jerusalem in formal face-to-face negotiations, although the prospects for a breakthrough seemed remote, given the apparently incompatible nature of their positions.

In the event, the negotiations proved more productive than anticipated, although the precise detail of the discussions has not been made public. Mr Barak reportedly put forward a proposal that would have given the Palestinians sovereignty over certain Arab districts to the north of the old municipal boundary¹⁸ (Beit Hanina, Kalandia and Shuafat), and broad civilian and administrative autonomy over Palestinian neighbourhoods and over the Muslim and Christian quarters of the Old City. Mr Barak is also believed to have suggested that the Palestinians should be given significant status within the Old City, including a presidential office for Mr Arafat, and "signs of sovereignty" at the

¹⁵ *The Jerusalem Post International Edition*, 9 June 2000

¹⁶ The text of UN Security Council Resolution 242 calls for "withdrawal of Israeli armed forces from territories occupied" during the conflict. For more information on the wording of Resolution 242, see p.12 of Library Research Paper 01/08.

¹⁷ 'Abu Mazen outlines main Palestinian negotiating points in a letter to the Gaza Conference on negotiations', 28 May 2000, from <http://www.nad.gov.ps/speeches/abumazen1.html>

¹⁸ i.e. areas that were not part of pre-1967 Jerusalem.

Muslim holy sites.¹⁹ The proposal marked an important departure from the previous interpretation of the line that Jerusalem should remain unified under Israeli sovereignty.

With regard to the Islamic and Jewish religious sites, US mediators were reported to have suggested a complex form of split-level sovereignty over the Temple Mount. The area would be divided into four sectors: the Al-Aqsa mosque and the Dome of the Rock mosque; the Temple Mount plaza; the Mount below ground; and the outer wall. Each sector would fall under Israeli or Palestinian sovereignty, or some combination of the two. For example: the Islamic sites on the Mount would fall under Palestinian sovereignty, whereas Israel would have sovereignty over the Western Wall and the Mount below ground.²⁰

News of the Camp David discussions stimulated an unprecedented debate in Israel on the issue of sovereignty over Jerusalem, with a number of Israeli commentators arguing that their government would have to move beyond the “declarative rhetoric that ‘United Jerusalem is Israel’s capital forever’.”²¹ As the talks ended, one poll revealed a 50 to 42 per cent majority against any agreement on the terms reported by the media. The same poll also suggested that 47 per cent of Israelis were willing to forgo the Arab districts of Jerusalem in order to avoid a violent confrontation.²² However, another poll in early September 2000 suggested that only 20 per cent would be willing to support solutions such as shared and functional divisions of sovereignty over the city.²³

The Palestinian delegation rejected Mr Barak’s suggestions as inadequate. The reasons for this were outlined by Mr Abbas on 29 July 2000:

The Palestinian negotiators are not willing to sign an agreement that...does not preserve our rights in the city as they were in June 1967. Israel's proposal on Jerusalem, if we had accepted, would have cut the city in many forms and placed on it many different legal characterizations, some thing we rejected.²⁴

The Palestinians were also known to be concerned at the suggestion that Israel be given control over the Mount below ground, fearing it would enable Israeli archaeologists to excavate for evidence that the Mount was the site of the Jewish First and Second Temples.

¹⁹ *The Economist*, 29 July 2000

²⁰ *The Jerusalem Post International Edition*, 8 September 2000

²¹ *Ha'aretz* Newspaper, 20 July 2000

²² The question asked was: “If you are convinced that failure to make concessions would lead to a violent confrontation, would you be prepared to forgo the Arab neighbourhoods of East Jerusalem?” The responses were as follows: Yes 47 per cent; no 37 per cent; don't know 16 per cent. *Ma'ariv* Newspaper, 25 July 2000

²³ Poll conducted by the Tami Steinmetz Center for Peace Studies at Hebrew University, cited in *The Jerusalem Post International Edition*, 15 September 2000.

²⁴ ‘Interview with Palestine TV by Mahmoud Abbas’, 29 July 2000, from the PLO Negotiations Affairs Department at <http://www.nad.gov.ps/speeches/abumazen3.html>

Israeli officials accused Mr Arafat of failing to respond to their proposals constructively, although Palestinian sources maintained that Israel had presented it as a take-it-or-leave-it package with no room for discussion.²⁵ Mr Arafat may have been fearful of possible opposition from Arabs and Muslims abroad to any agreement that failed to secure full Palestinian sovereignty over all the Arab-inhabited districts of East Jerusalem, and full control, religious and temporal, over the Haram al-Sharif.²⁶ The fate of President Sadat of Egypt, who was assassinated in 1981 by militants opposed to the peace treaty with Israel, may have been a consideration. Another possibility is that a lack of consultation with other Arab leaders may have diminished Mr Arafat's ability to negotiate effectively on such emotive issues.

During August, further proposals were advanced, such as introducing the concept of 'divine sovereignty' over the religious sites. Under such a system, control would perhaps reside with appointed Christian, Islamic and Jewish representatives, supported by a directly elected council comprising Palestinians and Israelis, with a small number of Christian members.²⁷ The precise detail of such an arrangement would require careful discussion to ensure that any disputes, particularly over security control, were addressed in a timely fashion.

Despite the lack of agreement at Camp David, neither side appeared willing to contemplate deferring discussion of Jerusalem. Deferral would remove any prospect of linking the negotiations on Jerusalem to potential concessions on other issues. Israelis also feared that Mr Arafat would be unable to declare the conflict over, while Palestinians were perhaps concerned that continued uncertainty would allow a future Israeli government to make further changes to the city's status.

2. Palestinian Refugees

Another final status issue with implications beyond Israel and the Palestinian territories is the fate of the Palestinian refugee population spread throughout neighbouring countries. According to the UN Relief and Works Agency (UNRWA), in June 2000 there were a total of 3,737,494 registered Palestinian refugees: 1,570,192 were in Jordan, 583,009 in the West Bank, 824,622 in Gaza, 376,472 in Lebanon and 383,199 in Syria.²⁸ About one third of the total (around 1.1 million) live in camps, often in extremely basic conditions with little prospect of integration within their host countries, a state of affairs that is particularly pronounced in Lebanon.

²⁵ There were also doubts over whether any formal proposals had been put on the table for negotiation. The ideas under discussion were conveyed orally and not written down and there appears to have been a certain amount of creative ambiguity involved.

²⁶ *Guardian*, 14 October 2000

²⁷ See for example, Letter from David Kitching, Cambridge, in *The Economist*, 11 November 2000

²⁸ *UNRWA in Figures*, 30 June 2000, from the UNRWA web site at <http://www.un.org/unrwa/pr/pdf/uif-july00.pdf>

At the centre of the debate is the Palestinians' insistence that the refugees have a 'right of return' to their pre-1948 homes in what it now Israel. UN General Assembly Resolution 194 of 11 December 1948 is frequently cited as legal justification for this position.²⁹ The resolution states specifically that those refugees "wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practicable date, and that compensation should be paid for the property of those choosing not to return."

Successive Israeli governments have opposed the principle of a 'right of return' and refused to apologise for the exodus, arguing that Israel bears no responsibility for the refugee situation. The Palestinian leadership believes Israel must go beyond an expression of "sorrow over what befell the Palestinian people as a result of the Arab-Israeli war of 1948"³⁰ and acknowledge its legal and moral obligations with regard to the refugees. Nonetheless, Palestinian officials have hinted privately that they recognise it would be impossible in practice to secure the wholesale return of the refugees.

Demography is a major concern for many Israelis, who fear the identity of their predominantly Jewish state would be threatened by the return of large numbers of Palestinians. Some also believe that to acknowledge responsibility for the refugee situation would be tantamount to admitting that the Israeli state was in some way "born in sin".³¹

As a result, US negotiators have focused on providing compensation for, and the resettlement of, the refugee population. One option would be to allow several hundred thousand to settle in a future Palestinian state on the West Bank and Gaza, although the challenges of ensuring they were absorbed smoothly would be considerable. Other refugees would receive compensation and be encouraged to settle in their host countries where they have been resident for many years.

Analysts believe the latter option would be feasible for parts of the Palestinian population in Jordan, where there is relatively high level of integration, although the refugees in other countries, such as Lebanon, may require a more elaborate solution. During the Camp David summit, reports suggested a possible agreement to disperse the refugees in Lebanon to three different locations: some would be permitted to stay in Lebanon, while others would be able to return to a Palestinian state in the West Bank and Gaza. Up to 100,000 would be 'reunited' with their families in the Galilee region of Israel, from where most of Lebanon's Palestinians originate.³²

²⁹ The full text of General Assembly Resolution 194 (III), 11 December 1948, is included as Appendix 5.

³⁰ *The Camp David Papers*, Akram Hanieh, p.14, from the PLO Negotiations Affairs web site at <http://www.nad-plo.org/eye/cdpapers.pdf>

³¹ See for example, the comments of a 'senior Israeli politician' quoted in *The Economist*, 27 May 2000

³² *Middle East International*, 16 June 2000, p.10

However, the summit did not address the Palestinian demand that Israel should recognise, in principle, the right of return, as Mr Abbas outlined on 29 July 2000:

The Palestinian delegation refused to set a certain number for refugees that would be allowed to return, even if they [the Israelis] offered three million refugees. We told them that we want them to recognize the principle (the right of return) after that we would agree on a time table for the return or compensation for those who did not wish to return.³³

Some commentators suggest the differences could be bridged by means of a carefully worded agreement that satisfies the sensitivities of the two sides. *The Economist* wrote on 6 January 2001:

The solution, it would seem, is a form of words that acknowledges both the Palestinians' right to return to the land they were pushed out of, and Israel's right to determine on grounds of national security that many of those who choose to take up this right may not be allowed in.³⁴

Other observers believe the search for a solution as part of the final status talks has failed to take into account the views of the refugees themselves. It is argued that the refugees should be consulted on whether they wish to remain in the host state, to return to a future Palestinian state, or to undergo resettlement either in the Arab world or internationally. The idea of an international conference has also been proposed, similar to that held for the Vietnamese boat people during the 1980s. Such a conference could also address the issue of compensation, the bulk of which would probably come from the international community.

3. Territory, Borders and the Jewish Settlements

Central to the debate over the final status negotiations is the issue of territory and borders for a future Palestinian state. Prior to Camp David, the Palestinian leadership had insisted that under international law Israel should withdraw from all territory captured in 1967, thereby allowing the establishment of a Palestinian state in the whole of the West Bank and the Gaza Strip. It was argued that the Palestinians had already made a major concession in agreeing to recognise the state of Israel, thereby dropping their claims to territory inside Israel proper. According to the Palestinian National Authority web site:

The West Bank and the Gaza Strip together constitute only 22% of historic Palestine. The PLO's acceptance of the June 4, 1967 borders represents an extraordinary compromise.³⁵

³³ 'Interview with Palestine TV by Mahmoud Abbas', 29 July 2000, from the PLO Negotiations Affairs Department at <http://www.nad.gov.ps/speeches/abumazen3.html>

³⁴ *The Economist*, 6 January 2001

³⁵ 'Summary of Palestinian Positions', from the Palestinian National Authority web site at http://www.pna.net/peace/summary_of_palestinian_positions.htm

From an Israeli perspective, the issue is complicated by the presence of Jewish settlements in the Occupied Territories, the legality of which has long been a subject of considerable debate. The first Jewish settlement was established in early 1968 in the town of Hebron, despite initial opposition from the Israeli government. Further settlements appeared during the late 1960s and early 1970s as a strong pro-settlement lobby developed in Israel. Led by the 'Gush Emunim' group ('Bloc of the Faithful'), the lobby argued that the biblical lands of Israel on the West Bank (Judaea and Samaria) represented the birthright of the modern Jewish state and constituted a vital part of 'Eretz Israel' (Land of, or Greater, Israel).³⁶ Rabbi Moshe Levinger, a prominent leader of the settler movement, expressed the significance thus:

No Jew prayed three times a day that he'd come back to Tel Aviv or Haifa but for centuries we did pray to come back to Jerusalem, Hebron and Nablus. The tombs of Abraham, Isaac and Jacob are here. Hebron was David's capital.³⁷

The settlements were seen in official circles as a means of cementing Israeli control over the territories by creating 'facts on the ground'. In 1967 the Israeli Minister of Labour, Yigal Allon, called for the establishment of a band of settlements in the Jordan valley to act as a security belt, although it was intended to avoid, as far as possible, localities with an existing Arab population. Other politicians during the early 1970s, in particular Defence Minister Moshe Dayan, promoted a wider policy of settlement-building as a security belt, although public confidence in the concept was undermined during the 1973 conflict when the settlements on the Golan had to be evacuated rapidly. Settlement growth proceeded at a much reduced pace until 1977 when Gush Emunim secured the support of the newly-elected Likud government of Menachem Begin, and a fresh phase of expansion began.

Under customary international law, including the Fourth Geneva Convention, an occupying power is prohibited from establishing settlements in occupied territory pending an end to the conflict. As a consequence, Israel's settlement construction in the Occupied Territories has drawn strong criticism from the international community. In Resolution 446 of 22 March 1979 the UN Security Council determined that "the policy and practice of Israel in establishing settlements...have no legal validity and constitute a serious obstruction to achieving a comprehensive, just and lasting peace in the Middle East." On 20 July of that year the Security Council passed Resolution 465, in which it called upon "the Government and people of Israel to cease, on an urgent basis, the establishment, construction and planning of settlements in the Arab territories occupied since 1967, including Jerusalem."

Further settlement construction continued, encouraged by government subsidies, such as tax refunds and cut-price water and electricity rates. By 1981 there were over 20,000 settlers on the West Bank, rising to around 100,000 in over 100 locations by the early 1990s. The

³⁶ *Financial Times*, 19 October 1999

³⁷ Quoted in *Imperial Israel: The History of the Occupation of the West Bank and Gaza*, M Palumbo, 1992, pp.170

majority of settlements are relatively small with only a few hundred residents, although there are a number of more significant developments, notably along the Green Line (the pre-1967 Israeli-Jordanian border) and around Jerusalem. Successive Israeli governments have argued that these larger settlements provide much needed housing for Israel's expanding population, which has increased significantly during the 1990s with the influx of around 700,000 Jews from the former Soviet Union.³⁸ Recent estimates place the number of Jewish settlers on the West Bank and Gaza Strip at around 200,000.³⁹

Palestinian opposition to the settlements has often boiled over into violent clashes with armed settlers. As a result, there are fears that any settlement blocs that remain after a final status agreement could constitute a permanent source of instability. Palestinians also believe that the existence of large numbers of Jewish settlements in the midst of Palestinian-controlled areas would restrict Palestinian urban development, as outlined by Salah Ta'amri, a member of the Palestinian parliament:

Settlements mean the confinement of Palestinian growth. In Bethlehem we do not have a single playground. If we want to run a summer camp, we run into settlements. If we want to rezone and move factories outside cities and villages, we run into settlements.⁴⁰

It seems to have been accepted, therefore, that a permanent status agreement would require Israel to withdraw from at least some of the settlements. However, the settler lobby represents a powerful political force within Israeli society and some observers fear that any attempt to remove or resettle large numbers of people could lead to violence.

During the 1999 election campaign, Mr Barak pledged to reduce the grants and financial assistance available for settlement expansion. On entering government, however, he adopted a different approach, seeking to court moderate settler opinion, with the aim of marginalising the more militant wing. Joseph Alpher of the American Jewish Committee argued in October 1999 that

...it is vital for Barak to co-opt as many settlers as possible, both in terms of public opinion support, and in order to defuse settler opposition to the greatest extent. If you draw a map of blocs and two-third of the settlers are in, it reduces the intensity of whatever solidarity they will show for the others... No Israeli government can expect to abandon or remove all or most of the settlers and survive.⁴¹

³⁸ *The Economist Survey: Israel at 50*, 23 April 1998

³⁹ *Report on Israeli Settlement in the Occupied Territories*, Foundation for Middle East Peace, Vol.10 No.5, September-October 2000

⁴⁰ BBC News web site at <http://news.bbc.co.uk> , 19 October 1999

⁴¹ *Financial Times*, 19 October 1999

An initial attempt was made in the autumn of 1999 to remove some of the settlements that had been constructed since the Wye River agreement of November 1998. Following talks with the mainstream Settler Council, Mr Barak secured agreement on 13 October 1999 on a compromise deal to dismantle twelve small settlement outposts. In return, the government announced it was to expand existing settlements elsewhere in the West Bank by around 3,000 houses.

The planned expansion drew strong condemnation from the Palestinian leadership, which claimed the move had undermined confidence in Mr Barak's desire for peace. Settlement construction accelerated during 2000: the second quarter of the year saw a 51 per cent increase in construction⁴² – a trend that seemed set to continue, following the announcement of a budget allocation of more than 2 billion Shekels (US\$292 million) for the settlements in 2001.⁴³

Nonetheless, the broad outline of a possible agreement on settlements began to emerge during negotiations in the spring and summer of 2000. Mr Barak indicated that Israel would have to dismantle some settlements as part of a final status agreement, declaring in June 2000 that: "If 80% of the settlers remain under Israeli sovereignty it will be an historic achievement."⁴⁴ An Israeli opinion poll from November 2000 showed that around 40 per cent of Israelis and 25 per cent of settlers would support the evacuation of some settlements in return for compensation as part of final status agreement.⁴⁵

For their part, Palestinian officials indicated in private that they were willing to contemplate the annexation by Israel of the main settlement blocks along the Green Line and around Jerusalem, possibly in return for a comparable segment of unpopulated Israeli territory.

4. Natural Resources

In addition to the question of the future borders between Israel and a Palestinian state, the negotiations have had to address the issue of access to, and control of, natural resources. The region's water resources are of particular concern. The expansion of Israeli settlements in recent decades has resulted in the transfer of most of the aquifers in the West Bank to Israeli control, placing the Palestinian areas in a position of dependency for the supply of water.

⁴² According to figures from the Israeli Statistics Bureau, cited in *The Financial Times*, 15 November 2000.

⁴³ *Financial Times*, 15 November 2000

⁴⁴ *The Jerusalem Post International Edition*, 16 June 2000

⁴⁵ *Channel 2 TV from BBC Monitoring*, 17 November 2000

A report by the Israeli Human Rights organisation, B'Tselem, from July 2000 described the situation on the West Bank in the following terms:

Israel and the Palestinian Authority fully share two water systems: the Mountain Aquifer and the Jordan Basin. Israel receives 79 percent of the Mountain Aquifer water and the Palestinians 21 percent. Palestinians have no access to the Jordan Basin: Israel utilizes 100% of its water.⁴⁶

As a result, Palestinian areas suffer frequent water shortages and the water received is often of poor quality. Access to water is of particular importance to the Palestinian economy, given its strong agricultural base.

The Israeli delegation at Camp David reportedly was insistent that control over the aquifers on the West Bank should remain under Israeli control. Desalination plants could provide a partial, albeit expensive, solution: plans for a plant on the coast at Ashkelon could be extended to involve the Gaza Strip, thereby reducing the demands on the aquifer system. However, careful negotiations would be required to ensure an equitable division of resources that ensured judicious management of reserves and avoided overexploitation.

B. Outcome of the Summit

On 25 July 2000 the summit concluded without a final agreement. Mr Clinton declared that the two sides had made significant progress on the core issues, although he cautioned that: "Under the operating rules that nothing is agreed until everything is agreed, they are of course not bound by any proposal discussed at the summit."⁴⁷

In a statement on the principles that would guide negotiations in the future, the Israelis and Palestinians committed themselves "to continue their efforts to conclude an agreement on all permanent status issues as soon as possible."⁴⁸ They also declared their intention to avoid "unilateral actions that prejudge the outcome of the negotiations", a reference to Mr Arafat's pledge to declare a Palestinian state by 13 September 2000 and Mr Barak's counter-warning that Israel would respond by annexing settlements.⁴⁹

⁴⁶ Yehezkel Lein, 'Thirsty for a Solution: The Water Shortage in the Occupied Territories and its Solution in the Final Status Agreement', *B'Tselem Position Report*, July 2000

⁴⁷ 'Transcript: Clinton Statement on Camp David Mideast Peace Talks', *Washington File*, 25 July 2000

⁴⁸ 'Text: Clinton, Barak and Arafat Trilateral Statement on Peace Talks', *Washington File*, 25 July 2000

⁴⁹ *ibid.*

The precise details of what was discussed at Camp David remained unclear, although it was widely acknowledged that Mr Barak had gone further than any other Israeli leader in offering concessions to the Palestinians. Mr Clinton praised Mr Barak for showing “particular courage, vision, and an understanding of the historical importance of this moment” and declared:

I think it is fair to say that...the Prime Minister moved forward more from his initial position than Chairman Arafat, particularly surrounding the questions of Jerusalem.⁵⁰

In response to questions over whether his comments constituted an implicit criticism of Mr Arafat, Mr Clinton added:

I was not condemning Arafat, I was praising Barak. But I would be making a mistake not to praise Barak because I think he took a big risk. And I think it sparked, already, in Israel a real debate, which is moving Israeli public opinion toward the conditions that will make peace.⁵¹

Some observers criticised Mr Clinton’s remarks, claiming they were ill-judged and were responsible for creating the impression among many Israelis that Mr Arafat had not been a serious negotiating partner. Others supported Mr Clinton’s line that the comments were intended to boost Mr Barak, whose domestic standing at the time was becoming fragile. The response in Israel to the Camp David proposals was mixed, with some opinion polls showing a majority opposed to the concessions reportedly made by Mr Barak.⁵²

The reaction among Palestinians was one of jubilation at what was perceived to be Mr Arafat’s refusal to back down in the face of strong pressure from Israel and the United States, especially over the status of Jerusalem.⁵³ From a Palestinian perspective, the Israeli proposal for limited Palestinian control over restricted parts of East Jerusalem was unacceptable.⁵⁴ Palestinian officials maintained that they had been willing to agree to Israeli sovereignty over the Western Wall, the Jewish quarter of the Old City and over the surrounding settlements. However, such concessions were only considered possible if Israel agreed that the rest of East Jerusalem would be returned to Palestinian control as the capital of a Palestinian state.

⁵⁰ ‘Transcript: Clinton Statement on Camp David Mideast Peace Talks’, *Washington File*, 25 July 2000

⁵¹ *ibid.*

⁵² A poll reported on Israel army radio suggested 57 per cent were opposed to the concessions reported, while 30 per cent were in favour. BBC News web site at <http://news.bbc.co.uk>, 26 July 2000. Another poll, conducted by Ma’ariv-Gallup showed a 50-42 per cent majority against an agreement, although 59 per cent said they hoped agreement would be reached. *Ma’ariv* newspaper from *BBC Monitoring*, 25 July 2000

⁵³ A poll showed around 79 per cent of citizens in the PA areas were satisfied with the position adopted by Mr Arafat at the Camp David talks. *Voice of Palestine* Radio from *BBC Monitoring*, 6 August 2000

⁵⁴ For more detail on the Palestinian position at Camp David, see *The Camp David Papers* by Akram Hanieh, which were serialised in Arabic in the Palestinian *Al-Ayyam* newspaper from 29 July to 10 August 2000. The papers are also available from <http://www.nad-plo.org/eye/cdpapers.pdf>

Mr Arafat's insistence on Palestinian sovereignty over East Jerusalem also received the backing of Arab governments, who warned of the potential for violence if Israel retained control over the religious sites and the Arab districts. In an interview in early August with the *Rose al-Youssef* weekly, President Mubarak of Egypt declared:

Any [Palestinian] concessions on Jerusalem will produce an explosion of the situation in a way that no one will be able to control. Terrorists will reappear and find strong justification for their actions.⁵⁵

C. Post-Summit Developments

In spite of the failure to reach agreement at Camp David, the prospects for further progress during August appeared reasonably good, as the Palestinian and Israeli leaderships sought to build international support for their respective positions. Reports in mid-August suggested that Israel was willing to consider Palestinian sovereignty over the Arab districts of Jerusalem. Officials on both sides expressed optimism that an agreement could still be reached before the seventh anniversary of the Oslo accords on 13 September 2000 – the new deadline set by Mr Arafat for the declaration of a Palestinian state.

By early September, however, the lack of a breakthrough was beginning to cause concern, prompting a warning from President Clinton at the UN millennium summit that the small window of opportunity for the Israelis and Palestinians to conclude a comprehensive deal was closing fast. Fears of renewed violence had begun to emerge the month before, with reports that Palestinian and Israeli security forces were preparing contingency plans for a resumption of low-level conflict in the event of a breakdown in negotiations.⁵⁶

In the event, Mr Arafat chose to postpone the deadline for the declaration of a Palestinian state from 13 September to 15 November 2000, a move that was endorsed by the Palestinian Central Council.⁵⁷ The decision was widely welcomed among the international community, although some commentators believe Mr Arafat had little choice, given the clear lack of international support for a unilateral declaration of independence. Israel had also made clear that it would retaliate against any such move by annexing large parts of the West Bank, leaving the Palestinians in control of a highly fragmented state of questionable viability.

International pressure for further progress continued to build, as both sides declared they were willing to resume intensive and decisive negotiations during the final months of President Clinton's term of office. On 15 September, in what was interpreted as an indication of US support for Mr Barak's willingness to negotiate over Jerusalem, the US

⁵⁵ Quoted in 'Egypt predicts Mid-East powder keg', BBC News web site at <http://news.bbc.co.uk> , 12 August 2000

⁵⁶ David Eshel, 'IDF prepares for Palestinian clashes', *Jane's Intelligence Review*, August 2000, p.2

⁵⁷ A body that comprises senior Palestinian officials and legislators.

Ambassador to Israel, Martin Indyk, called for the two sides to share the Holy City, arguing that:

It [Jerusalem] is not, and cannot be the exclusive preserve of one religion, and the solution cannot come from one side challenging or denying another side's beliefs.⁵⁸

The comments marked a departure from the Clinton administration's previous policy of refraining from comment on the city's future status.

There were signs of progress on other issues, with the announcement on 21 September of a much-delayed agreement on the Gaza seaport. The port, which officials predicted would be ready for operation within 18 months, would allow Palestinian businesses to bypass Israeli ports where their produce is often subject to costly delays and checks.⁵⁹

Negotiations between the two delegations resumed in Washington on 27 September, after Mr Barak and Mr Arafat had held their first meeting since the Camp David summit in July. As the talks convened there were signs of movement on the issues of Jerusalem and borders. In an interview with the *Jerusalem Post* Mr Barak declared that he foresaw the future of the city as "Jerusalem and Al-Quds, one next to the other, as two capitals."⁶⁰ He predicted that the Israeli sector would comprise the settlements of Givat Ze'ev, Ma'ale Adumim, Gush Etzion and all the Jewish neighbourhoods. He also repeated his opposition to the transfer of the Temple Mount to Palestinian or Islamic sovereignty, but refused to comment on other possible options such as divided or split-level sovereignty.

Palestinian Planning Minister Nabil Shaath countered by insisting that the Temple Mount and the Haram al-Sharif should come under Palestinian sovereignty, saying "sovereignty is a political, not a religious issue".⁶¹ However, he added that his delegation would be willing to allow an international presence to monitor the area for freedom of worship.⁶²

Acknowledging the differences that still existed over Jerusalem, Mr Barak suggested that the city's status could be set aside to be resolved later within a set time frame and under a mutually agreed procedure. However, he acknowledged that postponing the issue would weaken any agreement reached by the two sides.

⁵⁸ Speech by U.S. Ambassador Martin Indyk at the Hebrew Union College, Jerusalem, 14 September 2000, from <http://www.usis-israel.org.il/publish/mission/amb/091400.html>

⁵⁹ *Financial Times*, 22 September 2000

⁶⁰ *The Jerusalem Post*, 29 September 2000

⁶¹ *Financial Times*, 27 September 2000

⁶² *ibid.*

With regard to the issue of borders, Mr Shaath acknowledged publicly for the first time that his delegation was no longer seeking the return of all the territory on the West Bank, but would consider land-swaps with Israel. He said the aim was “to come as close as possible to the implementation of [UN Security Council Resolutions] 242 and 338,” that call for the return of territories occupied by Israel during the 1967 and 1973 conflicts.

These indications of flexibility from the two sides raised hopes that a final status agreement could be within reach. Such optimism was tempered by the recognition that significant progress would be required to address the growing popular frustration in the Palestinian territories at the lack of a breakthrough.

III The Outbreak of Violence

By early October 2000 hopes of an imminent breakthrough in the peace process had all but disappeared, as violence and unrest spread through Israel and the Palestinian territories.

On 28 September the leader of the opposition Likud party, Ariel Sharon, visited the highly sensitive compound of the Haram al-Sharif on Jerusalem's Temple Mount, the status of which has been a contentious issue in the peace negotiations. The compound is visited only rarely by Jewish Israelis for fear of violating the sanctity of the site. Mr Sharon, who was accompanied during the visit by several hundred Israeli police and six other Likud Knesset members, insisted the visit had been necessary to emphasise Israel's sovereignty over the site, due to Mr Barak's apparent readiness to negotiate over the city's status. The Israeli government claimed they had consulted with Palestinian security officials prior to Mr Sharon's visit and had been told it would not result in an adverse reaction, as long as the Likud leader did not visit the mosques.⁶³

Some Israeli commentators linked Mr Sharon's visit to the acquittal of former Prime Minister Binyamin Netanyahu on corruption charges just days earlier. The acquittal cleared the way for a possible return to politics for Mr Netanyahu. Opinion polls suggested he had a significantly greater chance than Mr Sharon of defeating Mr Barak in an election. It was argued, therefore, that both Mr Barak and Mr Sharon had an interest in bolstering the latter's position, a factor that may have influenced Mr Barak in his decision to provide police protection for the Likud leader during his visit.⁶⁴

The following day, Palestinians demonstrated on the Temple Mount in protest at Mr Sharon's action.⁶⁵ The situation escalated rapidly as violent clashes broke out between stone-throwing demonstrators and armed Israeli police. The police responded with stun grenades and rubber bullets. Five Palestinians died during the initial unrest and around 200 were injured. Around 70 Israeli police were also injured.

The deaths prompted further Palestinian demonstrations across the West Bank and Gaza, in what was to become known among Palestinians as the 'Al-Aqsa intifada'.⁶⁶ Armed Palestinian militias, including members of the *Tanzim* – the armed wing of Fatah⁶⁷ – were also active among the demonstrators, with gun attacks reported on Israeli army units and

⁶³ See for example, 'Interview with Foreign Minister Shlomo Ben Ami', *Federal News Service*, 1 November 2000

⁶⁴ See for example, *Ha'aretz* Newspaper, 2 October 2000.

⁶⁵ In Palestinian eyes, the visit was construed as particularly provocative, given Mr Sharon's past actions. As defence minister during the Israeli invasion of Lebanon in 1982, Mr Sharon was found by an Israeli enquiry to be indirectly responsible for the massacre of Palestinians in the Sabra and Shatila camps by Israel's Phalangist Christian militia allies. He has also been a strong opponent of concessions to the Palestinians, particularly regarding Israeli sovereignty over Jerusalem.

⁶⁶ Named after the Al-Aqsa mosque on the Haram al-Sharif or Temple Mount.

⁶⁷ Fatah is the political movement headed by Mr Arafat and is the largest group within the PLO.

settlements. Units of the Israel Defense Forces (IDF) frequently responded with live fire. By mid-October, the death toll had risen to over 100, with more than two thousand injured – in both cases the majority being Palestinian.

In an unprecedented development, Israeli Arabs, who had remained generally passive during the first intifada, also took to the streets in protest at Mr Sharon's visit.⁶⁸ 13 Israeli Arabs died during the unrest, leading to allegations that Israeli police had used excessive force against their own citizens. This was followed by a spate of attacks on Israeli Arabs by Jews. The demonstrations came as a shock to the Israeli establishment and drew attention to the growing frustrations among Israeli Arabs at perceived routine discrimination against them within Israeli society. The clashes prompted warnings from some observers that prolonged violence in the territories and a failure to address the inequalities between Israeli Arabs and Jews could lead to a further radicalisation of the Israeli Arab population.

The IDF responded to the violence in the Palestinian territories by reoccupying much of Area B where Israeli forces had rarely ventured since handing over civilian control to the PA. The safe-passage route was closed and the West Bank and Gaza were periodically sealed off. Entry was permitted only for humanitarian aid and food supplies. The closures barred around 120,000 Palestinians from crossing into Israel to work, and damaged the nascent Palestinian economic revival that had occurred during 2000. Tax payments owed by Israel to the Palestinian Authority (PA)⁶⁹ were also withheld, forcing the Palestinians to use emergency reserves to finance the public sector.

Running battles became an almost a daily occurrence, although three incidents were to assume particular significance. In early October, a 12-year-old Palestinian boy, Muhammad al-Durrah, was shot dead, apparently by Israeli soldiers, after he and his father were caught in crossfire in the Gaza Strip. The incident, which was filmed by a French camera crew and shown around the world, drew strong international condemnation of the level of force used by Israeli troops.

Within days, the Jewish shrine of Joseph's Tomb outside Nablus had been ransacked by a Palestinian crowd. Responsibility for the tomb's safekeeping had been handed over to the PA after the small, exposed Israeli military detachment was withdrawn. The Israeli Prime Minister responded by threatening to authorise the use of all means by the army to halt the violence, warning that the peace process would be halted unless the fighting stopped.

⁶⁸ The term "Israeli Arab" is used to distinguish the Palestinian inhabitants in Israel proper from those of East Jerusalem, the West Bank and the Gaza Strip, who came under Israeli military occupation after 1967. Palestinians commonly refer to this group as Palestinian-Israelis, although Israeli Arab (the Israeli government's term) is used in this paper for the sake of convenience.

⁶⁹ The body established under the Oslo process to administer Palestinian self-rule.

Later that month, in another incident that was captured by television cameras, two Israeli reservists were beaten to death by Palestinian youths in Ramallah. The soldiers had been detained at a Palestinian police station in the town after reportedly taking a wrong turning into a PA-controlled area. The killings caused widespread revulsion throughout Israel, and the Israeli government accused the Palestinian police of complicity for failing to ensure the men's safety, a charge that was rejected by the PA leadership.

The circumstances surrounding the detention of the Israeli soldiers remained unclear, although some observers noted that Israeli undercover operatives were known to have been active in Palestinian areas in previous weeks, and suggested that the men may have been part of an attempted operation against suspected Islamist militants.⁷⁰

The Israeli government responded to the killings with helicopter missile attacks on the police station and PA targets in Ramallah and Gaza. The PA denounced the Israeli attacks as an act of war. Israeli officials claimed the raids were a proportionate response, saying they had informed the Palestinians of the targets to be hit so as to reduce the risk of casualties.

Both sides blame the other for the crisis. Many Israelis believe the Palestinians are deliberately using violence as a tool in the negotiating process, arguing that Mr Arafat is reneging on his obligations under the Declaration of Principles.⁷¹ Indeed, some commentators believe Mr Arafat has encouraged the violence in a bid to regain international sympathy for the Palestinian cause. It is argued that Mr Clinton's praise for Mr Barak at the conclusion of the Camp David summit meant the Palestinians no longer held the moral high ground. According to Thomas L. Friedman:

Mr Arafat had a dilemma: Make some compromises... or provoke the Israelis into brutalizing the Palestinians again, and regain the moral high ground that way. Mr Arafat chose the latter.⁷²

Another view is that Mr Arafat is using the intifada to re-establish the credibility of his administration, which has been battered by accusations of corruption and complaints of human rights abuses. The prominent role played in the recent unrest by the Tanzim has given Fatah a chance to "seize back the leadership of the anti-Israeli struggle from Islamic militants in Hamas".⁷³

⁷⁰ See, for example, the letter from Paul Cheney, Department of International Relations, San Francisco State University, to the *Guardian*, 14 October 2000

⁷¹ The declaration states that "The PLO commits itself to the peace process, and to the fact that all outstanding issues relating to permanent status be resolved through negotiations."

⁷² Thomas L. Friedman, "Explosion of Violence in Mideast is 'Arafat's War'", *International Herald Tribune*, 14-15 October 2000

⁷³ *Financial Times*, 13 October 2000

Other commentators dismiss such claims, concluding that Israel should bear much of the responsibility for the upsurge in violence. In their view, the lethal response by Israeli security forces to the original Palestinian demonstrations did much to inflame an already volatile situation. It is also argued that attributing the violence solely to the machinations of the Palestinian leadership fails to take into account the level of dissatisfaction among ordinary Palestinians. There is frustration in the West Bank and Gaza at the deprivations of recent years, the continued settlement construction and the lack of progress in the peace process. Living standards have declined since 1993 and the economic disparity between Israelis and Palestinians has widened. Estimates suggest the number of Palestinians living below the poverty line reached 20.1 per cent in 1997 and rose to 23.3 per cent in 1998. An economic revival during the first half of 2000 has been all but wiped out by the recent violence and the closure of the territories.⁷⁴

Israeli officials hold the PA responsible for the economic difficulties, claiming that Mr Arafat has diverted public revenue to expand his own security forces and encouraged corruption within his administration. Similar criticisms of Mr Arafat's leadership have been made by some Palestinian commentators, such as Edward Said.

Fears of a further escalation in the violence were heightened by the release of several Hamas and Islamic Jihad militants from Palestinian prisons. The releases were condemned by Israel, which accused the PA of deliberate provocation. On 16 October 2000 a Hamas spokesman warned that the organisation's military wing might be preparing to launch a renewed campaign of suicide bomb attacks, saying:

We cannot confront Israel's planes and rockets with cannons. But if we change the rules of the game, the Israeli side will be open to attacks.⁷⁵

The releases were followed by reports that Hamas and Islamic Jihad were engaged in close co-operation with the Tanzim. A US State Department spokesman expressed serious concern at the reports, declaring that the PA had "obligations to carry out its commitments, particularly the fight against terrorism, and to apprehend, to prosecute and to bring to justice those involved in terrorist acts."⁷⁶

The first suicide bomb attack for a year came on 26 October, carried out by Islamic Jihad. A series of Hamas and Islamic Jihad bomb attacks followed during November and December, leaving several Israeli civilians dead and scores injured.

⁷⁴ Due to the closures, over US\$3.4 million a day has been lost in remittances from Palestinians working in Israel. In trade, US\$6 million has been lost as of 4 November from tax receipts and customs fees. Figures from the *Financial Times*, 5 November 2000

⁷⁵ *Financial Times*, 17 October 2000

⁷⁶ BBC News web site at <http://news.bbc.co.uk>, 26 October 2000

Following a fatal car bomb attack on Hadera on 22 November, Mr Barak blamed Mr Arafat, declaring:

The responsibility for the attacks lies upon the Palestinian Authority which released terrorists, members of Hamas and [Islamic] Jihad, and encourages and directs its people to carry out attacks.⁷⁷

Israeli officials claimed the Palestinian leadership had switched to a twin strategy of guerrilla attacks on the IDF and terrorist attacks on Israeli civilians in an attempt to secure more concessions at the negotiating table.⁷⁸

The bombings, coupled with attacks by militia groups outside Mr Arafat's immediate control, fuelled doubts as to whether the Palestinian leadership had the authority to quell the conflict. There were signs of increasing militancy within the militias such as the Tanzim. Several militia leaders declared their outright opposition to any attempts to halt the intifada, which they viewed as a war of independence, aimed at forcing an Israeli withdrawal from the Palestinian territories.

A. Human Rights Considerations

The international community has expressed concern over the recent fighting between Israelis and Palestinians. On 7 October 2000 the UN Security Council passed Resolution 1322, which condemned "acts of violence, especially the excessive use of force against Palestinians, resulting in injury and loss of human life".⁷⁹

A report by the Israeli human rights body, B'tselem, in December 2000 criticised both sides for failing to exercise sufficient restraint. It accused Israel of using excessive and disproportionate force in dispersing demonstrations of unarmed Palestinians, saying that Israeli forces should have developed alternative methods of controlling demonstrations:

Israel did not develop non-lethal methods to disperse demonstrations or train its soldiers to confront such demonstrations. This in spite of the fact that Israel was prepared for the events of the past few weeks. As a result, soldiers only had at their disposal rubber-coated metal bullets and live ammunition, which caused many Palestinian casualties, and many injuries to medical teams and journalists.⁸⁰

⁷⁷ *Financial Times*, 22 November 2000

⁷⁸ *FT.com* from <http://www.news.ft.com> , 14 November 2000

⁷⁹ *S/RES/1322*

⁸⁰ 'Illusions of Restraint', *B'tselem Report*, December 2000

This view was shared by Amnesty International, which declared in a statement in early October:

The loss of civilian life is devastating and this is compounded by the fact that many appear to have been killed or injured as a result of the use of excessive or indiscriminate force. Israeli security forces appear to have used indiscriminate lethal force on many occasions when their lives were not in danger. (...) International standards clearly state that governments should develop as broad as possible a range of non-lethal incapacitating weapons and that firearms are a last resort.⁸¹

B'tselem also censured Israel for discriminating against Palestinians through the imposition of curfews and restrictions on movement.

With regard to the Palestinian Authority, the report was critical of the failure to prevent armed attacks on Israeli civilians and the lack of effort to prevent children from participating in demonstrations. The report declared that:

- The Palestinian Authority does not make serious efforts to prevent children from participating in demonstrations, in spite of the grave danger.
- The Palestinian Authority does almost nothing to prevent Palestinians from attacking Israeli civilians. The establishment of settlements is a violation of international law and therefore illegal; however, this does not justify attacks on settlers or on settlements. Intentional attacks on civilians are absolutely prohibited, regardless of the circumstances.
- The Palestinian Authority does not prevent armed Palestinians from shooting from within populated areas, thereby exposing its civilian population to the IDF's response.⁸²

Israeli military sources rejected criticism of their actions, arguing that their response to the clashes has been restrained and within their rights under international law. One Israeli official claimed that: "We could have killed many more", arguing that "If you take the number of dead compared to the number of attacks, it [the death toll] is low."⁸³

Nonetheless, by mid-November 2000 Israeli military officials began to acknowledge that their original approach to the unrest of responding to fire with fire had often been counterproductive and had damaged Israel's reputation internationally. In a change of strategy aimed at reducing civilian casualties, yet ensuring pressure was brought to bear on the Palestinian leadership, Israeli forces resorted to striking the infrastructure of Fatah, the Tanzim, and the Palestinian security services.

⁸¹ *Amnesty International Press Release*, 2 October 2000, MDE 15/032/2000

⁸² 'Illusions of Restraint', *B'tselem Report*, December 2000

⁸³ *Financial Times*, 16 November 2000

During December and January Israeli policy underwent a further evolution. In place of strikes against Palestinian infrastructure, Israeli officials began talking of a 'policy of liquidation' against leading Palestinian officials suspected of involvement in attacks on Israeli targets.⁸⁴ Snipers are believed to have carried out a series of attacks, resulting in the death of over 20 officials.

Paradoxically, the assassinations could actually strengthen Mr Arafat's position, by removing more militant rivals within the Palestinian movement. In the words of one Palestinian official:

The intifada increased the power of local Fatah leaders, some of whom want the PA to be purged, for corrupt officials to be sacked. They are inconvenient for Arafat.⁸⁵

The policy has encountered criticism from the Israeli civil rights group, Facts, which presented a petition to the Israeli Supreme Court to stop what it characterised as illegal assassinations.

By contrast, some Israeli settlers and right-wingers have accused the IDF of responding too weakly to the unrest, and have called for the adoption of harsher measures such as bombing towns and cities and cutting off electricity and water supplies to PA-controlled areas. However, IDF commanders have expressed concern over the potential for being drawn into a full-scale guerrilla conflict with the Palestinians, a conflict they believe Israel would be incapable of winning.

B. Efforts at Mediation

A series of talks took place during October and November 2000, aimed at halting the violence and putting the peace process back on track. The Palestinian leadership insisted on greater international involvement in the negotiations to counterbalance what it perceived as the failure of the US government to act as an honest broker. Consequently, the Sharm-el-Sheikh summit between Mr Arafat and Mr Barak in mid-October was attended by President Clinton, UN Secretary-General Kofi Annan, the EU High Representative for foreign and security policy, Javier Solana, King Abdullah of Jordan and President Mubarak of Egypt, although the US retained its leading role.

The talks were reported to be extremely tense and the prospects for success appeared low, given the intense domestic pressures on the two leaders not to make concessions. Both sides laid down a series of demands, accusing the other of exacerbating the crisis through their actions. The Israeli government insisted that the Palestinians should re-arrest the released members of Hamas and Islamic Jihad, call a halt to gun attacks by Fatah

⁸⁴ *Financial Times*, 9 January 2001

⁸⁵ *ibid.*, 9 January 2001

gunmen, clamp down on any anti-Israeli incitement and guarantee the preservation of holy sites.

Palestinian officials argued that Israel should first withdraw its troops from around PA-controlled towns and reopen the West Bank and Gaza. They also called for the establishment of an international commission to examine the causes of the violence. This latter proposal met with strong opposition from Israeli officials, who feared it would become a 'kangaroo court'.

An agreement was eventually reached on 17 October, although it took the form of a presidential statement by Mr Clinton, without the formal endorsement of Mr Arafat and Mr Barak. Under the terms of the agreement, the two sides undertook to return to the pre-crisis situation of 28 September, with Israel agreeing to a phased pullback of its forces and the reopening of the West Bank and Gaza. The two sides also agreed to the establishment of an international investigation into the crisis, although its remit was less than that sought by the Palestinians. It was announced later that the enquiry would be headed by former US Senator George Mitchell, who acted as mediator in Northern Ireland, and would include the EU foreign policy representative, Mr Solana.

A key feature of the talks was the role played by the Central Intelligence Agency in re-establishing security co-operation between the two sides.⁸⁶ The CIA was heavily involved at the time of the Wye River agreement of 1998, but subsequently adopted a lower profile as Mr Barak sought to foster a more direct relationship with the Palestinian security establishment, a relationship that collapsed in late September 2000.

There were serious doubts, however, about the implementation of the agreement, given the lack of a firm timetable. Within a matter of days, the violence had flared again as fighting broke out around Nablus and the death toll rose above 130.

Further talks on 1 November 2000 between Mr Peres and Mr Arafat yielded another truce agreement, aimed at restoring calm and re-establishing security co-operation. Both leaderships appeared anxious to stabilise the situation, perhaps fearful of the consequences were the violence to continue. Mr Arafat may have been concerned that recent Israeli attacks on the Palestinian security forces would undermine his authority. The Israeli government was known to be concerned over rising casualties, fearing that further Israeli deaths could erode public support, as happened with the Israeli presence in southern Lebanon. However, shortly before the truce was due to come into effect, an Islamic Jihad car bomb exploded in Jerusalem, killing two Israeli civilians.

⁸⁶ *Financial Times*, 18 October 2000

C. Barak Calls Early Prime Ministerial Elections

As the Knesset returned in late October 2000, it became clear that Mr Barak's minority government was coming under mounting pressure. Temporary support from Shas ensured the government did not fall during early November, but by the end of the month defeat appeared imminent. In an effort to pre-empt the passage of a bill to dissolve the Knesset, Mr Barak announced on 28 November that he was in favour of holding early elections, although no date was set. Then, on 9 December, Mr Barak surprised both his supporters and opponents alike by announcing his resignation as Prime Minister, ahead of direct prime ministerial elections to be held on 6 February 2001.

The prospect of a challenge from the popular former Likud Prime Minister, Binyamin Netanyahu, receded after the Knesset rejected his calls for simultaneous parliamentary elections. Former Labour Prime Minister Shimon Peres also decided not to stand, leaving the election as a straight fight between Mr Barak of Labour and Mr Sharon of Likud.

IV Negotiations Resume

Opinion polls in Israel during December 2000 suggested that the election would be extremely tight and that the outcome could hinge on developments in the peace process. There were indications that Mr Barak's low popularity level would be reversed if he could secure a comprehensive settlement that brought an end to the intifada.

In an effort to reinvigorate the process, talks were held in mid-December between Israeli Foreign Minister Ben-Ami and President Arafat. Reports suggested that Israel was willing to withdraw its opposition to Palestinian sovereignty over the Haram al-Sharif and the Arab districts of East Jerusalem, but only on condition that the Palestinian leadership drop its insistence on the right of return for refugees. There was considerable doubt among some observers over the veracity of these reports, given the expected level of opposition in Israel to any such proposal.⁸⁷

A. The Clinton Proposals

On 23 December President Clinton put forward a set of bridging proposals outlining a basis for further negotiations.⁸⁸ The main elements of the proposals were reported to be as follows:

- **Jerusalem:** Broadly speaking the proposal suggests that “what is Arab should go to the Arabs and what is Jewish should go to the Jews”.⁸⁹ Such a division would be relatively easy to implement between East and West Jerusalem, which are already effectively divided. With regard to the Old City, the proposal is for the Christian, Muslim and Armenian Quarters to come under Palestinian sovereignty, with an Israeli corridor through part of the Armenian Quarter to allow access to the Israeli controlled Jewish Quarter. The concept of split level sovereignty would be applied to the Temple Mount, resulting in Palestinian sovereignty over the Haram al-Sharif and Israeli sovereignty over everything below, including the Western (Wailing) Wall.
- **Borders:** The proposal calls for the Palestinians to be given all of the Gaza Strip and 95 per cent of the West Bank, although this figure apparently includes Jerusalem and part of the Dead Sea. In return for Israeli annexation of the remaining 5 per cent, which contains the main settlement blocs (and around 80 per cent of the settlers), the Palestinians would be given additional territory around Gaza or in the Negev desert. The areas that Israel would be allowed to annex include three isolated settlement blocs (the Ariel Bloc around Nablus in the north, the Ma'ale Adumim area between

⁸⁷ See, for example, Robert Fisk, 'Sham Summit promised little for the Palestinians', *Independent*, 29 December 2000.

⁸⁸ The Palestinian negotiating team released the minutes of the meeting on 23 December with President Clinton, during which he outlined his proposal. The minutes are available from the Jerusalem Media and Communication Center web site at <http://www.jmcc.org/new/00/clinton.htm>

⁸⁹ *Guardian*, 4 October 2000

Jerusalem and Jericho, and the Etzion bloc to the north of Hebron). The Palestinians would have sovereignty over their airspace, with special arrangements made for Israeli training and operational requirements.

- **Refugees:** The proposal puts forward two alternative formulations with regard to the right of return for the 3.7 million Palestinian refugees in Jordan, Lebanon, Syria and the West Bank and Gaza. Rather than endorsing a right of return to Israel, the proposal suggests that both sides recognise a right of return to “historic Palestine” or to “their homeland”. Five possible homes would be offered for the permanent settlement of the refugees: the state of Palestine; the areas in Israel being transferred to Palestine in the land swap; rehabilitation in their host country; resettlement in a third country; or admission to Israel. Up to 100,000 refugees would be allowed to take up the latter option as part of a family reunification programme. All refugees would have the right to return to a future Palestinian state, including the areas that may be ceded by Israel. The proposal would give priority to the refugees in Lebanon, due to the difficulties of their situation.
- **Security:** The plan provides for the deployment of an international force to supervise implementation. The Israeli withdrawals would be carried out in phases, although some units would be allowed to remain in the Jordan valley for three years. Israel would also be allowed to retain three early warning stations on the West Bank for a renewable ten-year period.

B. Reaction to the Proposals

Mr Barak declared he would accept the proposals in principle, as long as the Palestinians also gave their approval. The Israeli public, however, appeared more sceptical: polls suggested that more than 55 per cent of the Israeli public were opposed to the proposals, although analysts speculated that support could rise if the agreement received strong international endorsement.⁹⁰ There was also a growing sentiment in Israel that Mr Barak did not have the right to conduct such sensitive negotiations. This view was reinforced by an intervention from the Israeli attorney general, questioning the legitimacy of Mr Barak’s participation in the talks, given the forthcoming elections and his lack of a parliamentary majority.

Likud claimed Mr Barak was becoming increasingly desperate in his concessions to the Palestinians as he sought to bolster his waning support. Mr Barak countered by insisting that every option had to be explored to avoid the risk of further conflict and escalation:

...the alternative [to peace] are deep cracks in the arrangements that we have already made with Egypt and Jordan; a dramatically higher danger for an overall

⁹⁰ *Financial Times*, 26 December 2000

escalation in the region, and a dramatically higher danger for the isolation of Israel.

We will win the war if such a war breaks out as a result of all these developments, because we are stronger. But after the war, after we bury our dead and they bury perhaps as many as ten times more dead, we will have to continue to discuss precisely the same things. This is why it is so important to exhaust the chances now, before we enter the tunnel, in order to ascertain whether it is possible or not possible to achieve peace.⁹¹

However, he subsequently appeared to step back from a compromise over the Temple Mount, declaring that: “We must achieve a peace that does not harm our vital interests: the end of the conflict, no right of return, no transfer of sovereignty on the Temple Mount.”⁹² In light of these comments, some commentators concluded that Mr Barak’s acceptance of the US proposals had been a tactical move to put pressure on Mr Arafat and ensure Israel was not blamed for a breakdown in the negotiations.

It soon became clear that the Palestinian team had serious reservations about the US proposals, particularly with regard to the refugee issue and the territory and borders of a future Palestinian state. Mr Arafat appeared unwilling to reject the plan outright, perhaps recognising that rejection would place him in a difficult position internationally and deal a serious blow to Mr Barak’s chances of re-election.

On the other hand, accepting a compromise over the right of return of refugees would leave Mr Arafat open to accusations that he had betrayed the Palestinian cause. There may also have been doubts within the Palestinian delegation about the wisdom of signing an agreement with Mr Barak, whose political future was far from assured. Mr Barak’s opponent in the election, Mr Sharon, has said he would not be bound by an agreement signed by the prime minister.

US attempts to convene a summit on 28 December were cancelled at the last minute, after it became clear that Mr Barak would not attend without a clear endorsement of Mr Clinton’s proposals from Mr Arafat. As news of the summit’s cancellation came through, a series of explosions hit Tel Aviv and Gaza, leaving two Israeli soldiers dead and around 15 injured. Another blast hit the town of Netanya a few days later, injuring at least 40 Israelis. Further violence in the West Bank resulted in the death of a number of Palestinians, who were shot by Israeli forces.

Mr Arafat travelled to Washington for consultations with President Clinton on 3 January, after which he announced his acceptance of the US bridging proposals, but with reservations. Ghassan Khatib, a Palestinian political analyst, believes Mr Arafat decided

⁹¹ *Israel TV*, from *BBC Monitoring*, 29 December 2000

⁹² *ibid.*

on a conditional acceptance of the proposals to help deflect heavy international pressure to agree:

It's possible that in order to avoid the pressure, he tried to put the same position in a positive way, so that instead of saying 'I don't agree because' he is saying 'I will agree if'.⁹³

Talks on re-establishing security co-operation and reducing the tension in the territories continued during the first weeks of January, although progress was hampered by further violence. By mid-January 2001, hopes for a comprehensive peace agreement before the Israeli elections had all but disappeared. Instead, the two sides turned their attention to drafting a broad declaration that would spell out both the existing areas of agreement and outstanding differences with regard to the final status issues. Officials from the outgoing administration of President Clinton indicated their intention was to cement the progress that had been made in recent months and to prevent any backsliding by the two sides.

C. Talks at Taba

On 21 January Israeli and Palestinian negotiators arrived at the Egyptian resort of Taba in an attempt to conclude a framework agreement for a permanent peace settlement. Officials from the new Bush administration were not in attendance. Neither side appeared optimistic at the prospects for the talks, which could last up to 10 days. Palestinian negotiator Saeb Erekat said: "I don't want to raise anyone's expectations. We're going to exert maximum effort, but I also don't want to understate the gaps that exist on all issues", a view that was echoed by Mr Barak.⁹⁴

On 23 January Israel suspended its participation after the killing of two Israelis in the West Bank, although talks seem likely to resume.

⁹³ *Financial Times*, 3 January 2001

⁹⁴ BBC News web site at <http://news.bbc.co.uk>, 22 January 2001

V Future Prospects and the Wider Context

There is concern that the situation could deteriorate further in the event of a breakdown in negotiations. Mr Barak has suggested that, in the absence of a peace agreement, Israel should initiate a process of unilateral separation from the Palestinians, coupled with an Israeli declaration of a Palestinian state.⁹⁵ *The Economist* wrote in October 2000:

Some senior Israelis have been suggesting a form of separation that might in the end advance negotiation rather than stymie it. This would depend on Israel taking unilateral action based on the agreements reached at Camp David. Israel would withdraw from at least 90% of the West Bank, disbanding some remote settlements, consolidating and annexing others. The separation would be more complete, and the dividing line shorter and safer. It would still cost Palestinians their jobs but Mr Arafat would be in control of a not-ridiculous slab of territory, and able, once tempers calmed, to embark on state-to-state talks on the remaining issues, including Jerusalem.⁹⁶

Israel has also attempted to put pressure on Mr Arafat by curtailing the Palestinians' freedom of movement and interrupting economic relations, actions that would be consistent with the first phase of separation. Israeli officials have suggested that telecommunications and the supply of electricity and water could also be cut.

There are, however, a number of potential obstacles with this approach, particularly in the midst of an election campaign. Firstly, the dividing line between Israeli and Palestinian areas is far from clear cut, even if the more exposed Israeli settlements are evacuated. As a result, the potential for friction between the two sides would probably remain. Secondly, evacuating settlements would carry a high price for Mr Barak, who would face strong, possibly violent, opposition from the more militant settlers. He would also lay himself open to accusations of capitulating to Palestinian violence. Thirdly, any attempt to isolate the Palestinian areas completely would draw strong criticism from the international community, and run the risk of further violent unrest in the West Bank and Gaza. It would require political backing from within the Knesset, which Mr Barak currently lacks. The Israeli business community is also strongly opposed, due to the close links between the two economies:

The Palestinian territories are a captive market for Israel, representing an annual Dollars 2.5bn in exports, while Palestinian exports to Israel account for 89 per cent of Palestinian trade.⁹⁷

⁹⁵ *Israel Radio*, from *BBC Monitoring*, 2 January 2001

⁹⁶ *The Economist*, 28 October 2000

⁹⁷ *Financial Times*, 21 October 2000

Paradoxically, some Palestinians may welcome such a move, believing separation could bring economic benefits:

Separation might be a blessing in disguise, said a Palestinian economist. Israel was never interested in us having competition. Economic separation might also bring deregulation and liberalisation. Israeli companies and the Palestinian Authority currently work hand in glove, supporting monopolies and corruption at the expense of competition. Israeli companies, particularly energy and industrial ones, have forged links with Palestinian security officials, such as Jibril Rajoub, the head of the West Bank preventive security forces. They also have contacts with Muhammad Rashid, Mr Arafat's economic adviser, enabling them to carve out monopolies with official PA consent.⁹⁸

Nonetheless, in the short term, Israeli intelligence officials acknowledge that the outcome would probably be further impoverishment, "leading Palestinians to channel their frustration into violence against Israel."⁹⁹ Consequently, many observers have concluded that unilateral separation is unlikely ever to be implemented.

There are already indications that the Palestinian population in the West Bank and Gaza is becoming increasingly radicalised, a trend that has been exacerbated by the decline in living standards since the start of the Oslo process in 1993. An opinion poll of Palestinians from January 2001 showed rising support for armed action against Israel: those in favour of the resumption of military operations had risen from 35.7 per cent nearly two years ago to 72.1 per cent. Backing for suicide bomb attacks had also risen from 26.1 per cent to 66.2 per cent over the same period. Furthermore, support for Hamas had risen from 12 per cent in June 2000 to 19.2 per cent.¹⁰⁰

There is a growing view among Palestinians that the peace process has failed to fulfil their aspirations and that they should therefore follow the example set by Hizbollah in southern Lebanon and use armed resistance to bring about an Israeli withdrawal from the West Bank and Gaza.

Amid this rising support for armed action, there are suggestions that, for the first time since the 1993 Oslo accords, Fatah militia members could cross the Green Line to attack targets inside Israel proper. Israeli officials have warned that any such attacks by Fatah would place Israel in direct confrontation with the Palestinian Authority.

Both leaderships would have much to lose from a prolonged conflict. Casualties would be high on both sides, although Israel's superior firepower would probably inflict greater losses on the relatively poorly trained and equipped Palestinian militias, at least initially.

⁹⁸ *Financial Times*, 21 October 2000

⁹⁹ *ibid.*

¹⁰⁰ Opinion poll carried out by the independent Palestinian body, the Jerusalem Media and Communications Centre (JMCC), cited in *Financial Times*, 10 January 2001

Prolonged conflict could force the militias to become more effective militarily and to adopt some of the tactics deployed so effectively by Hizbollah during the 1990s.¹⁰¹ Following the experience in Lebanon, the IDF leadership is known to be concerned about declining morale among its troops. Using combat forces in a policing role in the Palestinian territories may also impair the IDF's conventional war-fighting capabilities.

A prolonged conflict might strengthen the role of local factions in the Palestinian areas and could trigger a potentially violent struggle for the Palestinian leadership, particularly if Mr Arafat suffers a further decline in health.¹⁰² Some commentators have also warned of the threat posed by militants on both sides, after a series of attacks by Jewish settlers and predictions of an attack by militant Israelis on the Islamic sites in Jerusalem.

The risk that the conflict might draw in Israel's Arab neighbours appears low, although such a development can not be ruled out altogether. At present, the main danger of regional escalation lies on the Israeli-Lebanese border where Hizbollah has remained active in the disputed Sheba'a farms sector. Israeli reprisals against targets in Lebanon still carry the risk of drawing in Syrian forces in the east of the country.

Since Israeli forces withdrew in May 2000, Lebanon has witnessed an unprecedented debate about the Syrian presence. The new Syrian President, Bashar Assad, has hinted that he may be willing to reduce Syria's involvement in Lebanon, although he will probably require time to consolidate his position domestically before embarking on any such move. Damascus has long-standing security and economic interests in Lebanon: Syrian forces in the Beka'a are seen as a crucial counterweight to Israeli predominance on the Golan, and Syria's moribund economy depends heavily on remittances from Syrian workers in Lebanon. A complete Syrian withdrawal would appear unlikely in the absence of a peace deal with Israel over the Golan.

Elsewhere, Arab political leaders, and in particular Egyptian President Mubarak, have struggled to contain domestic pressure for stronger measures against Israel. The Arab states, with the possible exception of Egypt, cannot match Israel's conventional or nuclear superiority, and the Egyptian and Jordanian governments have little interest in revoking their peace treaties with Israel, despite the recent anti-Israeli demonstrations in Amman and Cairo. The six states of the Gulf Co-operation Council,¹⁰³ whose economies are dependent on oil and western investment, are also wary of reversing the trend towards a gradual normalisation of relations with Israel.

¹⁰¹ For more information on the conflict in southern Lebanon, see Sections I C and VI E of Library Research Paper 01/08.

¹⁰² Reports suggest that Mr Arafat, who is 71 years old, may be suffering from Parkinson's Disease.

¹⁰³ The GCC comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

The recent popular demonstrations have highlighted the extent of anti-American sentiment in the Arab world. This sentiment “is about more than US custodianship of the Oslo process and the sense that this has served Israeli interests better than Palestinian aspirations.”¹⁰⁴ The presence of US forces in the Gulf provides another focus for anti-Western discontent, as does the UN sanctions regime on Iraq. The humanitarian situation in Iraq has declined sharply since the imposition of sanctions in 1991, and international pressure for an easing of the embargo is building. The incoming US Secretary of State, Colin Powell, declared in December 2000 that the sanctions needed “re-energising”, hinting that parts of the trade embargo could be eased, as long as the restrictions on military items remained.¹⁰⁵

The new Bush administration may take a different approach to the Israeli-Palestinian peace process from that of the outgoing president, who has played a prominent personal role in negotiations. Vice President-elect Richard Cheney pledged in December to “regenerate” the process, adding that:

There are concerns that the way the Clinton administration operated at least in the last year or so in the Middle East have made it more difficult to reach a settlement. Taking Jerusalem and putting it in the centre of the table and sort of making it the be-all and end-all of those negotiations at Camp David I don’t think worked.¹⁰⁶

The Bush administration may also have to contend with an increased terrorist threat. Western targets in the Middle East were hit on several occasions during 2000, most notably when the American warship, USS Cole, was damaged by a suicide bombing while in port in Yemen. 17 sailors died in the attack and 39 were injured. US officials have pledged to respond with force if the identity of the perpetrators is uncovered, and this might have a further impact on Arab opinion and assessments of the American role as an honest broker.¹⁰⁷

The technique at the heart of the Oslo process has been to focus on short-term confidence-building measures that would enable the more intractable issues to be addressed later:

Throughout the years of negotiations since Madrid the United States has maintained that the key to arriving at a solution is to find and cement areas of agreement between the core parties to the conflict and build forward to peaceful coexistence.¹⁰⁸

¹⁰⁴ Rosemary Hollis, ‘Frightening fall-out’, *The World Today*, November 2000, p.8

¹⁰⁵ BBC News web site at <http://news.bbc.co.uk>, 1 January 2001

¹⁰⁶ *ibid.*, 18 December 2000

¹⁰⁷ *Financial Times*, 21 November 2000

¹⁰⁸ Rosemary Hollis, ‘Frightening fall-out’, *The World Today*, November 2000, p.7

It could be argued that this approach pays too little attention to deeply entrenched suspicions. On this view, the inflexible adherence by both sides to traditional positions has undermined efforts to build confidence, and both sides have been beholden to constituencies that were reluctant to make painful compromises. Given that fundamental issues, such as refugees and Jerusalem, were not discussed formally until the spring of 2000, it may appear unsurprising that agreement remained out of reach at Camp David.

The reasons for the failure of the Camp David summit have been much debated and those involved have all been blamed in varying measure. Mr Arafat was accused of failing to grasp the urgency of the situation and not recognising that, in Mr Barak, he had a partner who was willing to offer more concessions than any Israeli leader in history. The United States was charged with not judging the mood of the participants correctly and for pushing for an agreement without adequate preparation. Mr Barak was blamed for not communicating sufficiently with his government or the Israeli people to ensure his proposals enjoyed broader support.

In the view of some commentators, the failure to reach agreement at Camp David was the result of deeper flaws in the Oslo process. They argue that the Oslo Accords were biased in Israel's favour and failed to provide adequate safeguards for the Palestinians, particularly over the amount of land to be handed over.

Others take the view that the peace process has been hindered by a lack of democratic accountability in the Palestinian territories, which both Israel and the PA have sacrificed in favour of a desire for security and stability:

Arafat's personal authoritarian tendencies have been encouraged by intense pressure from Israel and the US to crack down on 'terrorists' under 'security' obligations set down in the 1995 interim agreement known as Oslo II. This often risks spilling over into repression of any Palestinian opposition to the peace accords. Security organisations in the territories have mushroomed: around 30,000 Palestinian police supervise a population of only 2.6m. The size, expense, corruption and lawlessness of these bodies infuriate ordinary Palestinians and are condemned by donor countries.¹⁰⁹

The decline in popularity of the PA has been reflected by a decline in support for the peace process, the one reinforcing the other:

...[Mr Arafat's] leverage as a peace-maker depends on his capacity to deliver Palestinian acceptance of a final status agreement. His standing in the community in turn depends on what the process produces and his popularity ratings have been tempered by resentment of his security apparatus and corruption in his administration.¹¹⁰

¹⁰⁹ 'Peace and the Palestinians', *IISS Strategic Comments*, January 2000

¹¹⁰ Rosemary Hollis, 'Frightening fall-out', *The World Today*, November 2000, p.7

Yet, in spite of these problems, the Camp David summit and subsequent negotiations have come closer than ever before to bridging the gaps. With the resumption of the intifada, however, Palestinian public opinion has hardened against any compromise over the right of return. According to a poll of Palestinians in the West Bank and Gaza from November 2000: “92 per cent insisted that there would be no peace with Israel without Palestinian sovereignty over East Jerusalem and the right of return for the Palestinian refugees.”¹¹¹ In light of the popular mood among Palestinians, Mr Barak’s offer in December of a quid pro quo – offering Palestinian sovereignty over East Jerusalem in exchange for an effective annulment of the right of return – was deemed unacceptable by the Palestinian leadership.

As a consequence of the hardening of the public mood on both sides, any attempt in the near future to resolve the outstanding differences through creative ambiguity will be fraught with difficulty.

The recent political instability in Israel and the forthcoming Israeli premiership election on 6 February 2001 will have an impact on the peace process. Further elections in the coming months cannot be ruled out, given the fragmented state of the Knesset, and the difficulties Mr Barak has faced in safeguarding his somewhat disparate coalition. In mid-January, Mr Barak appeared to be heading for defeat, as opinion polls showed Mr Sharon leading by around 20 percent. Mr Sharon has effectively ruled out any chance of concluding a final status agreement with the Palestinians in the near future, indicating he would insist on a united Jerusalem under Israeli sovereignty, no right of return for Palestinian refugees, and Israeli control over security zones on the West Bank, such as the Jordan Valley.

Nonetheless, some Palestinian officials have suggested that they would not necessarily view a Sharon government as inherently detrimental to their interests, arguing that a hard-line Israeli stance could serve to increase international support for the Palestinian cause. Palestinian chief negotiator Saeb Erekat declared in November 2000 that:

We can wait for a better deal. So what if they try to threaten us with the prospect of Likud returning to power. We dealt with Netanyahu. We dealt with Barak. What’s the difference? The only thing that will change for us is when the Israelis are really ready for peace. That time will eventually come.¹¹²

Some commentators have concluded that, in the absence of a final settlement, there could be an opening for a further interim agreement. It has been suggested that a Sharon government would be willing to agree to the establishment of a Palestinian state in 42 per cent of the West Bank. No existing settlements would be evacuated, but no new

¹¹¹ *Al-Ahram Weekly* newspaper, 16-22 November 2000

¹¹² *Financial Times*, 29 November 2000

settlements would be constructed either.¹¹³ It is argued that such an offer could win the support of a Palestinian leadership, which is seen as wary of the political risks involved in reaching a final status agreement.

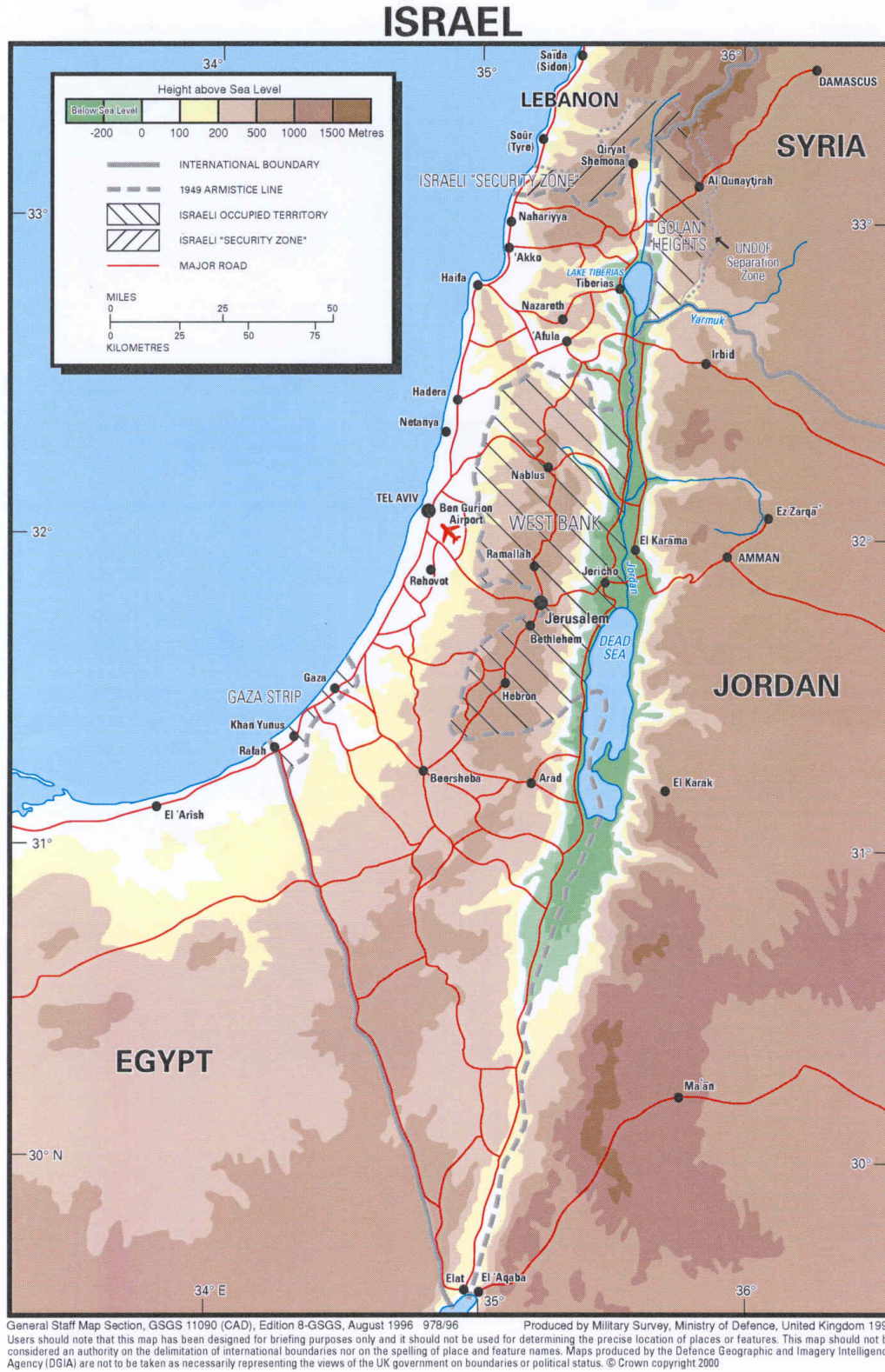
There are concerns, however, that the lack of a comprehensive settlement in the Middle East will have an adverse effect on the region's long-term prospects, particularly in terms of trade and economic development. Yet a peaceful settlement of the Arab-Israeli conflict would still leave challenges. Agreement would need to be reached on the region's increasingly scarce water resources, for instance, which could provide a cause for tension in coming decades.¹¹⁴

Another challenge would be to ensure the viability and stability of a future Palestinian state. Assistance would be required to help with the resettlement of Palestinian refugees and to manage the rapidly changing demographics in the West Bank and Gaza where population growth stands at between 4 and 5 per cent. International support, particularly financial, would be needed to overcome years of chronic under-investment in the Palestinian territories and to help in the formation of effective governing institutions. As a result, the signing of formal peace treaties between Israel and its Arab neighbours would represent an early, albeit significant, step on a long path towards reconciliation and peaceful co-existence.

¹¹³ *Voice of Israel* Radio, from *BBC Monitoring*, 18 January 2001

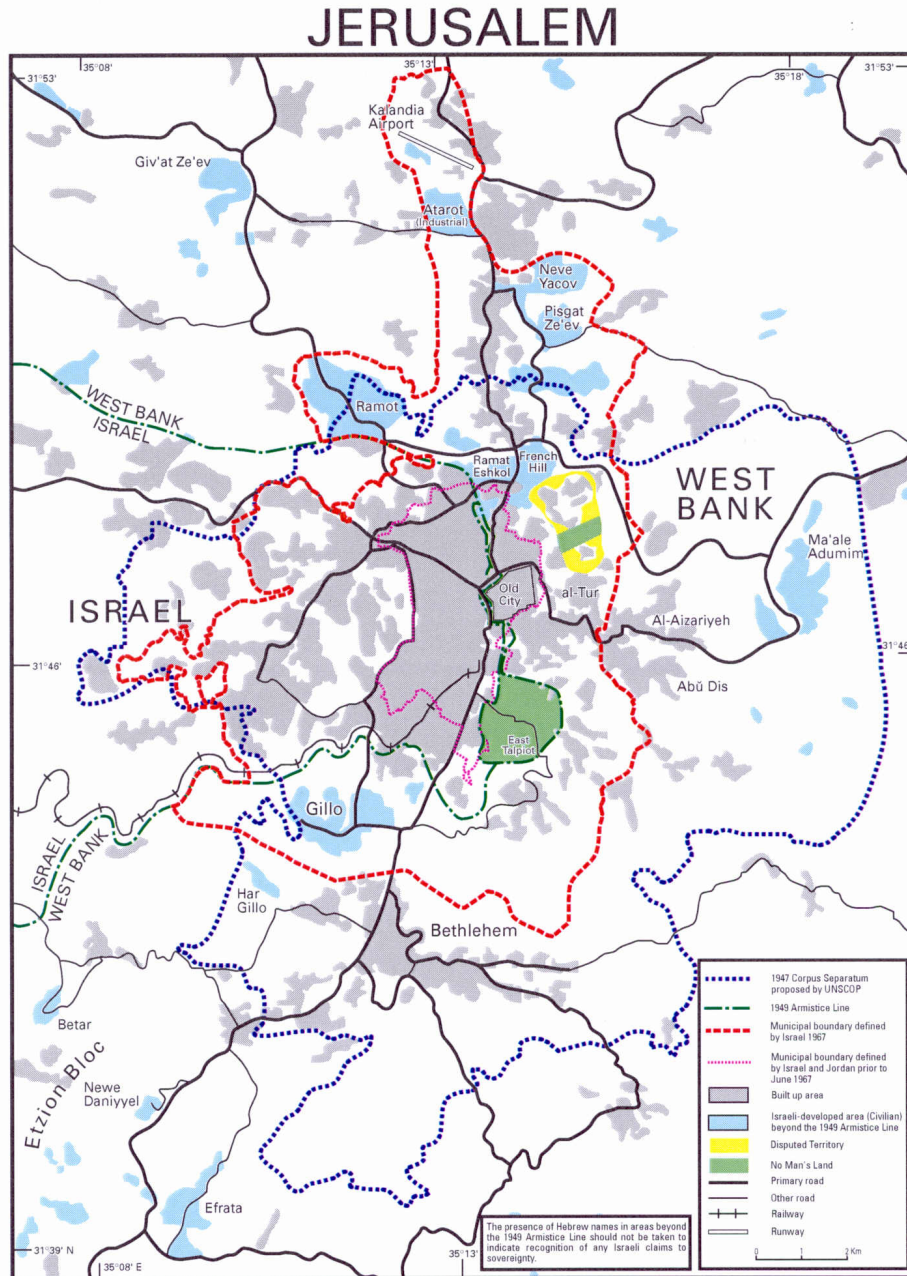
¹¹⁴ For more information on the water issue, see 'Water in the Middle East Peace Process', *Foreign and Office Research and Analytical Papers*, May 2000

Appendix 1: Map of Israel and the Occupied Territories



N.B. The map denotes the Israeli 'Security Zone' in southern Lebanon, from which Israel withdrew in April 2000.

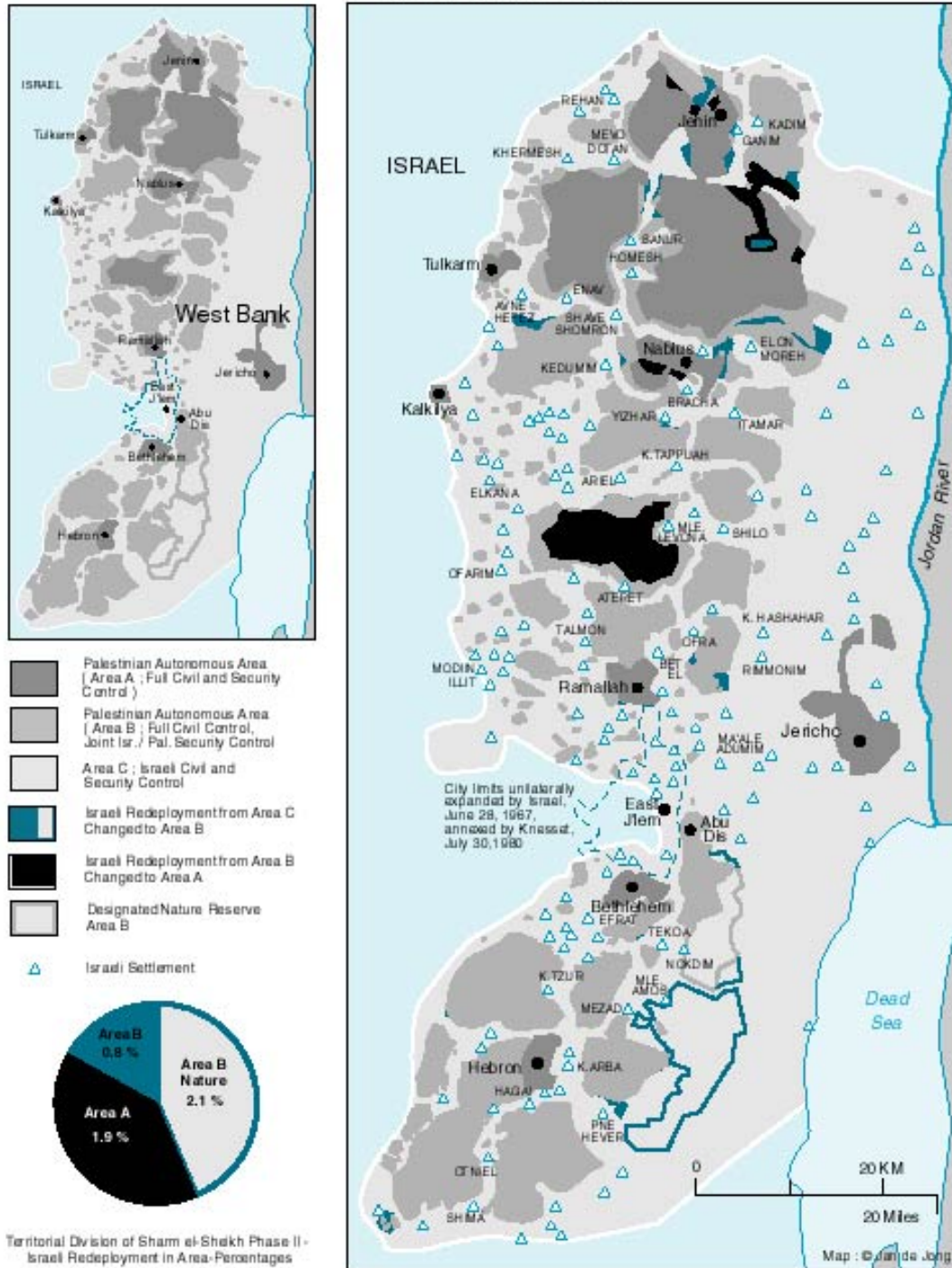
Appendix 2: Map of Jerusalem



Geographic Support Main Building, GSGS 12271(CAD), Edition 2-GSGS, October 2000 1106/00 Produced by DGIA, Ministry of Defence, United Kingdom 2000
 Users should note that this map has been designed for briefing purposes only and it should not be used for determining the precise location of places or features. This map should not be considered an authority on the delimitation of international boundaries nor on the spelling of place and feature names. Maps produced by Military Survey (UK) are not to be taken as necessarily representing the views of the UK government on boundaries or political status. © Crown copyright 2000

Appendix 3: Map of the West Bank (January 2000)

The West Bank After the Second Israeli Redeployment According to the Sharm el-Sheikh Memorandum (January 2000)



Map reproduced by kind permission of the Foundation for Middle East Peace and Jan de Jong.

Appendix 4: UN Security Council Resolution 242

Resolution 242 (1967) of 22 November 1967

The Security Council,

Expressing its continuing concern with the grave situation in the Middle East,

Emphasizing the inadmissibility of the acquisition of territory by war and the need to work for a just and lasting peace in which every State in the area can live in security,

Emphasizing further that all Member States in their acceptance of the Charter of the United Nations have undertaken a commitment to act in accordance with Article 2 of the Charter,

1. *Affirms* that the fulfillment of Charter principles requires the establishment of a just and lasting peace in the Middle East which should include the application of both the following principles:
 - (i) Withdrawal of Israeli armed forces from territories occupied in the recent conflict;
 - (ii) Termination of all claims or states of belligerency and respect for and acknowledgement of the sovereignty, territorial integrity and political independence of every State in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force;
2. *Affirms* further the necessity
 - (a) For guaranteeing freedom of navigation through international waterways in the area;
 - (b) For achieving a just settlement of the refugee problem;
 - (c) For guaranteeing the territorial inviolability and political independence of every State in the area, through measures including the establishment of demilitarized zones;
3. *Requests* the Secretary General to designate a Special Representative to proceed to the Middle East to establish and maintain contacts with the States concerned in order to promote agreement and assist efforts to achieve a peaceful and accepted settlement in accordance with the provisions and principles in this resolution;
4. *Requests* the Secretary-General to report to the Security Council on the progress of the efforts of the Special Representative as soon as possible.

(Adopted unanimously.)

Appendix 5: UN General Assembly Resolution 194 (III)

Resolution 194 (111) of 11 December 1948

The General Assembly,

Having considered further the situation in Palestine,

1. *Expresses* its deep appreciation of the progress achieved through the good offices of the late United Nations Mediator in promoting a peaceful adjustment of the future situation of Palestine, for which cause he sacrificed his life; and

Extends its thanks to the Acting Mediator and his staff for their continued efforts and devotion to duty in Palestine;

2. *Establishes* a Conciliation Commission consisting of three States members of the United Nations which shall have the following functions:

- a). To assume, in so far as it considers necessary in existing circumstances, the functions given to the United Nations Mediator on Palestine by resolution 186 (S-2) of the General Assembly of 14 May 1948;
- b). To carry out the specific functions and directives given to it by the present resolution and such additional functions and directives as may be given to it by the General Assembly or by the Security Council;
- c). To undertake, upon the request of the Security Council, any of the functions now assigned to the United Nations Mediator on Palestine or to the United Nations Truce Commission by resolutions of the Security Council; upon such request to the Conciliation Commission by the Security Council with respect to all the remaining functions of the United Nations Mediator on Palestine under Security Council resolutions, the office of the Mediator shall be terminated;

3. *Decides* that a Committee of the Assembly, consisting of China, France, the Union of Soviet Socialist Republics, the United Kingdom and the United States of America, shall present, before the end of the first part of the present session of the General Assembly, for the approval of the Assembly, a proposal concerning the names of the three States which will constitute the Conciliation Commission;

4. *Requests* the Commission to begin its functions at once, with a view to the establishment of contact between the parties themselves and the Commission at the earliest possible date;

5. *Calls upon* the Governments and authorities concerned to extend the scope of the negotiations provided for in the Security Council's resolution of 16 November 1948 ^{1/} and to seek agreement by negotiations conducted either with the Conciliation Commission or directly, with a view to the final settlement of all questions outstanding between them;
6. *Instructs* the Conciliation Commission to take steps to assist the Governments and authorities concerned to achieve a final settlement of all questions outstanding between them;
7. *Resolves* that the Holy Places - including Nazareth - religious buildings and sites in Palestine should be protected and free access to them assured, in accordance with existing rights and historical practice; that arrangements to this end should be under effective United Nations supervision; that the United Nations Conciliation Commission, in presenting to the fourth regular session of the General Assembly its detailed proposals for a permanent international regime for the territory of Jerusalem, should include recommendations concerning the Holy Places in that territory; that with regard to the Holy Places in the rest of Palestine the Commission should call upon the political authorities of the areas concerned to give appropriate formal guarantees as to the protection of the Holy Places and access to them; and that these undertakings should be presented to the General Assembly for approval;
8. *Resolves* that, in view of its association with three world religions, the Jerusalem area, including the present municipality of Jerusalem plus the surrounding villages and towns, the most eastern of which shall be Abu Dis; the most southern, Bethlehem; the most western, Ein Karim (including also the built-up area of Motsa); and the most northern, Shu'fat, should be accorded special and separate treatment from the rest of Palestine and should be placed under effective United Nations control;

Requests the Security Council to take further steps to ensure the demilitarization of Jerusalem at the earliest possible date;

Instructs the Conciliation Commission to present to the fourth regular session of the General Assembly detailed proposals for a permanent international regime for the Jerusalem area which will provide for the maximum local autonomy for distinctive groups consistent with the special international status of the Jerusalem area;

The Conciliation Commission is authorized to appoint a United Nations representative, who shall co-operate with the local authorities with respect to the interim administration of the Jerusalem area;

9. *Resolves* that, pending agreement on more detailed arrangements among the Governments and authorities concerned, the freest possible access to Jerusalem by road, rail or air should be accorded to all inhabitants of Palestine;

Instructs the Conciliation Commission to report immediately to the Security Council, for appropriate action by that organ, any attempt by any party to impede such access;

10. *Instructs* the Conciliation Commission to seek arrangements among the Governments and authorities concerned which will facilitate the economic development of the area, including arrangements for access to ports and airfields and the use of transportation and communication facilities;
11. *Resolves* that the refugees wishing to return to their homes and live at peace with their neighbours should be permitted to do so at the earliest practicable date, and that compensation should be paid for the property of those choosing not to return and for loss of or damage to property which, under principles of international law or in equity, should be made good by the Governments or authorities responsible;

Instructs the Conciliation Commission to facilitate the repatriation, resettlement and economic and social rehabilitation of the refugees and the payment of compensation, and to maintain close relations with the Director of the United Nations Relief for Palestine Refugees and, through him, with the appropriate organs and agencies of the United Nations;

12. *Authorizes* the Conciliation Commission to appoint such subsidiary bodies and to employ such technical experts, acting under its authority, as it may find necessary for the effective discharge of its functions and responsibilities under the present resolution;

The Conciliation Commission will have its official headquarters at Jerusalem. The authorities responsible for maintaining order in Jerusalem will be responsible for taking all measures necessary to ensure the security of the Commission. The Secretary-General will provide a limited number of guards to the protection of the staff and premises of the Commission;

13. *Instructs* the Conciliation Commission to render progress reports periodically to the Secretary-General for transmission to the Security Council and to the Members of the United Nations;
14. *Calls upon* all Governments and authorities concerned to co-operate with the Conciliation Commission and to take all possible steps to assist in the implementation of the present resolution;
15. *Requests* the Secretary-General to provide the necessary staff and facilities and to make appropriate arrangements to provide the necessary funds required in carrying out the terms of the present resolution.