

Issue Brief for Congress

Received through the CRS Web

The Middle East Peace Talks

Updated August 7, 2002

Carol Migdalovitz
Foreign Affairs, Defense, and Trade Division

CONTENTS

SUMMARY

MOST RECENT DEVELOPMENTS

BACKGROUND AND ANALYSIS

Changed International and Regional Scenes

Role of the United States

Conference Format and Developments

Madrid

Bilateral Talks

Israel-Palestinians

Israel-Syria

Israel-Lebanon

Israel-Jordan

Significant Agreements

Israel-PLO Mutual Recognition

Declaration of Principles

Israel-Jordan Agenda

Agreement on the Gaza Strip and the Jericho Area

The Washington Declaration

Israel-Jordan Peace Treaty

Israeli-Palestinian Interim Agreement, West Bank — Gaza Strip

Protocol Concerning the Redeployment in Hebron

Wye River Memorandum

Sharm al-Shaykh Memorandum

Role of Congress

Aid

Jerusalem

Compliance/Sanctions

The Middle East Peace Talks

SUMMARY

The end of the Cold War, the decline of the Soviet Union, and the U.S.-led victory in the Gulf war facilitated the beginning of a new peace process in 1991. Israel and the Palestinians discussed a 5-year period of interim self-rule leading to a final settlement. Israel and Syria discussed Israeli withdrawal from the Golan Heights in exchange for peace. Israel and Jordan discussed relations. Israel and Lebanon focused on Israel's withdrawal from its self-declared security zone in south Lebanon and reciprocal Lebanese actions.

On September 13, 1993, Israel and the Palestine Liberation Organization (PLO) signed a Declaration of Principles (DOP), providing for Palestinian empowerment and some territorial control. Israel and Jordan signed a peace treaty agenda on September 14, 1993; Prime Minister Rabin and King Hussein affirmed the end of the state of belligerency between Israel and Jordan on July 25; a Peace Treaty was signed on October 26, 1994. Israel and the Palestinians signed an Interim Self-Rule in the West Bank/Oslo II accord on September 28, 1995. Israel continued implementing it despite the November 4 assassination of Prime Minister Rabin.

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

A January 1997 protocol produced Israeli redeployment from Hebron. In 1998, the United States intensively mediated. An October 15-23 summit resulted in the Wye River Memorandum on implementation of earlier agreements. The Israeli cabinet froze implementation on December 20.

On September 4, 1999, Israeli Prime Minister Barak and Palestinian leader Arafat signed the Sharm al-Shaykh Memorandum on implementing Wye. Israel withdrew from south Lebanon on May 24, 2000. From July 11-24, President Clinton convened a summit with Israeli and Palestinian leaders at Camp David to reach a framework accord, but they did not succeed. A Palestinian uprising or *intifadah* began in September and continues. On December 23, President Clinton presented bridging proposals.

Ariel Sharon was elected Prime Minister of Israel on February 6, 2001. He said that the results of Camp David and subsequent talks are null and void. The international war against terrorism after September 11 prompted renewed U.S. focus on ending the violence and resuming the peace process. Yet the situation degenerated with suicide bombings and countermeasures. On June 24, 2002, President Bush declared, "peace requires new and different Palestinian leadership so that a Palestinian state can be born."

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

MOST RECENT DEVELOPMENTS

On July 16, Secretary of State Powell met with U.N., European Union, and Russian envoys. Regarding the Palestinians, the four reaffirmed “that progress in political, security, economic, humanitarian, and institution-building must proceed together.” Under their auspices, an international Task Force on Reform, also including representatives of Japan, Norway, the World Bank and the International Monetary Fund, will “develop and implement a comprehensive action plan for reform.” The Egyptian, Jordanian, and Saudi foreign ministers met Powell and President Bush on July 18. The Egyptian said that the Arabs wanted to “create links between the obligations of both sides.” An Arab peace plan, drawn up with the Palestinians, reportedly calls for a new Palestinian constitution to create a parliamentary government with a ceremonial president and separation of powers. After an election, the U.N. would recognize a state with East Jerusalem as its capital, and the government would negotiate final boundaries with Israel within 3 years.

BACKGROUND AND ANALYSIS

Since the founding of Israel, Arab-Israeli conflict marked every decade until the 1990s. With each clash, issues separating the parties multiplied and became more intractable. The creation of the State of Israel in 1948 provided a home for the Jewish people, but the ensuing conflict made refugees of thousands of Arab residents of the formerly British Palestine, with consequences troubling for Arabs and Israelis alike. The 1967 war ended with Israel occupying territory of Egypt, Jordan, and Syria. Egypt and Syria fought the 1973 war, in part, to regain their lands. In 1982, Israel invaded southern Lebanon to prevent terrorist incursions; it withdrew in 1985, retaining control of a 9-mile “security zone” over which Lebanon seeks to reclaim. Middle East peace has been a U.S. and international diplomatic goal throughout the years of conflict. The 1978 Camp David talks, the only previous direct Arab-Israeli negotiations, brought about the 1979 Israel-Egypt Peace Treaty.

Changed International and Regional Scenes

At the height of the crisis he provoked in 1990, Iraqi President Saddam Husayn offered to withdraw from Kuwait if Israel withdrew from Arab territories it occupied. The United States and others denied a linkage, but on the day after the Gulf war began, January 18, 1991, President Bush declared, “When all this is over, we want to be the healers” On March 6, he defined U.S. postwar goals to include finding solutions to the Arab-Israeli conflict and the Lebanon situation, and sent Secretary of State Baker to the Middle East to organize a conference. The end of the Cold War and the decline of the Soviet Union aided him. During the Gulf war, the Soviets did not use their U.N. veto to prevent action and banned arms exports to Iraq. They needed Western aid and agreed with U.S. initiatives. They also were unable to continue diplomatic, military, and financial aid to Iraq, Syria, and the Palestine Liberation Organization (PLO). The failed August 1991 Moscow coup sidelined hard-liners. U.S. policymakers no longer viewed the Soviet Union as obstructionist and sought it to cosponsor of a peace conference.

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

Role of the United States

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

President Clinton said that only the region’s leaders can make peace, and vowed to be their partner. In February 1993, Secretary of State Christopher defined full partner as an intermediary or an honest broker, to “probe positions, clarify responses, help define common ground, offer what may be bridging ideas.” With the Hebron Protocol of 1997, the United States became an indispensable party to Israeli-Palestinian talks. Clinton mediated the October 1998 Wye River Memorandum, and the United States undertook to coordinate its implementation. Clinton personally led negotiations at Camp David in July 2000.

The Bush Administration sought a less prominent role. In March 2001, Secretary of State Powell said that he would not appoint a special Middle East envoy to Arab-Israeli negotiations and that “the United States stands ready to assist, not insist. Only the parties themselves can determine the pace and scope and content of any negotiations” After the September 11, 2002 terrorist attacks on the United States, however, the Administration focused on the peace process because it needed to ensure Arab support for the war on terrorism. Nonetheless, the Administration still appears reluctant to become as deeply immersed in the peace process in as detailed a manner as its predecessor.

Conference Format and Developments

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

Bilateral Talks

Israel-Palestinians. (Note: Because of space constraints, only selected incidents of violence, terror, and reprisals are noted.) On November 3, 1991, Israel and the Jordanian/Palestinian delegation agreed to separate Israel-Jordan and Israel-Palestinians negotiating tracks, the latter to address a 5-year period of interim self-rule for Palestinians in the West Bank and Gaza Strip. In the third year, permanent status negotiations were to begin.

On August 9, 1993, Palestinian negotiators were appointed to a PLO coordination committee, ending a charade that had distanced the PLO from the talks. Israel and the PLO announced that secret talks in Oslo since January 1993 had produced an August 19 agreement on a Declaration of Principles, signed September 13, 1993. (For summaries of most accords, see **Agreements**, below.) Talks begun in October 1993 produced An Agreement on the Gaza Strip and the Jericho Area on May 4, 1994, which incorporated A Protocol on Economic Relations. It officially began the 5-year period of interim Palestinian self-rule. On September 28, 1995, Israel and the Palestinians signed an Interim Agreement. Israel began redeploying on October 10. Israeli Prime Minister Rabin was assassinated on November 4; Foreign Minister Shimon Peres succeeded him and redeployed from six cities, and from areas around Hebron by December. On January 20, 1996, Palestinians elected an 88-member Council and Arafat as Chairman. On February 25, Hamas terrorists perpetrated the first of four suicide bombings in Israel. On April 24, the Palestine National Council (PNC) amended the Palestinian Charter by canceling “articles contrary to letters exchanged between the PLO and Israel in September 1993,” i.e., those calling for the destruction of Israel. Final status talks on borders, security, settlements, refugees, water, and Jerusalem began ceremonially on May 5.

Binyamin Netanyahu was elected Prime Minister of Israel on May 29, 1996. His coalition’s guidelines called for negotiations to reach a permanent arrangement only if the Palestinians fulfill all commitments fully, opposed the establishment of a Palestinian state west of the Jordan River, vowed to ensure the existence and security of Jewish settlements, and to keep Jerusalem under Israel’s sovereignty. On August 2, his cabinet abolished most restraints on settlements. In September 1996, Palestinians protested violently against Israel’s opening of an archaeological tunnel at the base of Jerusalem holy sites. After an October 1-2 summit, the two sides resumed talks and initialed a Protocol Concerning the Redeployment in Hebron on January 15, 1997. Israel redeployed from about 80% of Hebron.

On February 26, 1997, Israel approved construction of housing at Har Homa/Jabal Abu Ghneim in south East Jerusalem. On March 7, Israel announced the first of three further redeployments, from 7% of West Bank territory to Palestinian control and from 2% to joint Israeli-Palestinian control. The Palestinians demanded 30%, to be consulted, and to control

90% after final redeployment. On March 18, Israel broke ground at Har Homa. On March 21, a suicide bombing occurred in Tel Aviv. On July 30, a double suicide bombing in Jerusalem killed 13, including one American, and wounded 168. The President and Secretary of State called on the PA to make a 100% effort on security and sent Special Envoy Dennis Ross to the region. Israel and the PA agreed to report on the bombing to a panel including the CIA. On September 4, Hamas exploded three suicide bombs in Jerusalem.

In September and October 1998, U.S. officials made a concerted effort to complete implementation of the Interim Accord, culminating in the Wye River Memorandum of October 23. The Israeli cabinet approved the Memorandum but said that redeployments depended on the abrogation of Palestinian Charter articles; that a third redeployment should not be from more than 1% of territory before a final agreement; and that if the Palestinians unilaterally declare a state, then Israel reserves the right to apply Israeli law to the rest of the West Bank. On November 20, Israel completed the first stage of the second redeployment (from 2% of territory to joint Israeli-Palestinian control and from 7.1% of territory to Palestinian control) and released 250 Palestinian prisoners.

On December 14, the PNC and others voted to annul the Charter articles. On December 20, Israel froze Wye implementation until the Palestinians abandoned their call for a state with Jerusalem as its capital, curbed violence and incitement, accepted Israeli prisoner releases, collected and destroyed illegal weapons, and resumed security cooperation. Europe and the United States forestalled a Palestinian declaration of statehood on May 4, 1999. In March, the European Union (EU) reaffirmed the "Palestinian right to self-determination including the option of a state" On April 26, President Clinton wrote, "We support the aspirations of the Palestinian people to determine their own future on their land."

Ehud Barak defeated Netanyahu in the May 17, 1999 election. Barak and Arafat signed the Sharm al-Shaykh Memorandum on September 4, 1999. Israel released prisoners, and transferred civilian control of 7% of the West Bank to the Palestinians. Final status talks resumed ceremonially on September 13. The Palestinians gave Israel 30,000 police officers' names. Israel released more prisoners, opened a safe passage between the West Bank and Gaza and a major road in Hebron, and redeployed from 5% of the West Bank on January 5, 2000. On March 8, Barak and Arafat agreed to resume negotiations. Israel transferred 6.1% of the West Bank territory to complete the second redeployment. In May, Israeli soldiers fought Palestinian demonstrators and police.

Clinton, Barak, and Arafat held a summit at Camp David, from July 11 to July 24, to forge a framework accord on final status issues. They did not succeed. The parties had agreed that there would be no agreement unless all issues were resolved. Jerusalem was the major obstacle. Israel proposed that it remain united under its sovereignty, leaving the Palestinians control over East Jerusalem and Muslim holy sites. Israel was willing to cede more than 90% of the West Bank, wanted to annex settlements where about 130,000 settlers live, and offered to admit thousands of Palestinian refugees in a family unification program. An international fund would compensate other refugees as well as Israelis from Arab countries. The Palestinians reportedly were willing to accept Israeli control over the Jewish quarter of Jerusalem and the Western Wall but sought sovereignty over East Jerusalem, particularly the Haram al-Sharif/Temple Mount, a site holy to Jews and Muslims. (See CRS Report RS20648, *Israeli-Palestinian Peace Process: Camp David Negotiations*.)

On September 28, Israeli opposition leader Ariel Sharon, with 1,000 security forces, visited the Temple Mount/Haram al-Sharif. Palestinians protested, and Israel responded forcefully. The second Palestinian *intifadah* or uprising began. On October 12, a mob in Ramallah killed two Israeli soldiers, provoking Israeli helicopter gunship attacks on Palestinian official sites. U.S. and other diplomats called a summit in Sharm al-Shaykh on October 16 and set up an international fact-finding committee to look into the violence.

Barak resigned on December 10, triggering an early election for Prime Minister. Further negotiations were held at Bolling Air Force Base, December 19-23. On December 23, President Clinton suggested that Israel cede sovereignty over the Temple Mount/Haram al-Sharif and Arab neighborhoods in Jerusalem and 96% of the West Bank and all of the Gaza Strip, and annex settlement blocs in exchange for giving the Palestinians Israeli land near Gaza. Jerusalem would be the capital of two countries. The Palestinians would cede the right of refugees to return to Israel and accept a Jewish “connection” to the Temple Mount and sovereignty over the Western Wall and holy sites beneath it. Israeli forces would remain in the Jordan Valley for 3 to 6 years to control borders, and then be replaced by an international force. The agreement would declare “an end to conflict.” Barak said he would accept the plan as a basis for further talks if Arafat did so. Arafat sought clarifications on contiguity of Palestinian state territory, the division of East Jerusalem, and refugees’ right of return, among other issues. The talks concluded at Taba, Egypt.

On February 6, 2001, Ariel Sharon was elected Prime Minister. He vowed to retain united Jerusalem as Israel’s capital, the Jordan Valley and other security areas. Sharon’s associates asserted that the results of negotiations at and since Camp David were “null and void.” The Bush Administration said that Clinton’s proposals “were no longer United States proposals.” Sharon said that he sought an interim agreement, not dealing with Jerusalem, Palestinian refugees, or a Palestinian state. On April 13, Sharon said that he could accept a disarmed Palestinian state on 42% of the West Bank, about 2% more than the Palestinians control. Palestinians insisted that talks restart from where they left off at Taba.

On April 30, the international fact-finding commission led by former Senator George Mitchell submitted a report [<http://usinfo.state.gov/regional/nea/mitchell.htm>] on the causes of the violence and made recommendations for ending it, rebuilding confidence, and resuming negotiations. On June 12, the two sides agreed to CIA Director Tenet’s work plan to cement the cease-fire and restore security cooperation. On June 28, Israel and Palestinians agreed to a 7-day period without violence to be followed by a 6-week cooling-off period. Secretary of State Powell said that it was up to Sharon to determine if violence abated.

On August 8, Hamas detonated a suicide bomb at a Jerusalem pizzeria, killing 15 and wounding over 100. On August 10, Israeli forces seized Orient House, the center of Palestinian national activity in East Jerusalem, and repeatedly entered Palestinian territory. On August 27, Israel killed the head of the Popular Front for the Liberation of Palestine (PFLP). On September 24, Sharon declared, “Israel wants to give the Palestinians what no one else gave them before, the possibility of a state.” On October 2, President Bush said for the first time, “The idea of a Palestinian state has always been part of a vision, so long as the right of Israel to exist is respected.” Israel began to ease its blockade of Palestinian areas but stopped after the PFLP assassinated its Minister of Tourism on October 17.

On November 10, President Bush told the U.N. General Assembly that the United States is “working toward the day when two states – Israel and Palestine – live peacefully together within secure and recognized borders....” On November 19, Secretary of State Powell announced that he was sending retired General Anthony Zinni to work on a durable cease-fire to revive peacemaking. Violence escalated before and surged after Zinni arrived on November 26. Israel confined Arafat in Ramallah on December 3. On December 7, Sharon said that “it’s hard to believe that one can get into an agreement with Arafat, who is a real terrorist....” On December 12, Hamas ambushed an Israeli bus in the West Bank and perpetrated two simultaneous suicide bombings in Gaza. The Israeli security cabinet charged that Arafat was “directly responsible” for the attacks ... “and therefore is no longer relevant” On December 16, Zinni was recalled. On the same day, Arafat called for “a comprehensive cessation of all armed activities ... especially suicide attacks.” The Israeli military reported a sharp decrease in violence after Arafat’s speech.

On January 3, 2002, Israel seized a Palestinian-commanded freighter, the *Karine A*, in the Red Sea carrying 50 tons of Iranian-supplied arms. On February 5, Secretary Powell told a Senate committee that Arafat “cannot engage with us and others in the pursuit of peace, and at the same time permit or tolerate continued violence and terror.” When Sharon visited the White House on February 7, he said that he believed that pressure should be put on Arafat so that an alternative Palestinian leadership could emerge.

In remarks to a *New York Times* columnist published on February 17, Saudi Crown Prince Abdullah said that he had drafted a speech calling for “full withdrawal from all occupied territories, in accord with U.N. resolutions, including Jerusalem, for full normalization of relations.” Sharon said that he was willing to explore the proposals but it would be a “mistake” to replace U.N. resolutions regarding Israel’s right to “secure and recognized borders” with a demand for a total withdrawal to pre-1967 borders.

On February 28, Israeli ground forces launched an assault on West Bank refugee camps that they said were “bases of terror infrastructure,” beginning a three-week reoccupation of Palestinian areas. Suicide bombers and gunmen from Al Aqsa, the PIJ, Hamas, and the PFLP continued to exact a high toll on Israelis.

President Bush sent General Zinni back to the region. On March 14, President Bush said, “it’s not helpful what the Israelis have recently done (reoccupy Palestinian-controlled areas) in order to create conditions for peace.” On March 15, the State Department spokesman called for a full Israeli withdrawal to facilitate Zinni’s work. Israel withdrew by March 19. After March 20, Hamas or the Al Aqsa Martyrs Brigades again perpetrated daily suicide bombings.

On March 27, Saudi Crown Prince Abdullah proposed that the Arab League summit offer “normal relations and security for Israel in exchange for full withdrawal from the occupied Arab territories, recognition of an independent Palestinian state with al-Quds al Sharif (Noble Jerusalem) as its capital, and the return of refugees.” The summit’s Beirut Declaration [http://www.Saudiembassy.net/press_release/statements/02-ST-0328-Beirut.htm] endorsed the plan. The summit communique also saluted the Palestinian *intifadah* against occupation and called for stopping the establishment of ties with Israel.

Also on March 27, a Hamas suicide bomber attacked an Israeli hotel in Netanya, killing 27 and wounding 130. The Israeli cabinet declared Arafat “an enemy” and, on March 29, sent troops to besiege his compound in Ramallah, beginning war on the “terrorist infrastructure.” Within a week, Israeli forces controlled all major Palestinian-ruled West Bank cities. U.N. Security Council Resolution 1402, March 30, called on the parties to move immediately to a meaningful cease-fire and on Israel to withdraw.

On April 4, President Bush delivered a speech on the Middle East [<http://www.whitehouse.gov/news/releases/2002/04/20020404-1.html>], chastising Arafat, Arab nations, and Israel, and urging Israel to begin withdrawing from Palestinian areas. The President sent Powell to the region to seek international support for his vision, implementation of Resolution 1402, and the Tenet and Mitchell plans. On April 6, President Bush emphasized that Israel must withdraw its forces “without delay.” Sharon said that Israel would “make every effort to accelerate” its mission but later said that the army would operate until the “terrorist infrastructures are uprooted.” Secretary Powell met moderate Arab, U.N., and EU leaders and representatives. The Arabs demanded Israel’s withdrawal, U.S. recognition that Arafat is the main negotiator for the Palestinians, and that the United States deal with security and political goals at the same time. Powell subsequently said that he would meet with Arafat as “the leader of the Palestinian people.” Powell arrived in Israel on April 10. During his visit, there were suicide bombings in Haifa and Jerusalem. On April 14, Sharon proposed that the United States host a regional conference to which Israel, Egypt, Saudi Arabia, Jordan, Morocco, and “Palestinian representatives,” but not Arafat, would be invited. On April 15, Powell said that a conference might be a way to get to a political track quickly and that it could be held on a ministerial, not head of state, level. Before he left Israel on April 18, Powell emphasized a “comprehensive strategy”: security and freedom from terror and violence, serious and accelerated negotiations leading to a political settlement, and economic humanitarian assistance for the Palestinians.

On May 2, Secretary Powell, EU, U.N., and Russian officials (the “quartet”) proposed holding a foreign ministers’ conference in the summer to discuss how the PA reconstructs itself “in a way that is non-corrupt, that is democratic, that is transparent” and economic and humanitarian issues. To coincide with Sharon’s May 8 White House visit, Israel released documents that it said prove Arafat’s personal involvement in terrorism. The President emphasized the need to “provide the framework for the growth of a Palestinian state,” while Sharon said that it is premature to discuss a Palestinian state until he sees “real reform.” During the White House meeting, a Hamas suicide bomb went off south of Tel Aviv, killing 15 and wounding 57.

In a speech on May 14, Sharon again called for “the complete cessation of terror, violence, and incitement, and basic structural reforms in all areas of the Palestinian Authority” (PA) before negotiations for a settlement in stages, “including a lengthy intermediate stage in which relations between us and the Palestinians will be determined.” On May 15, Arafat called for “speedy preparations” to hold elections and for the restructuring of the PA “to fulfill the principle of separation of powers” and called “for a reevaluation of all our administrative and ministerial bodies, the security apparatuses....” The Palestinians later said that they would hold local elections in the fall and legislative and presidential elections in January 2003.

From mid-May through mid-June, suicide bombings were frequent, and Israeli forces repeatedly entered other Palestinian areas. Assistant Secretary of State for Near East Affairs Burns arrived in Israel on May 29 to consult regional leaders about reform of the PA and its leadership. CIA Director Tenet arrived in Israel on June 3 to discuss security with the Palestinians. President Bush indicated that the visits were part of a strategy to combine security and democratization as the underpinnings of a Palestinian state.

After meeting Sharon again on June 9, President Bush said that conditions were not ripe for a ministerial meeting because “no one has confidence in the emerging Palestinian government.” He said that “first there had to be institutions to give the Palestinian people hope and Israel confidence that the emerging government will be someone with whom they can deal.” On June 10, Israeli forces reentered Ramallah.

On June 18, a Hamas suicide bomber exploded on a bus in Jerusalem, killing 19 and wounding over 70. On June 19, the Israeli cabinet declared, “Israel will respond to acts of terror by capturing PA territory. These areas will be held as long as terror continues. Additional acts of terror will lead to the taking of additional areas.” Israeli troops then entered 6 West Bank cities. On June 19, an Al Aqsa suicide bomber exploded in Jerusalem, killing 6 and injuring 35. On June 21, a PFLP terrorist infiltrated a West Bank settlement, killing 5. The Israeli security cabinet ordered the IDF to reenter Palestinian neighborhoods and act against terror “as long as it is needed.”

On June 24, President Bush called on the Palestinians to elect new leaders “not compromised by terror” and to build a practicing democracy. He said that when the Palestinians have new leaders, new institutions, and new security arrangements with their neighbors, then the United States will support the creation of a Palestinian state, whose borders and certain aspects of sovereignty will be provisional until a final settlement. He asserted that the United States will not support the establishment of a Palestinian state until its leaders engage in a sustained fight against terrorists. He added, “as we make progress toward security, Israeli forces need to withdraw fully to positions they held prior to September 28, 2000 ... and settlement activity must stop.” The President envisaged a final settlement within 3 years negotiated by the parties “based on U.N. Resolutions 242 and 338, with Israeli withdrawal to secure and recognized borders.” (See White House press release [<http://www.whitehouse.gov/news/releases/2002/06/20020624-3.html>].) National Security Advisor Rice maintained, “If a leadership emerges that will not deal with the problem of terrorism, the United States can do nothing to move this process forward.”

Secretary of State Powell said that he is willing to consider elevating Arafat to the position of figurehead president, while vesting power in a prime minister, but said that Arafat has no place in future peace talks. Powell indicated that the Administration would talk with the new Palestinian finance and interior ministers, although they were appointed by Arafat.

Violence continues, as does Israel’s reoccupation of the West Bank and restrictions on the Palestinians. On July 16, in the first attack since June 20, a bomb was detonated under an Israeli bus near Qalqilya. Then, terrorists disguised as Israeli soldiers fired on passengers, killing 8 and injuring 20. On July 17, a double suicide bombing by Islamic Jihad killed 5 and injured 40 in Tel Aviv. On July 21, an Israeli F-16 fighter plane dropped a one-ton bomb into a Gaza residential area, killing a Hamas’s military wing founder and 16 civilians, 9 of them children, and wounding 140. On July 30, an Al Aqsa Martyrs Brigades suicide bomber

killed himself and injured 7 in Jerusalem. On July 31, Hamas set off a bomb at the Hebrew University in Jerusalem, killing 7, including 5 Americans, and wounding 80. On August 4, a Hamas suicide bomber exploded on a bus near Safed, killing 9 and injuring more than 50. On August 5, Israel announced a total ban on Palestinian travel in the northern West Bank and blocked the southern Gaza city of Rafah with tanks. The Israeli Supreme Court approved the destruction without notice of homes of relatives of suicide bombers.

Israel-Syria. Syria seeks to regain sovereignty over the Golan Heights, 450 square miles of land along the border that Israel seized in 1967. Israel applied its law and administration to the region in December 1981, an act other governments do not recognize. Syria initially referred to its goal as an end to the state of belligerency, not a peace treaty, preferred a comprehensive Arab-Israeli peace, and disdained separate agreements between Israel and Arab parties. Israel emphasized peace, defined as open borders, diplomatic, cultural, and commercial relations, security, and access to water resources.

In 1992, Israel agreed that 242 applies to all fronts. Syria submitted a draft declaration of principles, reportedly referring to a “peace agreement.” Israeli Prime Minister Rabin accepted withdrawal on the Golan, without defining it, pending Syria’s definition of “peace.” On September 23, 1992, the Syrian Foreign Minister promised “total peace in exchange for total withdrawal.” Israel offered only “withdrawal.” In 1993, Syrian President Asad announced interest in peace and suggested that bilateral tracks might progress at different speeds. In June, Secretary Christopher said that the United States might be willing to guarantee security arrangements in the context of a sound agreement on the Golan.

On January 16, 1994, President Clinton reported that Asad had told him that Syria was ready for talks about “normal peaceful relations” with Israel. The sides inched toward each other on a withdrawal and normalization timetable. Asad again told President Clinton on October 27 that he was committed to normal peaceful relations in return for full withdrawal. Israeli and Syrian chiefs of staff met in December.

On March 20, 1995, ambassadorial talks resumed. On May 24, Israel and Syria announced terms of reference for senior military experts to meet under U.S. auspices. Syria reportedly conceded that demilitarized and thinned-out zones may take topographical features into account and be unequal, if security arrangements were equal. Chiefs of staff discussed principles for security arrangements. Israel offered Syria an early-warning ground station in northern Israel in exchange for Golan stations, but Syria insisted on aerial surveillance only and that each country monitor the other from its own territory and receive U.S. satellite photographs. It was proposed that Syria demilitarize 6 miles for every 3.6 miles Israel demilitarizes. Rabin said that Israeli troops must man early-warning stations on the Golan after its return to Syria. Syria said that this would infringe on its sovereignty, but a government-controlled media commentary accepted international or friendly forces in the stations. Talks resumed at the Wye Plantation in Maryland in December 1995, but were suspended when Israeli negotiators went home after terrorist attacks in February/March 1996.

The new Israeli government called for negotiations, but said that the Golan is essential to Israel’s security and water needs and that retaining sovereignty would be the basis for an arrangement with Syria. Netanyahu suggested a Lebanon-first approach. Asad refused, and would not agree to talks unless Israel honored prior understandings, claiming that Rabin had promised total withdrawal to the June 4, 1967 border (as opposed to the international border

of 1923). Israeli negotiators contend that Rabin had suggested full withdrawal was possible only if Syria met Israel's security and normalization needs and those needs were not met. On January 26, 1999, the Israeli Knesset passed a law requiring a 61-member majority and a national referendum to approve the return of any part of the Golan Heights to Syria.

In June, Prime Minister-elect Barak and Asad exchanged compliments through a British writer. In July, Syrian Vice President Khaddam told radical Palestinian groups to end their armed struggle against Israel and Syria prevented Hizballah from firing rockets into Israel, but not from targeting Israeli forces in south Lebanon. Israel and Syria agreed to restart talks from "the point where they left off," with each side defining the point to its satisfaction. Barak and Syrian Foreign Minister Shar'a led delegations which met in Washington on December 15-16, 1999, and in Shepherdstown, WV from January 3-10, 2000. President Clinton intervened. On January 7, the United States presented a summary of points of accord and discord. As published by an Israeli newspaper, it revealed Israel's apparent success in delaying discussion of borders and winning concessions on normal relations and an early-warning station. Reportedly because of Syrian anger over the leak of the document, talks scheduled to resume on January 19, 2000, were "postponed indefinitely."

On March 26, President Clinton met Asad in Geneva. A White House spokesman reported "significant differences remain" and said that it would not be productive for talks to resume. Barak indicated that disagreements centered on Israel's reluctance to withdraw to the June 1967 border and cede access to the Sea of Galilee, on security arrangements, and on the early-warning station. Shar'a agreed that the border/Sea issue had been the main obstacle. Asad died on June 10; his son, Bashar, succeeded him. Ariel Sharon became Prime Minister of Israel in February 2001 and vowed to retain the Golan Heights.

Israel-Lebanon. As called for by Security Council Resolution 425, Lebanon sought unconditional Israeli military withdrawal from the 9-mile "security zone" in southern Lebanon and the end of Israel's support for militias in the south and of shelling of villages that Israel claimed were sites of Hizballah activity. Israel claimed no Lebanese territory but sought security and said that it would withdraw when the Lebanese army controlled the south and prevented Hizballah attacks on northern Israel. Lebanon repeatedly sought a withdrawal schedule in exchange for addressing Israel's security concerns. The two sides never agreed. Syria, which dominates Lebanon, said that Israel-Syria progress should come first. In July 1993, Israel conducted a large assault to stop Hizballah attacks; 250,000 people fled south Lebanon. Secretary of State Christopher arranged a cease-fire. In March/April 1996, Israel again attacked Hizballah targets, and Hizballah fired rockets into northern Israel. An April 26 cease-fire accord barred Hizballah attacks into Israel and Israeli attacks on civilian targets in Lebanon and all attacks on civilians or civilian areas. Each side retained the right of self-defense. U.S., French, Syrian, Lebanese, and Israeli representatives monitored the cease-fire.

On January 5, 1998, Defense Minister Mordechai said that Israel was ready to withdraw from southern Lebanon if the second part of Resolution 425, calling for the restoration of peace and security in the region, were implemented. He and Netanyahu then proposed that Israel withdraw in exchange for security, not peace and normalization. On April 1, the Israeli cabinet accepted 425. Lebanon and Syria called for an unconditional Israeli withdrawal. Violence in northern Israel and southern Lebanon increased in November and December, prompting the Israeli cabinet to reaffirm its opposition to a unilateral withdrawal twice. In April 1999, Israel "downsized" its force in Lebanon. In June, the Israeli-allied South

Lebanese Army withdrew from Jazzin, north of the security zone. New Prime Minister Barak promised to withdraw from southern Lebanon in one year, or by July 7, 2000, while maintaining security for northern Israel.

On September 4, 1999, Lebanese Prime Minister Al-Hoss confirmed his country's commitment to 425 and support for the "resistance" against the occupation, i.e., Hizballah. He argued that Palestinian refugees residing in Lebanon have the right to return to their homeland, and rejected their implantation in Lebanon. Al-Hoss did not accept Secretary of State Albright's statement that Palestinian refugees in Lebanon will be a subject of Israeli-Palestinian final status talks, insisting that Lebanon should be a party to such talks.

On March 5, 2000, the Israeli cabinet voted to withdraw from southern Lebanon by July. Lebanon warned that it would not guarantee security for northern Israel unless Israel also withdrew from the Golan and worked to resolve the refugee issue. On April 17, Israel informed the U.N. of its plan. On May 12, Lebanon informed the U.N. that Israel's withdrawal would not be complete unless it included Sheba'a farms near the Golan. On May 23, the U.N. Secretary General noted that almost all of Sheba'a is within the area of operations of the U.N. Disengagement Observer Force (UNDOF) overseeing the 1974 Israeli-Syrian disengagement, and recommended proceeding without prejudice to later border agreements. On May 23, the SLA collapsed, and on May 24 Israel completed its withdrawal. Hizballah took over the former security zone. On June 18, the U.N. Security Council agreed that Israel had withdrawn. The U.N. Interim Force in Lebanon (UNIFIL) began to deploy to the border region in July, but only 400 U.N. troops deployed by December because the Lebanese army had failed to back them against Hizballah. (See CRS Report RL31078, *The Shi'ba Farms Dispute and Its Implications*.)

On October 7, Hizballah shelled northern Israel and captured three Israeli soldiers. (Israel has since declared them to be dead.) On October 16, Hizballah announced that it had captured an Israeli colonel. On November 13, U.N. Security Council members said that Lebanon was obliged to "take effective control of the whole area vacated by Israel" On April 16 and July 2, 2001, Israel, claiming Syria controls Hizballah, bombed Syrian radar sites in Lebanon after Hizballah attacked its soldiers in Sheba'a. In April, the U.N. warned Lebanon that unless it deployed to the border, UNIFIL would be diminished or phased out. On January 28, 2002, the Security Council voted to cut UNIFIL to 2,000 by the end of 2002.

During Israel's massive military operations against Palestinian-ruled areas, on March 29 and subsequently, Hizballah shelled Israeli positions in Sheba'a and northern Israel. Israel responded with air strikes, and was concerned about a possible second front. At Israel's request, U.N. Secretary General Annan contacted the Syrian and Lebanese Presidents, and on April 8, Vice President Cheney called President Asad to warn him that the situation could spiral out of control. Syria denied that it or Lebanon is interested in opening a second front. On April 12, Secretary Powell visited Israel's northern command and called on Syria to curb Hizballah. On April 15, Powell visited Lebanon and Syria to urge them to act immediately to stop the attacks. The shelling stopped for some days and then resumed.

Israel-Jordan. Of Jordan's 3.4 million people, 55 to 70% are Palestinian; government figures acknowledge 40%. An estimated 300,000 Palestinians displaced by the Gulf War fled to Jordan. Jordan hoped an Israel-Palestinian accord would ease its economic problems by producing international aid. Jordan would not ratify a June 1993 agenda on water, energy,

environment, and economic matters before other Arab parties reached accords. It was initialed on September 14, 1993, after the Israeli-Palestinian DOP was signed.

Rabin reportedly met King Hussein secretly on September 26, 1993. On October 1, Crown Prince Hassan, Foreign Minister Peres, and President Clinton agreed to set up a Trilateral Economic Committee. In June 1994, Israel and Jordan held talks on boundaries, water, energy, moving talks to the region, and trade and economic relations. Rabin and King Hussein opened a border crossing for third country tourists on August 8. A peace treaty was signed on October 26 (see **Agreements** below). The border was demarcated and Israel withdrew from Jordanian land on February 9, 1995. More agreements followed.

On March 9, 1997, King Hussein charged that Netanyahu was “bent on destroying the peace process...” On September 25, 1997, Israeli agents failed to assassinate a Hamas official in Jordan. King Hussein demanded that Israel release Hamas founder Shaykh Yasmin, which it did on October 1, with 70 Jordanian and Palestinian prisoners in exchange for the detained agents. On December 5, 1998, the King again lambasted Netanyahu. He called for Jordan-Palestinian coordination, observing that many final status issues are Jordanian national interests. King Hussein died on February 7, 1999.

On February 28, 1999, Netanyahu and King Abdullah II reaffirmed their dedication to peace. Abdullah has said that the Palestinians should administer the Muslim holy sites in Jerusalem, a traditional responsibility of the Jordanian royal family, but rejected a Jordanian-Palestinian confederation. He indicated that warmer relations with Israel depend upon progress toward peace with the Palestinians and Syria, and proposed that Jerusalem be an Israeli and a Palestinian capital. On November 21, 2000, Jordan stopped accreditation of its new ambassador to Israel because of Israel’s “aggression” against the Palestinians.

Significant Agreements

Israel-PLO Mutual Recognition. On September 9, 1993, Arafat recognized Israel’s right to exist, accepted U.N. Security Council Resolutions 242 and 338, the Middle East peace process, and the peaceful resolution of conflicts. He renounced terrorism and violence and undertook to prevent them, stated that articles of the Palestinian Charter that contradict his commitments are invalid, undertook to submit Charter changes to the Palestine National Council, and called upon his people to reject violence. Rabin recognized the PLO as the representative of the Palestinian people and agreed to negotiate with it.

Declaration of Principles. On August 29, 1993, Israel and the Palestinians announced that they had agreed on a Declaration of Principles on interim self-government for the West Bank and Gaza on August 19, after secret negotiations in Oslo, Norway, since January 1993. Effective October 13, it called for Palestinian self-rule in Gaza and Jericho; transfer of authority over education, culture, health, social welfare, direct taxation, and tourism in the West Bank and Gaza to Palestinians; election in 9 months of a Palestinian Council with jurisdiction over the West Bank and Gaza; Palestinian residents of East Jerusalem will vote; Israeli troops to redeploy from Palestinian population centers before the election and further as Palestinian police assume responsibility for public order; joint Israeli-Palestinian committees for issues such as economic cooperation and dispute resolution; the parties to invite Jordan and Egypt to establish cooperative arrangements that will decide

modalities of admission of persons displaced in 1967, etc. During the interim period, Israel responsible for external security, settlements, Israelis, and foreign relations. Permanent status negotiations will begin in the third year of interim rule and may include Jerusalem.

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

Agreement on the Gaza Strip and the Jericho Area. Signed on May 4, 1994, provides for Israeli withdrawal from Gaza/Jericho to begin immediately and to be complete within three weeks. Israel to evacuate all military bases, hand them over to Palestinian police, and redeploy to settlements and military installations. Israelis may use roads within Gaza/Jericho and Palestinians may use public roads crossing settlements. Palestinian police to be responsible for public order and internal security. Authority to be transferred from the Israeli military government and civil administration to the PA. The PA will consist of 24 members with legislative and executive powers and established administrative units. The Authority's territorial jurisdiction includes land, subsoil, and territorial waters. Israel retains jurisdiction over foreign relations, external security, and security of settlements. The PLO may conclude economic, assistance, and regional development agreements with international organizations and foreign states. The PA may promulgate laws, regulations, and other legislative acts. The Palestinians may have a police force, but not other armed forces. Israel is to release 5,000 Palestinian prisoners within five weeks and negotiate release of others. The parties agree to a Temporary International Presence of 400 for 6 months. The accord began the 5-year period of interim self-rule.

The Washington Declaration. Signed on July 25, 1994. Terminates state of belligerency; King Hussein declared an end to the state of war at the signing ceremony.

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

Israeli-Palestinian Interim Agreement, West Bank — Gaza Strip. (Also called the Taba Accords or Oslo II.) Signed on September 28, 1995. Annexes deal with security arrangements, elections, civil affairs, legal matters, economic relations, Israeli-Palestinian cooperation, and the release of Palestinian prisoners. Negotiations on permanent status and relations with neighboring countries will begin in May 1996. An 82-member Palestinian Council and Head of the Council's Executive Authority will be elected after Israeli redeployment from populated areas in the West Bank. Palestinian residents of Jerusalem will participate in the elections by mail and may stand for election if they have a

second address in the West Bank or Gaza. The Israeli Defense Force will redeploy from Jenin, Nablus, Tulkarm, Qalqilyah, Ramallah, and Bethlehem, and 450 towns and villages. Israel will redeploy in Hebron, except where necessary for security of Israelis. Israel will be responsible for external security and the security of Israelis and settlements. Palestinians will be totally responsible for Area "A," the six cities. Israeli responsibility for overall security will have precedence over Palestinian responsibility for public order in Area "B," Palestinian towns and villages. Israel will retain full responsibility in Area "C," unpopulated areas.

Further redeployments will take place in 6-month intervals following the Council's inauguration, with Palestinians gaining territorial jurisdiction over more of Area C, subject to land rights of Israelis and provision of services to settlements. Palestinian Charter articles calling for the destruction of Israel will be revoked within two months of the Council's inauguration. Israel and the Palestinians will cooperate against terrorism. Palestinians will have a police force of 12,000, issue arms' permits, and confiscate illegal arms. Israelis may not be arrested by Palestinian police. Responsibility for religious sites will be transferred to the Palestinians, with freedom of access and of worship guaranteed. Israel will increase water allocated to Palestinians. Further increases to be based on increases in resources developed through international funding and channels, including the U.S.-Palestinian-Israeli forum. Israel will release Palestinian prisoners in three stages: upon signing of the agreement, on the eve of elections, and according to other principles to be established. Economic Annex of the Gaza-Jericho Agreement, with minor changes, is incorporated.

Protocol Concerning the Redeployment in Hebron. Initialed by Israel and the PA on January 15, 1997. Details security arrangements. In Notes for the Record, Israel agreed to prisoner release in accordance with the Interim Agreement (above) and to resume negotiations on safe passage between Gaza and the West Bank, Gaza Airport and port, economic, and other issues. The Palestinians reaffirmed their commitment to revise their Charter, to fight terror, and to keep police force size in line with the Interim accord. Permanent status negotiations were to resume within two months after implementation of the Protocol. Christopher wrote a letter to Netanyahu, stating that it remains U.S. policy to promote full implementation of the Interim Agreement and that he had advised Arafat that Israeli redeployments would be completed no later than mid-1998— defined by U.S. Special Envoy Ross as August 1998.

Wye River Memorandum. Signed on October 23, 1998. Delineates steps to be taken over a 12-week period to complete implementation of the Interim Agreement and of agreements specified in Notes for the Record that accompanied the Hebron Protocol. Israel will redeploy from territories in the West Bank in exchange for Palestinian security measures. The PA will have complete or shared responsibility for 40% of the West Bank, of which it will have complete control of 18.2%. Palestinians ensure systematic combat of terrorist organizations and their infrastructure. Their work plan will be shared with the United States. A U.S.-Palestinian committee will review steps to counter terrorism. The Palestinians will prohibit illegal weapons. The Palestinians will prohibit incitement to violence and terror and establish mechanisms to act against provocateurs.

A U.S.-Palestinian-Israeli committee will monitor incitement and recommend how to prevent it. Israeli-Palestinian security cooperation will be full, continuous, and comprehensive. A trilateral committee will meet not less than biweekly to assess threats and deal with impediments to cooperation. The Palestinians will provide a list of their policemen

to the Israelis. The PLO Executive and Central Committees will reaffirm the January 22, 1998, letter from Arafat to President Clinton that specified articles of the Palestinian Charter that had been nullified in April 1996. The Palestine National Council will reaffirm these decisions. President Clinton will address this conclave. The two sides agreed on a Gaza industrial estate and on a protocol for opening the Gaza airport. They agreed to work to agree on safe passage between the Gaza Strip and West Bank and on a Gaza seaport. Permanent status talks will resume when the Memorandum takes effect. A time line is an “integral attachment” to the Memorandum. U.S. officials provided both sides with letters of assurance regarding U.S. policies. (See CRS Report 98-911, *Israeli-Palestinian Peace Process: The Wye River Memorandum*.)

Sharm al-Shaykh Memorandum. (Also called Wye II.) Signed on September 4, 1999. Agreed to resume permanent status negotiations in an accelerated manner by September 13, to make a determined effort to conclude a framework agreement on permanent status issues in five months, and to conclude a comprehensive agreement on permanent status within one year or by September 13, 2000. They also agreed on other Wye issues. (See CRS Report RS20341, *Israeli-Palestinian Peace Process: The Sharm el Sheikh Memorandum*.)

Role of Congress

Aid. (See also CRS Report RS20895, *Palestinians: U.S. Assistance*, and RL31342, *Middle East: U.S. Foreign Assistance, FY2001, FY2002, and FY2003 Request*.) In 1993, President Clinton said that the United States would compensate Israel for risks involved in peace and would provide “seed money” for the PA. The Middle East Peace Facilitation Act (MEPFA) (P.L. 103-236, April 30, 1994, Title X) granted the President authority to suspend provisions of laws affecting the PLO in the national interest and if the PLO is abiding by commitments made in letters to Israel and Norway and under the DOP. The State Department reported that the PLO honored its commitments, with shortcomings, and asserted that suspensions were in the U.S. national interest, enabling U.S. support for the peace process and interaction with all parties. MEPFA was extended with additional requirements, until August 12, 1997, then it was included in annual foreign operations appropriations legislation. P.L. 107-115, January 10, 2002, the Foreign Operations Appropriations Act for 2002, prohibits the provision of funds to the PA unless the President certifies that it is important to U.S. national security interests. S. 2779 (S.Rept. 107-219, July 24, 2002), the Foreign Operations bill for FY2003, contains the same conditions regarding aid to the Palestinians as in prior years. On February 7, 2002, President Bush said that he had budgeted \$300 million for non-governmental organizations to improve the conditions of Palestinians who are not involved in terror. P.L. 107-206, August 2, 2002, a supplemental appropriation for FY2002 provides \$200 million in aid to Israel to combat terrorism and \$50 million in humanitarian aid to the Palestinians, not to the PA. S. 2432, introduced on May 1, would prohibit the use of FY2003 funds to support the PA or any private voluntary organization for projects related to the PA or located in Palestine that would otherwise be undertaken by the PA pending cessation of terrorist activities by the PA.

Jerusalem. Jerusalem is a subject for final status negotiations. Israel annexed the city in 1967 to be its eternal, undivided capital. Palestinians seek East Jerusalem as their capital. U.S. Administrations have maintained that it is up to the parties to determine its fate. H.Con.Res. 60, June 10, 1997, and S.Con.Res. 21, May 20, 1997, called on the

Administration to affirm that Jerusalem must remain the undivided capital of Israel. Congress prohibits official U.S. government business with the PA in Jerusalem and the use of appropriated funds to create U.S. government offices in Israel to conduct business with the PA. (See, P.L. 107-115, January 10, 2002.)

A related issue is the relocation of the U.S. Embassy from Tel Aviv to Jerusalem. Proponents argue that Israel is the only country where a U.S. embassy is not in the capital, that Israel's claim to West Jerusalem, proposed site of an embassy, is unquestioned, and that Palestinians must be disabused of their hope for a capital in Jerusalem. Opponents say a move would undermine the peace process, U.S. credibility in the Islamic world and with Palestinians, and prejudice final status. P.L. 104-45, November 8, 1995, provided for the relocation of the embassy by May 31, 1999, but granted the President authority, in national security interest, to suspend limitations on State Department expenditures that would be imposed if the embassy did not open. Presidents Clinton and Bush each used the authority three times. (See CRS Report RS20339, *Jerusalem: The U.S. Embassy and P.L. 104-45*.) H.Con.Res 30, introduced on February 13, 2001, urges the President to begin the relocation process, as does H.R. 1646, passed in the House on May 16.

Compliance/Sanctions. S.Con.Res. 88 and H.Con.Res. 280, both passed on December 5, 2001, demand that the PA act against terrorists and urge the President to suspend relations with Arafat and the PA if it does not. P.L. 107-115, January 10, 2002, Sec. 566 left it to the President to assess PLO/PA compliance with its 1993 commitments and, if there has not been compliance, to impose sanctions for 6 months. On May 7, the State Department transmitted to Congress a report mandated by the PLO commitments Compliance Act (P.L. 101-246), that contained information relevant to P.L. 107-115, Section 566. The Department said that because "an explicit determination at this time would not serve the national security interests," it did not make one. The report covered July 20 to December 13, 2001, and concluded that the Palestinians' record regarding its commitments is mixed, while describing PLO/PA actions and inactions negatively. H.R. 3624, introduced on January 24, 2002, would prohibit direct or indirect assistance to the PA or any instrumentality of the PA. H.R. 3743, introduced on February 13, would impose restrictions on PLO diplomats in the United States. In a March 14 letter, 130 House Members urged President Bush to label Al Aqsa Martyrs Brigades, Tanzim, and Force 17 "foreign terrorist organizations" (FTO). The Administration soon designated Al Aqsa an FTO. S. 2194, introduced on April 18, would hold the PLO and PA accountable, by denying visas to Arafat and Palestinian officials, downgrading PLO representation in the United States, imposing travel restrictions on the PLO U.N. representative, and seizing PLO assets. Secretary Powell convinced Senators to postpone consideration of the S. 2194. H.R. 4693, introduced on May 9, contains the same provisions as S. 2194. On July 11, at Subcommittee on Middle East and South Asia hearings, Deputy Assistant Secretary of State Satterfield advised Members against punishing Arafat and the PA because it would undermine U.S. relations with Arab allies "by bolstering segments of Arab public opinion that are already very critical of their regimes' warm relations with the U.S."