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The Middle East Peace Talks

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The Middle East Peace Talks

SUMMARY

After the first Gulf war, in 1991, a new peace process was begun, with Israel and the Palestinians discussing a five-year period of interim self-rule leading to a final settlement. Israel and Syria discussed Israeli withdrawal from the Golan Heights in exchange for peace. Israel and Jordan discussed relations. Israel and Lebanon focused on Israel's withdrawal from its self-declared security zone in south Lebanon and reciprocal Lebanese actions.

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

Israel suspended talks with Syria in February/March 1996. They resumed in December 1999, but were postponed indefinitely after January 2000. Israel withdrew from south Lebanon on May 24, 2000.

The Palestinians and Israelis signed additional incremental accords in 1997, 1998, and 1999. From July 11 to 24, 2000, President Clinton held a summit with Israeli and Palestinian leaders at Camp David, but they did not succeed in producing an accord. A Palestinian uprising or intifadah began in September. Ariel Sharon was elected Prime Minister of Israel on February 6, 2001. He said that the results of Camp David and afterwards were null and void.

The international war against terrorism after September 11, 2001, prompted renewed U.S. focus on a peace process. On June 24, 2002, President Bush declared, "peace requires new and different Palestinian leadership so that a Palestinian state can be born." On April 30, 2003, the United States, the U.N., European Union, and Russia (the Quartet) presented a "Roadmap" to Palestinian statehood within three years. It has not been implemented. In December 2003, Sharon proposed to unilaterally disengage from the Palestinians in Gaza and four small settlements in the West Bank. Palestinian Authority (PA) Chairman/President Yasir Arafat died on November 11, 2004, and, on January 9, 2005, Mahmud Abbas was elected to succeed him. On August 23, Israel completed its disengagement from the Gaza Strip and four West Bank settlements. Since Hamas won the January 2006 Palestinian parliamentary elections, Israeli officials have set out plans to unilaterally disengage from more of the West Bank.

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

MOST RECENT DEVELOPMENTS

On April 26, 2006, Palestinian President Mahmud Abbas called for an immediate international peace conference with himself as the Palestinian negotiator. He said that the Hamas-led Palestinian Authority (PA) government elected in January is not an obstacle to negotiations because the Palestine Liberation Organization (PLO), which he heads, has the mandate to negotiate as it had all previous agreements. He also has noted that he is empowered as the democratically elected leader of the Palestinians. In response, an Israeli spokesman cited the Road Map, which does not call for an international conference until its final phase, as the best way to move forward.

Meanwhile, Hamas officials have said that for negotiations to begin, Israel must accept withdrawal from territories occupied in 1967, including East Jerusalem, recognition of the refugees' right to return, the release of prisoners, and the dismantling of the (security) wall. Imprisoned Fatah, Hamas, and other leaders drafted a "National Accord Document" calling for a Palestinian state on territories that Israel occupied in 1967 and for the "resistance" to focus those lands. It says the President is responsible for negotiating an agreement with Israel that should be put to a vote by the Palestinian National Council or a referendum. Abbas accepted the document, but Hamas officials rejected any recognition of pre-1967 Israel.

On May 4, a new Israeli government took office, with guidelines vowing to strive to shape the permanent borders of the State of Israel as a democratic Jewish state, with a Jewish majority. Although preferring to achieve this goal through negotiations, the government would act to determine borders in their absence. Prime Minister Ehud Olmert said that the security fence will be adapted to conform to the borders in both east and west. The PLO rejects the Olmert Plan as aimed at undermining the Palestinian people's right to a state in all territories occupied in 1967, with Jerusalem as its capital.

BACKGROUND AND ANALYSIS

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

U.S. Role

With the Gulf war in 1991, President George H.W. Bush declared solving the Arab-Israeli conflict among his postwar goals. On March 6, 1991, he outlined a framework for peace based on U.N. Security Council Resolutions 242 and 338 and the principle of “land for peace.” Secretary of State Baker organized a peace conference in Madrid in October 1991 that launched almost a decade of the “Oslo process” efforts to achieve peace. It continued under President Clinton, who said that only the region’s leaders can make peace and vowed to be their partner. With the Hebron Protocol of 1997, however, the United States seemed to become an indispensable and expected party to Israeli-Palestinian talks. Clinton mediated the 1998 Wye River Memorandum, and the United States coordinated its implementation. Clinton personally led negotiations at Camp David in 2000.

The current Bush Administration initially sought a less prominent role, and Secretary of State Powell did not appoint a special Middle East envoy. Since the September 11, 2001, the Administration has focused on the peace process as part of the war on terrorism. Secretary Rice also has not appointed a special envoy, asserting, “Not every effort has to be an American effort. It is extremely important that the parties themselves are taking responsibility.” Nonetheless, she has actively encouraged Israelis and Palestinians to act and mediated a November 2005 accord to reopen the border crossing between Gaza and Egypt.

Conference and Developments

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

Bilateral Talks

Israel-Palestinians. (Incidents of violence are noted selectively.) In November 1991, Israel and the Jordanian/Palestinian delegation agreed to separate Israel-Jordan and Israel-Palestinians negotiating tracks, the latter to address a five-year period of interim Palestinian self-rule in the West Bank and Gaza Strip. In the third year, permanent status negotiations were to begin. On August 9, 1993, Palestinian negotiators were appointed to a PLO coordination committee, ending a charade that had distanced the PLO from the talks. Secret talks in Oslo in 1993 produced an August 19 agreement on a Declaration of Principles, signed September 13, 1993. (See Significant Agreements, below, for summaries of and links to accords reached between 1993 and 2000.)

President Clinton, Israeli Prime Minister Barak, and Palestinian Authority (PA) Chairman Arafat held a summit at Camp David, from July 11 to July 24, 2000, to forge a framework accord on final status issues. They did not succeed. The parties had agreed that there would be no agreement unless all issues were resolved. Jerusalem was the major obstacle. Israel proposed that it remain united under its sovereignty, leaving the Palestinians

control, not sovereignty, over East Jerusalem and Muslim holy sites. Israel was willing to cede more than 90% of the West Bank, wanted to annex settlements where about 130,000 settlers lived, and offered to admit thousands of Palestinian refugees in a family unification program. An international fund would compensate other refugees as well as Israelis from Arab countries. The Palestinians reportedly were willing to accept Israeli control over the Jewish quarter of Jerusalem and the Western Wall, but sought sovereignty over East Jerusalem, particularly the Haram al-Sharif/Temple Mount, a site holy to Jews and Muslims.

On September 28, Israeli opposition leader Ariel Sharon, with 1,000 security forces, visited the Temple Mount/Haram al-Sharif. Palestinians protested, and Israel responded forcefully. The second Palestinian *intifadah* or uprising began. On October 12, a mob in Ramallah killed two Israeli soldiers, provoking Israeli helicopter gunship attacks on Palestinian official sites. An international summit in Sharm al-Shaykh, Egypt, on October 16 set up a commission under former Senator George Mitchell to look into the violence.

Barak resigned on December 10, triggering an early election for Prime Minister. Further negotiations were held at Bolling Air Force Base, December 19-23. On December 23, President Clinton suggested that Israel cede sovereignty over the Temple Mount/Haram al-Sharif and Arab neighborhoods in Jerusalem, 96% of the West Bank, all of the Gaza Strip, and annex settlement blocs in exchange for giving the Palestinians Israeli land near Gaza. Jerusalem would be the capital of two countries. The Palestinians would cede the right of refugees to return to Israel and accept a Jewish “connection” to the Temple Mount and sovereignty over the Western Wall and holy sites beneath it. Israeli forces would control borders in the Jordan Valley for three to six years, and then be replaced by an international force. The agreement would declare “an end to conflict.” (For text of speech, see the Israel Policy Forum website at [<http://www.israelpolicyforum.org/display.cfm?rid=544>].) Barak said he would accept the plan as a basis for further talks if Arafat did so. Arafat sought clarifications on contiguity of Palestinian state territory, the division of East Jerusalem, and refugees’ right of return, among other issues. The talks concluded at Taba, Egypt.

On February 6, 2001, Sharon was elected Prime Minister and vowed to retain united Jerusalem as Israel’s capital, the Jordan Valley, and other areas for security. Sharon’s associates asserted that the results of negotiations at and after Camp David were “null and void.” The Bush Administration said that Clinton’s proposals “were no longer United States proposals.” Sharon sought an interim agreement, not dealing with Jerusalem, Palestinian refugees, or a Palestinian state and, on April 13, said that he could accept a disarmed Palestinian state on 42% of the West Bank.

On April 30, the Mitchell commission made recommendations for ending violence, rebuilding confidence, and resuming negotiations. On June 12, the two sides agreed to CIA Director Tenet’s plan to cement a cease-fire. On June 28, they agreed to a seven-day period without violence followed by a six-week cooling-off period. Secretary Powell said Sharon would determine if violence abated. On August 8, a Hamas suicide bomber detonated in Jerusalem. On August 10, Israeli forces seized Orient House, the center of Palestinian national activity in East Jerusalem, and then repeatedly entered Palestinian territory. On August 27, Israel killed the Popular Front for the Liberation of Palestine’s (PFLP) leader.

On September 24, Sharon declared, “Israel wants to give the Palestinians what no one else gave them before, the possibility of a state.” On October 2, President Bush said, for the

first time, “The idea of a Palestinian state has always been part of a vision, so long as the right of Israel to exist is respected.” The PFLP assassinated Israel’s Minister of Tourism on October 17. On November 10, President Bush declared that the United States is “working toward the day when two states — Israel and Palestine — live peacefully together within secure and recognized borders....” Secretary Powell sent Anthony Zinni to work on a cease-fire, but violence impeded his mission. Israel confined Arafat in Ramallah on December 3. On December 7, Sharon doubted that an accord could be reached with Arafat, “who is a real terrorist....” On December 12, Hamas ambushed an Israeli bus in the West Bank and perpetrated two simultaneous suicide bombings in Gaza. Israel charged that Arafat was “directly responsible” for the attacks “and therefore is no longer relevant....”

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

On February 17, Saudi Crown Prince Abdullah unprecedentedly called for “full withdrawal from all occupied territories, in accord with U.N. resolutions, including Jerusalem, in exchange for full normalization of relations.” Sharon said that he was willing to explore the idea but it would be a “mistake” to replace U.N. resolutions affirming Israel’s right to “secure and recognized borders” with total withdrawal to pre-1967 borders.

On March 27, a Hamas suicide bomber exploded at a hotel in Netanya, killing 27 and wounding 130. Israel declared Arafat “an enemy” and besieged his compound in Ramallah; Israeli forces soon controlled all major Palestinian-ruled West Bank cities.

On May 2, the Quartet (i.e., U.S., EU, U.N., and Russian officials), proposed a conference on reconstructing the PA and related issues. After a Hamas suicide bombing near Tel Aviv, Sharon called for “the complete cessation of terror” before negotiations. After meeting Sharon on June 9, President Bush said that conditions were not ripe for a conference because “no one has confidence” in the Palestinian government. On June 24, the President called on the Palestinians to elect new leaders “not compromised by terror” and to build a practicing democracy. Then the United States will support the creation of a Palestinian state, whose borders and certain aspects of sovereignty will be provisional until a final settlement. He added, “as we make progress toward security, Israeli forces need to withdraw fully to positions they held prior to September 28, 2000 ... and settlement activity must stop.” The President foresaw a final settlement within three years. (For text of the speech online, see [<http://www.whitehouse.gov/news/releases/2002/06/20020624-3.html>].) On September 17, the Quartet outlined a preliminary “Roadmap” to peace.

On March 7, 2003, Arafat named Mahmud Abbas (aka Abu Mazen) Prime Minister. On April 14, Sharon allowed that Israel would have to part with some places bound up in the history of the Jewish people, but insisted that the Palestinians recognize the Jewish people’s right to its homeland and abandon their claim of a right of refugees to return to Israel. On April 14, Israel submitted 14 reservations on the Roadmap to U.S. officials. On April 30, the “Quartet” presented the Roadmap. Abbas accepted it. On May 23, the Administration stated that Israel had explained its concerns and that the United States shares the view “that these are real concerns and will address them fully and seriously in the implementation of the

Roadmap,” leading Sharon and his cabinet to accept “steps defined” in the Roadmap “with reservations” on May 25. The next day, Sharon declared, “to keep 3.5 million people under occupation is bad for us and them,” using the word occupation for the first time.

On June 4, the President met Abbas and Sharon in Aqaba, Jordan. Abbas vowed to achieve the Palestinians’ goals by peaceful means. Sharon expressed understanding of “the importance of territorial contiguity” for a viable Palestinian state and promised to “remove unauthorized outposts.” Abbas said that he would use dialogue, not force, with Palestinian groups. On June 29, Hamas and Palestine Islamic Jihad (PIJ) suspended military operations against Israel for three months, while Fatah declared a six-month truce. Israel was not party to the accord, but began withdrawing forces from Gaza. Abbas asked Sharon to release Palestinian prisoners, remove roadblocks, withdraw from more Palestinian cities, allow Arafat free movement, and end construction of a security fence in the West Bank. Israel demanded that the Palestinians dismantle terrorist infrastructures and act against terrorists.

On August 6, Israel released 339 prisoners. On August 19, a Hamas suicide bomber exploded in Jerusalem, killing 22, including 5 Americans, and injuring more than 130. Abbas cut contacts with Hamas and the PIJ, and unsuccessfully sought Arafat’s support to act against terrorists. Israel suspended talks with the Palestinians, halted plans to transfer cities to their control, and resumed “targeted killings” of terrorist leaders, among other measures. On September 6, Abbas resigned because of what he charged was lack of support from Arafat, the United States, and Israel. On September 7, Arafat named Palestinian Legislative Council Speaker Ahmed Qureia, known as Abu Ala, to be Prime Minister.

On October 15, a bomb detonated under an official U.S. vehicle in Gaza, killing three U.S. security guards and wounding a fourth. Palestinian authorities arrested members of Popular Resistance Committees — disaffected former members of the Palestinian security services and other groups. (They were freed in April 2004.)

Sounds of discontent with government policy were heard in Israel, culminating in the signing of the Geneva Accord, a Draft Permanent Status Agreement, (see [<http://www.heskem.org.il>]), by Israeli opposition politicians and prominent Palestinians on December 1. On December 18, Sharon declared that, “to ensure a Jewish and democratic Israel,” he would unilaterally disengage from the Palestinians by redeploying Israeli forces and relocating settlements in the Gaza Strip and intensifying construction of the security fence in the West Bank. On February 13, 2004, the White House said that an Israeli pullback “could reduce friction,” but that a final settlement “must be achieved through negotiations.” After an upsurge in violence, on March 22, Israeli missiles killed Hamas leader Shaykh Ahmed Yassin and others.

On April 14, President Bush and Sharon met and exchanged letters. (For text of letters, see [<http://www.whitehouse.gov>].) The President welcomed the disengagement plan and restated the U.S. commitment to the Roadmap. He noted the need to take into account changed “realities on the ground, including already existing major Israeli population centers,” (i.e., settlements), asserting “it is unrealistic to expect that the outcome of final status negotiations will be full and complete return to the armistice lines of 1949.” He said that a solution to the refugee issue will be found by settling Palestinian refugees in a Palestinian state, “rather than in Israel,” thereby rejecting a “right of return.” He called for a Palestinian state that is “viable, contiguous, sovereign, and independent.” Sharon presented his

disengagement plan as independent of but “not inconsistent with the Roadmap.” He said that the “temporary” security fence would not prejudice final status issues including borders. A day before, he had identified five large West Bank settlements and an area in Hebron that Israel will retain and strengthen. Palestinians denounced the President’s “legitimization” of settlements and prejudgement of final status. On April 19, Sharon’s chief of staff Dov Weisglass gave National Security Adviser Condoleezza Rice a written commitment to dismantle illegal outposts.

On June 6, Israel’s cabinet approved a compromise disengagement plan whereby Israel would evacuate all 21 settlements in the Gaza Strip and 4 settlements in the northern West Bank. On June 30, the Israeli High Court of Justice upheld the government’s right to build the security fence, but struck down some land confiscation orders for violating Palestinian rights and ordered the route to be changed. The government said that it would abide by the ruling. On July 9, the International Court of Justice (ICJ) issued a non-binding, advisory opinion that the wall violates international law. (For text, see [<http://www.icj-cij.org>].)

On October 6, Sharon’s aide Weisglass claimed that disengagement was aimed at freezing negotiations in order to “prevent the establishment of a Palestinian state and a debate regarding refugees, borders, and Jerusalem.”

Yasir Arafat died on November 11. Mahmud Abbas became Chairman of the PLO and a candidate for president. On January 9, 2005, Abbas won election as President of the PA. He called for implementing the Roadmap while beginning discussion of final status issues and cautioned against interim solutions designed to delay reaching a comprehensive solution.

Secretary of State Rice visited Israel and the PA on February 7. She praised the Israelis’ “historic” disengagement decision, discussed the need to carry out obligations concerning settlements and outposts, and warned them not to undermine Abbas. She appointed Lt. Gen. William Ward as Middle East Security Coordinator and emphasized the importance of Israeli-Palestinian security cooperation. Rice did not attend a February 8 meeting of Sharon, Abbas, Egyptian President Hosni Mubarak, and Jordanian King Abdullah II in Sharm al-Shaykh, where Sharon and Abbas declared the end of violence and military operations.

On February 20, the Israeli cabinet adopted a revised route for the security barrier closer to the pre-1967 border in some areas, taking about 7% to 8% of the West Bank to envelope major settlement blocs. On March 16, Israel handed Jericho over to PA control. On March 17, 13 Palestinian groups agreed to extend a “calm” or informal truce until the end of the year. On March 21, Israeli forces transferred Tulkarem to PA control.

On March 20, it was reported that the Israeli defense minister had approved the building of 3,500 new housing units between the Ma’ale Adumim settlement and East Jerusalem, in the E-1 corridor. Critics charge that the construction would cut East Jerusalem off from Palestinian territory, impose a barrier between the northern and southern West Bank, and prevent a future contiguous Palestinian state. Secretary Rice asserted that the plan was “at odds with American policy.” On April 11, when he met Sharon, the President conveyed his “concern that Israel not undertake any activity that contravenes Roadmap obligations or prejudices final status negotiations.” Sharon stated, “It is the position of Israel that the major Israeli population centers will remain in Israel’s hands under any final status agreement” and

declared that Ma'ale Adumim is a major population center, and therefore, Israel is interested in contiguity between it and Jerusalem.

On April 15, the Quartet appointed outgoing World Bank President James Wolfensohn to be their Special Envoy for Gaza Disengagement. He would serve until April 30, 2006.

On May 26, President Bush met Abbas at the White House and said that “changes to the 1949 armistice lines must be mutually agreed to.” He reaffirmed, “A viable two-state solution must ensure contiguity of the West Bank, and a state of scattered territories will not work. There must also be meaningful linkages between the West Bank and Gaza. This is the position of the United States today, it will be the position of the United States at the time of final status negotiations.” He also said, “The barrier being erected by Israel ... must be a security, rather than political, barrier.” Abbas said that the boundaries of a future state should be those of before the 1967 war and asserted, “there is no justification for the wall and it is illegitimate.” He also stated that the PA was ready to coordinate the Gaza disengagement with Israel and called for moving immediately thereafter to final status negotiations.

PIJ claimed responsibility for a suicide bombing in Netanya on July 12, killing 5 and injuring more than 90. Israeli forces launched operations against the PIJ, reoccupied Tulkarem, and closed the West Bank. Meanwhile, Hamas increased rocket and mortar fire against settlements in Gaza and towns in southern Israel. Israel helicopters fired missiles at targets in Gaza and the West Bank.

On July 22, Secretary Rice met Sharon and encouraged him to coordinate the disengagement with the Palestinians. On August 4, an Israeli army deserter opposed to the disengagement killed four Israeli Arabs and injured 13 on a bus in northern Israel. On August 15, Defense Minister Mofaz said that Israel would keep the settlement blocs of Ma'ale Adumim, the Etzyon Bloc, Efrat, Ari'el, Qedumim-Qarney Shomrom, and Rehan Shaqed — all are within or expected to be within the security barrier. He added that Israel would retain the Jordan Rift Valley to guarantee Israel's eastern border.

Israel evacuated all of its settlements in the Gaza Strip and four small settlements in the northern West Bank between August 17 and August 23. (See CRS Report RS22000, *Israel's Disengagement from Gaza*, by Carol Migdalovitz.) On August 17, a settler opposed to the disengagement shot four Palestinians at the West Bank settlement of Shiloh. On August 29, Sharon declared that there would be no further unilateral or coordinated disengagements and that the next step must be negotiations under the Road Map. He affirmed that while the large blocs of settlements will remain in Israeli hands and linked territorially to Israel, not all West Bank settlements will remain; but this will be decided in the final stage of negotiations.

After an upsurge in Hamas rocket attacks from Gaza into Israel, the group announced on September 25 that it would halt operations from Gaza, but on September 27, it claimed responsibility for kidnaping and killing an Israeli settler in Ramallah. Israel responded with air and artillery strikes, closure of charities linked to terror groups, mass arrests including likely Hamas candidates, and targeted killings of terrorists. A Sharon advisor said, “we might consider turning disengagement into a strategy. Israel would determine its borders independently.” On September 29, Sharon insisted that Israel would work solely via the Road Map and “(t)here will not be any further unilateral territorial moves.”

On October 20, at the White House, President Bush pressed Abbas to “confront the threat armed gangs pose to a genuinely democratic Palestine,” but did not urge him to prevent Hamas from participating in parliamentary elections or to request that candidates renounce violence. Abbas asserted that legislators should be asked to renounce violence after election.

On October 26, a PIJ suicide bomber killed 6 and wounded more than 20 in Hadera, on the Israeli coast. Sharon announced a “broad and relentless offensive” against terrorism. He ruled out talks with Abbas until Abbas takes “serious action” against armed groups.

On November 14-15, Secretary Rice visited Israel and the PA. Sharon told her that Israel would not interfere if Hamas participated in the January 2006 Palestinian elections, but it also would not coordinate with the PA or allow Hamas people to move around more. He said if an armed terrorist organization is a partner in the Palestinian administration it could lead to the end of the Roadmap. Only if Hamas disarms and annuls its covenant which calls for the destruction of Israel would Israel assist the elections and accept Hamas’s participation. Rice asserted that it would be easier to compel Hamas to disarm after the elections because the entire international community would then exert pressure. She added that Abbas would lose U.S. and international support if he does not disarm Hamas. Rice vowed that the United States would not hold contacts with an armed Hamas even if it is part of the Palestinian administration. On November 15, she announced that Israel and the PA had achieved an Agreement on Movement and Access from the Gaza Strip. On November 25, the Rafah border crossing between the Gaza Strip and Egypt reopened with EU monitors.

On December 5, PIJ perpetrated a suicide bombing in Netanya, killing 5 and wounding more than 50. On December 6, Israel barred Palestinian entry into Israel for one week, arrested militants in the West Bank, and began air strikes in Gaza. Israeli officials suspended talks with the PA about West Bank-Gaza bus convoys that were to begin on December 15. On December 23, Israeli forces began to enforce a “no-go” zone in northern Gaza to prevent rocket fire into Israel. PIJ claimed responsibility for two suicide bombings at an Israeli army checkpoint in the northern West Bank on December 28, killing an Israeli soldier.

After Hamas victories in December 2005 Palestinian municipal elections, speculation increased about possible effects on the peace process if it achieved similar successes in January 25, 2006, parliamentary elections. On December 28, the “Quartet” stated that a future Palestinian cabinet “should include no member who has not committed to the principles of Israel’s right to exist in peace and security and an unequivocal end to violence and terrorism.” On January 11, Secretary Rice stated, “It remains the view of the United States that there should be no place in the political process for groups or individuals who refuse to renounce terror and violence, recognize Israel’s right to exist, and disarm.” Sharon suffered an incapacitating stroke on January 4. Deputy Prime Minister Ehud Olmert became Acting Prime Minister, and on January 12, he told President Bush that peace efforts could not progress if terrorist organizations like Hamas joined the Palestinian government. On January 19, PIJ perpetrated a suicide bombing in Tel Aviv, injuring 30.

Hamas won the January 25 Palestinian parliamentary election. It is a U.S.-designated Foreign Terrorist Organization, claims the entire land of Palestine, including Israel, “from the river to the sea” as an Islamic trust, rejects the Oslo agreements of the 1990s, insists on the right of Palestinian refugees to return to Israel, and the right to “resistance,” which it

claims forced Israel from the Gaza Strip. Olmert declared that Israel would not negotiate with a Palestinian administration that included an armed terrorist organization calling for its destruction and demanded that Hamas disarm, annul its Covenant that calls for the destruction of Israel, and accept all prior agreements. President Bush said that the United States would not deal with a political party “that articulates the destruction of Israel as part of its platform” and, on January 31, called on Hamas to “recognize Israel, disarm, reject terrorism, and work for a lasting peace.” On January 30, the Quartet stated that “future assistance to any new (Palestinian) government would be reviewed by donors against the government’s commitment to the principles of non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Road Map.” Hamas countered that it will never recognize Israel, would consider negotiating a “long-term truce” if Israel withdrew to its 1967 borders, released all prisoners, destroyed all settlements, and recognized the Palestinian refugees’ right to return (to Israel), and would create a state on “any inch” of Palestinian territory without ceding another. Abbas remained committed to a negotiated two-state solution and suggested continuing to use the PLO for this purpose.

On February 8, Olmert said that Israel was moving toward a separation from the Palestinians and permanent borders that would include a united Jerusalem, major settlement blocs, and the Jordan Valley. On March 5, his security advisor, Avi Dichter, asserted new borders would consolidate isolated settlements into settlement blocs. He added that the Israeli Defense Forces would retain control over territory to prevent terrorism. On March 8, Olmert stated that he would wait a “reasonable” amount of time to see whether Hamas met his conditions. He aimed to reach a national consensus on permanent borders by 2010 and stated that the security barrier would be moved to those borders. Olmert also declared that construction would begin in the E-1 corridor between the Ma’ale Adumim settlement and Jerusalem. No Hamas official accepted Olmert’s plan, but Prime Minister-designate Ismail Haniyah declared, “Let them withdraw. We will make the Authority stronger on every inch of liberated land....” Hamas Political Bureau chief Khalid Mish’al said that his group would make no concessions to Israel and would “practice resistance side by side with politics as long as the occupation continued.” On March 15, Israeli forces besieged a Palestinian prison in Jericho to capture men wanted for the October 2001 killing of an Israeli minister, indicating a lack of trust in a Hamas-led PA to keep a 2002 agreement to hold the prisoners.

After his party placed first in the March 28 Israeli parliamentary elections, Olmert said that he aspired to demarcate permanent borders for a Jewish state with a permanent Jewish majority and a democracy. He called for negotiations based on mutual recognition, agreements already signed, the principles of the Road Map, a halt to violence, and the disarming of terrorist organizations. He said he hoped to hear a similar announcement from the PA, but “Israel will take its fate into its own hands” if the Palestinians do not act. On March 30, Secretary Rice said, referring to Olmert’s plan, “I wouldn’t on the face of it just say absolutely we don’t think there’s any value in what the Israelis are talking about.”

Palestinian Prime Minister Haniyah said that Hamas would not object to President Abbas negotiating with Israel and that Hamas could redefine its position if the result serves the people’s interests. In an op-ed in *The Guardian* on March 31, Haniyah labeled Olmert’s unilateralism “a recipe for conflict” and a “plan to impose a permanent situation in which the Palestinians end up with a homeland cut into pieces....” He appealed for no more talk about recognizing Israel’s “right to exist” or ending resistance until Israel commits to withdraw from the Palestinians’ lands and recognizes their rights. On April 1, PA Foreign Minister

Mahmud al-Zahhar stated that he dreamed of a world map “which does not show Israel on it.” On March 30, the Al Aqsa Martyrs Brigades claimed responsibility for a suicide bombing near the Israeli settlement of Kedumim, killing four. The Palestinian Deputy Prime Minister said that Hamas would never object to the Palestinians’ “self-defense” as long as they were under occupation.

On April 9, 2006, the Israeli security cabinet recommended severing all ties with the Hamas-led PA, which it called a “hostile entity.” Because it views the PA as “one authority and not as having two heads,” the cabinet declared that there could be personal contacts, but not negotiations, with President Abbas.

On April 17, PIJ carried out a suicide bombing in Tel Aviv, killing 11 and wounding 60, including an American teenager. Abbas condemned the attack as “despicable” and counter to Palestinian interests, while Hamas officials called it an act of “self-defense.” Israel did not respond militarily but revoked the Jerusalem residency of three Hamas officials among other steps. Some Israelis maintain that Hamas’s repeated defense of bombings and its appointment of a leader of the terrorist Popular Resistance Committees to head security forces (despite Abbas’s veto) will serve to justify Israel’s unilateralism.

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

In 1992, Israel agreed that 242 applies to all fronts. Syria submitted a draft declaration of principles, reportedly referring to a “peace agreement.” Israeli Prime Minister Rabin accepted an undefined withdrawal on the Golan, pending Syria’s definition of “peace.” On September 23, 1992, the Syrian Foreign Minister promised “total peace in exchange for total withdrawal.” Israel offered “withdrawal.” In 1993, Syrian President Asad announced interest in peace and suggested that bilateral tracks might progress at different speeds. In June, Secretary of State Christopher said that the United States might be willing to guarantee security arrangements in the context of a sound agreement on the Golan.

On January 16, 1994, President Clinton reported that Asad had told him that Syria was ready to talk about “normal peaceful relations” with Israel. The sides inched toward each other on a withdrawal and normalization timetable. Asad again told President Clinton on October 27 that he was committed to normal peaceful relations in return for full withdrawal. On May 24, 1994, Israel and Syria announced terms of reference for military talks under U.S. auspices. Syria reportedly conceded that demilitarized and thinned-out zones may take topographical features into account and be unequal, if security arrangements were equal. Israel offered Syria an early-warning ground station in northern Israel in exchange for Golan stations, but Syria insisted on aerial surveillance only and that each country monitor the other from its own territory and received U.S. satellite photographs. It was proposed that Syria demilitarize 6 miles for every 3.6 miles Israel demilitarizes. Rabin said that Israeli troops must stay on the Golan after its return to Syria. Syria said that this would infringe on its sovereignty, but government-controlled media accepted international or friendly forces in the

stations. Talks resumed at the Wye Plantation in Maryland in December 1995, but were suspended when Israeli negotiators went home after terrorist attacks in February/March 1996.

A new Israeli government called for negotiations, but said that the Golan is essential to Israel's security and water needs and that retaining sovereignty would be the basis for an arrangement with Syria. Asad would not agree to talks unless Israel honored prior understandings, claiming that Rabin had promised total withdrawal to the June 4, 1967-border (as opposed to the international border of 1923). Israeli negotiators say that Rabin had suggested possible full withdrawal if Syria met Israel's security and normalization needs, which Syria did not. An Israeli law passed on January 26, 1999, requires a 61-member majority and a national referendum to approve the return of any part of the Golan Heights.

In June, Prime Minister-elect Barak and Asad exchanged compliments through a British writer. Israel and Syria later agreed to restart talks from "the point where they left off," with each side defining the point to its satisfaction. Barak and the Syrian Foreign Minister met in Washington on December 15-16, 1999, and in Shepherdstown, WV, from January 3-10, 2000. President Clinton intervened. On January 7, a reported U.S. summary revealed Israeli success in delaying discussion of borders and winning concessions on normal relations and an early-warning station. Reportedly because of Syrian anger over the leak of the summary, talks scheduled to resume on January 19, 2000, were "postponed indefinitely."

On March 26, President Clinton met Asad in Geneva. A White House spokesman reported "significant differences remain" and said that it would not be productive for talks to resume. Barak indicated that disagreements centered on Israel's reluctance to withdraw to the June 1967 border and cede access to the Sea of Galilee, on security arrangements, and on the early-warning station. Syria agreed that the border/Sea issue had been the main obstacle. Asad died on June 10; his son, Bashar, succeeded him. Ariel Sharon became Prime Minister of Israel in February 2001 and vowed to retain the Golan Heights. In a December 1 New York Times interview, Bashar Asad said that he was ready to resume negotiations from where they broke off. Sharon responded that Syria first must stop supporting Hizballah and Palestinian terror organizations. (See also CRS Issue Brief IB92075, *Syria: U.S. Relations and Bilateral Issues*, by Alfred Prados.) On August 29, 2005, Sharon said that this is not the time to begin negotiations with Syria because it is collaborating with Iran, building up Hizballah, and maintaining terrorist organizations' headquarters in Damascus from which terrorist attacks are ordered. Moreover, he observed that there was no reason to relieve the pressure that France and the United States are putting on Syria.

Israel-Lebanon. Citing Security Council Resolution 425, Lebanon sought Israel's unconditional withdrawal from the 9-mile "security zone" in southern Lebanon, and the end of Israel's support for Lebanese militias in the south and its shelling of villages that Israel said were sites of Hizballah activity. Israel claimed no Lebanese territory, but said that it would withdraw only when the Lebanese army controlled the south and prevented Hizballah attacks on northern Israel. Lebanon sought a withdrawal schedule in exchange for addressing Israel's security concerns. The two sides never agreed. Syria, which dominated Lebanon, said that Israel-Syria progress should come first. Israel's July 1993 assault on Hizballah prompted 250,000 people to flee south Lebanon. Secretary of State Christopher arranged a cease-fire. In March/April 1996, Israel again attacked Hizballah and Hizballah fired into northern Israel. The two sides agreed to a cease-fire monitored by U.S., French, Syrian, Lebanese, and Israeli representatives, but retained the right of self-defense.

On January 5, 1998, Israel's Defense Minister indicated readiness to withdraw from southern Lebanon if the second part of Resolution 425, calling for the restoration of peace and security in the region, were implemented. He and Prime Minister Netanyahu then proposed withdrawal in exchange for security, not peace and normalization. Lebanon and Syria called for an unconditional withdrawal. As violence in northern Israel and southern Lebanon increased later in 1998, the Israeli cabinet twice opposed unilateral withdrawal. In April 1999, however, Israel decreased its forces in Lebanon, and in June, the Israeli-allied South Lebanese Army (SLA) withdrew from Jazzin, north of the security zone. New Israeli Prime Minister Barak promised to withdraw in one year, by July 7, 2000.

On September 4, 1999, the Lebanese Prime Minister confirmed support for the "resistance" against the occupation, (i.e., Hizballah). He argued that Palestinian refugees residing in Lebanon have the right to return to their homeland and rejected their implantation in Lebanon. He rejected Secretary of State Albright's assertion that refugees will be a subject of Israeli-Palestinian final status talks and insisted that Lebanon be a party to such talks.

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

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

In March 2003, Hizballah shelled Israeli positions in Sheba'a and northern Israel. Israel responded with air strikes and concern about a possible second front in addition to the *intifadah*. At its request, the Secretary General contacted the Syrian and Lebanese Presidents and, on April 8, Vice President Cheney called President Asad. In April, Secretary Powell visited northern Israel and called on Syria to curb Hizballah. On January 30, 2004, Israel and Hizballah exchanged 400 Palestinian and 29 Lebanese and other Arab prisoners, and the remains of 59 Lebanese for the Israeli colonel and the bodies of the three Israeli soldiers.

U.N. Security Council Resolution 1559, September 2, 2004, called for the withdrawal of all foreign (meaning Syrian) forces from Lebanon. Massive anti-Syrian demonstrations occurred in Lebanon after the February 14, 2005, assassination of former Lebanese Prime

Minister Rafik Hariri. On March 5, Asad announced a phased withdrawal of Syrian troops from Lebanon, which was completed on April 26. On December 28, Israeli jets attacked a terrorist base south of Beirut after rockets fired from Lebanon hit a northern Israeli town; Abu Musab al-Zarqawi's Al Qaeda in Iraq claimed responsibility for the attacks, but the claim has not been verified.

On March 23, 2006, the Lebanese Foreign Minister said that Israel had withdrawn to a self-declared line of withdrawal, not a border because, he asserted, Israel has no demarcated borders recognized by international law.

Israel-Jordan. Of Jordan's 3.4 million people, 55 to 70% are Palestinian. Jordan initialed a June 1993 agenda with Israel on water, energy, environment, and economic matters on September 14, 1993. A peace treaty was signed on October 26, 1994. (See Significant Agreements below). The border was demarcated and Israel withdrew from Jordanian land on February 9, 1995. More agreements followed.

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

King Abdullah said that the Palestinians should administer the Muslim holy sites in Jerusalem, a traditional responsibility of his family, and proposed that Jerusalem be an Israeli and a Palestinian capital, but rejected a Jordanian-Palestinian confederation. On November 21, 2000, Jordan stopped accreditation of its new ambassador to Israel because of "aggression" against the Palestinians. On March 18, 2004, the King met Sharon to discuss Israel's security fence and disengagement from Gaza. In February 2005, Jordan proposed deploying about 1,500 Palestinian soldiers (Badr Brigade) from Jordan to the northern West Bank, pending approval of the PA and Israel. Israeli Defense Minister Mofaz has said that the Badr Brigade could train Palestinians in the West Bank. Jordan is training Palestinian security force officers in Jordan. Also in February, Jordan sent an ambassador to Israel and, in March, its foreign minister visited Israel for the first time in four years.

Significant Agreements and Documents

Israel-PLO Mutual Recognition. On September 9, 1993, Arafat recognized Israel's right to exist, accepted U.N. Security Council Resolutions 242 and 338, the Middle East peace process, and the peaceful resolution of conflicts. He renounced terrorism and violence and undertook to prevent them, stated that articles of the Palestinian Charter that contradict his commitments are invalid, undertook to submit Charter changes to the Palestine National Council, and called upon his people to reject violence. Rabin recognized the PLO as the representative of the Palestinian people and agreed to negotiate with it. (For text, see [<http://www.state.gov/p/nea/rls/22579.htm>].)

Declaration of Principles. On August 29, 1993, Israel and the Palestinians announced that they had agreed on a Declaration of Principles on interim self-government for the West Bank and Gaza, after secret negotiations in Oslo, Norway, since January 1993. Effective October 13, it called for Palestinian self-rule in Gaza and Jericho; transfer of authority over domestic affairs in the West Bank and Gaza to Palestinians; election of a Palestinian Council with jurisdiction over the West Bank and Gaza. During the interim period, Israel is to be responsible for external security, settlements, Israelis, and foreign relations. Permanent status negotiations to begin in the third year of interim rule and may include Jerusalem. (For text, see [<http://www.state.gov/p/nea/rls/22602.htm>].)

Agreement on the Gaza Strip and the Jericho Area. Signed on May 4, 1994, provides for Israeli withdrawal from Gaza/Jericho, and describes the Palestinian Authority's (PA) responsibilities. The accord began the five-year period of interim self-rule. (For text, see [<http://www.state.gov/p/nea/rls/22676.htm>].)

Israel-Jordan Peace Treaty. Signed on October 26, 1994.

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 prisoners. Negotiations on permanent status to begin in May 1996. An 82-member Palestinian Council and Head of the Council's Executive Authority will be elected after the Israeli Defense Force 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. Palestinian Charter articles calling for the destruction of Israel will be revoked within two months of the Council's inauguration. (For text, see [<http://www.state.gov/p/nea/rls/22678.htm>].)

Protocol Concerning the Redeployment in Hebron. Initialed by Israel and the PA on January 15, 1997. Details security arrangements. Accompanying Israeli and Palestinian Notes for the Record and letter from Secretary of State Christopher to Prime Minister Netanyahu. (For Protocol text, see [<http://www.state.gov/p/nea/rls/22680.htm>].)

Wye River Memorandum. Signed on October 23, 1998. Delineated steps to complete implementation of the Interim Agreement and of agreements accompanying the Hebron Protocol. Israel will redeploy from the West Bank in exchange for Palestinian security measures. The PA will have complete or shared responsibility for 40% of the West Bank, of which it will have complete control of 18.2%. The PLO Executive and Central Committees will reaffirm a January 22, 1998, letter from Arafat to President Clinton that specified articles of the Palestinian Charter that had been nullified in April 1996. The Palestine National Council will reaffirm these decisions. President Clinton will address this conclave. (For text, see [<http://www.state.gov/p/nea/rls/22694.htm>].)

Sharm al-Shaykh Memorandum. (Also called Wye II.) Signed on September 4, 1999. (For text, see [<http://www.state.gov/p/nea/rls/22696.htm>].)

A Performance-Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict. Presented to Israel and the Palestinian Authority on April 30, 2003, by the Quartet (i.e., the United States, European Union, United Nations, and Russia). To achieve a comprehensive settlement in three phases by 2005. Phase I calls for the Palestinians to unconditionally end violence, resume security cooperation, and undertake political reforms, and for Israel to withdraw from areas occupied since September 28, 2000, and to freeze all settlement activity. Phase II will produce a Palestinian state with provisional borders. Phase III will end in a permanent status agreement and end of the conflict. (For text, see [<http://www.state.gov/r/pa/prs/ps/2003/20062.htm>].)

Agreement on Movement and Access. From the Gaza Strip, reached on November 15, 2005, calls for reopening the Rafah border crossing to Egypt with European Union monitors on November 25, live closed circuit TV feeds of the crossing to Israel, Palestinian bus convoys between the West Bank and Gaza beginning December 15, exports from Gaza into Israel, and construction of the Gaza seaport. (For text online, see [<http://www.israel-mfa.gov.il/MFA/Peace+Process/Reference+Documents/Agreed+documents+on+movement+and+access+from+and+to+Gaza+15-Nov-2005.htm>].)

Role of Congress

Aid. (See also CRS Report RL32260, *U.S. Foreign Assistance to the Middle East: Historical Background, Recent Trends, and the FY2006 Request*; CRS Report RS22370, *U.S. Foreign Aid to the Palestinians*; and CRS Report RL33222, *U.S. Foreign Aid to Israel*, all by Jeremy Sharp.) Unless the President certifies that it is in the national security interest, P.L. 109-102, November 14, 2005, prohibits aid for a Palestinian state and the PA unless its leaders have not supported terrorism, been democratically elected, demonstrated their commitment to peaceful coexistence with Israel, taken measures to counter terrorism and terrorism financing, and established security entities that cooperate with Israeli counterparts. It also provides \$150 million in ESF for the West Bank and Gaza Strip.

Legislation reacting to the Hamas victory in the January 2006 Palestinian parliamentary elections includes S.Con.Res. 79, passed in both houses in February, expressed the sense of Congress that no assistance should be provided directly to the PA if a party calling for the destruction of Israel holds a majority of its parliamentary seats; H.R. 4939, the Emergency Supplemental for Defense and other purposes, passed in the House on March 16 and in the Senate on May 4, would prohibit assistance to the PA from prior appropriations until the Secretary of State certifies that it has demonstrated its commitment to nonviolence, the recognition of Israel, and the acceptance of previous agreements, including the Road Map; H.R. 4681, ordered reported by the International Relations Committee by a vote of 36-2 on April 6, (H.Rept. 109-462, May 11, 2006) would limit assistance to the PA until it meets a number of specific conditions, withhold U.S. contributions to the U.N. proportionate to U.N. aid to the PA; and impose visa and travel restrictions on PA and PLO officials, among other measures; the Senate version of the bill is S. 2370 introduced on March 6. Other legislation with similar effects also has been introduced.

After Hamas took power on March 30, Secretary Rice said, “We are not going to fund a Hamas-led government. But we are going to look at what we can do to increase humanitarian assistance to the Palestinian people....” The Administration requested that the

PA return \$50 million in direct aid provided in 2005; as of April 7, \$30 million had been returned. On April 7, the Administration announced that it would provide \$245 million for basic human needs and democracy building, suspend or cancel \$239 million for programs related to the PA (\$105 million of which will be redirected to human needs), and review \$165 million in other projects. It redirected about \$100 million for humanitarian needs and \$42 million for civil society groups. (For details, see [<http://www.state.gov/r/pa/prs/ps/2006/64234.htm>]). On May 9, the Quartet endorsed a temporary international mechanism to be developed by the EU to ensure direct delivery of aid to the Palestinian people. The EU hopes to have a mechanism ready by the end of June.

P.L. 108-11, April 16, 2003, appropriated \$9 billion in loan guarantees to Israel over three years to be used only within its 1967 borders. In November 2003, the Administration deducted \$289.5 million from \$3 billion in guarantees for the year for spending on the security fence and settlements. Congress has extended the guarantees through 2008.

Jerusalem. Israel annexed the city in 1967 to be its eternal, undivided capital. Palestinians seek East Jerusalem as their capital. Successive U.S. Administrations have maintained that the parties must determine its fate. H.Con.Res. 60, June 10, 1997, and S.Con.Res. 21, May 20, 1997, called on the Administration to affirm that Jerusalem must remain the undivided capital of Israel. Congress prohibits official U.S. government business with the PA in Jerusalem and the use of appropriated funds to create U.S. government offices in Israel to conduct business with the PA and allows Israel to be recorded as the place of birth of U.S. citizens born in Jerusalem. (See P.L. 109-102, November 14, 2005.) The State Department does not recognize Jerusalem, Israel as a place of birth for passports because the U.S. government does not recognize Jerusalem as part of Israel.

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 prejudge final status. Only El Salvador and Costa Rica have embassies in Jerusalem. P.L. 104-45, November 8, 1995, provided for the embassy's relocation by May 31, 1999, but granted the President authority, in national security interest, to suspend limitations on State Department expenditures that would be imposed if the embassy did not open. Presidents Clinton and Bush each used the authority. The State Department Authorization Act for FY2002-FY2003, P.L. 107-228, September 30, 2002, urged the President to begin relocating the U.S. Embassy "immediately." The President replied that the provision would "if construed as mandatory ... impermissibly interfere with the president's constitutional authority to conduct the nation's foreign affairs." The State Department declared, "our view of Jerusalem is unchanged. Jerusalem is a permanent status issue to be negotiated between the parties."

Compliance/Sanctions. The President signed the Syria Accountability and Lebanese Sovereignty Restoration Act, P.L. 108-175, on December 12, 2003, to hold Syria accountable for its conduct, including actions that undermine peace. On May 11, 2004, and May 5, 2005, he issued executive orders to impose sanctions on Syria.