



## CRS Report for Congress

# Israeli-Palestinian Peace Process: The Annapolis Conference

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### Summary

At the end of November 2007, the Bush Administration convened an international conference in Annapolis, MD to officially revive the Israeli-Palestinian peace process. Israeli Prime Minister Ehud Olmert and Palestinian Authority (PA) President Mahmud Abbas reached a “Joint Understanding,” in which they agreed to launch continuous bilateral negotiations in an effort to conclude a peace treaty by the end of 2008 and to simultaneously implement the moribund 2003 Performance-Based Road Map to a Permanent Two-State Solution to the Israeli-Palestinian Conflict. Both leaders are operating under significant domestic political constraints and they continue to disagree on many issues. Thus, their negotiations will be challenging. This report will not be updated. For background and future developments, see CRS Report RL33530, *Israeli-Arab Negotiations: Background, Conflicts, and U.S. Policy*, by Carol Migdalovitz.

### Background

In early 2007, Secretary of State Condoleezza Rice was said to have promised moderate Arab regimes that the United States would become more engaged in the Israeli-Arab peace process in exchange for their support for countering increasing Iranian influence in the Middle East.<sup>1</sup> The Secretary made eight trips to the region during the year, initially to work with Israeli Prime Minister Ehud Olmert and Palestinian Authority (PA) President Mahmud Abbas on developing a “political horizon” that would lead to a resumption of the long-stalled Performance-Based Road Map to a Permanent Two-State Solution to the Israeli-Palestinian Conflict, issued by the international Quartet (the United States, European Union, United Nations, and Russia) on April 30, 2003.<sup>2</sup> Each side maintains that the other has not fulfilled its obligations under the three-phase Road Map; independent observers agree that neither has done so. Phase I calls, inter alia, for Israel

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<sup>1</sup> Cam Simpson, “Dangerous Territory: With Aid, U.S. Widens Role in Palestinian Crisis; To Undercut Hamas And Iran, Bush Pushes \$86 Million Plan” *Wall Street Journal*, January 12, 2007.

<sup>2</sup> For text, see [<http://www.state.gov/r/pa/prs/ps/2003/20062.htm>].

to freeze all settlement activity (including natural growth of settlements) and for the Palestinians to confront terrorists and dismantle their infrastructures.

From February until June 2007, a Palestinian unity government included Hamas, a U.S.-designated Foreign Terrorist Organization (FTO), and Hamas's participation impeded Rice's efforts. Olmert refused to negotiate with Abbas as long as Hamas failed to recognize Israel, disavow violence, and accept prior Israeli-Palestinian agreements, i.e., met conditions that the Quartet laid down in January 2006 after Hamas won the Palestinian parliamentary elections. In June 2007, however, Palestinian infighting ended with Hamas in complete control of the Gaza Strip, and Abbas reacted by dissolving the unity government. The Bush Administration and the Israeli government viewed the ouster of Hamas as an opportunity to return to diplomacy.

On July 16, President Bush promised to support Abbas in order to lay the foundation for serious negotiations toward the creation of a Palestinian state. The President called for an international meeting "of representatives from nations that support a two-state solution, reject violence, recognize Israel's right to exist, and commit to all previous agreements between the parties." When announced, the meeting was intended mainly to review progress toward building Palestinian institutions and to look for ways to support further reform, although participants also were to provide support for the parties in their bilateral negotiations on a Palestinian state.<sup>3</sup>

Olmert and Abbas, and later negotiating teams led by Israeli Foreign Minister Tzipi Livni and former Palestinian Prime Minister Ahmed Quray (alternate spellings: Qurei, Qureia), met over the next four months to work on a declaration of principles on final status or core issues: Jerusalem, borders, settlements, refugees, security, and water. Olmert sought to keep the declaration vague in order to avoid concessions that would prompt his domestic political opponents to bring down his government, while Abbas wanted it to address core issues substantively in order to show his people that negotiations could lead to an improvement in the quality of their lives, an end to the occupation, and the establishment of a Palestinian state. They failed to produce a document.

## **Conference Attendees**

The United States invited 49 countries and international organizations to send representatives to a conference at the U.S. Naval Academy in Annapolis, MD. Attendees included members of the Arab League Follow-on Committee (Algeria, Bahrain, Egypt, Jordan, Lebanon, Morocco, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, and Yemen), the G-8 group of industrialized countries, permanent members of the U.N. Security Council, fellow members of the international Quartet, members of the Organization of the Islamic Conference, and representatives of the International Monetary Fund and the World Bank. The size of the gathering signaled strong international support for a peace process. The size of the Arabs' turnout was attributed to their need for a strategic alliance with the United States against Iran, but also may have indicated support for Abbas over Hamas.

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<sup>3</sup> For President's speech, see [<http://www.whitehouse.gov/news/releases/2007/07/20070716-7.html>].

The presence of Saudi Arabian Foreign Minister Prince Saud al Faisal was considered significant because the desert kingdom is a pro-Western Arab state that does not have relations with Israel. The Foreign Minister clearly stated that normalization of relations would come as a result of peace and not before it.<sup>4</sup> The attendance of Syria suggested that the Bush Administration, which had been trying to isolate Damascus because of its support for terrorist groups, its destabilization of Lebanon, and its alliance with Iran, may now be willing to engage Syria and revive its dormant peace track with Israel. Saudi Arabia and other Arab governments reportedly had demanded that Syria be invited to Annapolis and that the conference call for a “comprehensive peace” that would include the return of the Golan Heights. Syria would only attend if the Golan were on the agenda and sent Deputy Foreign Minister Faisal al Miqdad, while almost all other governments were represented by foreign ministers. Miqdad’s rank may have reflected a belief that a renewed peace process would not address the Golan. However, Russia reportedly wants a follow-up meeting in Moscow to address Syria’s concerns. Olmert publicly has said that “conditions have not yet matured” for the start of a dialogue with Syria, but Israel and Syria have been talking via Turkish and Russian intermediaries.

Iran and Hamas, which have the potential to act as spoilers of the peace process, were conspicuously missing from Annapolis. Iran denounced the conference before, during, and after it took place. Its influence may have been felt in the absence of the Shiite-led Maliki government of Iraq, an invitee which declined to send a representative but which said that it would welcome peace. Yet, President Mahmoud Ahmadinejad was unable to dissuade Syrian President Bashar al Asad, his presumed ally, from sending a representative. For their part, Hamas officials described the meeting as “useless” and stridently escalated their rhetoric, vowing not to abandon their goal of a Palestinian state “from the river to the sea,” i.e., destroying Israel.<sup>5</sup>

## Agenda

The conference began on November 26, when President Bush held separate meetings with Abbas and Olmert at the White House and Secretary Rice hosted a dinner for attendees at the State Department. A plenary session convened in Annapolis on November 27. After remarks by Bush, Abbas, and Olmert, the agenda included international support for the peace process, institutional reform, and capacity building; a comprehensive peace to include Israel-Syria and Israel-Lebanon; and advancing normal relations and security between Israel and the Arab states. On November 28, President Bush briefly met jointly with Abbas and Olmert.

## Joint Understanding

Instead of a declaration of principles, President Bush read a “Joint Understanding” at the conference that dealt with the process or structure of negotiations.<sup>6</sup> In it, Prime Minister Olmert and President Abbas express their determination to “immediately launch

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<sup>4</sup> Interview, date not given, published by *Al-Sharq al-Awsat*, November 27, 2007.

<sup>5</sup> Isabel Kershner and Taghreed el-Khodary, “Hard-Liners in Gaza and Jerusalem Resist Peace Talks,” *New York Times*, November 27, 2007.

<sup>6</sup> For text, see [<http://www.whitehouse.gov/news/releases/2007/11/print/20071127.html>].

bilateral negotiations in order to conclude a peace treaty to resolve all core issues without exception, as specified in previous agreements.” They agree to engage in continuous negotiations in an effort to conclude an agreement before the end of 2008. For this purpose, a steering committee to oversee negotiating teams will meet continuously beginning on December 12. Abbas and Olmert will meet biweekly to follow and assist the negotiations. Negotiations will be bilateral. The Joint Understanding does not specify a role for the United States in the negotiations, although one may emerge with time. President Bush will not be playing a role similar to that of Presidents Carter and Clinton in the past, and the United States will not necessarily make proposals in the event of a deadlock. This is in line with a long-standing Administration view that it is the parties themselves who must make peace. However, it is anticipated that Secretary of State Rice will travel to the region frequently to provide encouragement and assistance. The resumption of negotiations after a seven-year hiatus is viewed as the main achievement of the conference, although the process may be said to have resumed with the Olmert-Abbas talks in mid-2007.

In the Joint Understanding, the parties also commit to immediately implement their respective obligations under the Road Map. The United States will lead a tripartite U.S.-Israeli-Palestinian mechanism to follow up on implementation. The parties further commit to continue implementing the Road Map until they reach a peace treaty. Unless otherwise agreed by the parties, implementation of the future peace treaty will be subject to the implementation of the road map, as judged by the United States. The United States will monitor and judge fulfillment of their Road Map commitments, a task that may prove to be extremely difficult.

The President named General James L. Jones (Ret.), former Commander of U.S. European Command, Supreme Allied Commander Europe, Commandant of the Marine Corps, as special envoy for Middle East security. The general will report to Secretary Rice, who said that Jones will oversee “the full range of security issues for the Israelis and Palestinians as well as security cooperation with neighboring countries, and American efforts to provide assistance to the Palestinian Authority.” He will not monitor compliance with the Road Map nor replace Lt. Gen. Keith Dayton, the U.S. Middle East security coordinator, who has been assisting the Palestinians with improving their security forces.

## **Domestic Constraints**

The domestic political weaknesses of Olmert and Abbas may create challenges to or constraints on progress on the Road Map and a peace treaty and have prompted much skepticism about the prospects for the renewed peace process.

**Palestinian Politics.** Since 1996, the Palestinian Authority (PA) has administered both the West Bank and Gaza Strip, albeit amidst the presence of Israeli Defense Forces and settlements. Factional fighting between Fatah and Hamas in May/June 2007 resulted in Hamas seizing total control of the Gaza Strip. PA President Mahmoud Abbas then declared a state of emergency, dissolved the Hamas-led government, and replaced it with one led by independent, technocrat Prime Minister Salam Fayyad. In practice, the Abbas/Fayyad government now administers only the West Bank while Hamas dominates the Gaza Strip. Abbas has been unable to prevent Hamas from permitting its allies to launch rockets into southern Israel.

Israelis opposed to negotiations argue that talks are futile because Abbas is weak and unable to implement the Road Map and/or a peace treaty. Others contend that progress in the peace process would strengthen Abbas by showing him able to deliver benefits for the Palestinian people. Saudi Arabia and others are urging Abbas to reconcile with Hamas in order to present a unified Palestinian front in negotiations and to increase the legitimacy of any accord. However, as with the prior unity government, it is unlikely that Israel would agree to negotiate with it unless Hamas meets conditions set out in 2006 that it recognize Israel, disavow violence, and accept all prior Israeli-Palestinian agreements. Hamas officials show no inclination to meet these conditions. Instead, they organized protests against the Annapolis conference, rejected its results, hardened their rhetoric, and continued to argue that Abbas lacks a legitimate mandate to conduct negotiations because they won the 2006 parliamentary elections. Moreover, Hamas retains the capability to sabotage the peace process by escalating terror attacks.

**Israeli Politics.** Prime Minister Ehud Olmert heads a fractious, multiparty coalition whose majority in the *Knesset* (parliament) is deceptively large. Many in his own Kadima party oppose what they view as “concessions” to the Palestinians and could defect to the opposition Likud. Two parties in the coalition preemptively voiced objections to possible compromises on Jerusalem and territory that would be required to conclude a peace treaty. Rabbi Ovadia Yosef, spiritual leader of the ultraorthodox Shas Party, declared that he will order Shas to leave the coalition if Jerusalem is raised in negotiations. The Russian-language based Yisrael Beytenu (Israel Our Home) party, also in the coalition, is willing to cede parts of Jerusalem, but not settlements. Meanwhile, opposition Likud Party leader Benjamin Netanyahu continues to lead all public opinion polls, snipes at both Shas and Yisrael Beytenu for not bolting the coalition, voices skepticism about Abbas’s ability to fulfill commitments, and charges that territorial concessions will lead to a “Hamastan.”

The Joint Understanding conditions implementation of a treaty on implementation of the Road Map. This provision is intended to reassure the Israeli people that their government continues to give priority to security and preventing terror. Nonetheless, the Prime Minister’s ability to compromise in negotiations and stay in office at the same time is severely constrained. Olmert’s unease about his coalition’s durability may partly account for the complete failure of the Joint Understanding to mention core issues by name -- Jerusalem is one of them. Should the two rightwing parties depart, Olmert could rely on the leftwing Meretz and three small Israeli Arab parties to remain in power and get a peace accord ratified, but any agreement that depends on Arab support would not be viewed by many Israelis as legitimate.

Olmert’s tenure as prime minister also may be in jeopardy for other reasons. He is the subject of several investigations into alleged corruption and a report by a commission investigating Israel’s conduct of its 2006 war with Hezbollah in Lebanon is due to be submitted shortly. A criminal indictment or a scathing report could produce increased calls for Olmert’s resignation. Israeli governments are notoriously short-lived and Olmert has already been in power for almost two years, which is the average length of a government’s tenure. Finally, Olmert soon will undergo treatment for prostate cancer, which may remove him from the negotiating process for at least a limited time.

## Prospects

The two sides are no more able to fulfill their obligations under Phase I of the Road Map now than they have been for the past four and a half years and still disagree about implementation. Phase I calls on Israel to cease settlement activity. Israel has more than 275,000 settlers in the West Bank (not including East Jerusalem) and, at Annapolis, Olmert referred to a letter that President Bush gave to former Israeli Prime Minister Ariel Sharon in April 2004. In it, the President 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.”<sup>7</sup> At the time, the Palestinians denounced the President’s “legitimization” of settlements and prejudgment of final status. On November 19, 2007, Olmert stated that he does not view a freeze on building beyond the 1967 border as part of the Road Map’s requirements. He also said that Israel would not build new settlements or outposts or appropriate more land for settlement use. In addition, Israel does not believe that construction in East Jerusalem is required in a freeze. Palestinians argue that a freeze means a complete cessation of all settlement construction, including in existing settlements. Phase I also requires the Palestinians to confront terrorists and dismantle terrorist infrastructures. Palestinian officials claim that their limited actions against Hamas-supporting charities and deployment of police in Nablus and Tulkarm prove that they are fulfilling their obligations under Phase I. Yet, they lack the capability to truly confront Hamas and other terror groups, even with the assistance provided thus far by the United States and Israel.

Final status issues also remain intractable. For example, on the issue of refugees, Abbas referred at Annapolis to U.N. General Assembly Resolution 194, which the Palestinians believe grants refugees the “right to return” to their homes (now in Israel). (The Resolution also provides for an alternative right to compensation.<sup>8</sup>) However, he also had joined the Arab Initiative which calls for an agreed upon solution to the issue. Israel maintains its right to remain a Jewish state, the identity of which would be lost if the Palestinian refugees were allowed to return. It says that the refugees should resettle only in Palestine and in Arab lands and be compensated. For support, Israelis cite another part of President Bush’s 2004 letter to Sharon, which stated that a solution to the refugee issue will be found by settling Palestinian refugees in a Palestinian state, “rather than in Israel,” and thereby rejected a “right of return.”

The 2000 Camp David talks failed largely because of the issue of Jerusalem. Olmert has expressed willingness to cede the Arab neighborhoods and refugee camps in the city (the boundaries of which the Israeli Knesset had enlarged after the 1967 war). It may be more difficult for him to compromise on the control/sovereignty over holy sites. As noted above, rightwing Israeli parties could bring down the government over any steps they consider threatening to “divide” the city. In Annapolis, Abbas spoke of a Palestinian capital in *East* Jerusalem and of guaranteed access for all religions to holy sites.

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<sup>7</sup> For text of letters, see Israel’s Ministry of Foreign Affairs at [<http://www.mfa.gov.il/MFA/Peace+Process/Reference+Documents/Exchange+of+letters+Sharon-Bush+14-Apr-2004.htm>].

<sup>8</sup> U.N. General Assembly Resolution 194, paragraph 11. For text of resolution see [<http://www.state.gov/p/nea/rls/22566.htm>].