



Israel and Palestine after the Arab Spring series

FPC Briefing: How do we create a future for the two-state solution?

Toby Greene and Alan Johnson

Executive summary

- A negotiated two-state solution remains the only viable way to resolve the Israeli-Palestinian conflict.
- However, the gaps between the sides remain significant, and there has been in the past three years insufficient trust, or political will, to build the relationships between the leaderships that might allow them to be bridged.
- The Palestinian Authority's unilateral strategy, whilst meeting their domestic political need to show progress, is making this situation worse, and threatening the bottom-up progress of recent years.
- The political upheaval in the region makes an agreement even more desirable, but at the same time worsens the conditions for achieving one.
- In this context, Britain, along with other European states the US and Arab leaders, need to prevent further deterioration, lower tensions, and find ways to make improve the situation, even they cannot resolve the conflict immediately. Approaches they can follow include:
 1. Acknowledging and working with the political realities on both sides by:
 - Maintaining balanced diplomatic pressure on both sides to engage in sustained process of talks.
 - Standing firmly against boycotts, which play into the hands of those that oppose an agreement, whilst promoting grass roots dialogue and reconciliation.
 - Maintaining support for those Palestinians that embrace the concept of a conflict-ending agreement, and denying legitimacy to those that do not.
 2. Stopping things getting worse by:
 - Sustaining existing cooperation on the ground and avoiding flash points that could lead to violence.
 - Encouraging emerging Arab political actors to express support for a two-state solution and denying support for actors who reject this.
 - Maintaining pressure on Iran and constraining its role as the leading state supporter of anti-Western radicalism.
 3. Set realistic expectations of the end goal by:
 - Being clearer about the concessions both sides will have to make in a final status agreement. This means as well as emphasising the extent of Israel's territorial concessions, making clear that the solution for Palestinian refugees must not threaten Israel's status as the national home of the Jewish people.
 4. Look for incremental ways to move forward by:
 - Locking the parties into sustained dialogue which reduces provocation and sources of tension, and sets a context for mutually beneficial steps on the ground.
 - In this context, encouraging Israel to propose, and the Palestinians to engage constructively with, steps in the West Bank that will increase Palestinian autonomy and advance the parties towards a two state reality.
 - Creating an environment in which backchannels could be opened up, out of the public eye, which have better chance of finding a way forward on final status issues.



Introduction

For all the challenges it faces, a negotiated two-state solution, along the lines of that proposed in the Clinton Parameters (2000), and in the Annapolis process (2008) remains the only viable way to resolve the Israeli-Palestinian conflict. It is the only option that secures Jewish and Palestinian rights to statehood and national self-determination. Despite recent setbacks in the peace process, the two-state model retains majority support among Israeli and Palestinian publics,¹ acceptance in significant parts of the Arab world, and a consensus of support in the international community.

The status quo is harmful to both sides, and alternative proposals, such as a one state solution, or a Palestinian-Jordanian federation, have little popular support among the respective publics, regional powers and the international community. This is for good reason. A one-state solution would bring to an end the Zionist aspiration to a democratic, Jewish majority state. It would prevent the Palestinians developing their own national political institutions, identity and economy. It also offers little prospect of real peace, judging by the instability and bloodshed evident in other states in the region with large competing ethnic blocks.

However, attempts to reach a two-state solution to the Israeli-Palestinian conflict are facing a crisis. The prospect of achieving a conflict-ending agreement has been receding. This paper addresses how we got into this situation, and proposes ways to improve the conditions for a conflict ending agreement.

From being so near to being so far

On 16 September 2008, a dramatic meeting was held in the residence of then Israeli Prime Minister Ehud Olmert, between Olmert and the Palestinian President Mahmoud Abbas. After ten months of Israeli-Palestinian bilateral negotiations under the Annapolis Process, Olmert made a bold move. Having already announced his intention to step down due to corruption allegations, he attempted to fast forward to an outline agreement with his Palestinian counterpart.²

Olmert offered the Palestinians the equivalent of almost 100% of Gaza and the West Bank, with Israel to annex 6.5% of the West Bank to retain the major settlement blocks, and the Palestinians to receive 5.8% from Israeli territory plus a safe passage between Gaza and the West Bank. The Palestinians would gain control of the Arab neighbourhoods of East Jerusalem, with the fate of the 'holy basin' to be agreed with the involvement of international parties including Saudi Arabia, Egypt and Jordan. On refugees, Israel would acknowledge the suffering of Palestinian refugees but not Israeli responsibility, allow a symbolic number of 1000 a year for five years to return, and contribute to compensation. Olmert showed Abbas a map. Abbas asked for time to consider the offer, but no follow up meeting took place between the leaders. Olmert was subsequently replaced as leader of Kadima by Tzipi Livni, but she failed to form a new government, resulting in Israeli elections. Olmert limped on as caretaker Prime Minister for several more months, but the Palestinians, regarding him as a lame duck, never responded to his offer.

The Annapolis process was driven by the shared interest of the Palestinian Authority, Israel, the United States, Europe and the Western-allied Arab states to bolster the PA in the West Bank and to isolate their Hamas rivals who had taken control of the Gaza Strip. The internal Palestinian division

¹ Increase in Palestinians' and Israelis' willingness to compromise amidst climate of feud and mistrust, Harry S. Truman Research Institute for the Advancement of Peace at the [Hebrew University of Jerusalem and the Palestinian Center for Policy and Survey Research in Ramallah](#), December 2011,

² Olmert Memoir Cites Near Deal for Mideast Peace, Ethan Bronner, [New York Times](#), 27 January 2011,



meant that there was no clear route to implementing any agreement. The goal was a 'shelf agreement' which would be implemented when conditions allowed. The point was to try and create a 'diplomatic horizon' that would show that diplomacy could achieve results, and force Hamas into the position of having to either accept or reject a deal with Israel. The result was a substantive process leading to a far reaching Israeli proposal for a framework agreement.³

How did we get from this position to the situation today, in which the Palestinians refuse to enter negotiations with the current Israeli government?

The collapse of the top down process:

The incompatibility of the Palestinian and Israeli leaderships

Olmert's government was replaced by one led by Likud leader Benjamin Netanyahu, and dominated by parties of the right. The atmosphere between Olmert's resignation and the establishment of the Netanyahu government was soured by Operation Cast Lead, Israel's three week military operation beginning on 27 December 2008 to stop the firing of rockets from the Hamas-run Gaza Strip into Israel.

After forming a government in March 2009, Netanyahu's declared he was ready to negotiate with the Palestinians without preconditions. After three months in power, under US pressure, he dispensed with years of ideological opposition and accepted the principle of a Palestinian state. However, he was not willing to lay out detailed final status positions in public, nor in discussions with US envoys, saying he would only talk about details directly with the Palestinians.

The Palestinian leadership appeared to decide immediately that negotiating with Netanyahu would not serve their interests. They had their reasons to distrust him. He was opponent of the 1993 Oslo Accords from the outset and although he kept the accords and signed two subsequent agreements with the Palestinians during his first period as Prime Minister, between 1996 and 1999, he proved a difficult interlocutor. He moved forward only under sustained US pressure, and was concerned to avoid alienating his right wing political base. Netanyahu's choice of coalition partners in 2009 did nothing to increase confidence in him. Although he worked hard to include the shrunken centre-left Labour party, it was dominated by right-leaning and religious parties.

Netanyahu also stressed the necessity of Palestinian acceptance of Israel as a Jewish state, not as a precondition for talks, but in the context of a final agreement. It was a demand the Palestinians rejected. Whilst recognition of Israel's Jewish character was nothing new in efforts to find a final status agreement, Netanyahu's emphasis on it drew accusations that he was deliberately placing stumbling blocks in the way of the peace process.

US policy error

In this context the Palestinians felt that they could achieve little from negotiations. In a much remarked upon policy error, the US presented them with the cover they needed to stay away from talks. The Obama administration felt the need to distance itself from Bush-era policies in the Middle East. One way in which it did this was to become more insistent that in order to build confidence in

³ The leaked Palestine Papers show that prior to Olmert's offer, the lead negotiators, Tzipi Livni for Israel and Ahmed Qureia for the Palestinians has made significant progress on the more detailed and substantive issues. See [BICOM Focus: The Palestine Papers – Analysis or Agenda?](#) 29 January 2011.



the peace process, Israel had to meet demands from the Palestinians and other Arab parties to stop settlement construction.

The Israeli government argued that the fate of the settlements was just one issue among many that to be addressed in negotiations, that in the meantime existing communities could not freeze their natural growth, and that a few more houses here or there would not prevent a future agreement. A complete settlement freeze was a pre-existing Palestinian demand, but had not previously been a precondition to entering negotiations.

Depending on exactly where the border is drawn, between two thirds and four fifths of the population growth in West Bank settlements since between 2005 and 2010 was within blocks which Israel can expect to keep in a final status agreement.⁴ But whether the growth was within areas Israel will keep or not, the Palestinians argued that new construction pre-empted an agreement on borders and therefore undermined faith in the negotiations.

Regardless of whether the demand was reasonable, for a range of logistical, political and legal reasons, a complete settlement freeze proved unrealisable.⁵ Its main effect was to turn the Palestinian demand for a halt in settlement construction into a blockage preventing the commencement of bilateral talks. President Obama himself accepted that his administration had underestimated the political challenges on both sides, and may have erred in raising expectations too high.⁶

A further precondition of the Palestinians for entering talks was that Israel accept the pre-1967 Green Line as the basis for territorial negotiations. According to senior Israeli officials involved, the Palestinians were more concerned about this demand than the settlement freeze. But Netanyahu was not-willing at that stage to make such a major concession on the territorial question.

However, in November 2009 he made his most significant gesture in attempt to kick start the process, by announcing a ten month moratorium on all new settlement construction in the West Bank. This did not include East Jerusalem, which is part of sovereign Israeli territory under Israeli law, and therefore beyond the legal authority of the government to stop construction by military order. It also did not stop work continuing on homes that were already under construction, or the construction of public buildings like classrooms. It was nonetheless a significant move, correctly described by US Secretary of State Hilary Clinton as 'unprecedented'. It went some way to meeting the Palestinian demand, and came at a political cost to Netanyahu.

Nonetheless, the moratorium failed to break the deadlock. The Palestinians rejected it as 'worse than useless.' They did not enter talks and there were no reciprocal gestures from Arab states. This episode provides important lessons about international engagement in the peace process. Pressure had built up on Israel, frequently regarded as the stronger party, to offer concessions to get the peace process moving. Under pressure, Israel did indeed concede ground, but this was not in itself enough to get the peace process moving. The Palestinians, perceiving all the international pressure to be on Israel, with little encouragement from the Arab world, and fearing domestic backlash, felt no need to respond. Pressure only built up on the Palestinians as the months of the settlement freeze ebbed away. They only agreed to sit down with Israel a few weeks before the expiry of the

⁴ According to data provided by Peace Now, population growth in West Bank settlements between 2005 and 2010 was 63,760. Approximately two thirds of this growth was West of the Geneva Accords proposed border, and four fifths was West of the proposed route of the Security Barrier.

⁵ BICOM Analysis: The Israel-US dialogue over settlements, [BICOM](#), 1 June 2009; BICOM Analysis: Netanyahu's challenge to uphold the settlement freeze, [BICOM](#), 5 December 2009.

⁶ Q and A, Obama on his first year in office, Joe Klein, [Time Magazine](#), 21 January 2010.



settlement freeze. When it was not extended, the Palestinians had their excuse to leave the negotiating table once again.

George Mitchell, Obama's envoy to the peace process until his resignation in May 2011, recently expressed his frustration that the Palestinians discontinued talks after Israel refused to continue a settlement moratorium that they had regarded as 'worse than useless' ten months earlier.⁷

Another failure throughout this period was that no consistent, reliable, backchannel was established to address the core issues. Backchannels have proven essential in the past to narrow gaps between the sides whilst shielding them from domestic political pressures.⁸

Nor were the Palestinians interested in Israeli interim gestures that would have expanded Palestinians control of the West Bank. Before the announcement of the Palestinian unity government in April 2011, Netanyahu was considering such gestures.⁹ The Palestinian leadership feared that this would ease political pressure on Israel whilst making only minor changes to the status quo.

Who is to blame?

Though the US did not play its hand well, and the wider international community must shoulder some blame for mishandling the situation, the actors ultimately responsible are the Israelis and Palestinians.

Netanyahu took several steps to back up his claim to sincerity in wanting substantive negotiations. The first was his public acceptance of the two state solution; the second was the ten month settlement moratorium. A third step, first made in private, then hinted at in Netanyahu's UN address of 23 September 2011, was tentatively accepting Obama's proposal that 1967 borders plus land swaps be the basis for a territorial agreement, albeit taking into account demographic changes on the ground.¹⁰ He expected in return Palestinian acceptance that an agreement would recognise Israel's Jewish character.

However, these measures have failed to convince either the Palestinians or the wider international community that he is sincere. This is due to several factors, including: his choice of coalition partners; his unwillingness to extend the ten month settlement moratorium in September 2010; his unwillingness to articulate major concessions in public, (such as publicly accepting a US demand that 1967 borders be the basis for a territorial agreement); and the limited extent of unilateral gestures he has made to the Palestinians in the West Bank. In particular Netanyahu's unwillingness to put any concrete final-status positions on the table played into the hands of those who claimed he was not serious about the peace process.

One interpretation of Netanyahu's approach in the last three years is that Netanyahu is not really serious about a deal, and all his statements and gestures to the contrary have been designed to relieve international pressure and divert blame onto the Palestinians.

An alternative interpretation is that Netanyahu is serious about wanting to reach an agreement, but believes the only way is in direct talks, behind closed doors. A series of public concessions to the Palestinians in public, outside the context of direct talks, would embolden the Palestinians to further

⁷ Senator George Mitchell at the Hutchinson Centre, 15 November 2011; <http://vimeo.com/32185451>.

⁸ Michael Herzog, Israel and Palestine must employ backchannel diplomacy, *The Daily Telegraph*, 13 December 2010.

⁹ Barak Ravid, Netanyahu mulls Palestinian state with interim borders, *Haaretz*, 2 March 2011.

¹⁰ BICOM Analysis: Assessing the outcome of UN diplomacy, *BICOM*, 27 September 2011.



entrench their positions, whilst simultaneously eroding Netanyahu's political base and endangering his coalition.

Mahmoud Abbas has similarly claimed his commitment to the two state solution, and the Palestinians can point to the fact that unlike Netanyahu, they put concrete proposals for borders and security on the table. However he has consistently avoided entering into negotiations, whilst launching a unilateral effort to gain recognition of statehood at the UN and entering a tentative unity agreement with Hamas.

One interpretation is that he wants an agreement, and is willing to make major concessions, but that he does not trust that Netanyahu will deliver. He certainly has something to fear from unsuccessful talks. Hamas stand ready to capitalise on another failed round of negotiations. They would certainly a failure to bolster their argument that only 'resistance' can secure concessions from Israel. Now advanced in years, Abbas has a personal reason not to risk his legacy on the long shot of reaching a deal with Netanyahu, and to look instead for a more bankable achievement, such as UN recognition of Palestinian statehood.

An alternative interpretation is that Abbas himself is not willing or able to make the concessions necessary to reach a conflict-ending agreement. His non-response to Olmert and his reluctance to speak publicly about the difficult concessions the Palestinians must make on refugees and the Jewish character of the state of Israel, leaves a considerable question mark over his readiness for a deal. It may also be the case that he has built up such great domestic political capital out of standing firm against Israeli and international demands to negotiate, he dares not risk changing tack now.

It is futile to try and read the mind of either leader, to ultimately determine how far they are willing to go to reach an agreement. Suffice to conclude that there is chasm of distrust between the two. International diplomacy has not helped to bridge this gap, and if anything has made it wider.

The Palestinian turn to unilateralism has made things worse

The decision of the Palestinian Authority leadership to appeal for recognition of statehood at the UN, outside of the context of a negotiated agreement, is a consequence of the stalling of the top down negotiation process, and of changes in the region.

Even before the Annapolis Process expired, there were Palestinian strategists arguing that Palestinian interests would best be served by abandoning negotiations and demanding Palestinian rights with international support, possibly in the context of a one-state solution that would threaten Israel's existence as a Jewish state.¹¹

The Palestinian move to approach the UN was an attempt to shift the conflict into international arenas where they presume they have greater support than Israel. This served the dual purpose of increasing international pressure on Israel, and creating the impression of diplomatic momentum the Palestinian public.

However, as an extensive report by the International Crisis Group described, the Palestinians have sowed confusion about their aims with their very mixed messages.¹² At times, Palestinian leaders have claimed that attempts to secure support for Palestinian statehood international forums are

¹¹ Regaining the Initiative, Palestinian Strategic Options to End Israeli Occupation, [The Palestine Strategy Study Group](#), August 2008.

¹² Curb your enthusiasm; Israel and the Palestinians after the UN, [International Crisis Group](#), 12 September 2011.



designed to get the international community to pressure Israel 'to get involved seriously in the peace process.'¹³

But for those who favour a negotiated two state solution, there is a more worrying possibility. Some fear the Palestinians have embarked on a path away from attempts to reach an agreement for the creation of a Palestinian state alongside Israel, to a new strategy aimed at undermining Israel's legitimacy. An article by PA President Mahmoud Abbas in the *New York Times* in May 2011 fuelled this suspicion, by describing the strategy as an alternative to a negotiation process that had failed. He declared that, 'Palestine's admission to the United Nations would pave the way for the internationalization of the conflict as a legal matter, not only a political one. It would also pave the way for us to pursue claims against Israel at the United Nations, human rights treaty bodies and the International Court of Justice.'¹⁴ Such a strategy would move the parties even further away from a negotiated agreement.

The fact that Abbas sought recognition of a Palestinian state only on 1967 borders does not come as any comfort to Israelis. By not simultaneously giving up on the demand that Palestinian refugees 'return' to Israel, he implicitly leaves open the possibility that Israel would also in the future be an Arab majority state.

Overall, the UN process, designed to give the Palestinians an alternative to negotiations, has little prospect of making a conflict-ending agreement more likely. Those arguing that establishing Palestine as a state on 1967 borders would bolster the two state paradigm, and even up the two parties in negotiations, frequently ignore the risks involved. A UN resolution could be positive in cementing an international consensus around a two state solution and setting clear expectations for both parties. But any such resolution would have to be very carefully drafted in order to avoid tabling a proposal that one or other of the sides cannot ultimately reconcile itself with, and to direct the parties back to negotiations.¹⁵

Without careful drafting that safeguards the framework for negotiations, a UN resolution endorsing a Palestinian state on 1967 borders would undermine the basis for a negotiated agreement. Endorsing a maximalist Palestinian position would restrict the room for manoeuvre for both parties in future talks.¹⁶ In particular, one of the central compromises at the heart of the peace process is that in exchange for the creation of a Palestinian state in Gaza and the West Bank, the Palestinians must accept that this state, and not Israel, will be the primary solution for Palestinian refugees. The Palestinian demand for recognition of a state on 1967 borders grants the Palestinians their key demand, but without them accepting the key concession which makes a negotiated agreement possible. For this reason, William Hague was right to emphasise that, 'any proposition put to the General Assembly must make a return to negotiations more likely.'¹⁷

If the Palestinian appeal to the UN was meant to pressure Israel and the international community into concessions to the Palestinians, it could be judged a success. Keen to avoid divisive UN resolutions, the US and Europe worked intensively to develop agreed terms of reference for resumed negotiations that would reassure the Palestinians that talks would be substantive. Under heavy European pressure, and against the wishes of the Israeli government, President Obama declared that the 1967 borders, plus land swaps, should be the basis for a territorial agreement. Though initially reacting very coolly, Netanyahu subsequently showed flexibility, and expressed

¹³ Ibid, p. 3.

¹⁴ The Long Overdue Palestinian State, Mahmoud Abbas, [New York Times](#), 16 May 2011.

¹⁵ BICOM Focus: Thinking Beyond September, [BICOM](#), 15 August 2011.

¹⁶ Oded Eran on the UN vote on Palestinian statehood (Podcast), [BICOM](#), 11 August 2011.

¹⁷ William Hague; [Hansard](#) Col. 267. 9 November 2011.



willingness to 'move forward on these American ideas [on borders].'¹⁸ The Quartet then called in September and October 2011 for talks on borders and security in which both sides should present positions within three months.

However, Abbas was apparently too committed to his unilateral path, too distrustful of Netanyahu, or too concerned about the response of the Palestinian street, to bank these gains and return to talks. Instead, by forcing the Security Council to consider the bid for membership, he damaged the stability of the PA. The move, made in defiance of US wishes, hardened attitudes against the Palestinians in the US Congress, which suspended elements of its substantial funding package. A spin-off from the UN track, the successful bid to gain membership of UNESCO, led Israel to retaliate by temporarily suspending the transfer of Palestinian tax revenues. This has set a dangerous precedent. Abbas has built up expectations of success at the UN, but pursuing this path will endanger the American and Israeli cooperation on which the PA depends.

Palestinian negotiator Saeb Erekat, only met with his Israeli counterpart Yitzhak Molcho, as proposed by the Quartet, under intense international pressure and Jordanian mediation in January 2012. But the Palestinians refused even to acknowledge these meetings as negotiations and were reluctant to extend the period of the talks beyond January.

Abbas's stance has not helped the cause of those in Israel, such as opposition leader Tzipi Livni, who make the case that Abbas is a partner for peace and that Netanyahu's stance has prevented progress.¹⁹ In September 2011 Israelis saw their Prime Minister calling at the UN for President Abbas to join direct negotiations with him immediately. By contrast they saw Abbas making an incendiary speech which conspicuously erased the Jewish connection to the land of Israel.²⁰

The UN move also exposed the EU's inability to take a unified stance. Germany opposed the entire UN approach, France launched a solo initiative for a compromise resolution at the General Assembly, whilst Britain sought to maintain ambiguity, ultimately abstaining at the Security Council, and leaving its options open at the General Assembly.

The situation is exacerbated by regional change:

To make matters worse, in the last twelve months, the 'Arab Spring' has made the conditions for a conflict-ending agreement harder to establish. Whilst Israelis are sympathetic in principle to the sight of Arab peoples demonstrating for their democratic rights, it is clear that for the foreseeable future, the regional instability will make Israel less secure.

Changes within the Palestinian sphere

The impact on the Palestinians themselves is considerable. Young Palestinian activists responded to regional uprisings by pressing the PA in the West Bank and Hamas in Gaza to unify. The response of their leaders was to declare a 'unity agreement', that would lead to the formation of a unity government, elections, the entry of Hamas into the PLO and unification of the various factions military forces. Progress in the implementation of these measures has been intermittent and shrouded in uncertainty. Though an interim PLO executive has met with Hamas representation, and an elections committee formed to reform the electoral system and prepare for elections, as yet no date has been set. The ultimate authority to advance the election process rests Abbas. Khaled

¹⁸ BICOM Analysis: Assessing the outcome of UN diplomacy, [BICOM](#), 27 September 2011.

¹⁹ Netanyahu Weakens Israel, Tzipi Livni, [Ynetnews.com](#), 23 September 2011.

²⁰ BICOM Analysis: Assessing the outcome of UN diplomacy, [BICOM](#), 27 September 2011.



Meshaal also apparently agreed a programme of non-violent resistance with Mahmoud Abbas, though this did not gain approval from Hamas leaders in Gaza.²¹

Abbas is under considerable pressure from the US and Israel not to advance an agreement with Hamas which would make progress in the peace process impossible. Abbas has said he will not stand for re-election as President, meaning that new Presidential election would mean the end of his term and an opportunity for Hamas to gain control of the presidency. Abbas has used the possibility of moving forward with the unity agreement, and the threat of his own resignation, as one of a number of tools with which to threaten the international community.

The unity process is difficult to evaluate partly because of the shifting dynamics and internal divisions within Hamas. The changes in the region have increased the influence of the movement's Gaza based 'internal' leadership. The movement's overall political leader, Khaled Meshaal, has been weakened by the strain in relations with his regional patrons in Iran and Syria, due to his refusal to back Assad's suppression of the Syrian uprising. He has been showing a more pragmatic face as he seeks new friends among more pro-Western states including Egypt, Turkey, Qatar and Jordan. His acceptance of a unity agreement and a programme of non-violence might lead some to conclude that Hamas is making progress on the path to moderation, and may be more willing to live with a conflict-ending agreement were Mahmoud Abbas to reach one.

Such a conclusion however, would be premature. Even when calling for non-violence, Meshaal remained clear that the Palestinians retained the right to resume armed resistance, and made no suggestion of his readiness to recognise Israel. Furthermore senior Hamas figures in Gaza have been emboldened by the changes in the region, particularly the rise of Islamist parties in neighbouring Egypt. They openly challenged Meshaal's authority in calling for a suspension of violence, with Hamas Prime Minister Ismail Haniyeh declaring in Gaza in mid-December that, 'The armed resistance and armed struggle are our strategic choice and our path to liberate the Palestinian land, from the [Mediterranean] Sea to the [Jordan] River, and to drive the usurping invaders out of the blessed land of Palestine.'²² With Meshaal's announcement, in late January 2012 of his plan to resign as Hamas political bureau chief, the direction of the movement is in even greater doubt.

For now Hamas continues to refrain from firing rockets at Israel, and largely acts to prevent other groups from doing so. But a series of periodic flare-ups over 2011 show the potential for Hamas to be drawn back into the cycle of rocket fire and Israeli response. Hamas continues to build up its arsenal in preparation for a future round of violence.²³

The current model for reaching a peace agreement rests on mutual recognition between Israel and the PLO as the internationally recognised representative of the Palestinians, and the PLO's commitment, at least in theory, to non-violence. The departure of Abbas from the scene, or new Palestinian elections that bring about Hamas's domination of the PLO, are considerable threats to this model.

Whether or not the Palestinian agreement to hold elections is actually implemented, the prospects for Abbas to take risks in negotiations is reduced whilst sensitivity to Palestinian public opinion is so high. At the same time, the prospect for mass Palestinian demonstrations against the IDF or Israeli

²¹ BICOM Analysis: Is Hamas Changing? *BICOM*, 23 January 2012.

²² Hamas Prime Minister Ismail Haniya Reaffirms Hamas' Commitment to Armed Resistance, Special Dispatch No. 4393, MEMRI, 29 December 2011, <http://www.memri.org/report/en/0/0/0/0/0/5959.htm>.

²³ BICOM Analysis: Is Hamas Changing? *BICOM*, 23 January 2012.



settlements in the West Bank, against the backdrop of the Arab Spring and the bid for UN membership has increased, raising the prospects for violent confrontation.

The wider region

The upheaval in the region has destabilised the states bordering Israel and the Palestinian Territories. Israeli acceptance of a Palestinian state in Gaza and the West Bank requires that Jordan and Egypt are committed to the agreement and to the maintenance of peace and stability. Their cooperation is critical for preventing the flow of arms and terrorists into the Palestinian areas and for denying opponents of the peace process, led by Hamas, political support and strategic depth. The peace process also has better prospects for success when Arab states are vocally supportive, giving political cover to moderate Palestinians and diplomatic incentives to Israel.

The ouster of President Mubarak has stripped Abbas of vital political support in the peace process. Egypt's relations with Hamas have improved considerably, and are likely to do so further with dominance of Islamist parties in the parliament. At the same time, lawlessness in the Sinai peninsula has increased, allowing for considerably greater freedom of movement for terrorists and weapons in the Gaza-Egypt-Israel triangle.²⁴

Other pro-Western regimes, which Israel used to be able to count on as tacit allies in countering radical forces, also face uncertain futures. Whilst Jordan looks stable by comparison to Egypt, there are greater questions over its future than in the past. The country is undergoing some degree of reconciliation with Hamas. However, with a successful peace process still strongly in its interests, it has acted to fill the vacuum left by Mubarak, and worked intensively to bring Israeli and Palestinian negotiators together in direct talks in January 2012.

William Hague has argued that if the new order in the region is determined at a time without hope in the peace process, 'This creates a risk that in each country, the politics sets with maximum hostility to Israel, rather than giving the new leaders of these countries strong grounds to support the pursuit of peace.' A comparable argument is made by some in Israel, including opposition leader Tzipi Livni.²⁵ But even those who believe deeply that resolving the conflict on the basis of a two state solution is vitally in Israel's interests, are forced to acknowledge that establishing a stable peace is harder to achieve whilst the region is in flux.²⁶

What might improve the situation?

If the goal remains to end the conflict through a negotiated two state agreement, it is important to acknowledge the challenges.

- There is insufficient trust, or political will, to build the relationships between the leaderships that might bridge the gaps.
- Both sides face domestic political constraints on their freedom of action in the peace process.
- The Palestinian Authority's unilateral strategy, whilst meeting their domestic political need to show progress, is further undermining the prospects for a future agreement, and also threatening the bottom-up progress made in the West Bank.
- The political upheaval in the region makes an agreement even more desirable, but at the same time worsens the conditions for achieving one.
- In the year of a US Presidential election, the US cannot play a fully active role.

²⁴ Michael Herzog, The Egypt-Gaza-Israel Triangle, A Dangerous Deterioration, [BICOM](#), 24 November 2011.

²⁵ Netanyahu Weakens Israel, Tzipi Livni, [Ynetnews.com](#), 23 September 2011.

²⁶ See for example Shlomo Avineri, Revolution and Oppression in the Arab World, [Bitterlemons-international.org](#), 5 May 2011.



Given these circumstances, what should be done?

1. Work with the political reality on both sides

It is important to work with the situation as it is, not as one might wish it to be. Whatever frustrations the international community might have with the current Israeli government, it would be a mistake to hope for a post-Netanyahu government that will be more forthcoming and less constrained politically. Though Israeli politics is difficult to predict, there is currently no strong reason to think Netanyahu will not remain Prime Minister after the next election.

In this context there will inevitably be calls for greater pressure on Israel to offer concessions. This is the Catch 22 of international intervention. Pressure on Israel to be more forthcoming is tempting. The example of Netanyahu's acceptance of a two-state solution and the ten month settlement moratorium shows that Israel responds to pressure. However, the other effect of one-sided pressure on Israel is to make the Palestinian position more entrenched.

Placing pressure only on Israel does not guarantee progress. For that reason, it is important that diplomatic pressure be balanced. Both Israel and the PA should feel that the international community will not tolerate measures that undermine the search for a conflict-ending agreement.

For the same reason, international governments and civil society need to stand firmly against boycotts and behind dialogue and reconciliation. The movement to isolate Israel through boycott, divestment and sanctions does not help Palestinians on the ground and undermines the search for agreement. It encourages Palestinians to avoid necessary compromises, and reinforces the case of those Israelis who argue that there is no partner.

The political reality on the Palestinian side must also be acknowledged. Despite the Palestinians setting a date for elections, it is hard to imagine circumstances in which either Hamas or Fatah will give up control over the territory they currently control. Whilst instability in Syria poses a threat to Hamas and the loss of its Damascus base, the regime change in Egypt presents a considerable opportunity. Hamas's ability to run the Gaza Strip as an independent entity with access to the rest of the world is greatly enhanced by the opening of the Gaza-Egypt border, and by the potential for a sympathetic, Islamist-dominated government in Cairo.

So long as the Palestinians are divided, the goal of a single Palestinian state in Gaza and the West Bank will remain theoretical. It is ultimately not in the hands of Israel or the international community to unite the Palestinians around a platform that accepts the principle of a conflict-ending agreement. In this context it is important to maintain support for those Palestinians that embrace the concept of a conflict-ending agreement, and deny legitimacy to those that do not.

2. Stop things getting worse

○ Preserve the bottom up progress

The West Bank has benefitted from four years of progress in security, economic and political fields, following improved PA security forces and cooperation with Israel. This progress is also dependent on continued donor support and Israeli cooperation in transferring Palestinian customs revenues which are collected by Israel on the Palestinians' behalf. Palestinian unilateral measures in international forums are likely to cause Israel to retaliate by again suspending the transfer of tax revenues and the US to suspend its aid package. Even whilst the Israeli defence



establishment argues against measures that undermine the PA's grip, Netanyahu will be under political pressure from the right to take measures against the PA.

The Palestinians should be pressed to act with restraint in international forums, and Israel to maintain and enhance existing cooperation. Both sides should avoid steps on the ground or in diplomatic forums that escalate tensions that could undermine the progress made in the West Bank.

It is also important to prevent flashpoints that could both trigger confrontations between Israel and the Palestinians and direct popular political energy in Arab states against Israel. Britain should emphasise to the Palestinians the importance of containing grass-roots protests in the West Bank and avoiding violence against Israeli security forces. It is important that Britain's valuable contribution on the ground to the development of the Palestinian Security Forces continue.

- **Preserve and promote regional conditions which are conducive to peace**

Britain should encourage emerging Arab political actors to express support for a two-state solution and the Arab Peace Initiative and deny support for actors who reject this. It is vital to create a regional political environment which legitimises Palestinians who wish to make peace and deny legitimacy to rejectionists that try to undercut them. Britain should continue to send consistent messages to the region that it is committed to its relationship with Israel and its security, alongside its commitment to the establishment of a Palestinian state.

It is particularly important to maintain pressure on Iran and constrain its role as the leading state supporter of anti-Western radicalism. This includes unwavering efforts to deny Iran a nuclear weapons capacity. Britain, in concert with the EU and the US, should enhance its efforts to work with Israel and other states to limit weapons smuggling to armed groups including Hamas, Palestinian Islamic Jihad and Hezbollah.

3. Set realistic expectations of the end goal

Britain, along with its European allies and latterly the United States, has been forthright about the shape of a final status agreement with regard to territory, by emphasising that 1967 lines should be the basis. This addresses the major concession Israel will have to make in a final status agreement. There have been less frank discussions about the fact in any viable future agreement, Palestinians will not for the most part be able to 'return' to Israel.

Britain has perhaps gone furthest in alluding to this fact, with William Hague stating in April 2011 that the solution to the conflict must be based on two states for two peoples, and that any solution to the refugee problem must be '*fair, realistic and agreed*' [italics added]. Whilst allowing for the considerable sensitivities of this issue, Britain should build on this language by making clear that the solution for Palestinian refugees must be found primarily in a Palestinian state, and not threaten the Jewish character of the State of Israel.

4. Look for incremental ways to move forward

Whilst the gaps on final status issues are considerable, and may not be bridgeable at present,²⁷ the international community should remain focussed on stabilising the situation by locking the

²⁷ Policy Focus #116 - Minding the Gaps, Michael Herzog, [The Washington Institute for Near East Studies](http://www.washingtoninstitute.org/policy-focus/article.php?id=116), December 2011.



parties into a sustained period of direct negotiations, and halting the Palestinian unilateral efforts. Direct contacts have the potential to improve the atmosphere, break down the climate of mistrust between the parties, and prepare the respective publics for the possibility of compromise.

With the threat of a Palestinian return to the UN removed, Israel may well be prepared to consider steps in the West Bank that are mutually beneficial and move the parties in the direction of a two-state reality. There is an appetite in Israel to separate from the Palestinians and broad support for interim measures, whether negotiated or unilateral, that result in greater Palestinian autonomy and create a better environment for final status talks.²⁸ It was widely and credibly reported in the first half of 2011 that Prime Minister Netanyahu was considering a package of incremental measures. Proposals range in their scope, from giving the Palestinians more opportunity for development in Area C, i.e. those parts of the West Bank currently under Israeli control, to the establishment of a continuous sovereign Palestinian state in interim borders, as a stage to a final status agreement. Israel could also potentially make gestures to the Palestinians in terms of prisoner releases, and limitations on new settlement construction, whether implicit or explicit. However, Israel is unlikely to make significant gestures without Palestinian assurances that they will suspend for a significant period of time their campaign for recognition at the UN and engage in direct talks.

Rebuilding the top-level contacts and lowering the tension brought about by the Palestinian's UN initiative, could create an environment in which backchannels could be opened up, out of the public eye, which have better chance of finding a way forward.

The Palestinians have been scornful of all proposals for confidence building gestures, painting them as Israeli stalling tactics designed to put off a final status deal. This is negative and self-defeating. Any such measures should be judged by their consistency with the goal of achieving an eventual two-state reality. Britain, in partnership with the international community, can play a role by legitimising this kind of approach. It should encourage Israel to propose such initiatives, and encourage the Palestinians and the wider Arab world to embrace them.

With a conflict-ending agreement looking out of reach at present, there is a tendency among international leaders to resort to a panicked language of despair, warning darkly that 'time is running out', and hinting at the dire consequences of failing to make a deal. This language of despair only gives encouragement to the opponents of a two state solution. It needs to be replaced with a language of resolve, which reaffirms the two-state solution as the goal to meet the needs of both sides, and defines realistic measures that work towards it.

Dr. Toby Greene is the Head of Policy and Research for BICOM. (tobyg@bicom.org.uk)

Professor Alan Johnson is a Director and Senior Research Fellow at BICOM. He is also an FPC Senior Research Associate. (alanj@bicom.org.uk)

²⁸ See e.g. Armistice Now, Ehud Yaari, *Foreign Affairs*, March/April 2010; The Mofaz Plan, *Israel Policy Forum*, 16 November 2009; Reassessment of Israeli-Palestinian Political Process: Build a Palestinian State in the West Bank, *Reut Institute*, 5 May 2009; No realistic chance of permanent Middle East peace, Shlomo Avineri, *Haaretz*, 5 October 2011.