



TOWARD A NEW AMERICAN POLICY

A Veteran U.S. Diplomat's Call for a Bold Approach to Middle East Peacemaking

By Daniel C. Kurtzer

The United States has invested heavily in Middle East peacemaking for decades. While the strategic goal has been to achieve a peace settlement, the United States has tended to focus on the essentially tactical objective of bringing about face-to-face negotiations between the parties. With some exceptions—for example, the Clinton Parameters in 2000 and the George W. Bush letter to Ariel Sharon in 2004—administrations have eschewed articulating positions on the substantive outcome the United States seeks. Because of the serious problems confronting the region and the peace process today, it is time for the United States to adopt a new policy, a new strategy, and new tactics.

Why Tilt at Middle East Windmills?

This essay argues for the development of a new, comprehensive American policy and a sustained strategy for advancing the Israeli-Palestinian peace process. It advocates for American creativity, flexibility, and initiative in crafting the tactics required to engage the parties and help them approach the required mutual concessions. This argument does not rest on either the inevitability or even the likelihood of early success, nor on the readiness of the parties to overcome legitimate concerns and powerful internal opposition to confront the tough decisions required to make peace. Indeed, there are strong reasons to avoid working on the peace process at all.

However, doing nothing or continuing down the same path that the United States has traveled before—simply trying to get to negotiations—not only will not succeed, it will deepen the challenges the United States faces in the Middle East and it will exacerbate the very conflict that

◁ President Barack Obama with Prime Minister Benjamin Netanyahu of Israel and President Mahmoud Abbas of the Palestinian Authority at the White House, Washington, DC, Sept. 1, 2010. *Tim Sloan/AFP/Getty Images*

the United States has tried to resolve over many decades. There are hard realities in the Middle East and the Israeli-Palestinian conflict that some try to ignore or argue away. It is time to confront those realities and develop a reasonable but also bold policy and diplomatic strategy worthy of American values and interests. Developing a sound policy, a sophisticated strategy, and appropriate tactics to advance the peace process is not tilting at windmills. It is doing what the United States has shown itself capable of doing in the past to advance prospects for peace.

The idea of a two-state solution—the cornerstone of American policy in the region—is now on life support, and its chances of surviving cannot improve without active diplomacy. Not only are governments losing interest, but more importantly, public opinion is losing confidence that such an outcome is achievable. The issues in the peace process are complex, and American policy needs to address this complexity, whether or not there is a promise of immediate success.

Current upheavals in the region argue for investing in Israeli-Palestinian conflict resolution. Hunkering down or managing the status quo is not a policy when it assures the United States less leverage and less support for our policies elsewhere in the region. With growing skepticism about and opposition to American policy in the Middle East, a serious effort to advance peace can have a transformative effect on our standing and credibility.

There is no magic formula for success, whether it involves intense American diplomacy or conflict management. Periods of engagement have often ended in frustration, violence, and war. Trying to manage the conflict—for example, by focusing solely on improving the situation on the ground—is not only a recipe for inaction; it is actually far more dangerous than it appears.

Status quos are not static. They either improve or they worsen. The status quo in the West Bank appears to be improving, evidenced by economic activity in Palestinian cities, the relative absence of terrorism, and several important signs of Israeli-Palestinian cooperation, for example, in security and in economic affairs. This is, however, a misleading picture. Israeli settlement activity has accelerated in recent years, and the Israeli government's active support and funding of settlement infrastructure have skyrocketed. As more settlers move into the occupied territories, the area of the prospective Palestinian state is shrinking, becoming less contiguous and less viable. To believe that Palestinians will accept a state limited to their main population centers—so-called Areas A and B in the West Bank—is delusory. Calm on the surface masks growing frustration and anger below. Any spark can ignite a conflagration that will consume the status quo.

More fundamentally, the Israeli-Palestinian conflict drains energy from the parties and from the United States to deal with more pressing issues in the region, in particular, Iran's nuclear ambitions. Yitzhak Rabin recognized this in 1992, when he reportedly told then-President George H. W. Bush that Israel required comprehensive peace with all its

neighbors in order to free its energies to prepare for the emerging threat from Iran, which Rabin assessed would be evident within ten years. In 2002, Saudi King Abdullah and other Arab leaders also recognized this reality when they adopted the Arab Peace Initiative, a cosmic change in the position of Arabs toward Israel and the conflict. Arabs no longer insisted on dealing with the “problem” of 1948, that is, the very existence of the State of Israel, but rather promised Israel peace, security, and recognition if the 1967 occupation of Arab territories and the persistence of the Palestinian issue could be resolved. Iran was as much on the minds of Abdullah and other Arab leaders in 2002 as it was on Rabin’s in 1992.

So, while some argue that it is a waste of time for the United States to invest in the peace process, the opposite is really true. Such an investment will pay dividends if it moves the conflict toward resolution and allows the region to act in concert to deny Iran its power ambitions. Doing nothing, or doing too little, is a prescription for trouble.

Outmoded Assumptions

In crafting the policy, strategy, and tactics the United States should pursue, it is important to discard outmoded assumptions about peacemaking. First, the peace process is not simply about getting to negotiations. Rather, the goal is a conflict-ending, claims-ending, fair, and just peace agreement between Israel and the Palestinians. Negotiations—that is, fixation on process—must not become the consuming objective. The United States must formulate a policy that treats the central issues in dispute: territory, borders, security, Jerusalem, refugees, the nature of peace, religion, ideology, and narratives.

Second, not every idea for resolving this conflict has been created equal. Arguments in favor of one state, three states, long-term interim arrangements, trusteeship, armistice, cantonization, Jordan-is-Palestine, and the like are misleading, dangerous, and wrong. There is no serious, viable alternative to the partition into two sovereign states of the territory that Palestinians and Israelis claim as their exclusive homeland. Partition will not respond to the full aspirations or the entire national/religious/historical narratives of the parties. But partition provides for a historic decision in which both sides will be able to enjoy independence and exercise sovereignty in part of their national patrimony.

Third, the United States must stop viewing the conflict-resolution process as an American monopoly. Israelis and many Arabs still regard the United States as the essential third party. However, the Middle East is in the midst of a radical transformation, and new power configurations require a new way to marshal regional and international efforts on behalf of peace. Palestinians need the support that other actors could provide, and Israel needs the recognition that international interaction could ensure.

Fourth, it’s time to end the silly debate in the United States over “linkage.” Resolving the Arab-Israeli conflict will not in itself transform the region; but, so too, democratic

transformations in the region will not necessarily lead to resolution of the Arab-Israeli conflict. America's diverse and complex interests demand that we invest in both policy goals simultaneously. Thinking or trying to act sequentially misses the point.

Contours of American Policy: Seven Critical Elements

The United States needs to think strategically and employ wise tactics. Stand-alone tactics, such as confidence-building measures, do not succeed, for they require the parties to pay a heavy domestic political price with no discernible political or substantive payoff. As part of a broader strategy, however, smart tactics can help the parties understand trade-offs and benefits. The first order of business is to construct a cohesive American policy.

1. *Create the physical template—borders—of Israel and Palestine.* It is illogical that sixty-five years after the UN partition resolution, there is still no agreed border that demarcates the State of Israel and the future state of Palestine. This must be a core component of American policy: to realize the goal of secure, recognized, and defensible borders. President Obama got it right in May 2011 when he urged that negotiations produce borders that are based on the 1967 lines with mutually agreed swaps. Israelis and Palestinians need to know where their respective states begin and end.

2. *Address Israeli and Palestinian fundamental security requirements.* The United States should lead the effort to define and address the security requirements of the two peoples. In 2008, President George W. Bush asked General James Jones—later to become Obama's national security advisor—to undertake a comprehensive security assessment. Jones's study was never published, but the work he started should be refined and completed. In parallel, the on-the-ground work of the United States Security Coordinator (USSC)—tasked with interacting daily with both sides, training and equipping the Palestinian Security Force, and rebuilding security cooperation and coordination—should be intensified.

These security requirements and the means to address them are complex. But a security system, composed of many different elements and a heavy dose of American commitments and involvement and a variety of security tools and practices, can work. The United States has always said it understands that the parties need to believe that their security will improve under conditions of a peace agreement; now is the time to demonstrate that with American leadership.

A critical part of this will be the degree to which Israel believes the United States will continue to provide it with the wherewithal to defend itself and the security assurances needed to operate in a hostile regional environment. Israel's security needs will expand

dramatically in the context of an agreement with the Palestinians, and the United States should thus be prepared to address Israel's legitimate needs. An Israel that feels secure regarding its own capabilities and the constancy of American commitments will likely be more willing to take the serious risks that peace will entail.

3. *Adopt an American view of the parameters on the core issues.* Negotiations require terms of reference to start and to succeed, but Israel and the Palestinian Liberation Organization (PLO) cannot agree on any terms of reference. The irony is that the two sides have narrowed gaps substantially on the core issues in dispute since the Taba negotiations in 2001. None of this progress has been memorialized in an agreed record, but the progress achieved cannot be doubted.

Before deciding whether or how to resume negotiations in a manner that has a chance to succeed, the United States needs to decide for itself its own views on the shape of a final settlement, that is, the parameters for resolving the core issues. Without this, American policy lacks focus and is ineffectual, limited to carrying messages or proposing discrete fixes to negotiating impasses. Just as the parties need to have a comprehensive view of all the issues in the negotiations in order to be able to weigh concessions against possible gains, so too the United States needs an internal policy on the shape of a settlement. Let no one doubt the significance of this tool should the United States decide to employ the parameters as draft terms of reference for negotiations: President Clinton constructed such parameters in 2000, shared them with the parties, then withdrew them when the parties refused to commit to negotiate on the basis of those parameters—but then they went off and negotiated at Taba essentially on the basis of Clinton's parameters. It is critical for the United States to develop a policy on substance, even if the decision on what to do with the parameters is not taken until later.

The most persuasive reason for the United States to develop its own views on the core issues was articulated by Lewis Carroll: "If you don't know where you are going, any road will get you there." Not every road will get the parties to the desired two-state solution. On each core issue, there are possible outcomes that fall outside the minimum requirements of one of the parties and that thus endanger a successful outcome. For the United States to be able to act wisely and creatively to help the parties, it has to know where it is going and what road can best take the parties to an agreed outcome. A proposed model of American parameters can be found in the appendix to this essay.

4. *Ensure Palestinian institutional and economic capacity.* Palestinians have made great strides in creating the institutional and economic structures to sustain independent statehood. The United States and many others have assisted these efforts, but it is time to kick this process into higher gear. The creation of a successful, economically viable, and

democratic state of Palestine will serve two critical American interests: it will resolve the Palestinian-Israeli conflict, and it will promote democracy in the Middle East. The United States must invest more resources in this effort.

5. *Change Israeli and Palestinian behaviors.* In 2003, the United States and the other members of the international Quartet (the European Union, Russia, and the United Nations) developed the Roadmap, which required mutually reinforcing actions by Israelis and Palestinians to change bad behaviors—stop settlement activity; permit greater Palestinian mobility; uproot terrorist infrastructure; create accountable institutions; stop incitement. These goals are already part of American policy; as elements in a broader strategy, the United States needs to do more to try to achieve them.

The United States should establish a robust system of monitoring Roadmap performance, hold the parties accountable—publicly—for their actions, and exact consequences for failure to abide by commitments or to change behaviors. The objective is not to be punitive, but to get serious. The parties basically agreed that these are the behaviors that need to change; the United States is the only party with the weight to follow through. To be sure, Roadmap implementation cannot be expected independently of other actions; it makes sense only as part of an integrated American policy.

6. *Involve the region in building the infrastructure of peace.* In the 1990s, Arabs and Israelis met constantly in a range of multilateral meetings and public-private economic summits. These interactions gave real-life meaning to the more rarefied atmosphere surrounding diplomatic negotiations. They helped build personal and professional relationships between Arabs and Israelis and strengthened the public's support for the peace process.

Indeed, over the past decades, a cottage industry of people-to-people, non-governmental organizations (NGOs), and so-called Track II activities has proliferated. Today, Palestinians and Israelis know each better than almost any other two peoples in the world. The U.S. government helped create many of these opportunities, but over the years, American administrations have paid less attention and devoted fewer resources to maintain these activities to foster Arab-Israeli interaction.

In 2002 the Arab Peace Initiative was adopted at the Arab Summit in Beirut, but thus far, it has had no practical effect—either as a safety net to support the Palestinians or as an inducement for the Israelis to take hard decisions for peace. In the meantime, the region's problems have worsened: there is a severe shortage of water; arable land is under pressure from growing populations; most countries are food importers; health problems abound across political boundaries; and environmental degradation continues. There is no justification for this situation to continue when regional dialogue and mechanisms for action can be created.

The United States should seek ways to capitalize on the earlier examples of Arab-Israeli interactions: lend support to the Arab Peace Initiative, exploit the contacts that already exist, and broaden the base of public support and activities tied into building a culture of peace. Even modest resources and time devoted to NGO, Track II, and people-to-people activities will pay large dividends.

Doing this will not be easy. Arab governments are very skeptical and suspicious about American (and Israeli) motives, concerned that these processes will substitute for a serious effort to resolve the underlying conflict. Because of this, any American effort to encourage Arab-Israeli interaction will need to be tied closely to progress on the Palestinian-Israeli track. Each element of this integrated policy framework needs to be undertaken in conjunction with the others so that all parties see the larger picture in which they are being asked to move forward. Arab-Israeli cooperation is one important component of this larger policy framework.

7. Don't ignore religious, ideological, and historical narratives. Under the best circumstances and the smartest American policy, peace will be challenged by mutually exclusive Israeli and Palestinian religious, ideological, and historical narratives. Diplomats traditionally shy away from these issues, for they are not amenable to quick fixes, and they speak to the deepest psychological and emotional instincts of the two peoples. However, as much as policy makers would prefer to ignore these issues, they need to be considered if the goal is a conflict-ending, claims-ending agreement.

Today, there are some modest non-governmental activities focused on fostering internal dialogue within the two communities, involving those who don't play a direct role in peace talks—especially settlers and refugees. As a matter of policy, the United States needs to pay attention without interfering in these NGO-led efforts. American funding can help these activities expand.

Developing Smart Strategy and Tactics

With this kind of strong, integrated policy, the United States will be better placed to consider the right strategy and tactics for advancing the peace process. Tactical choices are quite important, but the United States should approach tactics with flexibility and avoid confusing tactics with policy.

Do smart diplomacy. There are many useful guides for what worked and what did not work in the past.¹ A first order of business, as the integrated policy is adopted, is to stand back, assimilate the tactical lessons of the past, and empower our diplomats to act creatively, flexibly, and boldly.

Negotiations. Negotiations will be critical but only when constructed carefully, on the basis of strong terms of reference. Asking the parties to negotiate agreed terms of reference is unlikely to produce results. The United States will thus need to consider when and how to break the logjam. The best alternative at that time might be to offer the U.S. parameters as the terms of reference for the negotiations. In doing so, the United States would describe its approach as positioning the parties as though at the wide end of a funnel. We would direct the parties to, so to speak, the light at the end of the funnel, by helping them navigate the choices required to narrow differences and bridge gaps. The parties would remain the central actors in negotiations, but the United States would not be an absent party when it comes to fixing problems and achieving results.

Public diplomacy. The United States already invests heavily in public diplomacy. With a good product—that is, strong and determined policy—savvy public diplomacy can focus on bringing the Israeli and Palestinian publics to support the peace effort. From the president and the secretary of state on down, American officials should talk directly to the people in the region about the requirements of peace and all the good that will flow from a peaceful settlement.

Think outside traditional boxes. At a time when American officials are reaching out to Islamists in the Middle East, it no longer makes sense to maintain inflexible conditions for engagement with Hamas. To be clear, Hamas needs to renounce terrorism and accept Israel's right to exist as an independent state before the United States enters a formal dialogue. But American and international conditions have been cast in stone so impenetrable that it has been impossible to assess whether change may be under way within Hamas.

One way to test this is to rethink our approach to Palestinian unity and reconciliation. Since 2006, the United States has assigned more value to the choices confronting Hamas than to the continued commitment of the PLO and the Palestinian Authority (PA) to the peace process. If our objective is to strengthen PLO and PA decision makers, and if they believe that a unity accord with Hamas will help them, then we ought to be supportive, provided PLO and PA policy does not change to accommodate Hamas's wishes. The focus of American policy needs to be on what the PLO and the PA do, not on what Hamas says or thinks. The great irony is that American and Israeli efforts to isolate Hamas in Gaza have weakened the PA financially and politically, while strengthening Hamas's financial and institutional control. It makes no sense to continue in this direction.

The United States should also reconsider its position with regard to Palestinian diplomatic recognition. There are substantial benefits to be had for both Palestine and Israel in a carefully crafted process of formal diplomatic recognition.²

Realistic Short-Term Outcomes

Rebuild American influence, power, and prestige. The position of the United States in the Middle East is in crisis and is worsening over time. All of our traditional Arab allies are either in the midst of transitions to regimes that are likely to be far less supportive of our interests or are under pressure from populations that see alliance with the United States as part of the problem, not part of the solution to their country's shortcomings. Events since the onset of the Arab upheavals in January 2011 have demonstrated that the United States has significantly reduced leverage and few assets to bring to bear in dealing with these emerging political constellations. Our assistance does not buy us much anymore, and there appears to be little price to pay for ignoring American advice or preferences. The one issue that can change this—indeed, that can transform American standing overnight—is strong American leadership in Arab-Israeli peacemaking.

A robust American role in the peace process is not a magic bullet, but it is the closest thing to a discrete policy that can have a dramatic, transformative impact on developments elsewhere. Every American-led or American-assisted breakthrough in the past has changed the regional dynamics. As a result of the Madrid process, for example, American influence skyrocketed, and tangible gains were registered for the United States and Israel: Syrian Jews were permitted to emigrate; Israel's diplomatic recognition and relations expanded, including those with Turkey, India, and China; trade and commercial relations were established with several Arab countries; official contacts with most Arab states were launched in the context of formal multi-lateral negotiations. In other words, American diplomatic leadership achieved substantial results, even though the peace process itself ultimately faltered. Imagine the important and tangible gains possible if progress is achieved in a U.S.-led Israeli-Palestinian peace process.

The point is that what the United States does or fails to do in the peace process has an outsized impact on U.S. standing in the region. We benefit when we act confidently and boldly; we are weakened when we don't.

Provide tangible security and other benefits to Israelis and Palestinians. The United States spends an extraordinary amount of money, time, and political capital to help Israel achieve the security and well-being that it deserves, and to help Palestinians cope with the challenges of occupation while building the capacity for independent statehood. There is no other country as generous in this regard, and no other country as committed to these goals. Congress and the American people have been supportive of these costs, even at times of economic stringency at home. In other words, we do it because it is the right thing to do.

A peace process—even a peace agreement—offers no certainty that the security or well-being of Israelis or Palestinians will improve immediately. Indeed, the opposite could occur in the short term, as opponents of peace mobilize or engage in violence

to try to block negotiations or implementation of an accord. However, the durability of existing negotiated peace agreements argues that security and well-being are deeply enhanced by the peace process. However painful the immediate human and material costs of implementing treaties, the long-term result is an environment less susceptible to the threat of war. Unilateral withdrawals and unilateral actions don't work, for there is no shared responsibility; signed agreements do work, and their net result is enhanced security and well-being for Israelis and Arabs.

Rescue and possibly advance the prospects of the two-state solution. The two-state solution is not self-implementing, and the longer the idea does not move forward, the more likely it is to lose ground and become more problematic to implement. The publics in Israel and Palestine are increasingly skeptical of the idea, Palestinian violence is destroying the Israelis' belief in peace, and Israeli settlement activity is making it more difficult daily to imagine the evacuation of tens of thousands of settlers in the context of an agreement. We are in a race against time to rescue and implement the two-state solution.

It will be very hard to construct, conduct, and sustain a determined and comprehensive peace strategy, even harder to imagine positive results. But doing nothing is the easiest pathway to a deepening crisis for American interests in the Middle East. The United States can do hard diplomacy, and in this case, it must.

The components of a comprehensive, robust, and sustainable American policy and strategy thus represent the best chance for a transformative change in the Middle East and in America's standing in the region. The time is now for confident American leadership to advance the prospects of Israeli-Palestinian peace.

Daniel C. Kurtzer, Pathways to Peace: America and the Arab-Israeli Conflict, published 2012, reproduced with permission of Palgrave Macmillan.

1. Daniel C. Kurtzer and Scott B. Lasensky, *Negotiating Arab-Israeli Peace: American Leadership in the Middle East*, (Washington, DC: United States Institute of Peace Press, 2008) contains ten critical lessons from American experience since the Madrid conference. See also Daniel Kurtzer, William Quandt, Scott Lasensky, Steven Spiegel, and Shibley Telhami, *The Peace Puzzle: America's Quest for Arab-Israeli Peace 1989–2011*, (Ithaca, NY: Cornell University Press, 2012) for a detailed analysis of negotiations during the past two decades and lessons learned.
2. See, for example, Daniel Kurtzer, "A 'Win-Win' for Palestine and Israel Is Possible," *HuffPost World*, August 17, 2011, which suggested tangible ways that both Israel and Palestine could benefit from a well-constructed UN diplomatic scenario. http://www.huffingtonpost.com/daniel-kurtzer/a-winwin-for-palestine-an_b_928199.html.

Appendix

Parameters: Possible Terms of Reference for Israeli-Palestinian Negotiations

As part of a cohesive American policy and strategy for advancing Palestinian-Israeli peace prospects, the United States should craft substantive parameters for internal use and consider using them as the terms of reference for negotiations. Following is a model of parameters:

- I. Goal of the Negotiations
- II. Territory and Borders
- III. Security
- IV. Israeli Settlements and Refugees
- V. West Bank and Gaza “Safe Passage”
- VI. Places of Historical and Religious Significance
- VII. Jerusalem
- VIII. Water
- IX. Implementation

I. Goal of the Negotiations

The Palestine Liberation Organization and the State of Israel (“the Parties”) seek a just, lasting, and comprehensive peace, consistent with the United Nations Charter, that will fulfill UN Security Council Resolutions 242 and 338 and constitute the end of the Israeli-Palestinian conflict and all claims related to it. As a result of negotiations, the State of Palestine and the State of Israel will live side by side in peace and security. Israel will recognize Palestine as the national home of the Palestinian people and all its citizens; and Palestine will recognize Israel as the national home of the Jewish people and all its citizens. Each State will affirm the importance of maintaining and strengthening peace based on freedom, equality, justice, respect for human rights, and respect for human dignity. Each state will work to eliminate incitement against the other state, as well as efforts to delegitimize it. The Parties agree to the full and orderly implementation of the terms of the agreement, in accordance with agreed means, methods, sequencing, timelines, and provisions.

II. Territory and Borders

In fulfillment of UN Security Council Resolution 242, Israel will withdraw from territories occupied in the 1967 war. The Parties will negotiate the withdrawal and the border of the two States based on the June 4, 1967, line. The final border will reflect minor, reciprocal, and agreed-upon boundary modifications, including 1:1 land swaps, reciprocal in terms of both quantity and quality. The outcome of negotiations will be a secure, recognized, and defensible border that ensures the territorial integrity, contiguity, and viability of both States.

III. Security

The agreement will base Israeli-Palestinian security relations on mutual trust and advancement of joint interests and cooperation. The agreement will stipulate that each State will refrain from the threat or use of force or weapons, conventional, non-conventional, or of any other kind, against each other, or of other actions or activities that adversely affect the security of the citizens, residents, territorial integrity, or political independence of the other. The two States will also refrain from organizing, instigating, inciting, assisting, or participating in acts or threats of belligerency, hostility, subversion, or violence against the other Party. The Parties shall also agree to take necessary and effective measures to ensure that acts or threats of belligerency, hostility, subversion, or violence against the other Party do not originate from, and are not committed within, through, or over their territory (hereinafter "territory" includes the airspace and territorial waters).

The agreement will provide that all disputes between the two States will be settled by peaceful means, including but not limited to negotiations, mediation, and/or arbitration. The agreement will also provide for a liaison system to facilitate implementation of the security provisions.

The agreement will stipulate that the two States will not join or assist any alliance, the objectives of which include launching aggression or other acts of military hostility against the other State. The agreement will prohibit each State from allowing the entry, stationing, and operating on its territory, or through it, of military forces, personnel, or *materiel* of a third party, in circumstances that may adversely prejudice the security of the other Party. The two States will agree to take necessary and effective measures and will cooperate in preventing and combating terrorism, subversion, and violence of all kinds or any other act of violence emanating from their territory, and to prevent and disband the formation of any force, militia, or group aiming to incite or carry out violence against the other. The Parties will agree to take necessary and effective measures to prevent the entry, presence, and operation in their territory of any group or organization that threatens the security of the other State by the use of, or incitement to the use of, violent means.

The State of Palestine will develop and maintain adequate internal security forces and will limit arms and equipment to levels and types to maintain internal security and enforce the rule of law within its borders. No armed forces, arms, other implements of war, or dual-use material may enter, be stationed, transit, or be deployed in the State of Palestine except as agreed by the Parties. International monitors will observe, monitor, and report on implementation of these provisions. The monitors will have enforcement authorities as agreed.

The agreement will provide for a timetable for implementation of security arrangements that will, *inter alia*, include early-warning and related facilities; and international observers, monitors, and forces as required to oversee and ensure implementation of the security provision of the agreement.

The State of Palestine will be responsible for security at its borders and points of entry. Palestinian border security and control over international passages, including future land, sea, and airports, and entry into the State of Palestine will be monitored by an international body, which will work in close cooperation and coordination with the Parties and neighboring states.

The Parties will reach agreement on control over the airspace, maritime areas, and electromagnetic spectrum. Each State shall recognize the right of vessels of the other State to innocent passage through its territorial waters in accordance with the rules of international law.

IV. Israeli Settlements and Refugees

In accordance with an agreed implementation timeline, all Israeli settlers and all Israeli civilians will be evacuated from the territory of the State of Palestine. In accordance with the laws of the State of Palestine, individual Israeli citizens may apply for residency and citizenship in the State of Palestine. The Parties will reach agreement on the disposition of all fixed assets and infrastructure within Israeli settlements, with the goal being the transfer of such assets and infrastructure in good condition to the State of Palestine in return for fair and reasonable compensation.

In fulfillment of UN General Assembly Resolution 194, and in view of the suffering experienced by the Palestinian refugees, Palestinian refugees will have the right of return to the State of Palestine, consistent with the absorptive capacity and laws of that State. Those refugees who choose not to exercise their right to return to the State of Palestine or who are prevented from returning by the State of Palestine will be assisted to resettle in their countries of current residence or in other countries willing to receive them, while respecting the sovereign rights of those states. The State of Israel will offer a program of family reunification, including citizenship, for a limited number of refugees.

An international fund will be established to help defray the costs of compensation and resettlement of Palestinian refugees and Jewish refugees from Arab countries.

V. West Bank and Gaza “Safe Passage”

The Parties will agree on the size, modalities, and administration of a “safe passage” corridor that links the West Bank and Gaza. The corridor should be of sufficient size to accommodate a four-lane highway, a rail link and underground pipelines, cables, and utility lines. The State of Israel will have sovereignty, but not administrative authority, over the corridor and will exercise control over external security. The corridor will have sufficient access points to ensure effective emergency response, and it will be transected by an agreed number and location of crossings to ensure effective communication for Israel for all purposes. The State of Palestine will administer the corridor, bear responsibility for maintenance and upkeep, exercise control over security within the corridor, and monitor the people and goods transiting the corridor to assure effective security and law enforcement. The passage will operate continuously.

VI. Places of Historical and Religious Significance

Each State will provide freedom of access for visitors and worshippers to all places of religious and historical significance within their territory. The Parties will agree on a list of such places in the two States. The two States will agree to protect and respect all sites of religious, historic, and cultural significance. Each State will ensure adequate protection for freedom of access and worship. International monitors will oversee implementation of these provisions to all the sites so listed.

VII. Jerusalem

The agreement will provide that Jerusalem is a site of sacred, religious, historic, and cultural importance and will provide for the geographic limits of the city. The Parties will agree to act in accordance with the dignity and sanctity of the city.

The agreement will provide that Jerusalem will become the capital of the two States—Al-Quds as the capital of Palestine, and Yerushalayim as the capital of Israel. The city should be undivided and free of permanent barriers and other physical obstructions that impede daily life. The Parties will develop an agreed plan for the control of entry into and exit from the city and for its security.

The Parties will agree to establish a negotiating process and time frame to determine their boundary and to provide that:

—Outside the walls of the Old City, the Parties will define their boundary on the basis of demography, that is, predominantly Jewish neighborhoods will be included in the State of Israel, and predominantly Arab neighborhoods will be included in the State of Palestine.

—With regard to the Old City, pending an agreement between the Parties on the boundary, they will establish by agreement a special regime to administer the Old City under an international administrator appointed by them.

VIII. Water

The Parties will agree on a fair and equitable distribution of water, including but not limited to underground aquifers, desalinated water, and water from the Jordan River system. The agreement shall provide for cooperation in managing existing and searching for new sources of water supply, including development of existing and new water resources, increasing the water availability, including cooperation on a regional basis as appropriate, and minimizing wastage of water resources. The Parties shall also agree to cooperate to prevent contamination of water resources, and to assist in the alleviation of water shortages. An international fund will be established to assist with desalination and other water-supply development and delivery infrastructure to satisfy the needs of Israel, Palestine, and other riparian states of the Jordan River system.

IX. Implementation

The Parties, with the assistance of the Quartet and other international organizations as appropriate, will establish an international mechanism to monitor and facilitate implementation of the agreement, and ensure full compliance with all its terms.