

Saving the Two-State Solution

A Transatlantic Agenda for the Middle East

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It is encouraging that – after some seven years of violence and unilateral steps – parties to the Middle East conflict have started to talk to each other again. Results of these talks, however, have so far been sobering, and prospects for conflict settlement in the Middle East are bleak. It is rather unlikely that the so-called Annapolis process will yield an Israeli-Palestinian peace agreement, or even a substantial framework agreement, as envisioned before the end of 2008 – not only because the gaps between the parties remain too wide with regards to the core issues (Jerusalem, refugees, settlements), but also because questions of leadership will be dominating the domestic Israeli, Palestinian and US agendas in the weeks and months to come. Because of the urgency imposed by the rapidly diminishing feasibility of a two-state settlement as well as the imminence of a renewed escalation of violence, the peace process – with a focus on the Israeli-Palestinian track – should be one of the main priorities on the transatlantic agenda.

A little less than a year after the United States initiated the Annapolis conference, the future of the Middle East peace process is – once more – disconcerting. In Israel, the new head of the ruling Kadima party and Prime Minister designate, Tzipi Livni, is currently absorbed with forging a new government. If she fails in this endeavour, Israel will be faced with early elections in spring 2009. On the Palestinian side, President Mahmud Abbas, who invested a lot of his political capital in reaching a negotiated settlement with Israel, is at risk of losing public support over the stalled peace process. Above all, Palestinians have been disillusioned over prospects for peace, as there has not been a freeze in Israeli settlement

construction or a tangible improvement of movement even in the West Bank. According to the Palestinian Basic Law, the President's term in office will end in January 2009. Finally, the upcoming US elections and the time lag before a new administration is effectively in place and working present the danger of a breakdown in Israeli-Palestinian talks – and therefore the risk of a renewed escalation of violence or third Intifada. Such violence would add to moving a two-state settlement beyond reach. Already today, such a settlement is fast becoming unrealistic due to the fragmentation of Palestinian territory through Israeli settlements, settler roads, and the separation wall in the West Bank. It is also

becoming ever more elusive due to the politico-territorial split between Fatah and the West Bank on the one hand, and Hamas and the Gaza Strip on the other. This split has been entrenched since Hamas' Gaza takeover of June 2007 by the international community's "West Bank first" approach, that is, the propping up of Mahmud Abbas and his government in the West Bank while isolating Hamas and – at least implicitly – supporting the Israeli blockade on the Gaza Strip. This approach has not only had tragic effects for the humanitarian situation in the Gaza Strip, but also a detrimental impact on what was to be the institutional basis of a Palestinian state. In fact, today, we are witnessing two separate, competitive authoritarian systems in the making. This competition also bears a danger of renewed violent intra-Palestinian clashes. Indeed, one trigger for such clashes could well be the end of President Abbas' term in office in January 2009 and his insistence on remaining in power.

On the Israeli-Syrian track, several rounds of indirect negotiations facilitated by Turkey have taken place this year. The talks – together with other constructive signals from Damascus sent out in the context of the May 2008 Doha Agreement, at the July 2008 Paris Union for the Mediterranean summit, as well as at the August 2008 Damascus summit – have already produced positive side effects for Syria: its international isolation has been diminished and, among the Europeans, France – which had been the main driver for isolating Syria over the last few years – has reengaged Syria. However, no substantial progress is to be expected in the talks as long as they remain indirect and as long as the United States is not involved.

On the Israeli-Lebanese track, the 2006 ceasefire has been secured by a substantially extended UNIFIL (United Nations Interim Force in Lebanon.) But the conflict has been frozen rather than effectively tackled: UN Security Council resolution 1701 has only been partially implemented. In particular, the weapons embargo against Hizbul-

lah has not been enforced. And with the exception of the UN-mediated prisoner-hostage exchange in July 2008, no progress has been achieved so far with regards to conflict settlement. Also, UN mediation efforts with regards to other contentious issues, that is, Ghajar village and the Shebaa Farms, have so far not yielded positive results. This front bears a particularly high risk of reignition of violence – not only because of unsettled scores between Hizbullah and Israel linked to the 2006 war and the February 2008 assassination of the top Hizbullah operative, Imad Mughniyeh, but also because of probable repercussions of an escalation of the conflict with Iran over its nuclear programme.

A Transatlantic Agenda

In January 2009, the second term of US President George W. Bush will come to an end. The onset of a new US administration provides a window of opportunity for reviewing previous policies and examining options for enhanced transatlantic cooperation on key foreign policy issues such as the Middle East peace process. Because of the urgency imposed by the rapidly diminishing feasibility of a two-state settlement as well as the imminence of a breakdown of talks and a renewed escalation of violence in the Middle East, the peace process – with a focus on the Israeli-Palestinian track – should be one of the main priorities on the transatlantic agenda. This necessitates that the next US administration not merely engage towards the end of its second term – as has been the case over the last decades – but focus on the Middle East right from the start.

The European Union for its part should be prepared to bridge the time and sustain peace talks until the next US administration's Middle East team is in place and can take over again. A precondition for such a European role, of course, would not only be close coordination with the President-elect from right after the elections, but the willingness and capability of Europeans to

jointly take on such a responsibility – be it through the Presidency or the High Representative for Foreign and Security Policy backed by his experienced team in the Council Secretariat – within the frame of the Quartet.

Saving the Two-State Solution and Preventing Renewed Violence

A transatlantic approach should focus on **political conflict settlement** on the Israeli-Palestinian track by providing:

- ▶ a strong symbolic message by the incoming US administration and its partners in the Quartet that they are ready to engage, while avoiding mere photo opportunities that lack adequate follow-up or substance;
- ▶ a move from facilitation to mediation or chaperonage of the process that actively and consistently helps the parties to overcome their differences. This should include: a consequent monitoring of the parties' compliance with agreements, the provision of a bridging proposal or blueprint for a final status settlement in due time, and concrete offers for a presence on the ground to oversee the implementation of a final status agreement;
- ▶ incentives and disincentives to influence the parties' behaviour by increasing the cost of occupation and the use of violence while raising the enticements for conflict settlement. For the EU that would imply, for example, linking to a complete settlement stop the closer cooperation with Israel that was envisioned in this summer's association council meeting. In the same spirit, Palestinians should be offered closer cooperation with the EU if they exert utmost efforts to fulfil their roadmap commitments.

Power sharing: Europeans and Americans should support, rather than block, national reconciliation – or at least a renewed power-sharing agreement between Palestinian factions – in order to provide the Palestinian President with the necessary

backing for negotiations and to avoid further intra-Palestinian violence. In fact, with the Egyptian-mediated ceasefire agreement, Israel has accepted Hamas as the de facto government in Gaza. Such pragmatism is urgently required and should also be adopted by the international community to avoid further bloodshed and create an environment in which negotiations can be pursued. Also, institution-building, a stabilisation of the security situation, and economic development all cannot yield sustainable progress as long as the split of the Palestinian Authority is ongoing. Therefore, it is high time to no longer block serious talks between Hamas and Fatah on how to avoid renewed crises and, among other issues, on how to provide an environment for free and fair elections.

More concretely, such a new approach would translate into:

- ▶ support for national reconciliation talks currently mediated by Egypt and backed by the Arab League by signalling a clear-cut European readiness to accept an interim government composed of all factions as a partner;
- ▶ such European support also having to include continued financial cooperation via the Palestinian single treasury account;
- ▶ abstention from arming and training militias of one side with the aim of winning over militarily, as such an approach bears the real and concrete danger of civil war.

Providing an environment in which economic development is possible: Numerous reports of international financial institutions such as the World Bank clearly identify movement restrictions as the main obstacle for a sustained economic upturn in the Palestinian territories. European financial support, which has increased immensely over the last few years, will thus remain ineffective if it is not accompanied by measures aimed at reducing these restrictions. While it is legitimate for Israel to take measures to protect its citizens from

violence, a lot more can be done to minimise disruptions of Palestinian trade and daily lives – even under continued occupation. The European Union therefore should:

- ▶ encourage the United States that their high-ranking military officers in the Palestinian territories draw up plans, together with their Israeli and Palestinian counterparts, that allow for the speedy and sustained reduction of movement restrictions in the West Bank;
- ▶ see to it that a permanent reopening of Gaza's border crossings and the implementation of the 2005 Agreement on Movement and Access be a priority;
- ▶ engage in talks with all parties to find an arrangement that allows for the reopening of the Rafah Crossing on the Egypt-Gaza border and the redeployment of the European border monitors (EU BAM Rafah.)

Moving to Direct Israeli-Syrian Talks

On the Israeli-Syrian track, too, the next US administration should get involved and thereby allow for the contacts to move from indirect talks to direct negotiations. As is the case with the Israeli-Palestinian track, Europeans might be able to assume a supportive, bridging role to move the talks forward, but they will not be in a position to substitute for the United States as a broker and for providing security guarantees. US engagement would necessitate ending the isolation of the Syrian regime and in the mid-term the (in any case limited) American sanctions. Indeed, it is high time to do so – not least because an Israeli-Syrian peace deal has the potential of impacting positively on Israeli-Palestinian as well as Israeli-Lebanese relations.

One should not be overoptimistic with regards to progress on this track though: While the issues at stake between Israel and Syria are much less intricate and difficult than those on the Israeli-Palestinian track, there are not a lot of incentives for the Israeli leadership to pursue the negotiations quickly and come to an agreement. To the

contrary, Israeli public opinion strongly discourages ceding the Golan Heights, at least for the time being. Priorities on the Syrian side are also not fully clear. Still, it is worthwhile exploring options for a peaceful settlement in direct negotiations.

At the same time, ending Syria's isolation and engaging in negotiations as well as having normal diplomatic relations should not mean rushing in to embrace Syria – at least as long as no concrete and tangible steps have been taken by Damascus to improve Lebanese-Syrian relations (i.e., exchanging ambassadors, demarcating the border, and cooperating with regards to border control as well as officially clarifying territorial claims over the Shebaa Farms). Europeans would be well advised to adopt a common position for a gradual and conditioned building of closer cooperation with Syria.

Mitigating the Risk of Renewed Violence between Israel and Hizbullah

Finally, as long as Syrian-Lebanese relations have not improved tangibly – and considering the current domestic climate in Lebanon – it does not make sense to push for direct negotiations on the Israeli-Lebanese track, as some Europeans and Americans have proposed lately. At the same time, it is extremely important to strengthen efforts at conflict management and mitigation (e.g., in the tripartite UN, Israel, Lebanon committee), to support UN mediation with regards to an interim solution for Ghajar, as well as a two-step approach to the Shebaa Farms issue. Europeans and Americans should also build on progress in Syrian-Lebanese relations to work on joint control of the border.

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