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## Israel, the Palestinians, and the Administration's Peace Plan

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Chairman Ros-Lehtinen, Ranking Member Deutch, and members of the subcommittee, thank you for the opportunity to appear before you to discuss Israel, the Palestinians and the Administration's peace plan. My testimony will examine the regional implications of recent developments in the peace process, particularly as they relate to the Palestinian Authority and Arab states. It will further look into a potential peace plan by the Administration and will conclude with recommendations for practical steps to advance the peace process.

### Introduction

In recent weeks, the Middle East peace process has witnessed a number of rapid developments. Yet in the absence of a framework and sense of direction, much of this energy has been wasted or even negative. Without a clear articulation by the administration of a direction and a diplomatic strategy, the current state of drift is likely to continue and worsen. Nonetheless, as the administration formulates a plan, it needs to be careful not to overreach. Current political realities in both the Palestinian Authority (PA) and Israel make it difficult to envisage a peace plan that will meet the minimum needed substantively and politically by both parties to reengage in negotiations. Given the volatility of the situation on the ground, presenting a plan with a high likelihood of failure could trigger sharp deterioration. Instead, the United States should develop more modest objectives for the immediate term and engage Arab and European partners to build a wide U.S.-led coalition capable of navigating the current crisis. Most important, the United States can support security, economic, and governance improvements on the ground that will create conditions conducive to the resumption of meaningful negotiations.

### Background

The peace process has been officially suspended since 2014, but even before that—and despite intensive efforts by former secretary of state John Kerry—it was clear that the negotiations were heading to failure. Since coming to office, President Donald J. Trump has signaled his intent to pursue a resolution of the Palestinian-Israeli conflict. Trump entrusted his senior advisor Jared Kushner to oversee the effort and appointed longtime associates as well as established foreign policy professionals to oversee the process. On the diplomatic front, Israeli prime minister Benjamin Netanyahu and Palestinian president Mahmoud Abbas, as well as key regional leaders,

were received in the White House, and Trump, in turn, visited Israel and the PA. Substantively, the U.S. peace team remained largely in “listening mode” during the first year, conducting wide-ranging meetings but giving no hint as to the administration’s policies and strategy beyond its intention to present a plan at some point.<sup>1</sup>

## The Jerusalem Decision

This quiet diplomacy changed on December 6. Delivering on a campaign promise, Trump recognized Jerusalem as Israel’s capital.<sup>2</sup> This action was undeniably within the sovereign right of the United States; furthermore, there had been no question throughout all past negotiations that in any final peace agreement West Jerusalem, as well as mutually-agreed parts of East Jerusalem, would be under Israeli sovereignty. Given Jerusalem’s sensitivity, however, the PA and Arab states were bound to react negatively.

Had the decision been coordinated with Arab allies, some of their concerns could have been reflected in the framing of the decision, which would have provided them with some political breathing space vis-à-vis those seeking to further inflame emotions. Moreover, conflicting messages from the administration further complicated efforts to manage diplomatic fallout in the region. Trump’s December 6 speech stated explicitly that the United States is “not taking a position [on] any final status issues, including the specific boundaries of the Israeli sovereignty in Jerusalem, or the resolution of contested borders.” Yet the administration’s public messaging, did not highlight this, and Trump’s subsequent statements that he “took Jerusalem off the table” made it difficult for moderate voices to argue that the decision did not prejudge final peace talks.<sup>3</sup>

Predictably, the Palestinian leadership vehemently opposed the decision. A combination of Jerusalem’s centrality to the Palestinian narrative and its diplomatic position, as well as the political weakness of President Abbas—with current approval ratings of only 31% among his public<sup>4</sup> — meant that Abbas felt—as a matter of both principle and political calculation—that he had to take hardline positions lest Fatah rivals and Hamas foes accuse him of abandoning Jerusalem. Abbas issued harsh statements that in some instances crossed into the unacceptable territory of denying Jewish connection to the land.<sup>5</sup> The United States should continue to insist that Abbas retract such statements.

Diplomatically, the PA suspended contact with the United States on peace-process-related matters, and resorted to the UN, eliciting a U.S. veto in the Security Council but securing a General Assembly resolution critical of the U.S. decision. Furthermore, the PLO made a number of decisions calling for severing relations—including security cooperation—with Israel and abandoning the Oslo Accords framework.<sup>6</sup> It should be noted, though, that similar decisions made in the past were not implemented. While the PA is likely to continue its internationalization campaign, security cooperation with Israel continues.

Arab states were bound to be critical of the decision both out of genuine disagreement with its substance and for political reasons. Jordan, with its longstanding special role as custodian of Muslim holy sites in Jerusalem—a role recognized by Israel in the two countries’ 1994 peace treaty<sup>7</sup>—was particularly affected by the decision. Yet some moderate Arab states—particularly Jordan, Saudi Arabia, Egypt, and the United Arab Emirates (UAE)—are trying to ensure that this does not develop into a full-blown crisis. These states are now seeking to isolate the issue of Jeru-

salem from their bilateral relations with the United States<sup>8</sup> while emphasizing that U.S. leadership of the peace process is indispensable.<sup>9 10</sup>

These efforts, however, are complicated by other regional actors who are using the decision to score political points. Iran and Qatar—in the context of their ongoing tensions with moderate Arab states—tried to cast the latter as complicit in the decision,<sup>11 12</sup> while Turkey president Recep Tayyip Erdogan is capitalizing on angry public sentiment to position himself as leader of the Muslim world.<sup>13</sup> Moreover, this decision has weakened the leverage of the moderate Arab states vis-à-vis the PA. While some of these states have privately urged the Palestinians to tone down their reaction, they feel they have to be careful in public for fear of being accused of abandoning Jerusalem and the Palestinian issue.

Washington can support moderate Arab states by highlighting that the Jerusalem decision does not prejudice the outcome of negotiations. The president<sup>14</sup> and administration<sup>15</sup> have recently begun to do so, but only a more robust outreach to Arab media will convey this message to Arab audiences.

### Pressuring the PA

The Palestinian statements and actions following the Jerusalem decision elicited strong U.S. reactions, including threats of cutting off aid to pressure the PA, particularly regarding the United Nations Relief and Works Agency (UNRWA). On January 2, U.S. ambassador to the United Nations Nikki Haley indicated that Washington will cut aid to UNRWA “until the Palestinians agree to come to the table,”<sup>16</sup> and on January 16 the United States withheld \$65 million of the \$120 million installment for “future consideration.”<sup>17</sup> President Trump also indicated that the administration may cut other forms of aid to apply pressure on the PA,<sup>18</sup> although it is not yet clear yet what this will mean.

Without question, UNRWA needs significant reform—a point recognized by the organization itself.<sup>19</sup> Furthermore, it is not appropriate that the United States bear a disproportionate share of financial support to the organization. Indeed, the decision to withhold a portion of the U.S. funding has already prompted international actors to take action. For example, Jordan’s foreign minister recently called on Arab states to “shoulder our responsibilities” in supporting UNRWA.<sup>20</sup> Moreover, using aid to pressure the PA is a legitimate tool that could, if deployed properly, be effective in changing PA behavior.

In reality, however, these attempts to pressure the PA have so far not been effective. Fundamentally, it is not clear to what end U.S. pressure is being applied. Although the president and administration urge the PA to “come to the table” and “negotiate peace,” there are, at this point, no negotiations, nor is there, at least for now, a concrete U.S. proposal to restart them. Therefore the PA has been able to cast this pressure in a punitive light.

Furthermore, the lack of coordination between the United States and key international actors has allowed the PA to evade pressure. In the past, leverage on the PA was successful when a coalition of relevant allies shared U.S. objectives, a reality vividly demonstrated during the George W. Bush administration. The PA realized it has no choice but to engage in reform or face regional and global isolation only when the U.S. message was amplified by European and Arab allies who refused to break ranks with Washington.

More specifically, defunding UNRWA—apart from its humanitarian implications—is unlikely to make a difference to the PA. Public discontent over cuts in UNRWA services will likely be directed, not against the PA, but against the United States, Israel, and UNRWA itself—and the PA can side with its public in expressing outrage. Furthermore, the PA is aware that Israel<sup>21</sup> also does not want to see deterioration in the West Bank and will likely, along with Arab states, lobby the United States against immediate cuts of UNRWA aid.

Instead, any significant reduction of UNRWA aid would most seriously harm Jordan, where UNRWA provides services to more than 2 million registered refugees, including 120,000 students and health facilities that processed 1.5 million patient visits in 2016. Transferring these responsibilities to Jordan will put pressure on an already strained infrastructure. But the concern is not only economic. Since the Arab protests in 2011, refugee camps in Jordan have remained quiet, including during the current wave of protests against the recent lifting of subsidies. Cutting UNRWA services will likely cause protests in Palestinian refugee camps.

### An American Peace Plan?

The administration has repeatedly stated that it is working on a peace plan to be unveiled at some point in the future. Although, a U.S.-brokered plan to prompt negotiations and bridge differences ultimately has value, in practice, any plan presented in the short term is likely to fail due to the domestic politics of both Israel and the PA. Prime minister Netanyahu presides over a coalition that gives him an extremely narrow margin in which to maneuver. Members of his coalition who have been unwilling to allow for even the limited steps recommended by the Israel Defense Forces to alleviate the humanitarian situation in the West Bank<sup>22</sup> are unlikely to be willing to endorse the “hard compromises for peace”<sup>23</sup> envisioned by President Trump.

On the Palestinian side, Abbas’s margin for maneuvering is also extremely limited. Failure of the peace process, corruption, and poor governance combined have severely eroded the PA’s legitimacy among its public. Recent polls show that 77% of Palestinians believe that the PA is corrupt,<sup>24</sup> and 70% want Abbas to resign.<sup>25</sup> Add to that the split between the West Bank and Gaza, and the hardening of positions in the wake of the Jerusalem decision, then Abbas currently lacks the political credit needed to be able to engage with a peace plan that requires significant compromise.

Arab states, whose participation will be key, may be able to privately pressure Abbas to engage an American peace plan if its terms are reasonable. But even at the best of times, Arab leaders have been reluctant to break ranks with the PA in public, and this is further exacerbated by the negative public mood in the region following the Jerusalem decision.

A failed peace plan that is rejected by one or both parties will be costly. Among both the Palestinian and Israeli public, belief in peace is eroding<sup>26</sup> and another failed peace initiative will only solidify such skepticism. Among the Palestinians, given the tension and volatility on the ground and the weakness of the PA, another failed peace initiative could lead to an array of concrete negative results ranging from a sharp deterioration in the security situation to a potential collapse of the PA. Needless to say, severe disruption on the ground is not in the interest of the Palestinians, Israel, the region, or the United States.

## Recommendations

While a full-fledged American peace plan may be premature, neglect is equally counterproductive. It may be more feasible at the moment to focus instead on less ambitious but more achievable goals that can stabilize the diplomatic scene and the situation on the ground. This would eventually create conditions conducive to the resumption of meaningful negotiations.

### *Diplomatic Steps*

The diplomatic priority now is to break the current escalatory dynamic and provide a U.S.-led framework within which all parties, including the PA, can resume dialogue. A multilateral approach can provide an effective vehicle to that end. For example, despite the PA's decision to not engage the United States, Palestinian officials participated in a recent meeting of the Ad Hoc Liaison Committee (AHLC)—the international grouping dealing with economic and humanitarian aid to the PA—alongside the United States, Israel, Arab States and other international donors.<sup>27</sup>

Building on that precedent, the International Quartet (composed of the United States, the UN, the European Union, and Russia) should be reenergized to provide an umbrella under which the PA can reengage in U.S.-led peace diplomacy. Expanding the Quartet to include Jordan and Egypt would give it a regional dimension, and including Norway, which chairs the AHLC, would help better integrate political and economic issues.

### *Practical Steps*

Important as diplomacy is, it is by nature slow-acting and ill-suited for responding to concrete, immediate developments on the ground, particularly as these realities remain prone to rapid deterioration. Therefore, as Washington continues to explore diplomatic options, administration attention in the immediate term should be turned toward creating practical, positive developments on the ground. While such developments are no replacement for diplomatic negotiations, positive developments on the ground will help stabilization and can start addressing each public's mistrust and negative view of the other.

In that regard, the United States should focus on the following areas:

1. **SECURITY:** Security is the sine qua non for any diplomatic, economic, or governance progress. Over the last decade, the security situation in the West Bank remained manageable, due to no small part to actions of the PA security forces (PASF), and their cooperation with their Israeli counterparts. The United States, through the U.S. Security Coordinator (USSC) for Israel and the Palestinian Authority, has been instrumental in reforming and professionalizing the PASF, and in shepherding security cooperation. The United States should continue to focus on the primacy of security and help support this virtuous dynamic.

Specifically, the United States should continue directly supporting the PASF, maintain and strengthen the USSC, and engage Israel on ways to allow the continued growth of the PASF without endangering Israel's security, including increasing the PASF's jurisdiction to additional West Bank areas. Finally, the United States, directly and through allies, should impress upon the PA the need to stop threatening to sever security cooperation, as such threats—even if not intended for implementation—delegitimize the PASF and demoralize its members.

2. **GAZA:** The situation in Gaza is fast approaching a humanitarian crisis.<sup>28</sup> Apart from its obvious and catastrophic human implications, such deterioration could lead to a new war. Ideally, assistance to Gaza should be channeled through the PA, to avoid Hamas benefiting from such aid. However, the recent Egyptian-led “reconciliation” talks—or, more accurately, talks aimed at reintroducing the PA into Gaza—have faltered. This was due to a large extent to the PA’s unwillingness to assume authority over Gaza as long as Hamas continued to refuse to disarm. At the moment, Egypt, due to internal developments, is not actively pursuing Palestinian reconciliation talks. When Egypt reengages, however, the United States should continue to support its efforts to create—at a minimum—a measure of PA presence in Gaza to facilitate international aid.

That point, however, seems distant at the moment. In the immediate term, the United States should focus specifically on the following:

- pressuring Abbas—directly and through allies—to reverse his recent sanctions against the coastal Strip, including limiting electricity supply and other forms of payments to Gaza;<sup>29</sup>
  - continuing to work with Israel and the U.N. to fine-tune existing mechanisms for humanitarian aid delivery; and
  - engaging Egypt and Arab states to increase support to Gaza that bypasses Hamas’ government.
3. **THE WEST BANK:** While Gaza’s immediate concerns need to be addressed, the West Bank should not be taken for granted. The continuation of the Israeli occupation, the increased disbelief in the possibility of diplomatic progress, and eroding legitimacy of the PA due in part to poor governance and political stagnation has created an increasingly tense situation. Recent development regarding Jerusalem have further increased the tension. Yet due to the relative stability and the effective Palestinian-Israeli security cooperation, the Israeli defense establishment is supportive of a number measures to ease life on the ground. Some of these projects, however, fell victim to maneuverings among Israeli politicians<sup>30</sup>.

The United States should urge Israel to implement—and to the extent possible avoid politicizing—such IDF-approved measures, specifically those which provide the Palestinians with economic access to Area “C” of the West Bank and grant the PA additional planning and zoning powers around congested Palestinian urban areas.

4. **PALESTINIAN REFORM:** Finally, the United States should refocus on promoting Palestinian reform. Besides the desirability, in its own right, of creating clean, effective governance in the PA, the widespread perception of corruption in the PA and general dissatisfaction with its performance has implications for the peace process. It erodes the legitimacy of Palestinian leaders, reducing their ability to reengage in negotiations, let alone make the necessary compromises for peace. As demonstrated under President George W. Bush, sustained U.S. prioritization of Palestinian reform can produce dramatic results that increase the PA’s legitimacy among its public and Israel’s trust of the PA as a peace partner.

In addition to direct U.S. engagement on the issue, the administration should explore a role for Arab states in Palestinian reform, especially roles in which some—like the UAE and Jordan—have developed significant capacity as they undertook their own processes of reform and institution building.

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- <sup>1</sup> <http://www.jpost.com/International/Liberman-Trump-administration-still-in-listening-and-learning-mode-497453>
  - <sup>2</sup> <https://www.whitehouse.gov/briefings-statements/statement-president-trump-jerusalem/>
  - <sup>3</sup> <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-prime-minister-netanyahu-israel-bilateral-meeting-davos-switzerland/>
  - <sup>4</sup> <http://www.pcpsr.org/sites/default/files/poll%2066%20full%20text%20English%20Dec%202017.pdf>
  - <sup>5</sup> <https://www.timesofisrael.com/rewriting-history-abbas-calls-israel-a-colonial-project-unrelated-to-judaism/>
  - <sup>6</sup> <http://www.jpost.com/Arab-Israeli-Conflict/Palestinian-Central-Council-calls-upon-PLO-to-end-recognition-of-Israel-536845>
  - <sup>7</sup> <http://www.mfa.gov.il/mfa/foreignpolicy/peace/guide/pages/israel-jordan%20peace%20treaty.aspx>
  - <sup>8</sup> <https://www.reuters.com/article/us-usa-israel-pence-jordan/pence-says-he-and-jordans-king-abdullah-agreed-to-disagree-on-jerusalem-idUSKBN1FA0V5>
  - <sup>9</sup> <https://in.reuters.com/article/usa-trump-saudi/u-s-mideast-peace-plan-not-finalised-but-efforts-serious-says-saudis-jubeir-idINKBN1E81PX>
  - <sup>10</sup> <https://www.politico.com/story/2018/02/04/jordan-abdullah-jerusalem-israel-389573>
  - <sup>11</sup> <http://washin.st/2CfSliA> (Arabic)
  - <sup>12</sup> <http://washin.st/2o233tB> (Arabic)
  - <sup>13</sup> <https://www.alaraby.co.uk/english/news/2017/12/13/erdogan-seeks-to-unite-muslim-leaders-over-jerusalem>
  - <sup>14</sup> <http://www.israelhayom.com/2018/02/11/trump-to-israel-hayom-palestinians-are-not-looking-to-make-peace/>
  - <sup>15</sup> <https://useu.usmission.gov/remarks-ad-hoc-liaison-committee-meeting/>
  - <sup>16</sup> <https://www.timesofisrael.com/us-warns-it-wont-fund-refugee-agency-if-palestinians-reject-talks/>
  - <sup>17</sup> <https://www.npr.org/sections/thetwo-way/2018/01/17/578571424/u-s-freezes-more-than-half-of-aid-to-u-n-agency-for-palestinian-refugees>
  - <sup>18</sup> <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-prime-minister-netanyahu-israel-bilateral-meeting-davos-switzerland/>
  - <sup>19</sup> <https://www.unrwa.org/who-we-are/reforming-unrwa>
  - <sup>20</sup> <https://twitter.com/AymanHsafadi/status/959800386285600768>
  - <sup>21</sup> <http://www.jpost.com/Arab-Israeli-Conflict/Trump-cuts-UNRWA-funding-amid-Abbas-assault-536917>
  - <sup>22</sup> <https://www.timesofisrael.com/cabinet-puts-temporary-freeze-on-qalqilya-expansion-plan/>
  - <sup>23</sup> <https://www.timesofisrael.com/trump-tells-israel-it-will-have-to-make-hard-compromises-for-peace/>
  - <sup>24</sup> <http://www.pcpsr.org/en/node/715>
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  - <sup>26</sup> <http://www.pcpsr.org/en/node/717>
  - <sup>27</sup> <https://www.norway.no/en/indonesia/norway-indonesia/news-events/news2/extraordinary-meeting-of-the-international-donor-group-for-palestine-ahlc-in-brussels/>
  - <sup>28</sup> <https://www.timesofisrael.com/idf-chief-said-to-warn-gaza-war-likely-if-humanitarian-crisis-persists/>
  - <sup>29</sup> <http://www.dailystar.com.lb/News/Middle-East/2017/Aug-07/415205-abbas-pledges-to-ramp-up-gaza-strip-sanctions.ashx>
  - <sup>30</sup> <https://www.timesofisrael.com/cabinet-puts-temporary-freeze-on-qalqilya-expansion-plan/>