



A concrete security barrier separating Israel from the West Bank

Window of Opportunity for a Two-State Solution

Policy recommendations to the Obama administration on the Israeli-Palestinian front

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Preface

This report is based on a series of briefings, meetings, and interviews conducted with a wide range of Palestinian and Israeli officials in June 2009, including on-the-record sessions with leaders such as Israeli Deputy Prime Minister Dan Meridor, Kadima Party Leader and Former Foreign Minister Tzipi Livni, Major General Yoav Gallant of the Southern Command of the Israel Defense Forces, Palestinian Authority Prime Minister Salam Al-Fayyad, and Saeb Erekat, the chief negotiator for the Palestine Liberation Organization.

The authors also met with a number of officials in off-the-record sessions, including several ministers in the Palestinian Authority and the Israeli government, leaders in the Israel Defense Forces, independent analysts, and journalists in Jerusalem, the West Bank, and Israel during the last two weeks of June. The meetings also included sessions with U.S., British, and other international officials and experts on the Middle East. Some of these meetings were part of a broader delegation that one report coauthor (Katulis) took part in organized by the Israel America Academic Exchange, a program in partnership with the Milken Institute and the Yitzhak Rabin Center.

The overarching conclusion after all of these in-depth meetings with a wide range of actors: A two-state solution to the Israeli-Palestinian conflict is achievable if the Obama administration builds upon the successful early steps it has taken so far with swift but far-sighted strategic action to bring all the players around to a comprehensive peace process. This won't be easy, and the next 6- to 12-month period is crucial. But it is doable if the Obama administration invests more resources in public outreach and strategic communications efforts aimed at building political support for a two-state solution among Israelis, Palestinians, and people in the broader Arab world.

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Introduction and summary

The Obama administration sees a two-state solution to the Israeli-Palestinian conflict as the cornerstone of its evolving Middle East strategy. Yet the window of opportunity for achieving a viable two-state solution is rapidly closing—at a time when Israelis and Palestinians seem incapable and unwilling to achieve a sustainable peace agreement. In the coming months, the Obama administration needs to build on its first steps on the Israeli-Palestinian front with specific actions to shore up Israeli and Palestinian political support for a possible two-state solution.

The Obama administration has taken important steps to demonstrate the seriousness of its intent. President Barack Obama appointed an experienced, high-level team including former Senator George Mitchell as special envoy for Middle East peace. As this team initiated multiple policy reviews and engaged key actors in the Middle East to gauge the openings for possible shifts in U.S. policy, President Obama repeatedly voiced his public commitment to a two-state solution. His speech in Cairo last month directly tied the creation of a Palestinian state to U.S. national security interests.

The Obama team is building on previous administrations' efforts to boost the capabilities and professionalism of the Palestinian security forces and is working to advance economic development in the Palestinian territories. The administration has pushed for a freeze on the expansion of Israeli settlements on the West Bank, and is now pushing for Arab states to make significant gestures toward Israel.

But the deadlocked political situation on both the Israeli and the Palestinian sides trail the President's ambitious timetable. Palestinian leaders are divided and face a crisis of legitimacy in the eyes of their people. As yet, there is no clear path forward to resolve power-sharing disputes among different Palestinian factions. Israelis are similarly divided about the way forward, with little serious internal political pressure pushing toward a two-state solution.

The Obama administration needs to win over more Israelis to its strategy for the region and consolidate a Palestinian leadership able to negotiate an enduring agreement in order to achieve a two-state solution. To address this stalemate, the Obama administration needs to take four concrete steps in the coming months:

- Plan for the possibility of Palestinian elections in the coming year.
- Develop an integrated program to strengthen Palestinian institutions in a broad range of sectors to lay the foundations for statehood.
- Take immediate action to address the humanitarian crisis in Gaza.
- Conduct a public outreach and strategic communications effort in the Middle East outlining U.S. regional strategy, with increased attention to Israeli public opinion.

Each of these steps needs to be taken to expand the new window of opportunity created by the Obama administration's first moves on Middle East policy.



Source: Map adapted from United Nations Department of Peacekeeping Operations Cartographic Section, Map No. 3584 Rev. 2.

Plan for the possibility of Palestinian elections in the coming year

A key impediment to a two-state solution is the lack of unified Palestinian institutions and leaders endowed with the support of its people. The fractured political landscape among Palestinians raises concerns among Israelis about having a viable partner who can implement a peace agreement. The deep conflicts between Hamas and Fatah, including the territorial-political divide between the West Bank and Gaza, have been compounded by growing internal problems within the Fatah movement and the legitimacy of the Palestinian Authority even in the West Bank. To clear this hurdle, the Obama administration should support efforts to find a workable formula for a Palestinian national unity government and plan for the possibility of Palestinian elections in the next 12 months.

Earlier this month, PA President Mahmoud Abbas called for Palestinian elections to be held under international and Arab supervision. Abbas said the election results should be respected, even if Hamas wins. Holding such elections will be risky and complicated, but elections may be the only way to translate improvements in security, economy, and institutional capacity into real political legitimacy for Palestinian governing institutions—the paramount strategic objective of the current efforts. While January 2010 should not be a sacred date, the elections should be held on a reasonable time frame and their results respected. These elections, however, must *not* be used as an excuse to delay a rapid movement towards final status negotiations. An impending election could generate a sense of urgency among Palestinian leaders that could create positive incentives to make progress in negotiations.

Develop an integrated program to strengthen Palestinian institutions in a broad range of sectors to lay the foundation for statehood

Neither elections nor stronger Palestinian security forces will be sufficient to produce a capable and legitimate Palestinian government if other Palestinian Authority institutions are not developed in tandem. The United States and other countries should continue to promote a “sustainable security” program in Palestine—developing a judicial system, strengthening the rule of law, advancing economic prosperity and democratic mechanisms—to create a favorable environment toward a peace resolution. Considerable U.S. investment and efforts to build Palestinian security forces should be matched by robust efforts to strengthen Palestinian Authority ministries in a wider range of sectors.

This may require a far more direct presence in the West Bank than is currently possible. At present, U.S. Agency for International Development officials can only travel even to Ramallah under heavy security, with each visit costing thousands of dollars according to many estimates, and to the great dismay of Palestinian officials. The United States should strongly consider opening a diplomatic presence in Ramallah. This would send an extremely strong signal of U.S. support for an emerging Palestinian state, and would facilitate a much more effective engagement across all sectors of Palestinian institutional development. In

opening such a presence, the United States should make clear that the move is not making a policy statement prejudging the outcome of final status negotiations. International development assistance should be tightly integrated into a coherent strategy aimed at producing a capable, legitimate set of Palestinian institutions which can win public support for and effectively implement a two-state final status agreement.

Take immediate action to address the humanitarian crisis in Gaza

Since unilateral ceasefires in January by Israel and Hamas in the Gaza Strip, the 1.5 million Palestinians living there have suffered from severe shortages—including basic medicines, food and building materials—after combat destroyed many homes and key infrastructure. The Obama administration is now engaged in quiet diplomatic efforts to ease the restrictions on border crossings in order to advance reconstruction efforts in the Gaza Strip. But far too little has been done, and reconstruction efforts remain stymied.

The United States should work directly and openly with Israeli officials to establish transparent criteria and rationale for allowing the import of food, medicines, and reconstruction material. In addition, the Obama administration should review regulations and procedures to ensure it is striking the right balance between facilitating the timely and efficient delivery of humanitarian assistance and guaranteeing that U.S. taxpayer assistance does not benefit groups designated as foreign terrorist organizations.

Launch a strategic communications effort in the Middle East outlining U.S. regional strategy, with increased attention to Israeli public opinion

The Obama administration's diplomatic efforts over the settlements are not yet concluded and must be continued in order to revive U.S. credibility in Palestine and the Arab world. But the settlements themselves are only a small portion of the problem. The time has come to pivot to the next step—a broader public outreach and strategic communications effort in the Middle East that builds on the first steps of the Obama administration. This should be supplemented by a tightly focused strategic communications effort directed toward building support for a two-state solution among Palestinians and the broader Arab world. Such a campaign cannot wait for an actual negotiated agreement that can then be “sold.” It must begin now to build the foundations of public support and to prepare public opinion for the likely concessions involved in the likely deal.

The communications campaign cannot only be directed toward the Arabs and Palestinians. The Obama administration will achieve its goal of a two-state solution to the Israeli-Palestinian conflict only if its actions are *not* viewed by Israelis as hostile to their interests. Washington needs to reassure Israel that it will continue to support its security and work to maintain a close bilateral relationship while also pushing forcefully for a two-state solu-

tion which it sees as in the best interests of the region. Israel and the United States cannot afford to surprise each other with unexpected, uncoordinated initiatives that collide with each other's strategic position.

At the same time, both nations must meet their commitments in the full spirit of cooperation and common purpose. To do this, the Obama administration should consider ways to shape Israel's strategic calculations, such as a package of additional financial assistance to help Israel with the costs of moving settlements and military bases in the West Bank, both of which might be the result of a deal with Israel on permanent borders or a more comprehensive agreement.

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