



US-Palestine Relations

Report on a Series of Meetings

14 March 2013

Ramallah, Palestine

The Pugwash Conferences on Science and World Affairs took a small delegation of Americans to Ramallah in the days preceding the visit of US President Obama to Israel and Palestine. The purpose of the visit was to explore Palestinian concerns and priorities, and to seek a longer-term vision of how the US-Palestinian relationship might improve. The visit included a series of private meetings with eminent Palestinian political leaders, and a small roundtable discussion with a mix of decision-makers, political leaders, business entrepreneurs, and leaders from the NGO and civil rights communities. As in all Pugwash meetings, there was no attempt to achieve consensus in any discussions. There is a long and difficult history in this region. Without seeking to diminish the importance of those narratives, the following report focuses on current and future policy issues and possible steps forward.¹

Overview

Expectations were low for President Obama's visit. Palestinian leaders were focused on trying to avoid it becoming a "catastrophe." However, despite the deep and apparent frustration, Palestinian participants believe there are a series of mini-steps that can be taken and that "out of the box thinking" should be explored, perhaps in bilateral Track II meetings between Americans and Palestinians. Some Palestinians are deeply skeptical, however, and note that "mini-steps" are all reversible. Palestinians "are keen for a serious, successful peace process with results," said one person. "It is our duty to protect and defend," said another. "We want dignity."

Palestinians recognize that all recent US presidents have supported a two-state solution based on the 1967 borders with East Jerusalem as the capital of Palestine. The problem is not the policy, said one participant, but politics. Further, the lack of response from the US with regards to Israeli human rights violations leads them to distrust lofty American words that are not backed up by action. This plays into deep skepticism regarding the Obama visit, since it is widely perceived as a public relations stunt.

Many Palestinians believe Israel currently is the stumbling block. "There is no readiness in Israel to move." Some believe the biggest problem is the "lack of a sense of crisis in Israel." This creates a severe challenge for Palestinians who are seeking to develop a strategy while maintaining the focus

¹ This report was prepared by Pugwash Senior Program Coordinator Sandra Ionno Butcher. The opinions expressed do not necessarily reflect the views of the rapporteur, the Pugwash Conferences or any of the sponsoring organizations. Quotes may not be exact, but are provided to give a sense of the dialogue. Quote marks separate actual quotes from the text narrative. Pugwash appreciates the support for its Middle East project provided by the Norwegian MFA, the Carnegie Corporation, other funders and our national groups. Pugwash would like to thank the many officials and experts for generously sharing their time and insights.

on non-violence. “We have spilled enough blood of martyrs,” said one senior person, “Palestinians don’t want to go through that again.” However, there is a feeling that “Israel is against every non-violent approach” and are “closing the door to non-violence.” “We are talking peace, they are provoking and preparing confrontations.”

Someone pointed out the irony that 2012 was the first time since 1973 that not a single Israeli was killed in a terrorist attack and that there have been no body bags in Tel Aviv, and yet the Israeli public has not shown any understanding for the Palestinians’ rightful aspirations.

Instead it was noted that Israeli press is beginning to discuss the “third Intifada.” It was pointed out the word “intifada” itself has its roots in something unplanned. “The situation is boiling.” It was noted that Ramallah does not represent the full picture, as conditions in Nablus and other areas are worsening. Someone said he thinks “Bibi is trying to start the third Intifada.” Palestinian leaders say they are trying to prevent the situation spiraling out of control in reaction to what they see as “Israeli violence.” Some felt that regular settler attacks against Palestinian villagers and burning of mosques could have been such a spark. “Israel is killing hope for a political solution. This is the most dangerous thing.”

Immediate and urgent issues for dialogue include:

- 1. Settlements expansion, especially in Jerusalem**
- 2. Prisoners and especially administrative detention**
- 3. Freedom of movement and its implication for economic and social development**

Israeli Settlements

The issue of settlements and borders is fundamental to Palestinians. “Either 67 is important, or there will be no peace process.” Any attempt to try to encourage Arab countries to amend the Arab Peace Initiative to include the swap would be “a non-starter.” Kerry’s attempts to convince the Saudis to ask the Arabs to change the Arab peace process were viewed negatively by some. Seeking Arab-Israeli normalization while pushing the swap idea is seen as saying “pay more” and the Palestinian and Arab leadership reject this.

Some believe the biggest change recently is the dynamics on the ground regarding the settlers, and some believe this is a deliberate effort to “provoke” Palestinians. Today, according to one participant, there are 631,000 settlers on 185 settlements and more than 150 “random outposts.” Israeli plans for one million settlers were leaked to the media and have caused grave and serious concern among Palestinians. Some note these plans may lead to Israel’s annexation of 50% of the West Bank.

President Obama is seen by Palestinians as having abandoned support for the freeze on settlements, and this has a significant negative impact on the two state solution. “If Obama and Kerry come and go, come and go, while settlements increase, there will be no Palestinian Authority left.” The question is “not how to share the West Bank but how to share historic Palestine.” There is frustration that “every day the US position on the occupied status of the West Bank is eroding.” “It is bizarre to discuss land for peace while our land is disappearing under the table.” There is a deep concern that Netanyahu is trying to push for a 20 year interim period, to solidify what is becoming “on the ground reality.”

One person provided some statistics: 34% of settlements are west of the wall, while 66% of settlements are on this side of the wall. 70% of the settlers live in the 34% while 30 percent of settlers live in the 66%. The question is, he said, what to do with the settlers?

- Repeatedly, some of the Palestinians told the delegation that **Palestinians want Netanyahu to present a map** that shows the borders he envisions. Kerry and others should push him hard for this. This is seen by many Palestinians as a necessary first step toward addressing other issues, such as water. (Some were skeptical: “I don’t want to see Bibi’s map,” said one American.) Yet, many Palestinians firmly believe it is important, “Netanyahu uses big language, it would be a challenge for him to put it on paper,” said one person.
- **The Arab Peace Initiative should be the starting point.** “Read it,” one participant said, “it has a very good regional approach.”² He said, “The threats Israel has hidden behind are no longer there.” Another said, “The Arab Peace Initiative is practical.” A total of fifty-seven Arab and Muslim states would recognize Israel, establishing economic and diplomatic relations. This is seen as a solid starting point.
- **Stop “Judaization” of East Jerusalem, stop new building, and stop demolition.** It was noted that just prior to the Obama visit, a tender for building construction in E1 was postponed until after the visit. “If after Obama leaves there is an intensification ... if tenders are back on line, then things will get worse,” said one person.

Prisoners/Administrative Detention

The prisoner issue, said one person, “touches the hearts of all Palestinians.” Administrative detention, which allows indefinite detention, isolation and transfer, has grown out of British occupation law, and Palestinians view this in violation of the Geneva Convention. According to one person, “release of prisoners gives credibility to the peace process” and would show that “not only Shalit’s kidnappers are rewarded.” Someone noted that there are still 123 prisoners kept in Israeli jails from pre-Oslo times “because they have blood on their hands.”

- **Release of prisoners** in Israeli jails is considered a top priority, someone suggested this should be given a six month timeline. Some believe the plight of underage kids in Israeli jails should be addressed, and there should be trials for Israeli soldiers who kill children.
- The practice of administrative detention continues to cause grave humanitarian concern over civil rights issues. **Israel should be pressured by the US and others to stop using administrative detention to jail Palestinians.**

Freedom of movement and its implication for the economic and social development

The fact that Palestinians are not in control of their own movement was noted by some as a continuing cause for frustration and this issue needs to be addressed in a comprehensive way.

- It was noted that following the UN bid, Israel tighten its movement restriction including revoking permits to Palestinian leaders, thereby making it impossible for them to travel

² See text, http://news.bbc.co.uk/1/hi/world/middle_east/1844214.stm and a PLO factsheet <http://www.nad-plo.org/userfiles/file/FAQ/arabpeace.pdf>

to Jerusalem. Some thought this should be immediately reversed and **travel for Palestinians should be reinstated immediately.**

- **The continuing humiliation of Palestinians at checkpoints needs to end.** Some pointed out these checks are not a matter of “security” but are more an issue of intimidation. For example, in a car you are searched, but you could walk in with a suitcase and not be searched.
- **Medical emergencies should be given true priority,** practices such as needing to switch ambulances should end.

Impact of the restriction of Palestinians’ movements on economic activities

Constraints on movement of workers and also of foreign and Palestinian investors are a powerful impediment to economic development. As an example, no foreign investor will be willing to invest in activities that he or she will not be able to monitor and for which there will be limitations in bringing in other investors, potential customers, specialized technicians across the borders or the checkpoints.

Financial situation

The financial system in Palestine is unique and widely recognized (including by Israelis) for some of its best practices, for example its anti-money laundering policies. There is an intense interrelatedness between the government and the bank. In contrast to the situation in many countries, in Palestine the bank often provides loans to keep the government afloat when its revenue is cut off due to Israeli policies (it was noted by an authoritative figure that at the moment the Palestinian Authority owes the bank \$1.45 billion). It is unable to print its own currency so it is significantly restrained in its monetary options.

The system is highly impacted by Israeli statements and actions. So, for example, if the civil servants are not paid, the bank must extend more credit – this was the situation for approximately one and a half months (due to end 18 March). If the government defaults on its loans, then the banking system will collapse, and has nearly done so in past. Some are predicting that July 2013 will be the worst month yet, when the “full weight” of earlier budget deficit will be felt. As another example, it was noted that when Israel announced it would withhold taxes in 2011/2012, donor assistance to Palestine decreased by 30%.

Some Palestinian economic and business leaders believe there could be significant – possibly double digit – growth if they “had some breathing room.” From an economic point of view, “You can’t have a normal economy when you only control 40% of the land. You can’t grow when you only control 20% of the water.”

Real estate suffers from settler encroachment and intimidation; workers movements are curtailed by Israeli policy; the reconstruction of Gaza is stymied. Some believe Israel’s current definition of “security” needs to be reexamined. Too much is done under this broad umbrella that limits Palestinian growth. For example, practices whereby some items such as x-ray machines are fully dismantled and packaging is damaged, etc. before they can be imported are perceived as intentional intimidation, and having little to do with “security.” As another example, it was noted that bank-to-bank transfers need to be coordinated with the IDF, and this is perceived as overly restrictive.

- **Israeli control must decrease** in order for the Palestinian economy to grow. One person said, “The Palestinian Authority is now without authority.” Instead, the occupation is being consolidated by Israeli government practices.
- Israel’s practice of **withholding visas for consultants and investors should end**.
- **Area C should be opened up**. Some believe that this is not a real security issue, as 12,000 people cross illegally into Israel each day.

Refugees

The issue of refugees remains an important issue. Many Palestinians believe this can be solved. The Palestinians say they are ready to agree numbers and a timeframe. This is “do-able,” according to one senior participant. It was suggested that the solution to the refugee issue would be in four **categories** – a) those who want to stay where they are; b) those who want to live in the State of Palestine with compensation (the majority); c) those who want to resettle; d) those who want to move back to their original homes in Haifa, Jaffa, etc. It was explained that if these four options are offered, many might not choose to return to original homes as it involves an Israeli city where Hebrew is spoken, and they would need to serve in the army.

Palestinian Elections/Reconciliation

One American noted that Washington, DC continually hears from Israel that there is no one to negotiate with on the other side, that Hamas opposes a deal and Abu Mazen “cannot deliver.” As a result of this, some say it is unlikely the US president will expend political capital on this issue at this time. “It is not universally understood in DC that Palestinians want peace,” he said. So the upcoming visit of Obama to Ramallah and the aftermath was seen as a moment to help educate the president on this point.

There are three months until Palestinians are supposed to decide a new form of government. This is posing many challenges. Abu Mazen “insists on unity” while some say Hamas does not want it at this time. Abu Mazen is aware that the Obama White House is “not yet ready to swallow a Hamas government.” Some noted with intense frustration that in 2001, when the elected government was formed, rather than support it the US “did harm.” “Gaza was the result of the US not supporting unity.”

- Some felt that the **role of Hamas in the peace process** needs to be further explained and explored. Others view the internal Palestinian issues are the “least complicated” of all the issues, and they should be left to the Palestinians to sort out “without interference.”

Obama policy

It was noted that a paradox of Obama policy in the first term was that it managed to alienate both Israel and Palestine in 2009/2010. Some believe that without the involvement of the US president, things move away from peace as Israel feels it is not a high agenda priority. Some highlighted the point that the Obama visit is not about Palestine, but more about Iran. The thinking was that if Obama could get some positive outcome on Iran, then it “may be possible” to have some forward motion on Palestine. Others were skeptical of the broader regional impact of Obama moving closer to Netanyahu on Iran. Some believe this is essential to stop Israel from taking independent military

action. It was noted that any possible future military strike against Iran by any country would most likely lead to worsening conditions for Palestinians, especially in Gaza.

It was noted that the Obama visit will set the stage for Kerry, who “has a mandate” on these issues. Palestinians view John Kerry as knowledgeable, and it was noted that he has been to Gaza. Someone said that Kerry “pushed” Obama for the chance to “take a serious political shot at it.” However, Kerry is not thinking out of the box yet, and so the goal, they say, should be to “put new ideas” toward “constructive negotiations.” Someone said, “The problem is the distance between him and the White House.” It was noted that in his last couple of years, President Bush gave the State Department a relatively free reign, but that Obama is “more controlling” of the State Department. Someone else said that Kerry is “still in the old world” and that “he is not thinking in a new way.”

Some Americans believe that Obama “cares” and is not just “going through the motions” but that it is too early in his second administration for him to take a strong position. In fact, this can be seen as an opportunity. The danger for the Palestinian side is to “give up too soon” since the first moves “won’t look too interesting” and might “look like before.” “If you give up too soon, it will be self-fulfilling,” said this American participant.

It was noted that the US President faces steep political challenges, and has been unable to pass a budget. Obama is “not a risk taker” and he “won’t put himself in the process in a big way unless there is momentum.” Many US presidents “have been burned badly by putting political capital into this issue.” It was suggested the purpose of the Obama trip is to see what can be done without expending political capital. Some believe Obama is not able to control the portfolio of issues he raises. Some believe it is important for NGOs and others to pressure Kerry to raise the Palestinian issue on the administration’s agenda, and point out that in some ways it may be more fertile ground for progress than some other challenges in the Middle East. The fact that Kerry was planning to go to Cairo was seen as positive, as some believe Egypt “will be a key player” in getting things moving

Others are skeptical at repeated calls to give the Obama administration more time, since these are supposed to be the “golden months” of a second term administration. However, some say it is a matter of giving them a few months, while the second administration has time to settle in.

- Some believe a **focus on the process** rather than a *plan* at this point might be most useful, given the uncertainty over Secretary Kerry’s thinking. Some believe it is a “good thing” that the Obama administration is not pushing a particular plan, as this would then be locked in for four years. Others are skeptical that a focus on “process” is not merely a delaying tactic while settlements continue to increase.
- Sending an envoy would not be seen as helpful: “We don’t know if the envoy is from the State Department or White House, and then he gets lost in between.” **Kerry “needs to negotiate like Baker”** – with multiple personal trips to the region. However, “without the personal engagement of the president, it will be very difficult.”
- **“Stop the carrots” or “make the carrots conditional”** – Palestinians note with frustration the massive US aid to Israel, and believe the US policy is all carrots and no sticks. Some believe this leverage should be used to bring Israel to a more reasonable position. “The US is not thinking. They are pumping up Israel with so much steroids, and we know what happens with too much steroids.”

Israeli political landscape and policy

Israel elections are seen as an opportunity. Netanyahu is seen as weakened, and Palestinians are uncertain of what impact this will have. However, it was also noted that those who favor settlements have been given important posts in the new government in the housing and defense ministries, the two key ministries that must approve new settlements.

It was noted that there are new members of the Knesset (approximately 40% of the MKs are new). There are some new MKs who want something to be done. However, it was noted with concern that the new Netanyahu coalition “is not a coalition for peace.” Someone else said that while this is not a “peace cabinet,” there remains an open question as to whether or not the new political energy can be utilized to set the stage for peace.

- Some believe that **a visit from new members of the Knesset to Ramallah** might be a positive step, others are skeptical.

Reactions to the UN bid

The Israeli and US reactions to the UN bid have had repercussions which Palestinians find deeply troubling. It was noted that the Palestinians have held back from further action after the UN “non-member member status” vote to give time to President Obama. They did not sign consular commitments, they did not sign UN resolutions, they are “waiting.”

And yet, following the UN vote, Israel is withholding taxes owed to the PA. This means, no salaries are paid. Banks extend loans, but if salaries not paid, people can't pay their loans. The banks don't foreclose, but then the banks are in trouble. This had profound impact, since the government goes to the banks for loans. Following the UN bid the US withheld assistance to Palestine, with an impact on roads, healthcare centers, schools, contributing to unstable economic conditions..

- **Israel should release the taxes it owes to the Palestinian Authority**
- **The US should reverse its decision to withhold assistance** following the UN bid.

Also, as previously noted, in the wake of the UN bid some senior leaders have had their VIP cards taken away, and now can no longer travel to Jerusalem.

Moving forward

There is a sense among the Palestinian political class that given the “metamorphosis” and upheaval in other parts of the Arab world, “the best thing the US can do regarding the Arab world is here.” Someone else noted, “Abu Mazen's time is limited,. Opportunity exists until his last day.”

“National reconciliation would increase security for Israel, the Middle East, and Palestine,” said one person. “The US can do a lot,” he said, “The dilemma is the US is not exerting enough pressure.”

Some believe it is urgent to think more about the bilateral US-Palestine relations. What can President Obama do for Palestine? More thinking is needed in this area, since there is a lot that could be done that would not affect Israel's security and to which Israel would find difficult to object.

- Several people noted that **“out of the box thinking” is sorely needed.**
- As discussed earlier, plans are underway for **Pugwash to organize a Track II discussion bringing Palestinians to DC** in the coming months, to further discuss possible new approaches.
- Efforts to **increase Palestinian-US bilateral interactions**, via student and business exchanges, interactions with members of Congress, etc. should be accelerated.



