

**Israel's Negotiations with the Palestinians:**  
**What are the Prospects for Signing a**  
**Permanent Status Agreement in Just Five Months?**

**Background**

The three meetings held between Prime Minister Ehud Barak and Chairman Yassir Arafat during the first week of March, and the renewal of the Israeli-Palestinian peace talks in Washington, barely released some of the tremendous tension that has been accumulating in the Palestinian Authority (PA) during recent months. It is reasonable to assume that in the absence of these events, the PA would have witnessed a massive outburst following the visit of Pope John Paul II.

Against the background of these events rests the Palestinians' impression that the peace process is not leading to the realization of any concrete political goals. They believe that the Israelis are neither interested in nor capable of progressing to the point of signing a viable agreement that will bring the historic conflict to an end. They also feel that the national aspirations of even the most moderate members of the Palestinian leadership will be quashed by an Israeli government that cloaks itself in positions that, in Palestinian eyes, appear to be even more extreme than those held by the Israeli public.

The political state of affairs is but one source of severe Palestinian discontent; the other is the economy. Although the dry parameters indicate some progress in the rate of development, the Palestinian public perceives no real improvement in the economy, contrary to the many promises made by supporters of the peace process. The average monthly wage in the Gaza Strip is NIS 1,010, the unemployment rate has risen to over 20%, and Israel's labor

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market is flooded with wage earners from foreign countries who have seized the jobs traditionally held by the Palestinians. In consequence, the Palestinian public does not appear to be enjoying any tangible “fruits of peace”. Furthermore, the extremely low level of investment in Palestinian industry (particularly in the Gaza Strip) is attributed to Israel: The Palestinians claim that Israel is “choking” the Gaza Strip with “excuses phrased in terms of security needs and a dearth of resources”. Israel, they believe, is not making an honest effort to help the strapped Palestinian economy.

### **Implementation of the Second and Third “Beats”**

According to the agreements, Israel pledged to implement three further redeployments (“beats”) in the West Bank in fulfillment of its territorial obligations within the framework of the Interim Agreement. The last transfer of 6.1% of West Bank territory complies with the terms of the second “beat”. About 41% of West Bank territory is now under Palestinian control. The greater part of that territory is designated area B (jurisdiction over civil affairs, including responsibility for public order, is exercised by the PA whereas security responsibilities remain with Israel), and a small portion is considered area A (full civil and security authority exercised by the PA). The amount of territory (A + B) controlled by the PA now equals about 10% of the total area of “Eretz Israel” or Palestine.

According to verbal agreements reached between Prime Minister Barak and Chairman Arafat, the two sides are to finalize a *Framework Agreement on a Permanent Status* (FAPS) by May 2000, implement the third “beat” in June, and sign the *Comprehensive Agreement on a Permanent Status* (CAPS) in September 2000. The Israeli interpretation of this scenario is that the Framework Agreement will fix the borders of a Palestinian state. Hence, the third beat will be implemented within the space that Israel will vacate in any case. It should be noted here that from the perspective of Israeli interests, areas such as Abu-Dis and Eyzaria can suitably be included in Area A if only because such a move would release some of the Palestinian pressure to establish governmental institutions in the heart of Jerusalem.

The probability of reaching an agreement during the next few weeks over the map to be affixed to the Permanent Status Agreement appears, at present, to be very low. If such be the case, the Palestinians will demand that Israel complete the third “beat” independently of the progress of negotiations on the Permanent Status Agreement borders. In that event, the two sides will find themselves confronted with two particularly difficult questions: Will all of Area B automatically be transferred to Area A, as the Palestinians read the Interim Agreement? And how much of the almost 60% of Area C (full Israeli responsibility), currently in Israeli hands, will be turned over to the Palestinians?

With respect to the first question, from Israel’s perspective, it is barely imaginable that all of Area B will come under Palestinian sovereignty unless, of course, an agreement can be reached regarding the status of Palestinian sovereign enclaves within contiguous Israeli areas. Whatever the case may be, we can assume that the Palestinians will wait for this issue to be solved as part of the Permanent Status Agreement. Regarding the second question, none of the agreements have stipulated the scope of the third “beat”. Although the unilateral declaration made by the Netanyahu government that this “beat” will pertain to only about 1% of the territory

was accepted at the time by the American government, it was excluded from the Wye Agreement (signed by Netanyahu). This is, however, unacceptable to the Palestinians, and Barak, in effect, nullified the announcement when he led all the principals to understand that he intended to execute a larger withdrawal.

The official Palestinian interpretation of the agreements is that during the period between the consummation of the third “beat” and the finalization of the Permanent Status Agreement, Israel will control a rather limited amount of West Bank territory, to include only East Jerusalem, the built-up Jewish settlements, and specified military locations. In contrast, the Israeli interpretation covers a significantly expanded amount of territory. The basic assumption held by the Israeli negotiators who formulated the conditions of the 1995 Interim Agreement was the three “beats” would cover no more than 50% of the West Bank, that is, no more than 10% of additional territory would be transferred in the third “beat”. The Palestinians’ unofficial demand is that the third “beat” be expanded beyond that amount.

### **Current Options**

The two sides view completion of the Permanent Status Agreement by September 2000 as their first priority. A Framework Agreement to be reached in May is being employed primarily as a springboard for the Permanent Status Agreement and as an instrument for arriving at a mutually agreed upon completion of the third “beat”; hence, a FAPS is of limited significance. On the other hand, the failure to reach any agreement by September will propel the parties toward a conflict to be waged on two planes. The first area of contention, as stated, relates to the further redeployment planned for the third “beat”, whereas the second relates to the Palestinians’ determination to declare, even if unilaterally, the establishment of a Palestinian state on 13 September 2000. If this scenario transpires, the two sides will be forced to search for new ways to “survive” this watershed and pursue the political process in its wake.

From another perspective, that of the historical and political maturity of the process, the Palestinians are at a point amenable to reaching a permanent peace agreement with Israel, a settlement based on what they perceive as a fair but painful compromise. On the other hand, within the context of negotiations, the current gap separating the two sides, especially between the minimum that the Palestinians are willing to accept and the maximum that the Israelis are willing to offer, is immense.

However, a combination of factors - including an Israeli public that is willing to make considerable concessions to arrive at an accord so long as the security of Israel is safeguarded; a pragmatic Palestinian leadership, still under the sway of its national symbol, Arafat, who is seeking a way to attain peace and end the conflict; Egypt and Jordan, which support a compromise agreement and are willing to put pressure on the Palestinians to consent to an agreement considered fair to both sides; and finally, although its time is limited, a supportive American administration that is involved and committed to the process - are together creating a mixture driving the need to speed up serious negotiations and courageous decisions. Only in such circumstances will there be hope that a lasting agreement can be reached between Israel and Palestine in the course of the year.