

**The Israel-Palestinian peace process: Two states for two peoples**  
**20 November 2007**

From the Basic Guidelines of the 31st Government of Israel (May 2006):

"The Government will strive to shape the permanent borders of the State of Israel as a Jewish state, with a Jewish majority, and as a democratic state, and will act to achieve this through negotiations and agreement with the Palestinians - conducted on the basis of mutual recognition, signed agreements, the Roadmap principles, cessation of violence and the disarming of the terror organizations".

In several key speeches following the establishment of the new Palestinian government headed by President Mahmoud Abbas and Prime Minister Salam Fayyad, Foreign Minister Tzipi Livni outlined the core principles of the Israeli vision of peace with the Palestinians, and the concrete steps taken to advance this goal.

From Address by FM Livni to the UN General Assembly - 1 Oct 2007:

The Israeli vision for peace with the Palestinians is guided by two core principles:

1. Two states, two homelands: just as Israel is homeland to the Jewish people, so Palestine will be established as the homeland and the national answer for the Palestinian people, including the refugees.
2. Two states living side by side in peace and security: just as a viable and prosperous Palestine in the West Bank and Gaza is an Israeli interest, so a secure Israel must be a Palestinian interest. The world cannot afford another terror state.

From Address by FM Tzipi Livni to the Ad Hoc Liaison Committee Meeting - 24 Sept 2007:

The new Palestinian government established after the takeover of Gaza by Hamas terrorists in June 2007 provides a renewed opportunity to move forward towards achieving these principles. It is in this spirit that Israel has recently taken practical steps to assist the Palestinian government in creating a better environment for progress:

- Releasing withheld tax and customs revenues
- Releasing hundreds of Palestinian security prisoners
- Providing amnesty to 180 suspected terrorists, despite the security risk entailed
- Supporting trilateral and multilateral projects such as the Japanese agricultural project in Jericho and Turkey's initiative to establish an industrial zone in the West Bank
- Encouraging contact between the Israeli and Palestinian private sectors

- Working to renew the activity of the Joint Economic Committee, the JEC, in order to advance economic ties.

Key Israeli Cabinet decisions on the peace process:

24 June 2007

In light of developments on the Palestinian side, including the 14 June 2007 dissolution of the Palestinian unity government and the 17 June 2007 establishment of the Palestinian emergency government, the Government of Israel will continue to work with Palestinian Authority Chairman Abu Mazen and will resume working with the Palestinian government, with its recognition of the principles of the international Quartet.

In continuation of the Cabinet's decisions of 19 February 2006 and 11 April 2006, the Government of Israel will continue not to hold contacts with Hamas elements; as per the aforementioned decisions, Israel will continue humanitarian assistance to the Palestinian population in the Gaza Strip, including electricity, water, food, medicines and medical services.

7 Oct 2007

Prime Minister Olmert said that the government was committed - in its policy guidelines - to the process with the Palestinians in order to bring about peace and added that the government will be active to this end in the coming weeks and months. The Prime Minister noted that he had hosted Palestinian Authority (PA) President Mahmoud Abbas last week and said that they had agreed that teams from both sides would begin discussions in an effort to formulate a joint declaration ahead of the international meeting to be held this autumn in the US city of Annapolis, MD.

Prime Minister Olmert said: "My talks with Abu Mazen are being held in a good atmosphere and as of now they have created the level of personal trust that is so necessary to the process. Thus we have reached agreement on the manner in which the process is to be conducted in the coming weeks. We both agree that the Annapolis conference is not an objective but an important and significant station on the way to achieving peace. Therefore, it is proper that both sides attend this important meeting equipped with a joint declaration that will deal with the future of the process and with basic understandings regarding its continuation. We have also agreed that any future settlement with Palestinians will be subject to the sequence specified in the Roadmap. We see eye-to-eye on the need to fight extremist terrorism in order to assure that process will move forward. The aforesaid teams will begin work this week even as PA President Abbas and myself continue our talks in order to bridge the gaps between the sides".

14 Oct 2007

Prime Minister Olmert noted that in recent months he has held talks with Palestinian Authority President Mahmoud Abbas and has reached a large degree of understanding with him regarding the outline of the contacts as they need to be held, mainly that the process of dialogue between us and the Palestinians must be balanced, careful and

considered with the intention of reaching a joint declaration during the international meeting - such a declaration having never been a condition to the holding of the meeting.

Prime Minister Olmert said: "We are very interested that, following the international meeting, if there is a declaration, that its bases be approved by the relevant parties, both with us and the Palestinians, and that discussions begin thereafter regarding the possibility of the establishment of a Palestinian state alongside the State of Israel, without defining an exact timetable for the beginning and conclusion of the process. I believe that setting a timetable in advance for such a process would create more problems than it would resolve and would create obstacles; we must be very careful in setting timetables.

We discussed this at last week's Cabinet meeting. In the coming weeks, I certainly intend - in the Cabinet, the Security Cabinet and in other forums - to hold discussions in order to enable us to advance the contacts with the Palestinian side in order to - in the first stage - reach a joint declaration that will deal with the foundations that form the basis for the establishment of a future Palestinian state.

Excerpts from selected statements by Israeli leaders:

- The Peace Alternative, by FM Livni - "Asharq Alawsat" (18 Jun 2007)
- Address by FM Livni to the Israel Council of Foreign Relations (24 Jun 2007)
- Statement by PM Olmert at the Sharm el-Sheikh Summit (25 Jun 2007)
- Press Conference with FM Livni and EU High Representative Solana (18 Jul 2007)
- Press Conference with FM Livni, Egyptian FM Gheit, and Jordanian FM al-Khatib (25 Jul 2007)
- FM Livni meets with Secretary of State Rice (1 Aug 2007)
- Press Conference with FM Livni after meeting with Japanese FM (14 Aug 2007)
- Joint press conference with FM Livni and EU High Rep Solana (3 Sep 2007)
- Remarks by FM Livni in the Knesset (4 Sep 2007)
- Joint press conference with FM Livni and Italian FM D'Alema (5 Sep 2007)
- Joint press conference with FM Livni and US Secy of State Rice (19 Sep 2007)
- Address by FM Livni to the Ad Hoc Liaison Committee Meeting (24 Sept 2007)

- Address by FM Livni to the UN General Assembly (1 Oct 2007)
- Address by PM Olmert to the opening of the Knesset winter session (8 Oct 2007)
- Joint Press Conference with FM Livni and US Secretary of State Rice (17 Oct 2007)
- Address by FM Tzipi Livni to the NATO-Israel Symposium, Herzliya (22 Oct 2007)
- PM Olmert at joint press conference with British PM Gordon Brown (23 Oct 2007)
- PM Olmert at special Knesset session: 12th anniversary of the murder of Yitzhak Rabin (24 Oct 2007)
- Address by FM Livni at People's University, Beijing (29 Oct 2007)
- Statement by FM Livni prior to meeting with US Secy of State Rice (4 Nov 2007)
- Address by PM Olmert at the Saban Forum (4 Nov 2007)
- Address by FM Tzipi Livni to the Knesset Plenum (12 Nov 2007)
- Joint press conference with FM Livni and EU High Rep Solana (14 Nov 2007)
- FM Livni in joint press conference with French FM Bernard Kouchner (18 Nov 2007)
- FM Livni at joint press conference with British Foreign Secretary David Miliband (18 Nov 2007)
- PM Ehud Olmert's remarks at the start of Cabinet meeting (19 Nov 2007)
- FM Livni at Cabinet meeting (19 Nov 2007)
- PM Olmert at press conference with Egyptian President Mubarak (20 Nov 2007)

The Peace Alternative, by Tzipi Livni - "Asharq Alawsat" (18 Jun 2007):

Israel wishes to be a peaceful democratic and Jewish state. It is these values that led us to embrace the vision of two homelands, two states - Israel and Palestine - living side by side in peace and security. We have no desire to control the lives of Palestinians...

Israel has a vested interest, shared by moderates throughout the region, in the creation of a stable, prosperous and peaceful neighbor that is committed to advancing the Palestinian state, not opposing the Jewish one. Israel is ready to take painful steps to advance this goal. But we need to know that our partners too are ready for historic compromise, and that our sacrifices will bring a secure and lasting peace.

The establishment of Israel provided the answer to the historic national aspirations of the Jewish people, including Jewish refugees fleeing the horrors of the Holocaust and those who left or were expelled from Arab and other lands. The future state of Palestine must be the solution to the national claims of the Palestinian people, both in the West Bank and Gaza and in the Diaspora, whether in refugee camps or citizens in other states. The establishment of Palestine must itself constitute the answer to the Palestinian claim of return.

The future state of Palestine must not be a terror state. For this reason, the international community has insisted that the path to Palestinian statehood goes through acceptance of the Quartet principles, including the renunciation of terror, and the implementation of Roadmap obligations.

Israelis and Palestinians will also need to reach agreement on a common boundary, that will include additional territorial withdrawal. There are those who believe that if only we could turn back the hands of time to 1967 all would be resolved. But, in 1967, there was no Palestinian state, there was no link between the West Bank and Gaza, and there was no security. An international boundary between Israel and a viable Palestinian state is a new creation that needs to be negotiated in accordance with Security Council Resolution 242.

Address by FM Livni to the Israel Council of Foreign Relations (24 Jun 2007):

In order to promote Israel's values as a Jewish and democratic state, Israel must promote a process of two separate nation-states. This also includes giving up the right of the Jewish people to certain parts of the Land of Israel.

One is the State of Israel, which provides a full and comprehensive solution to the Jewish people; a state which, by its very definition, sees itself as a national home both to Israeli citizens who live here and to Jews living elsewhere. Similarly, the second part of the solution must be a future Palestinian state that will provide a full and comprehensive solution to the Palestinians, wherever they may be. Palestinian refugees are kept in difficult conditions purposefully, out of a demand for "right of return" which is in contradiction of the principle of two nation-states; establishing a Palestinian state is the full and comprehensive solution also to the refugee problem.

The second principle: two nation-states living in peace side by side. The last thing that Israel can afford, and the last thing the world needs, is the establishment of another terror state in the Middle East.

The borders are a topic open to negotiations between the two sides.

The strategy adopted by Israel of distinction between the moderate and the extremist elements in the Palestinian Authority - Hamas and Fatah, Haniya and Abu Mazen, the terrorists and advocates of the two-state solution - worked for a while, until the Mecca agreement on "Palestinian unity". What we see today is a renewal of that distinction, as a result of recent events in Gaza and the disintegration of the "unity government". A new government has been formed, which seemingly accepts the principles of the international community.

Israel must now work with the new Palestinian government in two ways. The short-term package comprises economic and other gestures. The second, forward-looking package, is the type of dialogue that we should conduct with the new Palestinian government. What will the Palestinian state be like? Will it be demilitarized? After having seen events in Gaza, how do we ensure that such events aren't repeated in the future in Judea and Samaria?

This a debate that can provide a political horizon, turn the word "state" into something more concrete, and provide Israel with its needs, in order to achieve progress in the peace process and provide the understanding that making progress in this process does not endanger safety, but rather serves it.

These understandings can be achieved only where there is a new Palestinian government, one that recognizes Israel, one that wishes to promote the idea of two states wherever it has control or influence.

Statement by PM Ehud Olmert at the Sharm el-Sheikh Summit (25 Jun 2007):

The new government in the Palestinian Authority, which recognizes Israel's right to exist and a solution of two states for two peoples, which is ready to implement the agreements signed, one which eschews terror and violence as a means and a goal, and a government which has no members of terrorist organizations, is a government which we recognize. We will work together to implement the Roadmap and advance the goals set out therein.

We will continuously pass on the tax monies which we collect; we will renew the security and economic cooperation between us; we will improve the freedom of movement of the Palestinian population in Judea and Samaria in a significant manner; we will renew and expand trade relations between us in Judea and Samaria, which will lead to economic well-being.

Palestinian President Mahmoud Abbas and I agreed to meet at least once every two weeks, in order to advance all the issues on our shared agenda, both in the short- and long-term, in order to create the necessary political horizon and the appropriate

conditions which will lead, as soon as possible, to discussions on the establishment of a Palestinian state, which will live beside us in peace and security.

We have no desire to rule over you, we do not presume to run your lives. I believe that the day is coming when you can live in your own state, alongside the State of Israel.

FM Livni at joint press conference with EU High Representative Solana (18 Jul 2007):

Israel is working with the new Palestinian government, with the understanding that they represent the moderates in the Palestinian Authority. This is a government that met the requirements of the Quartet and the international community and represents the interests of the Palestinians in terms of their national aspirations.

What we need to do is to find the broader common denominator between Israel and the Palestinians.

FM Livni at press conference with Egyptian FM Gheit, and Jordanian FM al-Khatib (25 Jul 2007):

I believe that the Arab peace initiative and the dialogue with the Arab Working Group is an historic opportunity for Israeli-Arab relations and, more important, the Israeli-Palestinian process. I believe in the importance of the role of the Arab League in helping to support the Palestinians and the Israelis, in taking the right steps in creating or making the vision of the two-state solution more concrete.

We have not seen this kind of opportunity for many years. We see a government in the Palestinian Authority with which Israel has begun to conduct a dialogue, a government that wants to advance the two-state vision, just as Israel does. We can see a willingness and a will on the part of the Arab world to support the bilateral process between Israel and the Palestinians. The Arab League has made it clear that it has no intention of standing in for the Palestinians in the negotiations. Quite the contrary, it wants to support the negotiations, it wants to reach the situation of two states living side by side in peace.

The policy of the Israeli government is that stagnation is not an option. We are looking to promote the process on the bilateral track between Israel and the Palestinians. The idea of the two state solution is not just a vague idea and it is not just a vision, but this is something that we need to make more concrete.

FM Livni after meeting with US Secretary of State Rice (1 Aug 2007):

There is a Palestinian government which meets the requirements of the international community, a government that believes in the vision of two states, a government that shows determination to change the situation.

Israel is not going to miss the opportunity to promote a dialogue with Mahmoud Abbas and the Palestinian government, a dialogue that can represent the widest common denominator between Israel and the Palestinians with, of course, significant political substance. The implementation will be in accordance to the ability of the Palestinian government to exert control and its ability to fulfill its obligations, especially when it comes to Israel security.

I believe that this is also an opportunity for the Arab world to support the moderates, to support the bilateral process between Israel and the Palestinians, not to dictate its outcome, and also to support Israel or to encourage Israel to take positive steps toward the Palestinians. We believe that the meeting in the fall can support this kind of process.

The implementation of any kind of understanding between Israel and the Palestinian government can be applied in those parts of the territories in which there is an effective government.

#### Press Conference with FM Livni after meeting with Japanese FM (14 Aug 2007):

Since the establishment of the new government in the Palestinian Authority we feel that there is a chance to promote a real process. There are short-term steps - prisoners, money and road blocks, which can ease the lives of the Palestinians - especially, of course, in the West Bank, where the new government is in control.

But, in order to give hope to both the two peoples, we need to give some substance to the dialogue between Israel and the Palestinians. The idea is to reach the widest common denominator between Israel and the Palestinians, to reach an understanding on principles and even more, the nature of the prospective peace between Israel and the Palestinians. There are some sensitive issues, and there is an ongoing dialogue between Prime Minister Olmert and President Mahmoud Abbas.

The Palestinian government must also send a message to the Palestinians that supporting the moderates means that they have hope. The idea is to create new jobs, to create a new situation in the West Bank. The role of the international community is of the utmost importance, because this is something that the Palestinians cannot do by themselves.

The only chance of success is in a dual strategy of working with the moderates while delegitimizing the extremists. Israel is not punishing the Hamas because of their acts of terrorism but because there is no hope for the Palestinians and for Israel with Hamas on board.

Joint press conference with FM Livni and EU High Rep Solana (3 Sep 2007):

The dialogue with the moderate Palestinian elements, in the short run, will not bring about a solution for the Gaza issue. This dialogue must reflect Israel's security needs, and we must recognize that they will not be able to implement it everywhere.

The Palestinians need to understand that there is no hope for them with Hamas, while there is hope with the current, or the new Palestinian government and Abu Mazen. Only a clear distinction between Hamas and Fatah, between Haniyeh and Abu Mazen and Salam Fayyad of course, can bring this message to the Palestinians.

The agreement must reflect the common denominator, and I believe that such an agreement reflects Israel's basic interests. What will be achieved depends upon the possibility of bridging the gaps. Every agreement has an element of compromise, on the part of the Palestinians too.

Remarks by FM Livni in the Knesset on the political process with the Palestinians (4 Sep 2007):

Israel says 'yes' to two nation states. The vision is of two states living in peace. Any agreement needs to ensure the principles of security. We have no intention of making any unilateral moves but will try to reach an understanding and consensus. The time of the zero sum game in which Israeli interests contradicted Palestinian interests is long gone.

The Israeli desire for security accords with the Palestinians' need not to be controlled by terrorist organizations. Just as Israel has an obligation to the next generation of Israelis to prevent a terrorist country from being established next door, so too the Palestinians, at least the pragmatic ones, should have an obligation towards their own next generation to prevent their society from being steeped in values of terror, violence and fundamentalism.

The dialogue will have to take into account the changes we have made over the past 40 years with regard to settlements. Just as they talk in terms of territorial continuity, Israel also has to insist that its own territorial continuity not be harmed.

The goal from our point of view is to ensure Israel's interests, and the sooner the better. Stagnation favors those extremist Islamic organizations that are slowly starting to take control throughout the Middle East.

We will conduct the dialogue in a manner devoid of illusions, in a way that preserves our principles and vital interests. If we reach those points of agreement, we will arrive at an international conference that will be able to support these principles and take it from there. If we achieve agreement with the other side, the entire matter will be brought before the Knesset.

FM Livni at joint press conference with Italian FM D'Alema (5 Sep 2007):

If Prime Minister Olmert and President Mahmoud Abbas bridge the gaps between both sides and reach an understanding on several issues, this could be embraced at the international meeting by the Arab world and the international community, and could also launch ongoing negotiations on more concrete issues later on.

Sometimes, high expectations can lead to frustration and frustration can lead to violence, especially in Palestinian society. We saw this in the past, after Camp David 2000, when we could not reach an agreement, and instead of an ongoing process, we saw terror and intifada against Israel for years. So I would like to see more realistic expectations.

FM Livni at joint press conference with US Secy of State Rice (19 Sep 2007):

Our policy tries to give an answer to a distinction today in the Palestinian Authority and the need to make a distinction between the extremists and the moderates: Abu Mazen, Salam Fayyad, the government which meets the requirements of the international community.

Israel is conducting its dialogue in good faith because the creation of a future Palestinian state is in our own interest. We believe in a two-state solution. We believe in the need to live in peace in the region. The creation of the Palestinian state is an Israeli interest, just as to support the future Palestinian state's economy is part of our interest. We expect the Palestinians to understand that Israel's security is also part of their own interest.

Our own interest is to reach an agreement between Israel and the Palestinians. It's not because of the international process or international pressure, but this is our own interest and our own need.

We would like to see this international meeting succeed, and we would like to find out whether we can bridge the gap between Israeli interests and Palestinian interests. But basically, we are trying to find out what is the common ground on most of the issues.

I know that there are certain high expectations and I believe in realistic expectations. It's not a secret that there are certain issues which are more sensitive and are part of the hard core of the conflict. Of course, we would like to end the conflict tomorrow, but it's no less important to find the best way to do it in this very delicate situation.

Address by FM Tzipi Livni to the Ad Hoc Liaison Committee Meeting (24 Sept 2007):

A Palestinian state is an Israeli interest. Israel is committed to the establishment of a viable and vibrant Palestine, in the West Bank and Gaza, as a homeland for the Palestinian people and a peaceful neighbor to Israel. This is a shared vision, not a zero-

sum game. This policy has not changed, and will not change, even in difficult periods of violence and terror.

The situation is more complex than ever before - but it also presents new opportunities which we must fully exploit. A Palestinian state must not remain a slogan. It must be built from the ground up. It must be given substance in a way that serves the vision of two states, two homelands, living side by side in peace and security. The Ad Hoc Liaison Committee was established in order to develop the financial tools to help further these goals. But this is not just about money. Much more needs to be done to create effective, transparent and accountable mechanisms for assistance.

Turning the Palestinian state into a reality requires hard work, not just on grand political visions, but also on the nuts and bolts of responsible statehood. It is about building efficient and responsible government institutions, ensuring law and order, securing and maintaining monopoly over the use of force, and general capacity building. It is about encouraging local enterprise, supporting the private sector and creating conditions for foreign investment.

In the last months, the two sides have been engaged in a sincere and genuine effort to reach the widest possible common ground on political understandings. Our goal must be to give hope, meaning and substance to this bilateral process, with the aim of establishing the Palestinian state side by side with Israel, with the support of the Arab and Muslim world and the international community.

As we seek real political progress, we must also remember that there is no substitute to the implementation of existing obligations by both sides, to the strengthening of Palestinian institutions, and to capacity building on the ground, especially in the area of security and law and order.

The new Palestinian government presents an opportunity that we cannot afford to miss. It is in this spirit that Israel has recently taken practical steps to assist the Palestinian government in creating a better environment for progress - and we are ready to do more.

These steps include:

- Releasing withheld tax and customs revenues
- Releasing hundreds of Palestinian security prisoners
- Providing amnesty to 180 suspected terrorists, despite the security risk entailed
- Supporting trilateral and multilateral projects such as the Japanese agricultural project in Jericho and Turkey's initiative to establish an industrial zone in the West Bank
- Encouraging contact between the Israeli and Palestinian private sectors

- And working to renew the activity of the Joint Economic Committee, the JEC, in order to advance economic ties.

We will also be presenting ideas for enhanced cooperation particularly in the financial, judicial and economic spheres. And we will continue to enhance and expand our working relationships with the new Palestinian government at all levels.

In addition to these and other measures, Israel fully understands the need to facilitate movement and access in the West Bank in a way that does not jeopardize the security of Israeli civilians.

Together we must develop an economic present and future that will make a lasting difference in the every day Palestinian life. This requires more international, regional and Palestinian efforts to open up the Palestinian economy to the Arab market, to create employment opportunities and to promote wide-ranging and sustainable regional cooperation.

Address by FM Livni to the UN General Assembly (1 Oct 2007):

We are prepared for the territorial compromise that lasting peace entails. But we also know - especially after withdrawing from Lebanon and Gaza - that territorial withdrawal by itself will not bring peace unless we address the core clash of values that lies beneath the conflict.

The foundation for true peace lies in the vision of two states, Israel and Palestine, living side by side in peace and security. The world shares this vision, but it is also important that it clearly embraces the two core principles that emerge from it.

The first - two states, two homelands: just as Israel is homeland to the Jewish people, so Palestine will be established as the homeland and the national answer for the Palestinian people, including the refugees.

The second - living side by side in peace and security: just as a viable and prosperous Palestine in the West Bank and Gaza is an Israeli interest, so a secure Israel must be a Palestinian interest. The world cannot afford another terror state.

In recent months, Israel has taken tangible measures to create a better environment, and we are ready to do more. We know that Palestinian life is full of day to day hardship. We know also - only too well - of the burden of terror Israelis bear, and of our primary obligation to their security.

As the parties take the risks for peace, we look to the international community and the Arab and Muslim world, to offer support, not to stipulate conditions.

This support comes in many forms. It comes through economic and political assistance to the new Palestinian government, committed to co-existence and seeking to build the foundations of a peaceful and prosperous state. It comes through clear endorsement of any political understandings reached between the parties. It comes through enhancing

and deepening regional ties and cooperation between the Arab world and Israel, while in parallel we make advancement towards Israeli-Palestinian peace. And, finally, it comes by confronting those determined to prevent us from succeeding.

I believe that, despite all the obstacles, there is a new moment of opportunity, and an alliance of interest that favors peace. Time is of the essence.

Address by PM Ehud Olmert to the opening of the Knesset winter session (8 Oct 2007):

When the government was first formed, I said that there would be a serious and bold effort to conduct negotiations with the authorized representatives of the Palestinian Authority, on condition that they would not include any elements involved in terrorist activity.

The Palestinian leadership today is not a leadership of terror. President Abu-Mazen and Prime Minister Salem Fayyad are committed to all the agreements signed with Israel, and I believe they want to move forward with us on a track which will change the reality between them and us.

This November, an international meeting is expected to be held in the United States, with the aim of providing a backing to the process of dialogue between us and the Palestinians. I wish to clarify in the most explicit terms: the November meeting is not a conference which will replace bilateral, direct negotiations between us and the Palestinians. This meeting is intended to provide backing and encouragement and create a comprehensive umbrella of support for the direct process between us and them.

The expected attendance of many countries, including, hopefully, Muslim and Arab countries, on the basis of recognition of the State of Israel and its right to exist as a Jewish state, can assist in creating a more conducive atmosphere for the existence of direct negotiations.

With the approach of this meeting, and as part of my determination to seize every shred of political opportunity, I held a series of meetings with the Palestinian President to explore some of the essential issues which are at the core of the conflict between us, and to find patterns which will enable us to reach understandings on the basis of mutual compromise.

We do not have an agreement. Nothing was given and nothing was taken. Nothing was promised, but we created an atmosphere of personal trust, willingness to listen, mutual willingness to hear the distress, pain, suspicions and needs that both sides have carried with them in their national package for so many generations. I feel that there are things to talk about, and that we should talk. The road to an agreement is still far and it is rife with pitfalls and difficulties. Terror from Gaza continues to run rampant, and we have no intention of accepting it. The terror organizations remain active in Judea and Samaria, and there will be no Israeli withdrawal whatsoever before it is eradicated there as well.

The coming weeks will be dedicated to this effort. This is not a one-man process, but rather one of an entire government, with all its components, involving the viewpoints and special sensitivities of its members, and everyone's will to find the correct balance which will enable us to preserve security, curb terrorism, terminate the attacks against us, but also create a solid, sound and reliable basis of dialogue for peace.

The peace process is a process that demands mutual tolerance, a willingness to listen to all sectors of society, an openness to understand the fears and suspicions that are so embedded in our common experiences - but also determination to accept brave unavoidable decisions, which involve relinquishing the full realization of the dreams that fed our national ethos for many years.

So too will the other side have to act. They too will have to confront the need to relinquish the fulfillment of some of their dreams in order to create with us a reality, that might not be ideal, and might not be perfect, but one that will give us all stability, security, happiness and peace.

FM Tzipi Livni at joint press conference with US Secy of State Rice (17 Oct 2007):

Our goal is to reach understanding on the widest possible common ground in the time available in order to enable progress toward the realization of the two-state vision. I believe this is a common vision shared by Israelis and moderate Palestinians.

Israel is ready for compromise that will enable us to realize the goal of two states while protecting our national and security interests. We hope to discover that the same willingness on the Palestinian side.

As the two sides take risks for peace, we expect the international community and regional states in particular to offer maximum support to the bilateral process. As we try to lay out a path for a better future with the moderates, we must simultaneously address the reality on the ground, including the situation in Gaza.

I believe that the creation, the establishment of Palestinian state is the answer to the Palestinian people and I hope that they will be in a position to accept this vision of two states. But it is not less important to avoid a dead-end situation, giving the extremists the opportunity to say or to act in terms of "terror is the only way" when it comes to the conflict.

Address by FM Tzipi Livni to the NATO-Israel Symposium, Herzliya (22 Oct 2007):

In the Israeli-Palestinian context, the split between extremists and moderates has now also been expressed in the territorial dimension. With the violent takeover of the Gaza Strip by the Hamas, we see a clear territorial distinction - the Hamas in Gaza and the Fatah in the West Bank. Therefore, our policy, as well, must make this distinction.

With the pragmatic leaders in the Palestinian Authority, we share the vision of two states, two homelands, giving an answer to the national aspirations of both sides, living side by side in peace and security. It is no longer perceived as a zero sum game.

We must pursue a process and dialogue in order to bridge the differences. At the basis of such a process we must understand that the coordination of expectations is most important for success.

In the process, we want to bridge two gaps - first, we want to reach understandings on the open issues, based on the willingness of both sides to compromise. This includes also an understanding that both sides must also give up on some of their historical dreams. The second gap is between the understandings reached and the ability to implement them. There is no disputing the fact that there is a gap between the will of the pragmatic Palestinian leaders and their capability to execute .

The Gaza experience is a living example of what the world cannot afford. Israel fully withdrew from the Gaza Strip, thus terminating its so called occupation of the Strip, and allowing the Palestinians to establish independent governance. In return, we received increased terror, daily Kassam rocket attacks against cities in Israel and the establishment of a Hamas stronghold on our southern border. We must ensure that there is an efficient and effective government which takes control over the area and prevents attacks against Israel. This gap can be bridged by the Roadmap formula, according to which the first stage in the implementation of any agreement is the fight against terror and the dismantling of terror organizations .

The moderate Arab states must give their support to the process, in a way that will strengthen the moderates in the Palestinian Authority. The Arab and Moslem world must adopt any decision that the Palestinians accept, and not dictate the results. They must participate in any meeting that is convened, and not present conditions for their participation. Instead of waiting till the end of the conflict in order to normalize relations with Israel, they can take steps now, as Israel takes steps towards the Palestinians .

The role of the international community is to give its support to the bilateral track, and encourage the moderate Palestinians to make the necessary compromises. They can also encourage the Arab world to normalize their relations with Israel, which will directly and indirectly support the process. The international community must also support the process in one of the most crucial elements - institution building. Part and parcel of a viable Palestinian state is the building of efficient and responsible government institutions, ensuring law and order, securing and maintaining monopoly over the use of force, and general capacity building.

#### PM Olmert at joint press conference with British PM Gordon Brown (23 Oct 2007):

The purpose of the international meeting is to provide an umbrella of international support for the efforts that the Palestinians and ourselves are making in order to start serious detailed negotiations that will lead to the creation of a two state solution - Israel as the state of the Jewish nation, and the Palestinian state as the state of the Palestinian people. We are definitely anxious to move up these negotiations and hope that the

meeting in Annapolis when it will take place sometime towards the end of November will be very helpful in creating the necessary mood, the necessary international environment that will strengthen both sides in their efforts to move forward.

Annapolis will not provide a solution but it will set the direction. It therefore will not be a negotiating process because we will continue the direct negotiations between us and the Palestinians as was agreed between us and them.

[The Israeli-Palestinian paper being prepared] is a short joint statement that will not provide solutions but will refer to the core issues. I think what we need to do is to set the direction. No-one seriously can expect that within this short span of time between now and the end of November we can achieve what we haven't been doing in the last 40 years, which is to agree on a comprehensive solution of all the core issues outstanding between us and the Palestinians and to define it, to present it and to have the support of our peoples for it. This is somewhat presumptuous.

What we want to do, and this is what we said is the purpose of Annapolis, is to set the direction - that is to refer to the core issues but not to offer solutions on these issues, and to set the direction for negotiations. After the ratification of the statement in the respective Palestinian and Israeli political bodies, we will immediately commence continuous negotiations on the details of all the core issues and we will try to come up with agreed solutions.

PM Olmert at special Knesset session: 12th anniversary of the murder of Yitzhak Rabin (24 Oct 2007):

A month from now, in Annapolis, an international meeting will take place under the auspices of which we will try to find a way that will lead, I hope, to an end to the conflict between us and the Palestinians. We will attend the meeting having learned from experience and with no illusions.

I do not know if the time for peace is ripe, but I do know that as Prime Minister it is my duty to take every action in order to reach that moment or at least to bring it closer. That is why we will be there, in Annapolis. We will be alert, prudent, and cautious - but ready for any chance of deliberations between us and the Palestinians.

We already know: peace is not made at international conferences - peace is not made on a piece of paper, elegant as it might be - peace is built from good will and genuine readiness to accept the existence of another, while understanding his needs and fears...

Peace is not made with a magical act and shortcuts. This is why we will conduct this negotiation with the Palestinians cautiously and responsibly - but also with determination: a determination to carry on, to exhaust every possibility of reaching an agreement, but also a determination to guard the vital interests of the State of Israel, and to ensure the well-being and safety of its citizens.

We are going to Annapolis because even after these 14 years - filled with hopes, disappointments, and frustration - we still believe we have a partner, and that the

majority of the Palestinians want to live in peace; just as a majority of the Israeli people wish to change the reality that has formed and solidified these past 40 years, a reality that casts a threatening shadow over the State of Israel being a Jewish democratic state.

We know that the forces opposed to the way of peace in Palestinian society are stronger than we thought, and that those on the other side desiring peace are not always ready to take the necessary steps against the enemies of peace.

We know this, but the old Jewish dictum says: "Love peace, and pursue it." Don't just love, but pursue peace - because peace must be pursued, not idly waited for.

Address by FM Livni at People's University, Beijing (29 Oct 2007):

At this moment there is a dialogue between Israel and the Palestinians and I have the privilege to lead the Israeli negotiation team. The common goal for this dialogue is based on the vision of two states - Jewish and Palestinian - each giving the only and complete answer to the national aspirations of its own people. Two states living side by side in peace and security.

Translating that common vision to a concrete agreement is a complicated task, because we are trying to create a new Palestinian state, something that has never existed before, and we try to do it under daily terror attacks on Israel. Questions of borders, security arrangements and the nature of the relations of the future Palestinian state with Israel - all need to be addressed.

There is no dispute that there is a gap between the will of the pragmatic Palestinian leaders and their capability to implement future agreements, when parts of the Palestinian territories are controlled by terrorists. We must ensure that there is an efficient and effective Palestinian government which takes control over the area and prevents attacks against Israel .

The way to resolve our disputes and to proceed with the dialogue is the Roap Map formula, according to which the first stage in the implementation of any agreement is the fight against terror and the dismantling of terror organizations .

The direct bilateral track between Israel and the Palestinians is the only way to resolve the conflict. But, in order for this process to succeed, it will also require the support the moderate Arab and Moslem states, along with the international community. The Arab and Moslem world must adopt any decision that the Palestinians accept, and not dictate the results. They must participate in any meeting that is convened, and not present conditions for their participation. Instead of waiting till the end of the conflict in order to normalize relations with Israel, they can take steps now, as Israel takes steps towards the Palestinians .

The role of the international community is to give its support to the bilateral track, encourage the moderate Palestinians to make the necessary compromises, and encourage the Arab world to normalize their relations with Israel .

Part and parcel of a viable Palestinian state is the building of efficient and responsible government institutions, ensuring law and order, securing and maintaining monopoly over the use of force.

Statement by FM Livni prior to meeting with US Secy of State Condoleezza Rice (4 Nov 2007):

The Israeli decision to enter this dialogue is based on the understanding that implementation of future understandings between Israel and the Palestinians will be subject to the implementation on the ground of the Roadmap. What this means is that the path to a Palestinian state goes through the renunciation of violence and terrorism...

We are just at the beginning of the process and the dialogue and there is a need to understand that even though we need to find the common ground with the pragmatic leaders, they need to understand that future understandings would be implemented only according to the phases of the Roadmap - meaning security to Israel first and then the establishment of a Palestinian state, because nobody wants to see another terror state in the region...

Annapolis is a point in time in which I hope everybody can meet and support the process, but it's not going to be the end of the process.

Address by PM Olmert at the Saban Forum (4 Nov 2007):

Annapolis is a landmark, it is an international seal of approval, on the path to negotiations and of the genuine effort to achieve the realization of the vision of two nations: the State of Israel - the nation of the Jewish people; and the Palestinian state - the nation of the Palestinian people. There will not be negotiations on the vision: "Two countries for two peoples" - a Jewish state for the Jewish people, a Palestinian state for the Palestinian people...

All the basic questions, all the substantive problems, all the historic questions which are pertinent to the disagreement between us and the Palestinians are on the agenda. We will avoid none of them, we will not run from discussing any of them.

Annapolis will not be a place for negotiations, but it will certainly be a starting point. Annapolis will be the jumping-off point for continued serious and in-depth negotiations which will not avoid any issue or ignore any division which has clouded our relations with the Palestinian people for many years...

Now is the time. The Palestinian leadership is headed by men committed to all the agreements previously signed with the State of Israel. We do not ignore their weaknesses; we are completely aware of the failures of the Palestinian Authority - of the lack of stable governing mechanisms, of the total disintegration of the security mechanisms in Judea and Samaria, of the Hamas rule over the Palestinian parliament and of the violent control of the murderous organizations in the Gaza Strip. Their

control allows for unceasing firing of Kassam missiles at residents in the south of the country.

We have abundant reasons to postpone Annapolis; we have very convincing arguments - why the conditions are not yet ripe in the Palestinian Authority to take practical and comprehensive responsibility to implement the understandings with the State of Israel which have yet to be enacted.

However, we are capable of facing these constraints. Under the existing circumstances, we have a partner and we are not willing to postpone negotiations to a later date, at which point our partner might not be capable of fulfilling the mission.

Mahmoud Abbas, President of the Palestinian Authority, and Salaam Fayyad, its Prime Minister, publicly state that they want to live with us in peace. This is an opportunity - it should be taken.

We agreed that if and when we reach an understanding with the leaders of the Palestinian Authority, this understanding will be implemented according to the Roadmap, with all its phases and its sequence. The Palestinians are obligated to fight terrorism and to completely change their internal reality. The Roadmap sets out a series of steps for the State of Israel. These steps, like the obligations of the Palestinians, have yet to be implemented. I have no intention, no matter how difficult it is, of attempting to escape the obligations imposed on the State of Israel.

After Annapolis, we will enter into vigorous, ongoing and continuing negotiations. There is no intention of dragging the negotiations on endlessly or attempting to circumvent dealing with the fundamental issues which are a condition for realizing the vision of two states living side-by-side in security and peace.

In this spirit, I will come to Annapolis; to extend my hand in friendship and good will to all those who come to the meeting, and I promise: the State of Israel will be there. Indeed, we will come with caution; we will examine every issue responsibly; we will consider every proposal sensitively; but we come in good will, happily and full of hope.

Address by FM Tzipi Livni to the Knesset Plenum (12 Nov 2007):

The main intention and goal of the summit is to get a process started between Israel and the Palestinians. If anyone thinks that in Annapolis they will be voting for, accepting or ratifying understandings on the core issues that have anything resembling concessions, or understandings on both our and the Palestinians' most sensitive issues - that's not the process we're facing.

Our intention is for the process to get started in Annapolis. Today we are on the road to a process - which is prearranged, understood, responsible and structured, that will begin in Annapolis - regarding the most sensitive issues...

Our duty lies partly in making sure we have a partner for talks and understandings on the permanent status issues - those issues still unresolved between the Palestinians and us... Before this partner turns from a partner for understandings to a partner for implementation, they will have to carry out the Roadmap. So the talks being held today with them hold no immediate concessions. That was the condition for embarking on this dialogue.

The Roadmap establishes the principle of the Palestinian obligation to fight terror and incitement, alongside Israel's obligations, and only after fulfillment of this stage will there be a dialogue which will lead to the establishment of a Palestinian state according to the conditions of the permanent arrangement.

Israel has decided to conduct a dialogue alongside the implementation of the first stage of the Roadmap. After that, the condition for carrying out all the understandings reached in the dialogue will be the execution of all stages of the Roadmap, including fighting terror. The implementation of all future understandings will be subject to full compliance not only with all the Roadmap conditions, but also with whatever is determined in the document in the context of Israel's security.

We must ensure Israel's security by guaranteeing that all implementation will be subject to the principles set forth in the Roadmap - and not only that. The State of Israel has needs that we must raise in the dialogue with the Palestinians after the Annapolis summit...

It's true that we are starting the dialogue simultaneously with the implementation of the first stage of the Roadmap. However, it's a fact that we stipulated that there must be full implementation of the Roadmap before Israel takes the steps it will have to take to enable the creation of a Palestinian state.

We laid down the principles for the process, so that at each and every stage, we established the formula of a link between the understandings and their implementation. What will make the process work is precisely our demand to implement the principles contained in the Roadmap, as well as the security principles that will be written into the agreement.

FM Livni in joint press conference with EU Rep Solana (14 Nov 2007):

I believe that the success of Annapolis is launching negotiations between Israel and the Palestinians on all of the outstanding issues with the support of the international community and especially the support of the Arab world in these negotiations. The most important thing is the day after.

According to the Roadmap, we could have waited until the full implementation of the first phase of the Roadmap before launching negotiations with the Palestinians. But we decided to take other steps, because we believe that negotiations are important, the need to find the way to end the conflict is important and time works against those who believe in a two-state solution - the moderates in the region.

The central obligation of the two sides has long been to implement the Roadmap. We have decided to conduct a dialogue with the Palestinians on a permanent settlement, on condition that at the end we go back and implement the Roadmap. Before establishing a Palestinian state, for us it is very important to check that the Palestinians have fully upheld their part according to the Roadmap so we can make sure that Israel's security needs will be met completely. So, although I am not involved with all the contents and clauses of the Roadmap, as I see it, the principle according to which the path to the Palestinian state passes through relinquishing terror is vital and forms the base of the Roadmap.

When we refer to the Roadmap and speak of the mutual obligation on both sides to comply with the Roadmap, we have to remember that Israel also has obligations according to the Roadmap. Among other obligations, there is a reference to freezing settlements, so this subject is on the agenda between the Palestinians and us, and between the international community and us, in the context of the Roadmap.

FM Livni in joint press conference with French FM Bernard Kouchner (18 Nov 2007):

The meeting which is the most important the day after Annapolis is the Paris Conference, in which the donor states will help to create and to change reality on the ground for the Palestinian Authority, according to the vision of two states for two peoples.

It is important that the international community supports the bilateral track and, of course, supports capacity-building in the Palestinian Authority. Changing the situation on the ground, as will be part of the Paris Conference, is no less important...

This is the real beginning of something that I believe should be embraced by the world. Israel accepted and Israel is willing to implement its obligations according to the Roadmap, as we expect the Palestinians to implement their part of the Roadmap, especially the parts which relate to Israel's security. There are certain things that are part of the implementation of the first phase of the Roadmap and there are some CBMs [confidence building measures] that Israel is thinking of taking in order to support the process. These measures can be taken by Israel in order to send a message to the Palestinians and to the Arab world that we're willing to change reality on the ground in order to ease the life of the Palestinians during the negotiations, and before the negotiations, in order to create an atmosphere of peace...

The demand of the Palestinians was to create a state in order to give an answer to their need of self-determination in a state of their own. Israel was created in the past in order to give an answer and to create a homeland for the Jewish people, as Israel absorbed the refugees who needed to leave Arab states with nothing and came to Israel, and Israel absorbed them because this is part of the *raison d'être* of the State of Israel - so does the creation of the Palestinian state.

At the end of the day, the conflict is a conflict between two nations, between the two peoples. The fact that Israel needs to defend itself and the fact that Israel is fighting for its existence since it was established is not because Israel is the only democracy in the Middle East, but because Israel was created as a Jewish state according to the United

Nations resolution. I believe that the goal is the just solution to the national aspirations, on the one hand, of the Jewish people was the creation of Israel, and for the Palestinians it's creating a Palestinian state. This will create a national answer for the Palestinians, wherever they are - in the territories, in the West Bank and Gaza Strip, those who live outside of the territories, whether in different refugee camps or in Israel. However, any Israeli citizen is a citizen with equal rights. Israel is a homeland to the Jewish people and a democracy as well.

FM Livni at joint press conference with British Secretary of State for Foreign and Commonwealth Affairs, David Miliband (18 Nov 2007):

I think that next week is going to be a success. The idea is to launch negotiations between Israel and the Palestinians to address the day after Annapolis all the issues that need to be addressed in order to create and to establish a Palestinian state as part of the vision of two states for two peoples. This is the idea. The meeting itself, the idea of the meeting is not to address the core issues but to launch the process...

I believe - I hope that the Arab world understands that there is an opportunity here not only to solve at the end of the road the Israeli-Palestinian conflict but to change the region as such. And I hope that they will not just sit on the fence waiting for the Israelis and Palestinians to solve the problem and then to normalize their relations with Israel and to support the process. The best thing to do is to start all together - Israel, the Palestinians of the bilateral track, plus the support of the Arab world, plus the support of the international community in terms of economic needs and capacity building. The role of Tony Blair, of course, is crucial on this.

The role of the international community, when it comes to capacity-building of the legitimate Palestinian government, when it comes to changes on the ground, when it comes to the Palestinian economy, is crucial because the people need to see the fruits of the negotiations while they're taking place and not just to wait until the end of the road.

PM Ehud Olmert's remarks at the start of Cabinet meeting (19 Nov 2007):

"Early next week, we will leave for the Annapolis meeting. Foreign Minister Tzipi Livni and Defense Minister Ehud Barak will accompany me; they will participate in the meeting and address it. This meeting, as I have said more than once, is not a conference for negotiations. It is an important meeting, initiated by US President George Bush and it seems that a sufficient number of representatives from countries around the world will also attend. I do not recommend that anyone overstate its importance and create exaggerated expectations but one certainly cannot understate the importance of the fact that the US President and, with him, the leaders of the most important countries in the world, are convening a meeting of such broad international stature in order to support the direct negotiations between us and the Palestinians.

Naturally, such negotiations will be accompanied by disagreements and arguments. If everything was so simple, I imagine that we would have reached an agreement some time ago. The fact is that there are disagreements; we do not hide them and we must settle them. On some issues, those which are procedural, we hope to be able to reach agreement ahead of the Annapolis meeting, but the negotiations will begin after Annapolis and they will be very intensive, very serious and will deal with all the substantive issues that are an inseparable part of the process, which must lead to a solution of national states for two peoples.

We will make every effort to see to it that the representation of the Israeli position, of our concerns, of our expectations and of our hopes will receive the proper strength and proportion at this meeting in Annapolis”.

FM Livni at Cabinet meeting (19 Nov 2007):

In view of the situation on the ground, we had two possibilities: To wait until the Palestinians created order and began the implementation and then start to negotiate, or to try and check the possibility of bridging the differences with the pragmatic elements on the ground without compromising on the implementation of the obligations detailed in the Roadmap.

Two important agreements were attained during the negotiation period: One, the principle of subordination to the Roadmap and the second, the understanding that we are at the activation stage of a process, one that has not existed for the past seven years, during which time all the related issues were placed on the table. The resolute support of the Arab world is important; sitting on the fence does not contribute anything. A bilateral dialogue must cause change in the relationship with Israel along the time axis.

I hope the Palestinians will understand the importance of the initiation of a substantial and serious process for the first time in seven years. We must find out for ourselves if there is a possibility of reaching an agreement with these moderate elements. If not, then in all likelihood it will be much more difficult.

If we are able to reach agreements that are acceptable to us, they will be firmly recognized by the international community as acknowledged agreements, especially with regard to security issues.

PM Olmert at press conference with Egyptian President Mubarak (20 Nov 2007):

The goal of the Annapolis meeting is to put into motion serious, continuous and thorough negotiations between Israel and the PA that will lead us to deal with all substantive issues on the agenda of our relations with the PA ahead of agreement on a solution of two states for two peoples - a Palestinian state for the Palestinian people and the State of Israel, the national home of the Jewish people.

I thank you Mr. President for your involvement and for the efforts that you are making in order to ensure that the meeting that will be held in Annapolis next week receives impressive backing by influential elements in both the region and throughout the world, with you first and foremost among them.

The definition of Annapolis as an event to launch the start of serious and fundamental negotiations is correct. The Annapolis meeting cannot fail for the simple fact that its very taking place is a success. Annapolis is not designed to be a negotiations conference. The negotiations will take place after the conference.

It must be clear, and both we and those who are issuing the invitations to Annapolis, i.e. the US administration, agree that the agreement will not be implemented before the Roadmap commitments are honored in full. These commitments apply to the Gaza Strip as well. According to the self-evident Palestinian view, since Gaza is due to be part of the Palestinian state, if this is so, terrorism must be fought in the Gaza Strip as well. The Palestinians have commitments to us and we demand that they be honored in full. We also have commitments to the Palestinians and we intend to fulfill all of our Roadmap commitments just as the Palestinians are obligated to do.

The negotiations will take place on all of the most fundamental problems in order for us to be able to implement the vision of two states for two peoples. We will not evade any problem. We will not skip over any issue with which the Palestinians are concerned and which stands between us in order for us to reach a solution. We will not allow them to skip over any of the important issues that vex us, with the war on terrorism first and foremost, not statements about the war on terrorism but the war on terrorism .

Israel relates with great appreciation to the Arab peace initiative and attributes great importance to it as part of the effort to reach a comprehensive peace agreement in the end. I have no doubt that in the coming year, this initiative, the Arab peace initiative, will certainly make an important contribution to the negotiations process between us and the Palestinians.