

The Annapolis Process: A Profit-Loss Balance Sheet

Shlomo Brom

The Annapolis Conference, which took place on November 27-28, 2007, was meant to jumpstart the Israeli-Palestinian peace process once again and enable intensive negotiations over a permanent agreement. The joint declaration issued at the end of the conference explicitly stated the goal of arriving at an agreement by the end of 2008, and this goal was repeated several times over the year by the leaders of both sides.

Israel and the Palestinians did not reach this goal, and therefore a widespread view among Israeli and international commentators, which contends that the Annapolis process has proven a complete failure, seems well-anchored in reality. The internal political situation on both sides, with both existing governments fighting for their political survival and neither available nor capable of holding effective negotiations, has merely strengthened this view. However, a deeper look at the Israeli-Palestinian process set in motion by the conference indicates that such a judgment is premature. While the goal of reaching a permanent status agreement, which was apparently unrealistic from the outset, was not achieved, there was significant progress in developing the relations between the two sides and in creating conditions that may facilitate progress towards an agreement or agreements, with both international and Arab backing.

The Annapolis process was launched as a dual-track process. The first track entailed negotiations, at two levels, on a permanent status agreement. Prime Minister Ehud Olmert and President Mahmoud Abbas met relatively frequently to try to arrive at understandings in principle. There were also more detailed negotiations between

Brig. Gen. (ret.) Shlomo Brom, senior research associate at INSS

negotiating teams headed by Tzipi Livni on the Israeli side and Abu Ala on the Palestinian side. The second track was defined in the joint declaration as the implementation of the first stage of the Roadmap. In this stage the two sides are required to take steps that will stabilize the situation, allow the resumption of normal life, and create the conditions necessary to arrive at agreements and implement them.

The State of the Negotiations

More than ten negotiating teams were formed to discuss the various issues. The two sides agreed that “nothing is decided until everything is decided,” and that the contents of the negotiations not be made public. Nonetheless, according to an update to the Quartet at the Sharm el-Sheikh meeting in November 2008 and the little information that has trickled out, it appears that the gaps between the two sides have narrowed in several areas. Noteworthy here is the territorial issue, in which the gaps have been reduced to a small percentage of West Bank territory. Apparently there is also agreement over the principle of land swaps.

The impression is that in the detailed negotiations between the teams, the question of Jerusalem has not been discussed because of the commitment by the prime minister to his coalition partners. Whether there has been progress on the issue of the refugees is unclear. On the security issue too there are still gaps between the sides that stem primarily from Israel’s position, which hardened as a result of the second intifada. Israel’s more stringent position reflects its concern that the West Bank will again become a base for suicide attacks against Israeli population centers and will, like the Gaza Strip, turn into a launching pad for high trajectory weapons aimed towards Israel. These concerns join the distrust in the Palestinian security forces’ determination and preventive capabilities even in the context of a full agreement with Israel. Thus, Israel’s security establishment wants to retain its freedom to operate in Palestinian territory even after the implementation of a permanent status agreement and maintain a military presence in several locations. These demands are unacceptable to the Palestinians, who want to ensure the sovereign integrity of the Palestinian state that will be established by the agreement.

The core issues of the Israeli-Palestinian negotiations are complicated and the gaps between the two sides are still significant. The key question, however, beyond the objective difficulty inherent in closing the gaps is: does the internal political situation on both sides allow reaching and implementing a permanent agreement? On the Israeli side, the negotiations were conducted by a weak coalition government, one of whose central partners, Shas, vetoed the idea of reaching a permanent agreement that would encompass all the issues, including Jerusalem, and threatened to withdraw from the coalition, leading to the downfall of the government, should Jerusalem be discussed with the Palestinians. The prime minister's legal entanglements sparked the fall of the government and the scheduling of early elections in February 2009. The interim government does not enjoy the public legitimacy necessary to reach an agreement with the Palestinians. It is also highly doubtful that the new coalition government to be established after the elections will want – or be strong enough politically – to reach a permanent agreement.

On the Palestinian side, the main issue is the split between the Hamas-controlled Gaza Strip and the Fatah-controlled West Bank. The negotiations with Israel are conducted by the government in Ramallah, though officially in the name of the PLO, and the Hamas government in Gaza does not view itself bound by their results. Attempts at rapprochement to reunify the two Palestinian areas under the aegis of the Palestinian Authority have so far failed, and relations between the two sides are approaching another crisis regarding Abbas' attempt to extend – without elections – his term as president of the PA, which expires in January 2009. The two sides have made massive efforts to strengthen their hold on their respective territories by eliminating their opponents or at least by suppressing the political and military infrastructure of the other side. In any case, it is doubtful whether under these circumstances Abbas could have made the required concessions in order to arrive at an agreement over the sensitive issues of the refugees and Jerusalem, even if he were willing to make these concessions in other circumstances in order to implement

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a permanent agreement. Because of his weakened political state, Abbas is constantly looking over his shoulder, fearful that his concessions will be used against him by Hamas and further erode support of him and the PA. In short, Abbas is currently incapable of reaching and implementing an historical agreement with Israel.

Given these circumstances, it was highly likely from the outset that it would not be possible to arrive at a permanent status agreement. Therefore, it is all the more important to examine what – if anything – was nevertheless achieved in the negotiations track of the Annapolis process.

The first achievement is the renewal of the close and ongoing dialogue between Israel and the PA. There is a tendency to forget that the relationship between Israel and the PA reached a nadir during the second intifada, and even when contact between Israel and the PA resumed after Arafat's death, there was no dialogue to speak of between the two sides. The mutual lack of trust led Israel to the unilateral step of the disengagement from Gaza without any real dialogue with the PA. The few contacts that did take place came to a complete halt after the establishment of the Palestinian unity government in February 2007, and were renewed only after Hamas' takeover of the Gaza Strip in June 2007. Formalizing the dialogue at Annapolis and ensuring its ongoing nature strengthened trust and cooperation between the sides on the basis of shared interests. The dialogue also contributed to a mutual understanding of the respective positions and a narrowing of the gaps between them, even if under current circumstances these gaps cannot be bridged entirely.

The second achievement is the broad international and Arab backing of an Israeli-Palestinian process, reflected in the broad participation at the Annapolis Conference itself and in the Sharm el-Sheikh meeting, as well as Security Council Resolution 1850 in late 2008 supporting the Annapolis process and calling for its continuation. This support was also demonstrated by the international and Arab actors in the course of this past year. Hence, for example, the efforts to revive the Arab peace initiative and the increased cooperation between the PA, Israel, Jordan, and Egypt. Moreover, the international players, in particular the United States and the EU as well as the moderate Arab players, have worked

more effectively and with greater coordination to strengthen the PA and the Fayyad government.

Implementing the First Stage of the Roadmap

The thrust of this effort is rebuilding the security capabilities of the PA and improving the economic situation in the West Bank. The assumption is that success in these realms will have a significant short term positive effect both on bolstering the status of a Palestinian government in the West Bank in comparison with the Hamas government in the Gaza Strip and on the level of support for Fatah over Hamas. In the long term, success will help foster the conditions that allow implementation of a permanent status agreement between Israel and the Palestinians. Specifically, there is the need first of all for a Palestinian government that enjoys public support and exercises effective security control.

This idea, though not new, was not previously realized. This time, there are the first signs of success stemming from lessons learned from past experience and the ensuing implementation of these lessons. First, there is a widespread understanding that it is very difficult to fix existing security apparatuses, and it is preferable to construct capabilities based to a large extent on new national security battalions trained in Jordan and on new police units groomed at the training facility in Jericho. Second, efforts have been invested to reduce the competition between the various elements. This time, the Palestinian minister of the interior heads a central command and control authority for constructing the capabilities and deploying the various mechanisms. The dismissal of Tawfiq al-Tirawi, the head of the PA's General Intelligence Service who refused to accept the authority of the minister of the interior, is the last stage in subordinating the security mechanisms to that central authority, even if the reason given for the dismissal was not Tirawi's refusal to cooperate with the minister. Third, current thinking holds that it is not enough to construct the apparatuses that are to implement security measures in the PA; it is also necessary to build an entire system that includes a

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functional justice system and prison service. There is progress in these areas as well, thanks to the help of international parties.

In addition, the assistance given by the international parties is more effective and coordinated than before. In terms of security, there is a division of responsibility between the American security envoy, General Keith Dayton, who is helping build the Palestinian national security force, which will be the primary service to confront Hamas should violent conflicts erupt; and the EU Police Mission for the Palestinian Territories (EUPOL COPPS), which is assisting the creation of a Palestinian civilian police force. The two delegations are closely supervising the mechanisms they are assisting, and therefore there is a better sense of Palestinian capabilities than in the past. The assisting agents have no desire to repeat the error made in 2007 when they assessed that the PA and Fatah forces in the Gaza Strip were capable of standing up to the Hamas forces there. In practice, when the confrontation against Hamas occurred, these forces suffered from low morale and demonstrated poor capabilities. Several Arab parties are also supporting the construction of the PA capabilities, chief among them Jordan, which has opened its training facilities to the Palestinian effort. Quartet envoy Tony Blair has exerted considerable effort to coordinate economic assistance for the security apparatuses, though with somewhat less success because of the multiple parties involved.

Finally, there is more cooperation from Israel's side. In the past, skepticism in the Israeli security establishment that the Palestinian security mechanisms would demonstrate both the willingness and ability to fulfill their responsibilities prevented Israeli cooperation, because every case of cooperation entails a certain – even if low – risk. For example, there is a concern that weapons distributed to the Palestinian security agencies will somehow find their way to terrorist organizations and be used against Israel. Due to such reasons, all requests to assist the Palestinian security services, permit the transfer of equipment to them, and allow freedom of movement from place to place were subject to convoluted bureaucratic handling and were often denied. To a certain extent, the first signs of success changed the Israeli approach, and now there is a greater openness to assist the Palestinian security services and allow them freedom of action.

In the security realm, success can be measured by several developments. The first two national security battalions together with civilian police units, deployed initially in Jenin and afterwards in Nablus and Hebron, succeeded in ending the anarchy and establishing the rule of law and order. Armed gangs no longer roam the streets; instead, there is a police presence and an address for civilian complaints. There have also been initial success stories regarding the uncovering of Hamas and Islamic Jihad terrorist cells. There is likewise widespread activity to dismantle Hamas' civilian and economic infrastructure in the West Bank, and this helps weaken it. At the same time, the Israeli security mechanisms have scaled back their activities in the areas where the Palestinian security establishment has proven to be in control, though they still continue to operate there when they assess it is necessary for them to foil activities that involve a high terrorist threat.

There is still a large gap between these early successes and the PA proving itself capable of exerting effective control throughout the West Bank and preventing terrorism. The main stumbling blocks are:

1. The slow pace of force buildup. The new forces are limited in their scope, and their deployment in additional places is liable to impact negatively on their effectiveness where they have already succeeded in restoring order.
2. The willingness and capability of undertaking effective action to prevent terrorism still needs to be proven. Success here depends primarily on solid performance by the preventive intelligence and general intelligence agencies, which have not yet undergone in-depth reforms.
3. There are still problems regarding cooperation with Israel, notwithstanding the progress in this area. A situation whereby Israeli security forces continue to operate in areas where the Palestinians have ostensibly instituted law and order severely harms the image of the PA and the Palestinian security forces in the eyes of the Palestinian public. An extreme example was the chain of events in Hebron after the evacuation of the "House of Contention" on December 5. These events demonstrated the inability of the Palestinian security agencies to protect Palestinian civilians from Jewish rioters. Such situations strengthen the image

of the Palestinian security forces as Israeli collaborators failing to fulfill their obligation to serve the Palestinian public.

4. Despite the progress, the creation of a sound judicial system and prison service that would convince the Israelis that the handling of terrorist elements is comprehensive and effective has not yet been completed.

In the economic realm too, there are signs of greater economic prosperity, certainly in comparison to the Gaza Strip, which is suffering from sanctions imposed both by Israel and the international community. Certain economic indicators demonstrating significant economic growth since June 2007 include:

1. There has been a 66 percent growth in commerce passing through West Bank crossings to Israel in the first half of 2008 in comparison with the second half of 2007.
2. At the Allenby Crossing between the PA and Jordan, there was a 23 percent growth in the volume of products transferred in the same time period over the previous year.
3. Between May 2006 and August 2008, the number of people working in Israel rose from 24,200 to 51,000.
4. There was a decrease in the rate of unemployment in the West Bank, from 19 percent in the first quarter of 2008 to 16.3 percent in the second quarter.
5. According to the PA Bureau of Statistics, the Palestinian tourism industry enjoyed unprecedented growth at the end of the second quarter of 2008.¹

The primary reasons for the growth are regular transfers of tax revenue collected by Israel and international financial assistance. Economic coordination between Israel and the Palestinians has been renewed: the committees established as part of the interim agreement have resumed regular activity. In addition, over 100 roadblocks have been removed. Most of them consisted of mounds of dirt placed on traffic arteries, but a few key manned roadblocks were also removed. Perhaps even more important was the change in status of the seven primary roadblocks to “usually open,” meaning that there is generally free movement without checks except for situations in which there are concrete alerts. Finally, the number of permits for work in Israel and permits for business people to enter Israel has increased.²

In coordination with the security efforts, a special effort has been placed on the Jenin area as a model for other locations, and indeed in Jenin the rate of unemployment dropped from 25.7 percent in the first quarter of 2008 to 18.4 percent in the second quarter.

There are some factors preventing faster economic growth, especially the roadblocks in the West Bank, which even though have been eased still largely impact on efforts to conduct normal economic activity. Indeed, at the same time that some impediments were removed new ones were imposed as the result of security and other considerations. The second factor is the failure of international aid agencies to fulfill their commitments completely, and the third is the ineffectiveness of the Palestinian governmental mechanisms in charge of economic matters. For example, projects to construct industrial parks in Jenin, Jericho, and Bethlehem were delayed because of Palestinian bureaucracy, even after all Israeli delays were dealt with.

Implementation of the first stage of the Roadmap requires Israel's fulfillment of its commitment to freeze the building of settlements and remove the illegal outposts. There has been no significant progress in this area, and the fact and Israel has not lived up to its commitments has a negative effect on the potential for the Palestinian public to view the process as a success story and a promise for a better future.

The relative success in improving day to day life in the West Bank has already improved the political status of Fatah and Abbas over Hamas. According to a public opinion survey taken by the PCPSR Institute in Ramallah on August 28-30, the gap between Abbas and Hamas' Haniyeh grew to 13 percent (52 versus 39 percent) and the gap between Fatah and Hamas grew by the same rate – 43 versus 29 percent. Clearly this does not guarantee identical electoral results, especially if Hamas realizes the potential of its stronger organizational structure and superior motivation, but the statistics are nonetheless a clear indication of the success of the Annapolis process.

Conclusions and Implications

All in all, the Annapolis process is a positive one from Israel's perspective. It entails the start of creating the conditions that allow reaching and implementing agreements with the Palestinians. In light of the internal political situation both on the Palestinian side and the

Israeli side, it is doubtful if it was possible to translate improvements already achieved into the ability to conclude negotiations over a permanent status agreement and implement it. The political situation in Israel following the February 2009 elections will probably not change this picture. Rather, the elections are likely to lead to one of two possible results. The first is a coalition government headed by Likud that would not be interested in pursuing the permanent agreement track further. While it is reasonable to assume that Netanyahu would strive to include centrist and even moderate leftist parties such as Labor and Kadima in his government in order to achieve a certain amount of political maneuverability and reduce friction with the United States, it does not seem that he would do so at the cost of significant negotiations over a permanent status agreement. The second scenario is a weak centrist-leftist coalition headed by Kadima that would be dependent on one of the religious parties. Such a government would perhaps be interested in advancing the permanent agreement track but would not have the sufficient political clout to do so.

Any future Israeli government would err to abandon the Annapolis process and thereby erode both the achievements already attained and the potential for further progress. Rather, the political negotiations are an essential and integral part of the Annapolis process without which it cannot be sustained. Without a political process, it is doubtful whether the Palestinian side will have the motivation and political strength to continue to advance along the Roadmap track.

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One possible conclusion is that any new government installed after the elections will have to examine seriously the option of partial arrangements with the Palestinians. The assumption that it is possible to continue to improve the day to day situation and maintain stability without any kind of political process is at best unfounded. The lack of a political process along with a mere marking of time in the negotiations toward a permanent status agreement

will erode support for the PA's current government and will severely harm its motivation to continue to take positive steps. Furthermore, this will prolong the problematic nature of the Palestinians' daily lives

and will continue to drive the two sides further away from a two-state solution. Indeed, in Palestinian public discourse it is already fashionable to vent disappointment with the two-state idea and urge the return to the notion of one democratic state. This is a severe blow to Israel's interest to separate from the Palestinians. The Obama administration is unlikely to accept an Israeli position of procrastination, and Israel's insistence on such a policy is liable to cause severe friction with the American administration. The advantage of partial arrangements lies in their ability to supply a convenient solution to all sides – the United States, the Israeli government, and the Palestinian leadership – to weather the inability to progress towards achieving and implementing a permanent status agreement. They also allow the examination of a wide range of possibilities for partial solutions that have various levels of security costs and political price tags, both internal and external.

On the Palestinian side, Abbas will have a hard time agreeing to the notion of partial arrangements as a process that will ultimately lead to a permanent agreement. On the other hand, he too will have to examine this idea very seriously if he comes to the conclusion that the direct track to a permanent agreement is in fact a dead end. It would seem that other players in the PA, such as Prime Minister Salam Fayyad, are already more open to this idea because they understand that it is difficult to take short cuts, and that it is first necessary to bring about a fundamental change in the situation before it is possible to conclude and implement a permanent agreement.

At the same time, it is impossible to ignore the major obstacle threatening the feasibility of a comprehensive Israeli-Palestinian process, namely, the situation in the Gaza Strip. The massive conflagration in the Gaza Strip, and particularly if it entails renewed conquest of parts of the Strip, will seriously undermine this process. The progress in the West Bank was possible in part because of the ceasefire that stabilized the situation in Gaza. Given the possible results of its recent military moves, Israel must strive to implement a ceasefire and impose stability in the Gaza Strip for as long as possible based on the deterrence its military steps attained, in order to continue to consolidate the achievements of the Annapolis process.

In the longer term, and if the ceasefire is renewed either *de jure* or *de facto*, stability on this front will not be achieved by military actions

alone. Israel must also consider taking supporting political steps, such as ceding its objection to progress in the intra-Palestinian dialogue between Fatah and Hamas, and also conducting astutely its non-military relationship with Hamas in the Gaza Strip on issues such as opening the Gaza Strip crossings. These steps would strengthen Hamas' interest in maintaining stability and would make it difficult for the organization to disrupt progress vis-à-vis the PA. While there is concern that such steps would to some extent harm Abbas' status vis-à-vis Hamas, in the final balance strengthening the PA through additional successes in the Annapolis process is more important and will be a greater contribution to strengthening the Palestinian partner.

Notes

- 1 All data is taken from "Israel Politik," published by the Israeli Consulate in New York. See www.israelpolitik.org/2008/11/26/wbeconomy.
- 2 This data is also taken from the Consulate report.