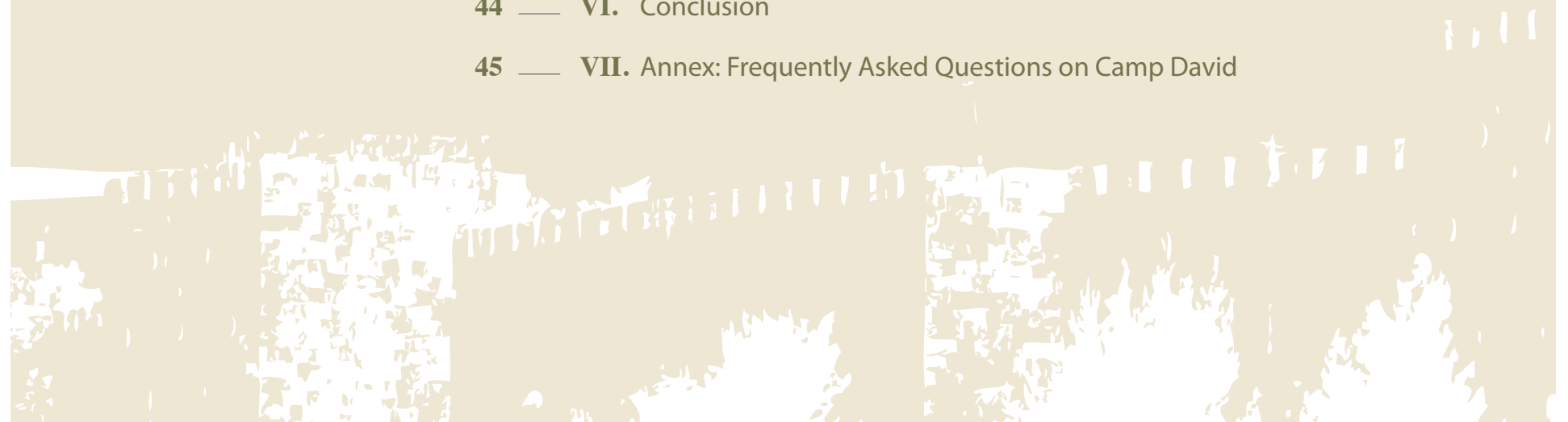


NEGOTIATIONS PRIMER



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I. INTRODUCTION

For over 60 years, we have suffered through war and occupation. Seventy percent of our people are refugees, many still living in camps waiting for the day when they will return to their homes. In the West Bank, we live in constant humiliation, as we cross through checkpoints and endure the continued colonization of our land. And, in Gaza, our people suffer from a suffocating siege that restricts all movement of goods and people.

Yet, we continue to work towards the day when our families will reunite, when our cities will prosper and our children will be free to fulfill their full potential. We cling to our long-standing aspiration for the freedom to live in peace, prosperity and security in a sovereign and independent Palestinian state. We have chosen negotiations as our path towards a just, comprehensive and durable peace between Palestinians and Israelis. The Palestinian Liberation Organization (PLO), founded in 1964, is the official and sole representative of our people and has participated in numerous negotiations processes on our behalf, a journey which has at times been complicated and painful.

II. HISTORY

We have struggled for independence since the first half of the twentieth century, when Great Britain, then the mandatory power in Palestine, allowed for increased Jewish immigration to Palestine. The Jewish immigrants advocated for turning Palestine into a Jewish state, despite the fact that the majority of Palestine’s inhabitants were non-Jews. By the time the British Mandate ended with the departure of Britain’s troops in 1948, the Jewish population had grown from one percent at the beginning of that century, to approximately 30 percent, thus dramatically altering Palestine’s demographic balance. With increased calls by Jewish immigrants to colonize Palestine at the expense of our rights and aspirations, relations between our native Palestinians and the burgeoning Jewish immigrant population soured.

Recognizing that the potential for violence and wider strife had grown very high in Palestine, Great Britain referred the situation to the United Nations (UN) on April 1947 for their recommendations concerning the future government of Palestine. As a result, the UN adopted, in November 1947, the United Nations Partition Plan for Palestine (United Nations General Assembly (UNGA) Resolution 181) which called for the division of Palestine into two states, with the majority of Palestine’s land allocated to the Jewish minority, at the expense of the Palestinian majority.

As conflict ensued, Palestine disappeared from the map as Jewish militias destroyed over 400 Palestinian villages and expelled more than 726,000 Palestinians from their homeland. The new, unilaterally declared, state of Israel denied us the right to return to our native land and instead seized our property. Thus, Israel condemned two-thirds of our people to life in exile and occupied 78 percent of Palestine, a percentage that far exceeded the 55 percent that had been recommended for allocation to a Jewish state under the 1947 UN Partition Plan.

Palestinian Localities Depopulated or Destroyed, 1947-1949



Two decades later, in June 1967, Israeli forces militarily occupied the remainder of Palestine and displaced over 200,000 of our residents of the West Bank and Gaza Strip. Soon thereafter, Israel began colonizing the occupied Palestinian territory (oPt), in gross violation of international law. Systematic Israeli violations of our human rights and international law governing military occupation were, and continue to be, defining characteristics of Israel’s occupation, employed to maintain control over our population, territory and resources.

Despite these brazen Israeli policies and practices, we have maintained an unshakable national identity and connection to our homeland. Against our daily hardships, we work to realize our right to self-determination with an indefatigable passion, while simultaneously exerting every conceivable effort to achieve a sustainable peace with Israel.

In 1988, we made a historic compromise by relinquishing our claim to 78 percent of the territory encompassed by historic Palestine. We accepted to establish an independent Palestinian state, with East Jerusalem as its capital, on the remaining 22 percent of our territory occupied by Israel in 1967. We simultaneously recognized UN Security Council resolutions 242 and 338, which reaffirmed the illegality of Israel’s acquisition of our territory by force. In 1993, we took one further step to engage in peace negotiations with Israel to realize our national rights to self-determination and statehood. Through such negotiations, we accepted to make further historic compromises in various temporary agreements, known

“Systematic Israeli violations of our human rights and international law governing military occupation were, and continue to be, defining characteristics of Israel’s occupation, employed to maintain control over our population, territory and resources.”

as the “Oslo Accords,” (named after the city where PLO and Israeli negotiators conducted their negotiations). The temporary agreements were supposed to end five years from signing, in 1999, and lead to a permanent agreement. The permanent agreement promised to end Israel’s military occupation; to provide us with the opportunity to rebuild our country, including our economy,

without Israeli interference; and to achieve a just resolution to our refugee issue based on UN General Assembly Resolution 194. This has not happened.

Since the 1993 Oslo Accords and during the multiple rounds of negotiations that have followed (1993 to 2001 and 2007 to 2008), significant progress was made toward reaching a consensus on the parameters of a permanent agreement. In parallel, we engaged in state-building, including establishing ministries and public institutions; providing social services; building our infrastructure; and assuming responsibilities over a wide range of civil and security responsibilities in our cities and towns in the oPt.

However, no permanent status agreement has yet been reached, despite nearly two decades of our persistent efforts to achieve it. Under the leadership of President Mahmoud Abbas, we have solidified our call for the two-state solution, yet Israel has refused to engage in a credible negotiations process. Instead, Israel, as the occupying power, has taken unilateral actions to maintain and solidify its permanent presence in the oPt. A case in point of Israeli continued control over the oPt is the 2005 “disengagement” plan from the Gaza Strip. Contrary to Israel’s claims that its “disengagement” ended its occupation of the Gaza Strip, Israel has in fact perpetuated its occupation and stranglehold by its continued control over the Gaza Strip’s borders, including land, air and sea space. Further, Israel has imposed a long-standing siege on the movement of people and goods in or out of the Gaza Strip. Such

unilateral actions do not produce peace agreements. Rather, unilateral Israeli actions in the form of human rights abuses have only distanced the possibility of achieving a durable and just peace.

In late 2007, the negotiations process resumed when President Mahmoud Abbas and then Israeli Prime Minister Ehud Olmert attended the US-sponsored Annapolis Conference in Maryland. The conference concluded with a “Joint Understanding” in which both parties agreed to launch direct negotiations and conclude a peace treaty by the end of 2008. The Annapolis Conference marked the first time in seven years that the PLO and Israel engaged in negotiations. However, the Annapolis talks did not lead to an agreement by the end of 2008 owing to Israel’s unrelenting, illegal colonization of the oPt. Further, on December 2008, Israel launched a large-scale military assault in the Gaza Strip, during which Israel killed more than 1,400 Palestinians. This attack abruptly stopped, and eventually eliminated, the possibility of continued negotiations.

Despite past failures to reach a negotiated final status agreement with Israel, we remain committed to negotiations to achieve a permanent and durable resolution of the Palestinian-Israeli conflict. We also advocate for all regional states to maintain the call for a wider Middle East peace that ends the conflict between

all the Arabs neighbors of Israel. For this reason, we support the Arab Peace Initiative (API), proposed by Saudi Arabia and endorsed in 2002 and 2007 by the Arab League. The API offers Israel normalized relations with the entire Arab world once Israel completely ends its military occupation of the West Bank (including East Jerusalem) and the Gaza Strip, and provides a just resolution to the issue of our refugees.

We continue to believe that a two-state solution is achievable but we must stress that the window for realizing this outcome may be quickly closing. For this reason, we participated in American-brokered “proximity talks,” during which we presented our positions on all the final status issues in an effort to restart direct negotiations and finally bring an end to our protracted conflict. With this belief, we agreed to once again engage in direct negotiations on August 2010, stressing that Israeli colonization policies in the oPt must stop.

Palestinians and Israelis are at a critical juncture. The choices made now will impact the region for generations to come. Israel’s continued military occupation is a recipe for continued violence, insecurity and loss of life, whereas the realization of our rights is a recipe for peace. The choice remains Israel’s—will it choose peace or occupation? A two- state solution can be realized, and the time to act is now.

Signed Agreements and Other Key Dates

September 13, 1993	Declaration of Principles (DOP)
April 29, 1994	Protocol on Economic Relations, Annex IV of the Gaza-Jericho Agreement (“Paris Protocol”)
May 4, 1994	Agreement on the Gaza Strip and the Jericho Area and Exchange of Letters between the PLO and the Government of the State of Israel (“Gaza-Jericho”)
September 28, 1995	Palestinian-Israeli Interim Agreement on the West Bank and the Gaza Strip (“Interim Agreement”)
January 17, 1997	Protocol Concerning the Redeployment in Hebron
October 23, 1998	The Wye River Memorandum
September 4, 1999	Sharm El-Sheikh Memorandum
July 2000	Camp David Negotiations
September 28, 2000	Ariel Sharon visits the Haram al Sharif, provoking widespread Palestinian protests that mark the beginning of the second intifada against the continuing Israeli military occupation
December 2000	Clinton Parameters released
January 2001	Taba Negotiations
April 30, 2001	Report of the Sharm El-Sheikh Fact-Finding Committee (“The Mitchell Committee Report”)
June 13, 2001	The Tenet Plan: Israeli-Palestinian Ceasefire and Security Plan, Proposed by CIA Director George Tenet
March 28, 2002	The Arab League endorses the Arab Peace Initiative in its Beirut Declaration
April 30, 2003	A Performance-Based Road Map to a Permanent Two-State Solution to the Israeli-Palestinian Conflict, developed by the Quartet (US, UN, EU and Russia) is publicly released. (“Road Map”)
November 15, 2005	Agreement on Movement and Access (AMA), Agreed Principles for Rafah Crossing, concluded following Israel’s unilateral “disengagement” from the Gaza Strip
November 23, 2005	Agreed Arrangement on the European Union Border Assistance Mission (EU-BAM) at the Rafah Crossing Point on the Gaza-Egypt border
March 29, 2007	Arab League reiterates support for the Arab Peace Initiative in its Riyadh Declaration
November 27, 2007	PLO Chairman Mahmoud Abbas attends the Annapolis Conference and agrees to a “Joint Understanding” with Israeli Prime Minister Olmert
December 27, 2008	Israeli forces begin a 22-day assault on the Gaza Strip, which leaves 1,434 Palestinians dead, the vast majority civilian
May 9, 2010	US-mediated proximity talks begin between the PLO and Israel
September 2, 2010	Direct talks between the PLO and Israel begin under the auspices of the US



Watching the destruction of his olive groves



III. GAZA: OCCUPATION BY SIEGE

Five years after Israel's 'Disengagement Plan', Israel continues to occupy the Gaza Strip. Under its unilateral disengagement plan, Israel evacuated all 8,500 settlers living in Gaza and redeployed its ground troops to Gaza's borders. Rather than end Israel's occupation, however, the 'disengagement' merely transformed Israel's 1967 military occupation of the physical territory into an occupation by siege through which Israel has continued to exercise control over the Gaza Strip and its inhabitants.

Beginning in 2000, Israel intensified its control over Gaza's air and sea space, and all points of access in and out of the Gaza Strip, severely restricting the movement of goods, people and much needed supplies like food, fuel and medicines into the Gaza Strip. Israel virtually eliminated all exports from the Gaza Strip. By June

2007, such complete closure had become the norm rather than the exception.

Access into and out of the Gaza Strip is restricted to just three crossing points that are under full Israeli military control. Our people living in the Gaza Strip today require permits, which are usually denied, from Israel to leave or enter Gaza. Any goods leaving or entering Gaza must be approved by the Israeli authorities, and most goods are banned due to "security" concerns. Israel's permit system also covers the entry of food and medicine into the Gaza Strip, as well as fuel needed to generate electricity and ensure water supplies. In addition to this, Israel maintains a naval blockade along Gaza's entire coastline. Even before the election of Hamas in 2006, the PA could not, without Israel's permission, perform such basic functions such as providing social

and health services or security, setting immigration policy, developing our economy or allocating resources.

For this reason international law continues to regard Israel as an occupying power in the Gaza Strip, bound by its obligations under international humanitarian law, including the Hague Regulations and the Fourth Geneva Convention.

Israel's hermetic blockade of the Gaza Strip violates the 1994 San Remo Manual on International Law Applicable to Armed Conflicts at Sea, which prohibits naval blockades intended to starve the civilian population, denying the entry of objects essential for survival or if the expected damage to the civilian population is larger than the concrete military advantage. The blockade is illegal because it prevents the delivery of essential and basic needs to our civilian population. The humanitarian situation in the Gaza Strip has deteriorated rapidly as a result of Israel's siege. Israel drastically cut imports and barred all exports, effectively destroying Gaza's economy and with it the livelihoods of hundreds of thousands of our people. From June 2007 to September 2008, 98 percent of the Gaza Strip's industrial operations became inactive as a result of the closures, with just 23 industries left operating out of 3,900 industries. Nearly 40,000 farmers in the agricultural sector and more than 70,000 workers in other sectors lost their jobs. In terms of imports, an average of 9,400 trucks per month entered into Gaza before June 2007. Between June 2007 and June 2008, that number had fallen to an average of just 1,930 trucks per month.

As the occupying power, Israel is also violating its duty to provide for our civilian population in the Gaza Strip. Approximately 70 percent of our population in the Gaza Strip currently lives below the poverty line. The same percentage relies on foreign food aid to survive. According to the World Health Organization, chronic malnutrition has risen to affect over 10 percent of the population.

Israel's siege has had an equally devastating impact on civilian infrastructure, which remains on the verge of total collapse for lack of fuel and spare parts to carry out necessary repairs. For example, in June 2008 the amount of fuel Israel allowed into the Gaza Strip accounted for only 54 percent of Gaza's needs, severely affecting Gaza's electricity and water supplies. Today, approximately 90 to 95 percent of drinking water in the Gaza Strip is contaminated and unfit for consumption, while the vast majority of Gaza's experience electricity cuts of 8-12 hours a day.

Israel's blockade of the Gaza Strip amounts to collective punishment against the Palestinian civilian population, which is prohibited under international law.

ISRAEL'S ASSAULT

On December 2008, Israel launched a 22-day military assault against the Gaza Strip and its inhabitants. Our civilians bore the full brunt of Israel's brutality, with Israel indiscriminately targeting residential neighborhoods and public facilities such as schools, hospitals, mosques and even buildings belonging to the UN. According to figures cited by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA), 1,440 Palestinians were killed over the three week period, including 431 children and 114 women. A further 5,380 Palestinians, including 1,872 children and 800 women, were injured.

Israel's assault also damaged the Gaza Strip's water and electricity networks. The result was a rapid deterioration in the humanitarian situation beyond that already experienced as a result of Israel's siege.

An initial survey by the United Nations Development Programme (UNDP) found that more than 14,000 homes in Gaza were either totally or partially damaged during the assault. Estimates by the Palestinian Central Bureau

“Israel's blockade of the Gaza Strip clearly amounts to collective punishment against the Palestinian civilian population, which is prohibited under international law.”

of Statistics (PCBS) put the number of Palestinians left homeless at 50,000, with an additional 100,000 Palestinians displaced. Approximately 48 percent of the Gaza Strip's health facilities were damaged or completely destroyed, including 15 hospitals and 41 primary health centers.

Today poverty, unemployment and destitution remain at endemic levels, with 88 percent of Gaza's population reliant on foreign food aid from the World Food Programme (WFP) and the United Nations Relief and Works Agency (UNRWA). Our people continue to experience chronic shortages of food, clean water, cooking gas, fuel and essential medical supplies as a result of Israel's refusal to allow sufficient passage of much needed humanitarian aid and essential supplies.

The UN Fact Finding Mission on the Gaza Conflict ("Goldstone Report") concluded that Israel's blockade over the Gaza Strip, executed for political reasons, "constitutes collective punishment of the civilian population of the Gaza Strip." In addition to breaching several norms of international humanitarian law, Israel's hermetic blockade of the Gaza Strip severely violates the human rights of the 1.5 million strong civilian population. The Goldstone Report made reference to "the blockade and Israel's obligation to respect, protect, facilitate or provide, to the extent possible, for the enjoyment of the whole range of economic, social and cultural rights in the Gaza Strip" and concluded that "Israel's actions have led to a severe deterioration and regression in the level of realization of those rights. Consequently, the Mission finds that Israel has failed to comply with those obligations." The Mission also concluded that Israel violated the economic, social and cultural rights of our people in Gaza, as well as the Convention on the Rights of the Child, the Convention on the Elimination of All Forms of Discrimination against Women, and the human rights to food, housing and water. Furthermore, the Goldstone Mission found Israel's actions to constitute "a series of acts that deprive Palestinians in the Gaza Strip from their means of subsistence, employment, housing and water. Palestinians are further denied freedom of movement and their right to leave and enter their own country ... rights to access a court of law and an effective remedy are limited or denied by Israeli laws."



Standing on the remains of her home, Gaza Strip

Fact Box One: Israel's military assault on Gaza

- The Israeli military assault on Gaza lasted 22 days, from 27 December 2008 until 18 January 2009
- According to figures cited by the United Nations Office for Coordination of Humanitarian Affairs (OCHA), 1,440 Palestinians were killed during the assault, including 431 children and 114 women. A further 5,380 Palestinians, including 1,872 children and 800 women, were injured
- An estimated 4,247 homes were demolished in the Gaza Strip during the assault
- An estimated 41,730 homes were damaged in some way during the Operation
- 85 percent of damage done by shells from tanks and airstrikes; 12 percent of houses destroyed by Israeli bulldozers
- Commercial Property Damage:
 - 211 industrial premises were damaged (102 completely destroyed, 109 partially destroyed)
 - Led to massive job loss, layoffs over 75 percent of employees on account of destruction
- 1,549,776 acres of agricultural land destroyed

Fact Box Two: Life under the siege

- More than 70 percent of our residents of the Gaza Strip rely on aid from international organizations to obtain food.
- In 2009, an estimated 40 percent of Gazans were unemployed
- In 2009, an estimated 70 percent of the Gaza Strip's population was living below the poverty line
- UNRWA poverty survey indicates that the number of refugees living in abject poverty (unable to secure access to food and lack the means to purchase even the most basic of items such as safe drinking water) has tripled to 300,000 since the onset of the blockade in 2007
- 2010 WHO report stated that chronic malnutrition has risen and has now reached 10.2 percent
- The Rafah Crossing has been closed since June 2007 except for occasional and limited openings. In 2010, an average of 3,192 people passed through the crossing monthly. Before closure, an average of 40,000 people traveled through the crossing each month.
- Since January 2010, there has been a serious deterioration in the supply of electricity in the Strip because the Gaza Power Plant (GPP) is able to produce only half the electricity that it did prior to January 2010. This is due to lack of funds needed to purchase the industrial fuel required to operate the plant. Thus, many of the 1.5 million of our people in the Gaza Strip must cope with daily electricity cuts of 8 to 12 hours (before January 2010, typical blackouts lasted for 6-8 hours).
- Amnesty International reports that 90-95 percent of the drinking water in the Gaza Strip is contaminated and unfit for human consumption.
- Israel prevents raw materials for industry from entering, which is part of an "economic warfare" policy designed to prevent economic activity. Thus, 90 percent of the Strip's factories are closed or are working at minimum capacity. An example: Israel prevents rubber, glue, and nylon from entering to prevent the production of diapers, but allows the transfer of diapers produced in Israel into the Gaza Strip.
- Israel restricts fishing access to three nautical miles from the shore.



Tending their land, Gaza Strip

IV. OUR VISION OF PEACE

Our primary goals in engaging in direct negotiations with Israel are to ensure our freedom and the fulfillment of the right to self-determination and a just resolution to the plight of our refugees. Achieving these goals requires an end to Israeli occupation and colonization, the establishment of an independent and sovereign Palestinian state in the West Bank and Gaza Strip with East Jerusalem as its capital, and a just and agreed resolution of the refugee issue in accordance with UN General Assembly Resolution 194. There are three essential components to a comprehensive peace agreement: (1) an independent state for Palestinians, (2) maximum choice for our refugees, and (3) compensation and end of claims. Below is a summary of these three components.

■ Land

Independence and Sovereignty: As a people living under Israeli military occupation, we continue to be denied our most fundamental rights, including the right to self-determination. Israel denies us the right to pursue our economic, social and cultural development. The establishment of a fully sovereign and independent Palestinian state will guarantee our control over a space in which we can pursue our development in how we see fit and without interference from other states.

The final boundaries of the fully independent state of Palestine will follow the 1967 pre-occupation line, the “Green Line”, and we will exercise complete control over its territory. We will determine who and what enters and exits the country and who may reside therein. We will also exercise complete control over our natural resources, including water resources, air and maritime space and the electromagnetic sphere.

As the political, economic and spiritual heart of the Palestinian nation, there can be no Palestinian state

without East Jerusalem as its capital. East Jerusalem will be fully integrated with the rest of the West Bank and Gaza Strip – territorially, politically and economically – in order to ensure the integrity, sustainability and full growth potential of the city and country, as well as our social, political, cultural and religious life.

As citizens of a sovereign state, we will finally be able to realize our economic potential, including in the crucial tourism and agriculture sectors. Additionally, we will be able to participate fully, and without restriction, in the commercial, social, political and cultural activities of the international community.

■ Refugees

Options for Refugees: After decades of dispossession and statelessness, more than seven million of our refugees require a fair and just resolution. Such a resolution will respect refugee rights and provide them with several options, including the right to return to their homes in accordance with UNGA Resolution 194 and international law. A resolution will also provide for the right to restitution of property and full compensation for all material and non-material losses.

■ Compensation and End of Claims

End of Claims: To end all claims and to achieve a genuine and long lasting peace, we seek full and just reparations for material and non-material damages owing to Israel’s illegal actions, including colonial settlement activity; water and natural resource expropriation; environmental damage; loss of, and damage to, cultural property and heritage; misuse of financial resources; and other gross and systematic violations of human rights.

■ International Law: Our Framework for Negotiations

Achieving sustainable peace is best reached through mutual agreement with Israel. It will be a peace that restores Palestinian human rights and ensures our national aspirations. Only by securing the fundamental rights and freedoms guaranteed – but long denied to us – under international law, will an agreement be viewed by us as just and be fully embraced by our society.

Our positions on the various permanent status issues are rooted in relevant international law. While we are open to creative solutions, any agreed upon solution must conform to international law and must meet our needs and interests.

Some of the key sources of international law that shape our positions include:

- **Right to Self-Determination:** International Covenant on Economic, Social and Cultural Rights: Article 1 (1): “All peoples have the right of self-determination.”
- **End to Israel’s Occupation:** UN Security Council Resolution 242 (1967) emphasizes “the inadmissibility of the acquisition of territory by war” and calls for the “[w]ithdrawal of Israeli armed forces from territories occupied in the recent conflict.”
- **Illegality of Israel’s Changes to Jerusalem’s Status:** UN Security Council Resolution 476 (1980): “Reconfirms that all...actions taken by Israel, the occupying Power, which purport to alter the character and status of...Jerusalem have no legal validity...”
- **Refugee Rights:** UN General Assembly Resolution 194: “...the [Palestinian] refugees wishing to return to their homes and live at peace with their neighbors should be permitted to do so at the earliest practicable date, and that compensation

should be paid for the property of those choosing not to return and for loss of or damage to property which, under principles of international law or in equity, should be made good by the Governments or authorities responsible.” UNGA Resolution 194, which endorsed the right of Palestinian refugees to choose whether to repatriate to what is now Israel, has been reaffirmed by the General Assembly every year since its adoption.

- **Prohibition on Settlement Activity:** Article 49(6) of the Fourth Geneva Convention, ratified by Israel in 1951, states: “The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies.”
- **Right to Water: The UN Committee on Economic, Social and Cultural Rights has noted:** “The human right to water is indispensable for leading a life in human dignity. It is a prerequisite for the realization of other human rights.” International water law calls for the “equitable and reasonable” allocation of water among the two or more parties who possess a claim to shared watercourses, which is the case here.
- **Reparations and the Right to Remedy:** A State responsible for an internationally wrongful act is under an obligation to make amends for the wrong by providing reparations, including restitution, compensation, satisfaction and guarantees of non-repetition to the injured party. In addition, international human rights law obliges states to provide effective remedies to victims of human rights violations.
- **Illegality of Wall Construction:** In its Advisory Opinion of 9 July 2004, the International Court of Justice (ICJ) held that the Wall and Israeli settlements violate international law. It called upon Israel to halt their construction, dismantle portions already built, and provide reparations to Palestinians for the damages they have caused.

V. PERMANENT STATUS ISSUES

a. Jerusalem

1. Summary

For centuries, Jerusalem has been the political, administrative and spiritual heart of Palestine. Metropolitan East Jerusalem – an area extending from Ramallah to Bethlehem – has for long been the driving force of our economy. In fact, nearly one-third of our economic activity is centered around East Jerusalem. Given East Jerusalem’s economic, cultural, social and religious importance, without East Jerusalem, there can be no viable Palestinian state.

Though central to three faiths, Israel has since 1967 systematically pursued policies aimed at ensuring exclusive control over the city with disregard to the rights of the indigenous Christian and Muslim Palestinian populations. In so doing, Israel unilaterally is taking control of East Jerusalem, the future capital of our state, thereby putting at risk the possibility of a two-state solution.

Modern History of the Holy City: A Brief Overview

- When the UN General Assembly recommended in 1947 to partition Palestine, Jerusalem and its environs (including the city of Bethlehem to the south) were to be administered internationally as a separate entity, or *corpus separatum*. However, during the 1948 war, Israel invaded the *corpus separatum* and occupied 85 percent of its territory.
- In June 1967, Israel occupied the remainder of Jerusalem, or “East Jerusalem”, including the Old City. Only weeks later, Israel unilaterally expanded the municipal borders of Jerusalem, enlarging East Jerusalem ten-fold. The new borders were

drawn to incorporate undeveloped Palestinian lands and excluded our population centers. During the 1970s, those undeveloped lands were illegally confiscated by Israel to build Israeli settlements, in violation of international law.

- With the expansion of Jerusalem’s borders, Israel applied its laws, administration and jurisdiction over the expanded area of municipal Jerusalem (an area then covering 72 km² or 1.3 percent of the West Bank) in a clear attempt to *de facto* annex East Jerusalem and parts of the West Bank. This annexation violated the prohibition against acquiring territory by force and was declared of “no legal validity” by the UN Security Council.

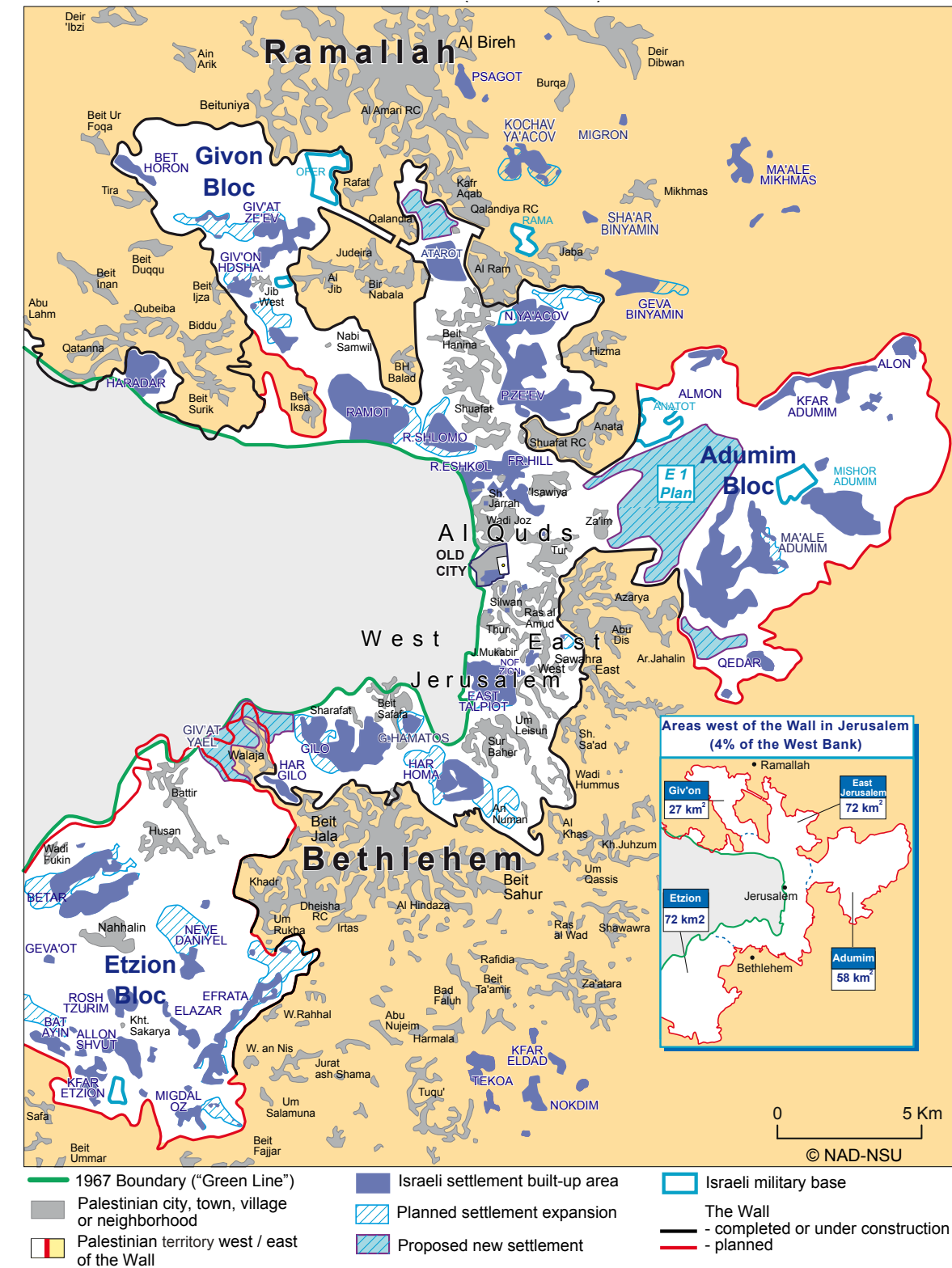
Changing Demographics

Since 1967, the Israeli government has attempted to consolidate its control over Jerusalem by systematically pursuing a number of policies:

Establishing Settlements: Israel has unilaterally annexed occupied East Jerusalem and has been constructing illegal settlements within and along its illegally expanded borders. These settlements now form a ring around the entire occupied part of the city, sealing it off from the rest of the West Bank. Today, over 190,000 of the over 500,000 settlers in the oPt live in occupied East Jerusalem.

“Given East Jerusalem’s economic, cultural, social and religious importance, without East Jerusalem, there can be no viable Palestinian state.”

Israel's Wall and Settlements Around Occupied East Jerusalem



Revoking Residency Rights and Denying Family Reunification: Israel's goal with respect to its policies in occupied East Jerusalem has been clearly and repeatedly stated to be the preservation of a Jewish demographic majority in Jerusalem. This goal was officially stated in a 1973 report by the inter-ministerial Committee to Examine the Rate of Development for Jerusalem. In this report the recommendation was made that the "demographic balance of Jews and Arabs must be maintained as it was at the end of 1972." In an attempt to maintain this "demographic balance," Israel has prohibited thousands of Palestinians from residing in the city of our birth by revoking our residency rights.

As "Permanent Residents" of Israel, Palestinian East Jerusalemites have disproportionate rights compared with Israeli citizens of the city. For example, Israel has the power to strip them of their residency solely at its discretion. Therefore, our residents of occupied East Jerusalem must maintain their "center of life" in East Jerusalem; otherwise they run the risk of losing their residency status. In addition to residency revocation, Israel habitually refuses to grant Palestinian spouses of non-Jerusalemites residency status, thereby preventing them from residing in Jerusalem and denying family unification.

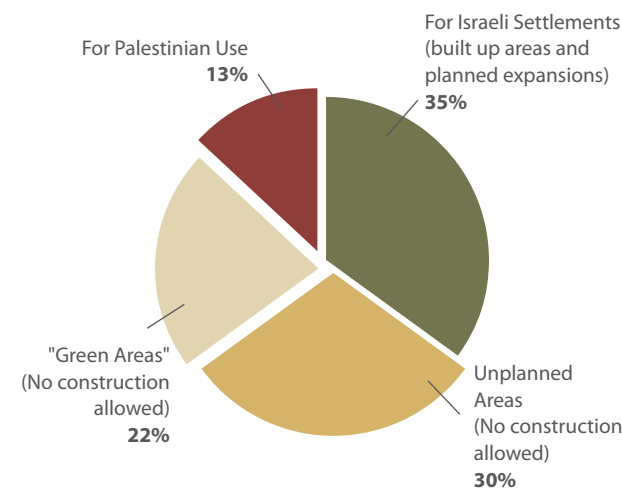
More than 13,000 Palestinian "permanent resident" identification cards were revoked between 1967 and 2008, directly impacting more than 20 percent of our families in occupied East Jerusalem. Between 2006 and 2008, Israel revoked 4,577 Palestinian "permanent resident" identification cards.

Land Confiscation, Building Restrictions and Home Demolitions: In addition to preventing our urban growth by confiscating our lands and constructing settlements, Israel has adopted a series of discriminatory zoning policies intended to make it difficult for us to build on our land or to expand existing structures. As a result, we are only allowed to build and live on 13 percent of East Jerusalem. Further, permits to build within those areas are expensive and nearly impossible to obtain due to Israel's restrictive and discriminatory measures and policies, thereby giving the Israeli government the ability to demolish homes where building, including expansion, was carried out without an Israeli permit.

These discriminatory policies have also resulted in severe over-crowding in East Jerusalem, a situation which will only worsen as the population naturally expands. From 1967 until today, the Palestinian population of Israeli-defined municipal Jerusalem has grown from 68,600 to 300,000—an increase of 228 percent. By 2020, the number of Palestinians who hold Jerusalem residency cards is projected to be over 400,000 (based on a 3.4 percent average population growth rate).

Estimates also indicate that since 1967, Israel has demolished more than 3,200 homes and other structures in East Jerusalem, including several historic and religious sites, such as the historic Moroccan Quarter in the Old City of Jerusalem. According to the Palestinian Central Bureau of Statistics, Israeli authorities demolished 94 Palestinian homes in 2005, 83 in 2006, 78 in 2007, 87 in 2008 and 103 in 2009. In 2010, figures released by the UN's displacement Working Group, 78 privately owned structures were demolished in East Jerusalem, including homes.

Discriminatory Land Use in Occupied East Jerusalem



Imposing Closure: Since March 1993, Israel has prohibited non-Jerusalemite Palestinians from entering the city unless they obtain an Israeli-issued permit, which is rarely granted. As such, over 4 million Palestinians are denied access to our holy places in Jerusalem, are prohibited from studying in East Jerusalem and are denied certain medical treatments that are only available in East Jerusalem hospitals.



Constructing the Wall: The route of the Wall in and around occupied East Jerusalem splits the West Bank into two distinct areas and completely isolates occupied East Jerusalem from the rest of the West Bank. It also limits the last available space for much needed Palestinian growth, while facilitating the construction and expansion of settlements. Furthermore, the Wall severs the national transportation axis that connects the West Bank with Jerusalem and has resulted in an influx of Palestinian Jerusalemites to the center of the city.

2. Key Facts

- Approximately 35 percent of our economy is dependent upon Metropolitan East Jerusalem, which extends from Ramallah to Bethlehem.
- The international community, including the UN, the US and the EU do not recognize Israel's claim of sovereignty over East Jerusalem.

- Due to discriminatory Israeli restrictions on land use, Palestinians in East Jerusalem live and build on only 13 percent of our land. Those who, lacking any other alternatives, build either without permits or while the application is pending are subject to forced evictions and home demolitions. The Israeli army has destroyed over 3,000 of our homes in occupied East Jerusalem since 1967.
- Palestinian Jerusalemites, who constitute over 36 percent of the population of Jerusalem, receive less than 10 percent of Jerusalem's municipal budget.

3. International Law

- UN Security Council Resolution 242 (1967) emphasizes "the inadmissibility of the acquisition of territory by war" and calls for the "(w)ithdrawal of Israeli armed forces from territories occupied in the recent conflict."
- UN Security Council Resolution 252 (1968) states that the Security Council "(c)onsiders that all... actions taken by Israel... which tend to change the legal status of Jerusalem are invalid and cannot change that status."
- UN Security Council Resolution 476 (1980) states that the Security Council "(r)econirms that all... actions taken by Israel, the occupying Power, which purport to alter the character and status of... Jerusalem have no legal validity... and also constitute a serious obstruction to achieving a comprehensive, just and lasting peace in the Middle East."

4. Our Position

In conformity with international law and as stated in the Declaration of Principles, all of Jerusalem (and not only East Jerusalem) is subject to permanent status negotiations. With respect to East Jerusalem, because it remains part of the territory occupied since 1967, Israel has no right to any part of it.

As the political, economic and spiritual heart of our nation, there can be no Palestinian state without East Jerusalem, in particular the Old City and the surrounding area, as its capital. We are committed to respecting freedom of worship at, and access to, religious

sites within East Jerusalem for everyone. All possible measures will be taken to protect such sites and preserve their dignity.

Beyond ensuring our sovereignty over East Jerusalem, we will consider a number of solutions, as long as they are in our interest and in line with international law. For example, Jerusalem may be an open city for both

b. Settlements

1. Summary

Since 1967, Israel has colonized the oPt by systematically transferring parts of its Jewish civilian population into the West Bank and Gaza Strip, in violation of international law. Today, more than half a million Israeli settlers, including over 190,000 in and around East Jerusalem, live in settlements established on land illegally seized from us in the oPt. These settlements range in size from nascent settlements or "outposts," consisting of a few trailers, to entire towns of tens of thousands of settlers.

The aim and effect of Israel's settlement enterprise has been to alter the oPt's status, both physically and demographically, so as to prevent its return to us. The construction of Israeli settlements is designed to illegally confiscate our land and natural resources while confining our population to unsustainable, ever-shrinking enclaves and severing East Jerusalem from the rest of the oPt. By limiting the territorial contiguity and economic viability of the oPt, Israeli settlements pose the single greatest threat to the establishment of an independent Palestinian state, and hence, to a just and lasting peace between Israelis and Palestinians.

Colonizing the oPt

The Israeli government has adopted a number of discriminatory measures aimed at bolstering its settlement enterprise. Israelis are lured to settlements through a variety of Israeli-government incentives, including housing subsidies, income tax reductions, disproportionate budget allocations and business grants. Contrary to Israel's claim of "natural growth," these incentives have led to the rapid growth rate in

Palestinians and Israelis-the capital of two nations.

Whatever the specific solution, East Jerusalem is essential to the economic, political and cultural viability of our future state. There can be no integrated Palestinian national economy and, thus no sustainable resolution of the conflict, without a negotiated solution on Jerusalem that guarantees our rights.

the settler population – in some cases, reaching three to four times that of the rate of growth in Israel.

Israel's settlements also benefit from massive Israeli investment in roads and other infrastructure. Settler roads, including so-called 'bypass' roads, connect settlements to each other and to Israel. For our population, who is generally restricted and in some cases prohibited from using them, these roads create a grid of physical barriers that crisscross the entire West Bank.

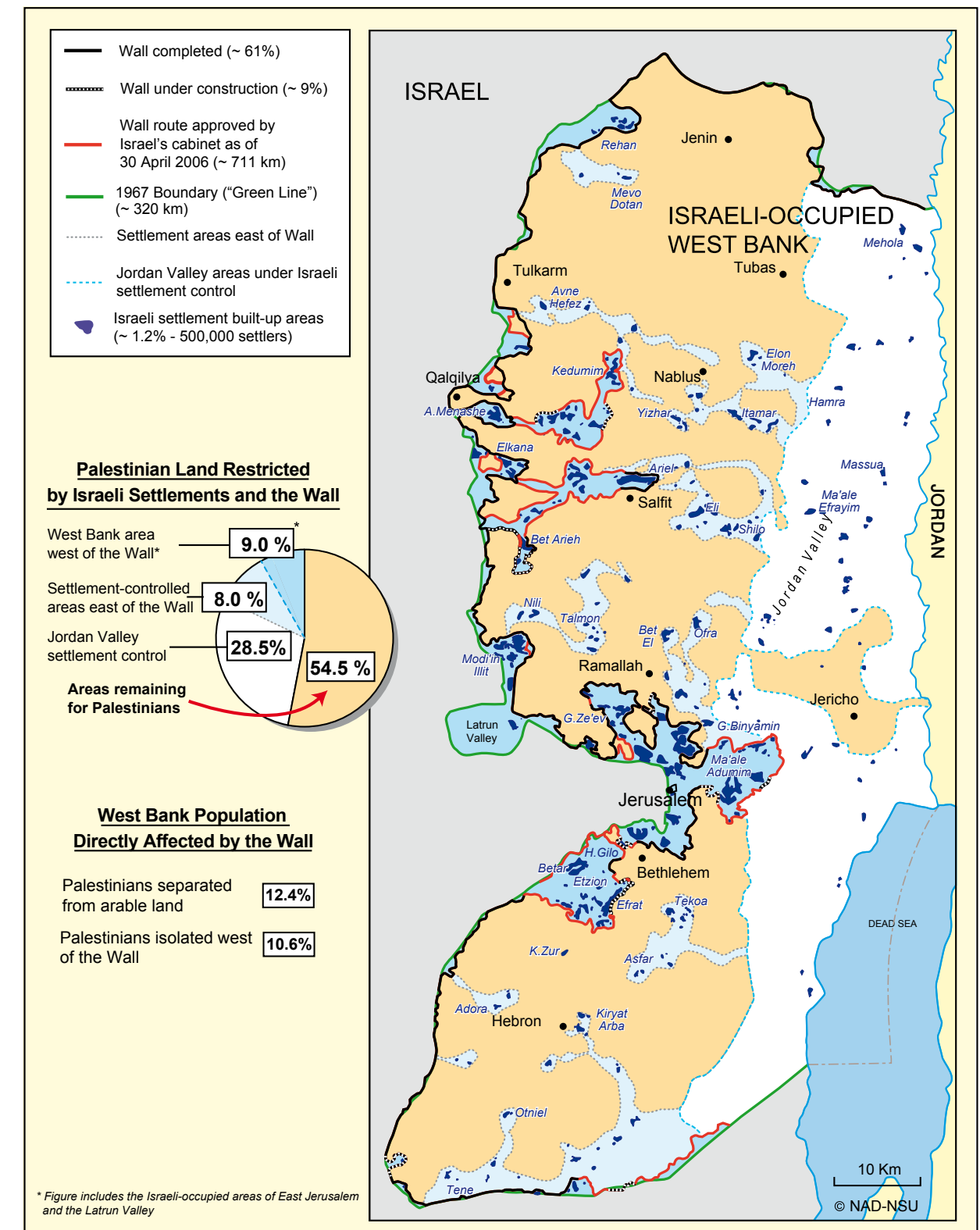
Israel enforces movement restrictions on us – or a 'closure regime' – through the erection of hundreds of military checkpoints and roadblocks. Parallel to securing virtually unchecked freedom of movement and access for Israeli settlers, this physical restriction scheme severely restricts our movement and access, isolates our communities, preventing their expansion, restricts our access to farmlands and natural resources and destroys our territorial contiguity.

The presence of Israeli settlements and settlers is a primary source of instability, resentment and a historically proven trigger to clashes between our indigenous population and the armed settlers. In addition to the socioeconomic and humanitarian damage caused by the settlements, Israeli settlers, and the soldiers charged with protecting them, routinely subject our population to attacks, humiliation and harassment.

The Wall: Another Land Grab

In the summer of 2002, Israel began constructing its Wall in the oPt. Though Israel claims that the Wall was erected for security purposes, it forms an integral component of Israel's settlement infrastructure. The

Israel's Wall and Settlements (Colonies)



Wall encircles and snakes through the West Bank incorporating a majority of Israeli settlements and settlers on the “Israeli” side of the Wall while seizing large tracts of our territory for the expansion of future settlements. In so doing, the Wall separates us from our lands, the source of our livelihood; prevents access to education and social services; and deprives us from our natural resources, especially water. The Wall is nearly complete but for small stretches halted due to legal action in the courts. The areas taken for the Wall, combined with settlement-controlled areas east of the Wall and in the Jordan Valley, will leave us with only 54 percent of the West Bank.

Given that the Wall has been routed around existing illegal settlements and their planned expansion areas, the Wall is clearly a land grab and not a security measure. Indeed, the Wall does not separate the state of Israel from our territory but rather separates Palestinians from Palestinians.

Israel’s Territorial Ambitions: Then and Now

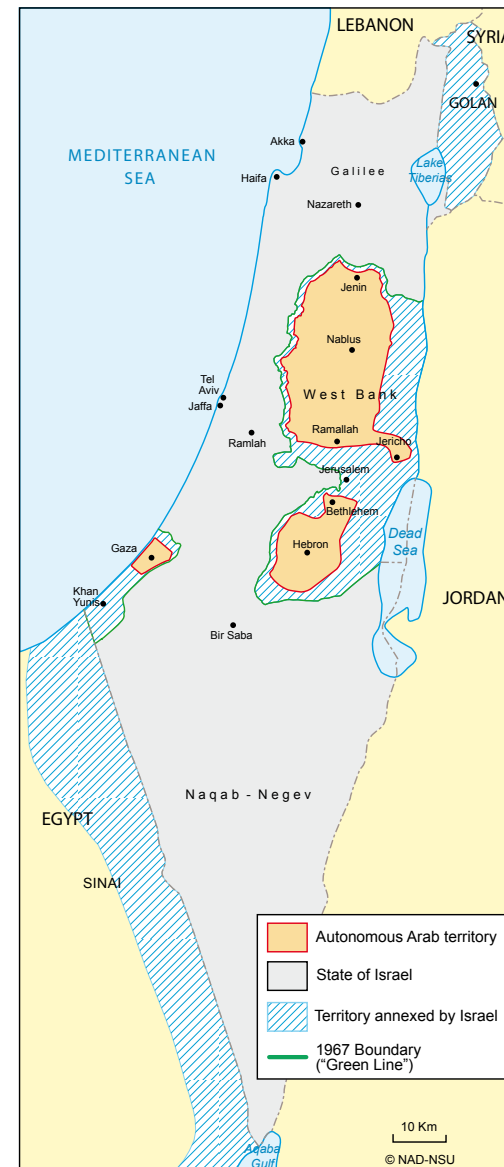
In 1967, Yigal Allon, Israel’s then Deputy Prime Minister and later its Foreign Minister, proposed maintaining Israeli control over the Jordan Valley of the West Bank and an expanded east-west corridor running through Jerusalem to the Jordan River. The remaining areas of the West Bank were to be “returned” to Jordan. The “Allon Plan” – as it became known – had a significant impact on Israeli settlement policy. A comparison between the Allon Plan map and the current situation on the ground demonstrates clearly the continuity of Israel’s territorial ambitions in the West Bank since 1967.

2. Key Facts

- While the total built-up area of all the settlements is 1.2 percent of the West Bank, over 40 percent of the West Bank is under the control of Israeli settlements and related infrastructure such as settler bypass roads, the Wall, checkpoints, and military bases.
- In the same year that Israel evacuated its 8,200 settlers from the Gaza Strip in 2005, its settler population in the West Bank increased by some 12,000 settlers.
- Incentives offered by the Israeli government have

“The Wall separates us from our lands, the source of our livelihood; prevents access to education and social services; and deprives us from our natural resources, especially water.”

Allon Plan, 1967



succeeded in luring thousands of Israeli settlers to the oPt. According to a poll conducted by the Israeli organization Peace Now, 77 percent of surveyed settlers live in the oPt for “quality of life” reasons and not for religious or national security reasons. Accordingly, we can assume that with similar incentives, these settlers could be persuaded to evacuate the oPt.

- Israeli settlers use 7 times the amount of water that we use, per capita.
- Though Israel claims that the Wall is being built for security reasons, it actually serves to make defense of its territory more difficult: the total length of the Wall (as approved on 30 April 2006) is 711 km. This is more than twice the 320 km length of the 1967 border.

3. International Law

- Article 49(6) of the Fourth Geneva Convention, ratified by Israel in 1951, states: “The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies.”
- In its July 9, 2004, Advisory Opinion on the Wall, the International Court of Justice held that the Wall, along with settlements, violates international law. It called upon Israel to halt its construction, to dismantle portions already built, and to provide reparations to Palestinians for damages it has caused.
- The Rome Statute of the International Criminal Court of 1998 (Article 8(b)(viii)) defines “the transfer directly or indirectly by the Occupying Power of parts of its own civilian population into the territory it occupies” as a War Crime indictable by the International Criminal Court.
- United Nations (UN) Security Council Resolution 465 (1980): “Israel’s policy and practices of settling parts of its population and new immigrants in [the Palestinian and other Arab territories occupied since 1967, including Jerusalem] constitute a flagrant violation of the Fourth Geneva Convention... and a serious obstruction to achieving a comprehensive, just and lasting peace in the Middle East.” The resolution calls on Israel to “dismantle the existing settlements.”

4. Our Position

In addition to being illegal, Israeli settlements in the oPt pose the single greatest threat to a two-state solution, and hence, to a just and lasting peace. Settlements, their infrastructure and associated areas of Israeli control grossly reduce the amount and quality of land remaining for our future state and severely undermine its territorial integrity. Under the “land for peace” formula contained in UN Security Council Resolutions 242 and 338 and upon which the peace process is based, Israel is to withdraw from the territories it occupied in 1967 in exchange for full peace and recognition from its neighbors.

Thus, Israel must undo its settlement enterprise and repair any damage caused by its illegal colonization of our territory. Israel’s unilateral 2005 Gaza ‘disengagement’ demonstrated that Israeli ‘facts on the ground’ are not permanent and, with sufficient political will, can be removed far more rapidly than they were established. One method to evacuate settlements peacefully would be for Israel to eliminate all economic and other incentives, both for the settlements and the settlers, and to start providing comparable or better incentives that would act to encourage existing settlers to move back to Israel.

Until a final agreement is reached, however, a genuine and comprehensive settlement freeze is the only way to minimize further prejudice to future negotiations. The international community has repeatedly called on Israel to freeze all settlement activity. The basic elements of such a freeze are: 1) ending all settlement-related construction; 2) eliminating all subsidies and economic incentives for settlements and settlers; 3) ending all planning for settlements; 4) ceasing all land confiscations, home demolitions and other property destruction; and 5) ending the migration of settlers to the oPt.

“Israeli settlements in the oPt pose the single greatest threat to a two-state solution, and hence, to a just and lasting peace.”

c. Borders and Related Issues

1. Summary

The delineation and demarcation of agreed upon borders are central to reaching a two-state solution. Our position on borders has undergone a significant transformation since 1948. Our national movement once laid claim to its rights over all of historic Palestine. Since 1988, however, in the interest of achieving peace and ending the conflict, we have accepted to establish our state over 22 percent of historic Palestine, with East Jerusalem as our capital (that is, encompassing all of the territory occupied by Israel in 1967), while recognizing Israel on the remaining 78 percent. Despite this historic Palestinian compromise, Israel continues to attempt to unilaterally re-draw the border between Israel and the oPt, through construction of “facts on the ground” such as the Wall and its settlement enterprise, both of which directly violate international law.

The Borders of Palestine: A Brief Background

- Historic Palestine (pre-1948) encompassed all of Israel, the Gaza Strip, the West Bank and Jerusalem.

In 1922, historic Palestine came under British Mandate, as authorized by the League of Nations.

- In 1947, the United Nations General Assembly recommended the partitioning of Palestine, against the wishes of the majority of our inhabitants. The Partition Plan allocated 55 percent of Palestine to a Jewish state. At the time, Jews, most of whom were recent immigrants, represented only 1 third of the population and owned less than seven percent of the land.
- Almost immediately after the Partition Plan vote, organized Jewish militias began military campaigns to seize control over even more of historic Palestine’s territory than the UN partition plan had proposed. On May 14, 1948, after months of military expansion, Zionist forces declared the establishment of the State of Israel. The next day, six Arab armies invaded, in an attempt to block Israel’s expansion into those parts of Palestine allocated to the Arab state. By the end of the war in 1949, Israel controlled 78 percent of historic Palestine.



The Wall separating Palestinians from their lands, Bethlehem

- During the June 1967 war, Israel militarily occupied the remaining 22 percent of historic Palestine, comprising the West Bank, including East Jerusalem, and the Gaza Strip. Only two weeks after the war’s end, Israel unilaterally expanded the municipal border of East Jerusalem by legislative act, declaring the application of Israeli law in that expanded area, in effect annexing it to Israel. The international community immediately rejected Israel’s illegal annexation through the United Nations Security Council Resolution 242. Furthermore, within one month, Israel began building illegal settlements in the oPt, in direct violation of international law.

Unilaterally Redrawing Borders, Again

In 2002, Israel began constructing its Wall in the oPt with the objective to unilaterally redraw the political border of our prospective state. Israel has *de-facto* annexed land that falls on the western side of the Wall by severely restricting our access to these areas while at the same time facilitating Israeli access to them.

As an alarming signal, in October 2003, Israel declared as a closed zone all of the land that falls between the 1967 border and the Wall in the northern West Bank. Further, Israel began requiring that we obtain Israeli-issued permits to continue to live on, or otherwise access, this land.

2. Key Facts

- The 1967 border is the internationally-recognized border between Israel and the oPt. It draws universal international community recognition and support under international law, including through the strict prohibition against the acquisition of territory by force.
- The international community does not recognize Israeli sovereignty over any part of the oPt, including Jerusalem.

“The 1967 border is the internationally-recognized border between Israel and the oPt.”

3. International Law

- Article 2 of the Charter of the United Nations (1945), requires that “[a]ll Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations.”

- UN Security Council Resolution 242 (1967) emphasizes “the inadmissibility of the acquisition of territory by war” and calls for the “[w]ithdrawal of Israel armed forces from territories occupied in the recent conflict.”
- The International Court of Justice, in its July 9, 2004 Advisory Opinion recognized the 1949 armistice line as the legitimate border of the West Bank and Gaza Strip, holding that all Israeli expansion – including settlement activities and Wall construction – is contrary to its obligations as an occupying power and is illegal.

4. Our Position

An agreed resolution of border-related issues is required for a durable two-state solution. A number of border-related issues will require negotiation during final status talks, including:

Borders:

Our position is that the border of our state will be the same as the borders of the West Bank and Gaza Strip as they stood on the eve of Israel’s 1967 occupation. Our position is consistent with international law, which forbids Israel from acquiring territory by force. Though Israel has no legal claim to any of the territory it occupied in 1967, we are willing to discuss minor, reciprocal, and mutually-agreed changes to the 1967 boundary, should we decide that it is in our interest to do so.

Territorial Link:

A territorial link connecting the West Bank and the

Gaza Strip is crucial to the integrity of our state. The link must provide for permanent unrestricted movement of people, goods and vehicles between the two geographic areas. It should also be able to accommodate the transfer of various resources throughout Palestine (e.g., gas, water, electricity, etc.). A safe passage or transit arrangement allowing such movement under an agreed regime will be necessary until a permanent territorial link is fully operational. Such safe passage arrangements also should remain in effect after the territorial link becomes operational as an alternative means of connection between the West Bank and Gaza Strip should the operation of the territorial link be disrupted.

Maritime Boundary Issues:

Maritime issues pertain both to the coastal areas off the Gaza Strip and to the Dead Sea. Our maritime borders must be equitably delineated, not only with Israel, but also with our other maritime neighbors (Egypt, Cyprus and Jordan). Our rights within these borders also must be addressed, including rights to natural resources found in such areas. We must be awarded our full array of maritime rights under international law, which entitle a coastal state to several maritime zones, each with differing rights and responsibilities. Finally, we also will need to agree how to manage any resources shared with neighboring countries.

d. Water

1. Summary

The Middle East is one of the world's most water-stressed regions. It is therefore essential that water is shared equitably. Since its 1967 occupation of the oPt, Israel has completely controlled our water resources and deprived us of access to a sufficient share of water, in violation of international law. Instead, Israel has used our water resources for its illegal settlements and its own population, forcing our communities to purchase water from Israeli companies at high commercial prices.

Water Consumption

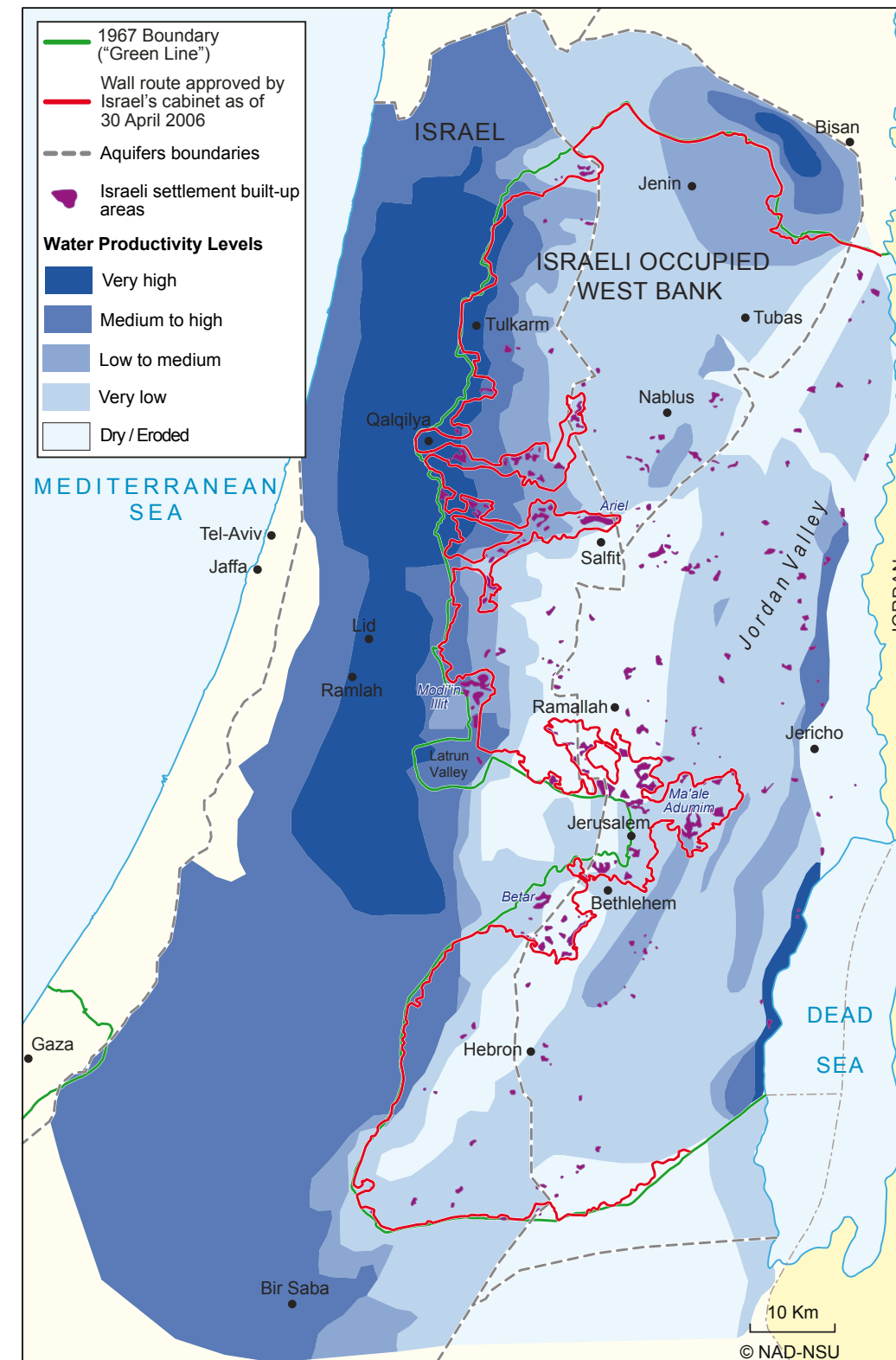
The main sources of water shared by Israelis and Palestinians are (i) surface water, including the Jordan River and Wadi Gaza, and (ii) groundwater sources, or aquifers, lying under the occupied West Bank and Gaza Strip.

Israel utilizes approximately 86 percent of available shared fresh water resources (including groundwater resources and surface water resources), leaving our population with less than 14 percent. This comes despite the fact that the great majority of the areas where the various aquifer basins are fed, or "recharged," lie within the oPt. If water resources were shared on the basis of equal per capita shares today, given the population breakdown, we would receive approximately 38 percent of the total resource, instead of the above mentioned 14 percent.

As a result, each Palestinian living in the oPt receives an average of less than 60 liters per capita per day for domestic purposes, versus 280 liters per capita per day for an average Israeli. On average, we survive on much less than the 100 liters per day recommended by the World Health Organization as the minimum per capita water availability.

“Israel utilizes approximately 86 percent of available shared fresh water resources (including groundwater resources and surface water resources), leaving our population with less than 14 percent.”

Water Productivity of the Mountain Aquifers



Israeli Control of Water

Since 1967, Israel has assumed near complete control over all our water resources, thus depriving us of our right to access and control one of our essential natural resources. Discriminatory measures adopted by Israeli authorities include:

- Restricting our drilling of new water wells (especially in the Western Basin)
- Restricting our pumping or deepening of existing wells
- Denying us access to the Jordan River since 1967
- Restricting our access to areas with fresh water springs
- Limiting our ability to utilize surface water (i.e. harvesting flash flood water from major valleys)
- Limiting our ability to develop water and sewage infrastructure

At the same time, wells for Israeli settlements, many of which are strategically located over areas characterized by high groundwater potential, are approved without delay and routinely drilled deep into the aquifer. Due to high pumping rates, these wells often dry up more shallow Palestinian wells located nearby. The consequence of much of this Israeli action has been to force our communities to purchase water, at a high cost, from Israeli companies.

Israel's unfair use of our water resources continued uninterrupted during the Oslo negotiations. Under the 1995 Palestinian-Israeli Interim Agreement, we were, according to the agreement, to develop 70-80 million cubic meters (MCM)/year of water as additional quantities from the Eastern Aquifer and other agreed sources in the West Bank, as a temporary measure during the interim period only. This amount is itself far below a reasonable and equitable allocation of shared water resources. However, in practice, less than half that amount (24 MCM/year), on average, has been made available to us by Israel to date. Meanwhile, our population has doubled since the signing of the Oslo agreement, meaning that the water available to us, per

capita, has fallen dramatically.

During the pre-Oslo period in which Israel was solely responsible for water-related issues in the oPt, Israel failed to invest adequately in water infrastructure to serve our communities. Since the signing of the Interim Agreement, Israel has consistently used the veto power to prevent us from undertaking projects designed to develop groundwater resources in the West Bank.

In addition to utilizing a disproportionate amount of water, Israeli settlements have caused significant environmental damage. Settlers discharge domestic, agricultural and industrial wastewater and solid wastes into nearby valleys without treatment. Polluting industries, such as aluminum and plastics, as well as waste disposal sites, have been transferred into the West Bank, particularly over the past 20 years as environmental controls in Israel have tightened. These practices threaten the quality of the groundwater and the surface water resources shared by the two parties.

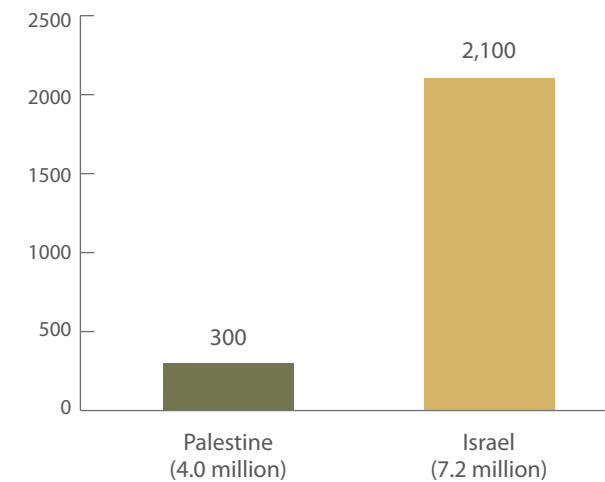
2. Key Facts

- Israel draws water from Lake Tiberias (Sea of Galilee) and transports it out of the Jordan River Basin to coastal cities and the Naqab (Negev) Desert through the National Water Carrier. The amount of water diverted (about 440 to 600 MCM/yr) is such that no natural water flows naturally out of Lake Tiberias, to the lower part of the Jordan River. This is one of the main reasons for the decrease in the water level of the Dead Sea.
- The availability of fresh water to us has decreased markedly on a per capita basis since the 1995 Interim Agreement.
- The per capita consumption of water in Israel is over four times greater than that in the oPt.
- The groundwater in Gaza is in a state of crisis, due to massive Israeli pumping from large wells surrounding Gaza, by over-pumping inside Gaza in reaction to Israeli imposed water scarcity, and due to contamination resulting from the forgoing two factors and the Gaza Strip's dearth of waste processing capacity. As a result, the great majority of our population in Gaza has no safe drinking

water. Around 60 percent of diseases in the Gaza Strip result from poor water quality. According to the World Bank and United Nations Environment Programme (UNEP) reports, only five to ten percent of drinking-water wells in Gaza are suitable for the provision of safe drinking water.

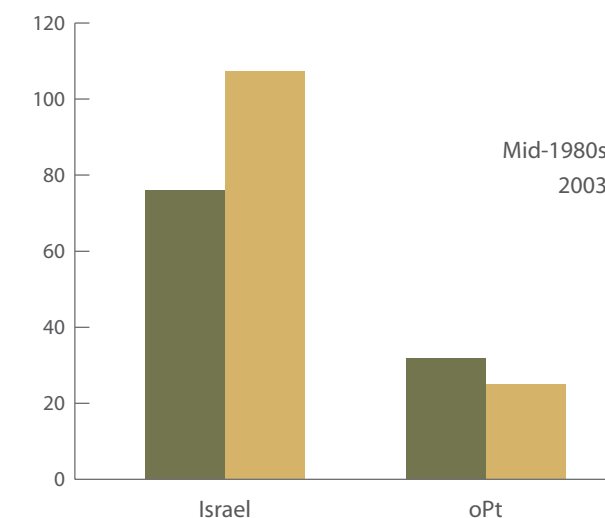
Total Water Consumption in 2010

million cubic meters (MCM)



Water Allocations for Domestic Use on a Per Capita Basis

(cubic meters/person/year)



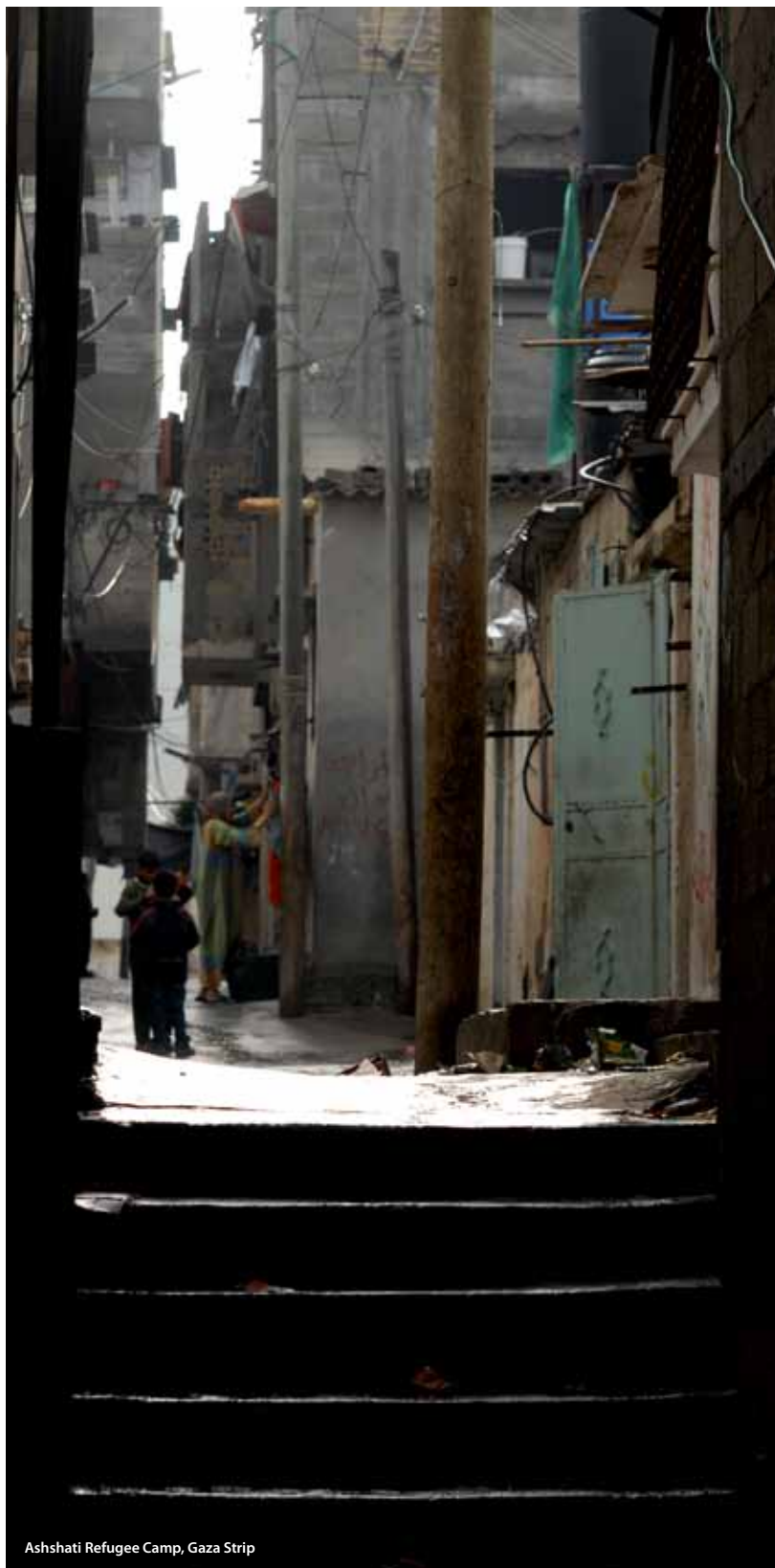
3. International Law

- International water law determines the water rights of the parties. Applicable standards include those identified in the Helsinki Rules on the Uses of the Waters of International Rivers of 1966 and the 1997 United Nations (UN) Convention on the Law of the Non-Navigational Uses of International Watercourses.
- International water law calls for the "equitable and reasonable" allocation of water among the two or more parties that possess a claim to shared watercourses.
- The right to water is a human right. The UN Committee on Economic, Social and Cultural Rights has noted: "The human right to water is indispensable for leading a life in human dignity. It is a prerequisite for the realization of other human rights."

4. Our Position

The attainment of water rights and the fair allocation of water are required for a successful two-state solution and future political stability in the region. Water issues are linked to, and impact numerous other issues to be negotiated, including borders, settlements, economic relations and refugees, among others.

We must have control over and access to our water resources. We accept the principle of international water law stipulating that both Israel and Palestine are entitled to an equitable and reasonable allocation of shared freshwater resources, including those in the four main aquifers (Eastern, North-Eastern, Western and Coastal), the Jordan River, and Wadi Gaza.



Ashshati Refugee Camp, Gaza Strip

e. Refugees

1. Summary

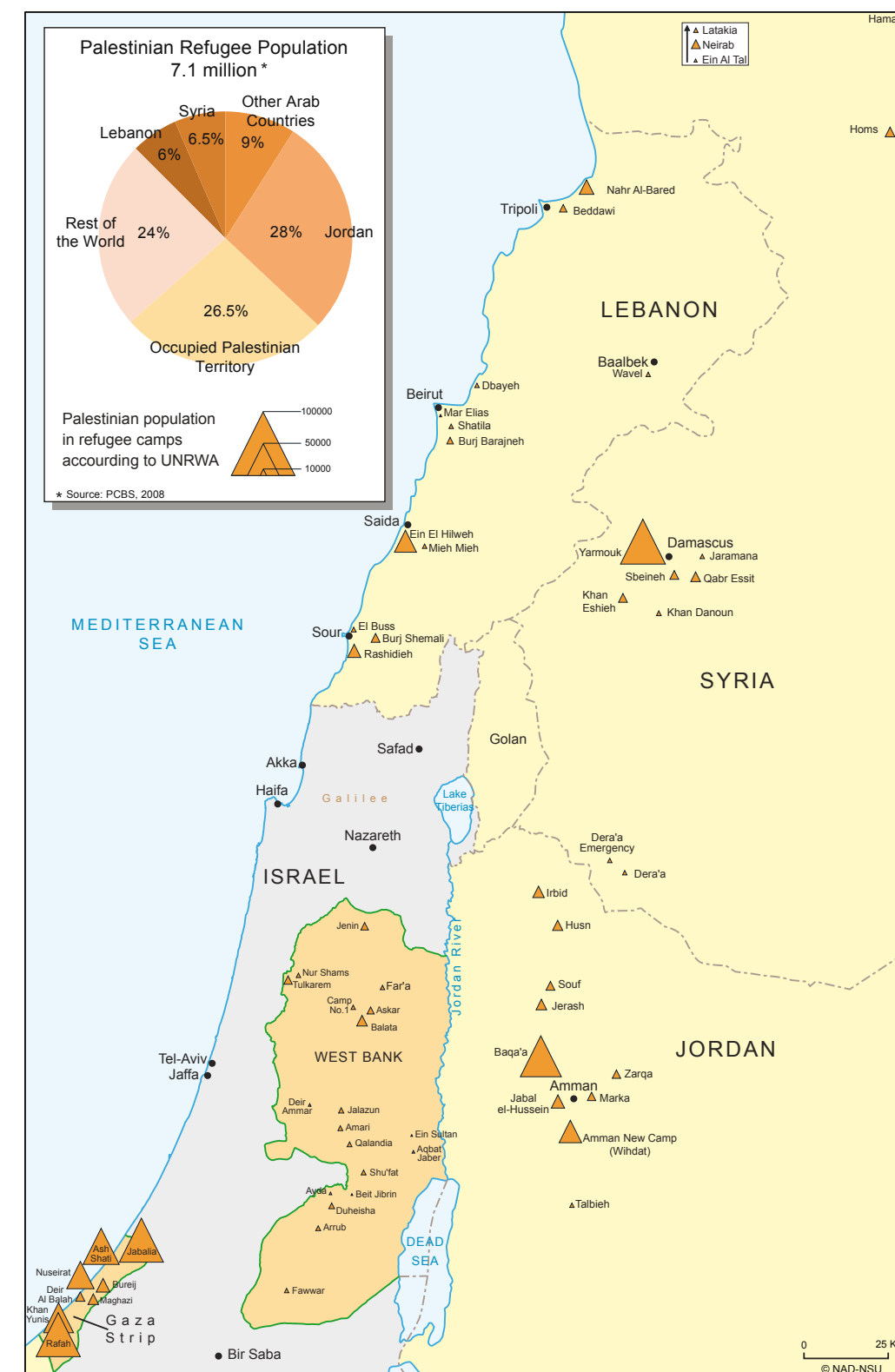
No issue is more emblematic of the 20th century Palestinian experience than the plight of the approximately seven million Palestinian refugees. An estimated 70 percent of all Palestinians worldwide are refugees, while one out of three refugees worldwide is Palestinian. Approximately half of all Palestinian refugees are stateless. For decades, Israel has denied our refugees the right to return, violating UNGA Resolution 194, while providing for unfettered Jewish immigration to Israel.

Our refugees lack the most basic human rights, suffer from inadequate international protection and assistance, and bear the brunt of the ongoing conflict with Israel. A just resolution of the refugee issue – one that recognizes the right of return and provides a range of meaningful choices to our refugees – is essential to a successful negotiated solution to the Israeli-Palestinian conflict.

A Brief History of the Refugee Issue

From 1947 to 1949, more than 726,000 Palestinians were expelled from or forced to leave their homes and became refugees prior to, and immediately following, Israel's statehood declaration. Many fled from direct military assaults, while others fled from fear of imminent assaults by Jewish militias. Some 150,000 Palestinians remained in the areas of Palestine that became the State of Israel, including 46,000 Palestinians who were internally displaced during the war. Israel has refused to allow these internally displaced Palestinians to return to their homes and villages.

Palestinian Refugees in the Region, as registered by UNRWA



During Israel's 1967 military occupation of the oPt, roughly 300,000 Palestinians were forced to leave their homes in the West Bank and the Gaza Strip to other parts of the oPt as well as across regional borders. Among this new wave of fleeing Palestinians, approximately 120,000 had previously been displaced in 1948. Since 1967, we have continued to face displacement from and within the oPt as a result of Israeli policies that include home demolition, eviction, land confiscation, residency revocation, construction of settlements and the Wall, and the massive supporting Israeli military presence. Neither the 1948 refugees nor the 1967 refugees and displaced persons have been allowed by Israel to return to their homes within what are now Israel and the oPt.

Our people that were expelled or fled the violence in and around 1948 were effectively denationalized by Israel's parliament in 1952. Their properties were seized and ultimately transferred to the State of Israel for the nearly exclusive benefit of the Jewish people. During and following the 1948 war, more than 400 of our villages were depopulated and destroyed. Israel built new Jewish population centers over some of these destroyed village areas. As former Israel Defense Minister Moshe Dayan stated in 1969,

"[J]ewish villages were built in the place of Arab villages. You do not even know the names of these Arab villages, and I do not blame you because geography books no longer exist, not only do the books not exist, the Arab villages are not there either. Nahlal arose in the place of Mahlul; Kibbutz Gvat in the place of Jibta; Kibbutz Sarid in the place of Huneifis; and Kefar Yehushu'a in the place of Tal al-Shuman. There is not one single place built in this country that did not have a former Arab population."

However, by some estimates, 90 percent of the sites of our villages destroyed by Israel during and after its 1948 conquest remain vacant. By contrast, the vast majority of our refugees' homes located in urban centers were left standing in 1948 but were occupied by Jewish immigrant Israelis.

2. Key Facts

- Today there are seven million Palestinian refugees; the majority of whom live within 100 kilometers (62 miles) of Israel's border.
- 1.4 million of our refugees that are registered with UNRWA currently live in 58 official UNRWA refugee camps in the oPt, Jordan, Syria and Lebanon ("host countries"). However, there are also many of our refugees that are not registered with UNRWA who live in these camps and still others that live in camps not recognized by UNRWA or the host country.
- Our largest refugee camp population resides in the Gaza Strip. The highest proportion of refugees residing in camps among any single host country's Palestinian refugee population lives in Lebanon.
- Roughly 770,000 registered refugees live in the occupied West Bank, including East Jerusalem. Of these, approximately 190,000 live in 19 refugee camps in the West Bank and East Jerusalem. More than one million registered refugees reside in the Gaza Strip. Roughly 500,000 live in one of the eight camps in the Gaza Strip. Our refugees in the oPt possess the same housing, health, employment, and education rights as non-refugees.
- The treatment of our refugees varies among host countries. Jordan granted citizenship to most of those of our refugees who fled in 1948, along with the civil and social rights attending Jordanian citizenship. Palestinians living in Syria have the same rights and responsibilities as Syrian citizens, except nationality and political rights. In Lebanon, our refugees face severe discrimination, including lacking such fundamental rights as access to healthcare, education, and employment. While recent legislation has slightly improved our refugee work rights on paper, in effect, refugees are still prohibited from working in many professions, including pharmaceuticals, journalism, medicine, and law. They are also prohibited from owning immovable property. Further, building in and around Palestinian refugee camps in Lebanon is severely restricted.
- Palestinians today are a Diaspora community

that is scattered all over the world, including in most Arab states, Europe, and in North and South America. Yet, while the Israeli Law of Return allows any Jew residing anywhere in the world to live in Israel and the oPt, irrespective of direct lineage in the territory, those of us that are native born and possess the keys to our homes and titles to property in historic Palestine are denied the right even to visit our families, property and ancestral homeland.

3. International Law

In 1948, in response to the mass displacement of our refugees, the United Nations General Assembly passed Resolution 194, including paragraph 11, which provides, in part, that:

...the [Palestinian] refugees wishing to return to their homes and live at peace with their neighbors should be permitted to do so at the earliest practicable date, and that compensation should be paid for the property of those choosing not to return and for loss of or damage to property which, under principles of international law or in equity, should be made good by the Governments or authorities responsible.

Resolution 194 endorsed the right of our refugees to choose whether to repatriate to what is now Israel or to be resettled elsewhere, and codified the accepted principles of customary international law. It has been reaffirmed by the General Assembly every year since its adoption.

The right of return is also well-established under other international law, including:

- The Universal Declaration of Human Rights (adopted in 1948): "Everyone has the right to leave any country, including his own, and to return to his country" (Art. 13(2)).
- The International Covenant on Civil and Political Rights: "No one shall be arbitrarily deprived of the right to enter his own country" (Art. 12(4)).
- The UN Sub-Commission on Human Rights Principles on Housing and Property Restitution for Refugees and Displaced Persons: "All Refugees

and displaced persons have the right to voluntarily return to their former homes, lands or places of habitual residence, in safety and dignity" (Art. 10.1)... "Refugees and displaced persons should be able to effectively pursue durable solutions to displacement other than return, if they so wish, without prejudicing their right to the restitution of their housing, land and property" (Art. 10.3).

- The UN Committee on the Elimination of Racial Discrimination: "The Committee is concerned about the denial of the right of many Palestinians to return and repossess their land in Israel (Article 5 (d) (ii) and (v)). The Committee reiterates its view expressed in its previous concluding observations on this issue and urges the State party to assure equality in the right to return to one's country and in the possession of property" (Art. 18).

4. Our Position

Our vision to end the conflict is comprised of three parts: the establishment of a Palestinian state in the West Bank and the Gaza Strip, with East Jerusalem as its capital; a just and agreed upon solution to our refugee issue in accordance with UN General Assembly Resolution 194 and compensation in order to end claims. Our position on refugees is also included and supported in the Arab Peace Initiative (API), which calls for "a just solution to the Palestinian refugee problem to be agreed upon in accordance with UN General Assembly Resolution 194." A just solution to the refugee issue must address two aspects: the right of return and reparations.

Right of Return

Key to the resolution of the refugee issue is Israel's recognition of the applicable principles and rights of the refugees, including our refugees' right to return to their homes and lands. Israel's recognition of the right of return will pave the way to negotiating how that right will be implemented. Choice is a critical part of the process. Our refugees must be allowed to choose how to implement their rights and normalize their status. The options for our refugees should be: return to Israel, return/resettlement to a future Palestinian state, integration in their current host states, or resettlement to third-party states. Rehabilitation, including professional training, education, medical

services and provision of housing will also be a necessary component of each of the options.

Reparations

Reparations consist of three elements. The first is Israel's recognition of its role in the creation and perpetuation of the Palestinian refugee upheaval. While Israel may have its own narrative to explain the circumstances surrounding the creation of the Palestinian refugees, it is undeniable that when our refugees sought to return to their homes, Israel systematically, and adamantly, blocked their efforts. To this day, Israel continues to deny their right to return. Israel must acknowledge unequivocally its responsibility for these actions if there is to be a just, peaceful, and sustainable solution to the conflict.

Restitution is the second element of reparations. Under international law, restitution is the primary remedy for property that has been confiscated arbitrarily. If restitution is materially impossible, or where the damage will not be made whole by restitution alone, or if a refugee chooses compensation in lieu of restitution, that compensation must be full and complete. Alternatively, compensation in-kind may be offered in the form of vacant land in Israel.

Compensation is the third element of reparations and is comprised of three categories. Compensation must be made for property that cannot be restituted (or if the refugee chooses compensation in lieu of restitution), for material damages (including for personal items and livelihood) and for non-material damages (pain and suffering resulting from long-standing displacement).

f. Political Prisoners, Missing Persons and the Remains of Fallen Persons

Political Prisoners

Since Israel's occupation of Palestinian territory in 1967, an estimated 700,000 Palestinians have been detained under Israeli military orders in the occupied Palestinian territory (oPt). This constitutes approximately 20 percent of our total population and 40 percent of the male Palestinian population in the oPt. Israel arrested more than 13,000 Palestinians between 1993 and 2001 (i.e., the Oslo peace process years). Israel arrested an additional 50,000 Palestinians between the start of the Second Intifada in September 2000 and today.

As of January 2011, Israel holds roughly 6,000 Palestinian and Arab political prisoners in its prisons and detention centers, including 225 children and 39 women. This also includes 315 political prisoners that it has held since before the Oslo accords were concluded in 1993, all of whom should have been released by Israel per the terms of previous agreements between Israel and the PLO.

Israel has used its power to arrest and detain as a means

to control the Palestinian population and punish any political activity aimed at challenging Israel's occupation, thus violating basic human rights values and norms. Even Palestinians peacefully protesting the confiscation of their lands are subject to arrest and detention.

The living conditions of Palestinian and Arab political prisoners detained by Israel fall far below accepted standards, including, under international humanitarian law, human rights law and the UN Standard Minimum Rules for the Treatment of Prisoners. Since 2002-03 in particular, prisoners' living conditions have deteriorated considerably in all spheres. Examples include abuse, denial and limitation of family visitation rights, prohibitions on physical contact during family visits, reduction of hours allowed for outdoor access and walks, prohibition of visits between prisoners, an increase in the use of solitary confinement and extreme limitations on access of communications and goods from outside.

Few issues command the consensus and support of our society like the issue of our political prisoners. Any

genuine and meaningful peace process must see the immediate release of our political prisoners, detained or arrested by Israel as a result of the Israeli-Palestinian conflict, in a coordinated manner. Ultimately, with the signing of a permanent status agreement, those remaining Palestinian and Arab political prisoners must be released to their homes. Until such time, there must be a substantial and meaningful improvement of political prisoners' living conditions in Israeli prisons and detention centers.

Missing Persons and the Remains of Fallen Persons

Since the beginning of the conflict, Israel has kept the remains of fallen Palestinians in its custody, refusing to return such remains to families for a dignified burial.

Many of these fallen Palestinians are held by Israel in sites known as "cemetery of numbers." While the precise number of fallen Palestinian remains held by Israel in these cemeteries is not publicly available, Palestinian organizations estimate the number of fallen Palestinians to be in the hundreds and thus far have documented 302 cases based on first-hand information gained directly from families in the oPt.

There is no justification for Israel's refusal to address this humanitarian issue and deny families closure and a dignified burial. Any genuine peace process must see the return of the remains of all fallen Palestinians and their personal effects that are located in Israel, in addition to the provision of any available information concerning the remains of fallen or missing Palestinians abroad.



Praying for Palestinian political prisoners

g. Issues Between the State of Palestine and the State of Israel

1. Summary

To make the transition to a viable Palestinian state possible, a number of issues related to how the State of Israel and the future State of Palestine will carry on state-to-state issues must be addressed.

Israel's 43-year military occupation has had far-reaching effects on all aspects of our lives. For decades, the occupation has created a considerable level of Palestinian dependency on Israel in a number of sectors and has prevented us from fully realizing our economic potential. We seek an end to this forced economic reliance on Israel and the full realization of our legitimate economic rights and freedom, as guaranteed by international law.

An array of topics within each of the following State to State issues require detailed negotiation, for example:

- **Agriculture:** Israeli restrictions, including those on our freedom of movement, have limited our ability to fully harness our territory's substantial agricultural capacity. In the 1990s, the agricultural sector was responsible for over 30 percent of our GDP. Today, although this share has declined to below 10 percent, employing 14 percent of the total our workforce, the sector continues to be important for our overall economy, particularly in rural communities. It is therefore imperative that we are able to maximize our agricultural resources and capacity without hindrance.
- **Energy:** Israel's continued control over the majority of the oPt has left us heavily dependent on Israel for our electricity supply. We are forced to pay artificially inflated electricity rates, with no ability to address substantial electricity shortages or to prevent frequent and arbitrary disruptions in electricity service.
- **Health:** Budget constraints and restrictions imposed by Israel on the Palestinian Authority's Ministry of Health have left us dependent on Israeli health care institutions for a range of treatments, including cancer and heart disease.

- **Telecommunications:** Israel has failed to make available to us the radio frequencies required for the proper operation of mobile telephone companies and for the development of a fully competitive Palestinian telecommunications market. On the contrary, Israel has deliberately enabled and fully facilitated the illegal competition of Israeli cellular operators in the West Bank and Gaza Strip.
- **Tourism:** Given the significance of the Holy Land to millions of people worldwide, tourism and religious pilgrimage will be main contributors to Palestine's GDP. To date, Israeli restrictions have resulted in our inability to fully realize the economic potential of this sector. The interrelated nature of tourist sites in Palestine and Israel requires coordination between



us on a tourism trade regime and arrangements governing the movement of tourists.

- **Cultural Heritage:** Since Israel's occupation of the West Bank and Gaza Strip in 1967, hundreds of our archaeological sites and cultural property have been systematically confiscated, looted and excavated by Israeli authorities, causing irreparable damage and loss to Palestinian cultural heritage. Confiscation and development of our heritage sites and cultural property is prohibited under customary international law and UNESCO conventions and protocols, including several that Israel has signed. Thus, Israel is directly violating its obligations and commitments under international legal instruments, which prohibit it from unilaterally developing and promoting Palestinian sites.

2. International Law

- Israel's obligations and our rights with respect to State-to-State issues are enumerated under international law, including the 1949 Fourth Geneva Convention and the 1907 Hague Regulations.
- Article 43 of the Hague Regulations requires the occupying power to "ensure, as far as possible, public order and safety, while respecting, unless absolutely prevented, the laws in force in the country." This obligation is understood to engage a wide range of responsibility, including ensuring a stable commercial and economic life in the occupied territory.
- Additional recitations of Israel's obligations can be found in the standards and practices of a variety of international organizations, including: the World Trade Organization (WTO), the World Health

Organization (WHO), the UN Food and Agriculture Organization (FAO) and the International Telecommunications Union (ITU).

3. Our Position

For the PLO, the primary goals of permanent status negotiations are to achieve a complete and definitive end to Israel's occupation of our territory and to create a fully independent and sovereign Palestinian state. Like any other sovereign state, we will need to negotiate with our neighbors, including Israel, on a number of issues involving how we will interact. In negotiating these "State-to-State" issues, our positions are shaped by international law and the regulations and accepted practices of international organizations, such as the WTO, WHO, FAO, and the ITU. For example, we expect that successful negotiations will bring about the following:

- Exercise of sovereignty over our electromagnetic sphere, consistent with ITU membership requirements;
- Access to reliable and competitively priced electricity supplies;
- Unhindered delivery of healthcare services, including contemporary equipment and medicines, in compliance with WHO guidelines;
- Protection and control of archaeological and cultural heritage sites, in compliance with the UN World Heritage Convention (1972) and the Hague Regulations (1907);
- Implementation of a monetary policy in line with the Palestinian national interest.

h. Economic and Trade Relations, Monetary Affairs

Economic and Trade Relations

1. Summary

Following Israel's military occupation of the West Bank and Gaza Strip in 1967, Israel implemented economic and trade policies designed to maintain our economic

and trade dependence on the Israeli economy while curtailing possibilities for independent economic development and growth. Israel sought to integrate our economy into its economy without regard to our needs and concerns. Israel does not treat us as a trading partner, but rather as consumers of Israeli goods and products and cheap labor. Absolute Israeli control over

“We seek a sustainable economy that provides jobs and sustainable growth, attracts both domestic and foreign investment, benefits from our natural resources and ensures the unimpeded flow of internal and external trade, movement and access.”

the flow of goods within the oPt and between us and the outside world (enforced via Israeli import, export and trade policies) has had a devastating impact on our economy.

After decades of occupation, we demand to recover control of our economy and socio-economic development and to formulate and implement our own border, trade and customs policies. We seek a sustainable economy that provides jobs and sustainable growth, attracts both domestic and foreign investment, benefits from our natural resources and ensures the unimpeded flow of internal and external trade, movement and access. In short, we want to fully realize the oPt's enormous economic potential.

The 1994 Paris Protocol

In April 1994, the PLO and the government of Israel signed the Protocol on Economic Relations (the “Paris Protocol”). The Paris Protocol created a customs semi-union between Israel and the oPt. The common external tariff and other elements of commercial policy were those of Israel, though the Palestinian Authority was given some autonomy in the setting of policy. The PA was allowed to set its own tariff and standards for a limited quantity of mostly consumer goods traded primarily with Jordan and Egypt (list A-1) and with other Arab and Islamic countries (list A-2) and also limited imports from other countries. The quantity was set according to our domestic needs to avoid leakage of cheaper goods into Israel. For a second category of goods, consisting mainly of infrastructure, production machinery and unfinished goods, (list B), the PA was allowed to set its own custom duty rates, without quantitative limitations for market use within the Palestinian market, and to avoid leakage into the Israeli market.

Though the Paris Protocol presented the appearance of offering certain advantages to our economy, its

implementation and a host of Israeli restrictions – most notably Israel's closure policy – severely undermined our economic growth. Israeli-imposed closures and impeded access in the oPt continue to present a serious barrier to sustainable economic growth. In November 2005, Israel and the PA entered into the Agreement on Movement and Access (the AMA), which aimed to address and ameliorate the adverse effects of Israel's closure policies and movement restrictions. After a very brief period of partial Israeli implementation, Israel disregarded the AMA. Punitive Israeli movement, access and associated serious impediments on imports and exports continue to be the norm, essentially rendering our economy unfeasible except with massive infusions of foreign assistance funding.

Palestinians accepted the Paris Protocol in exchange for two things: (1) Maintaining Access of Palestinian Labor to Israel and (2) Maintaining Access of Palestinian Products mainly agricultural products to Israel. In breach of the Protocol, Israel started implementing major restrictions on both, significantly before the outbreak of the second “Intifada.” By Israeli design, the Palestinian economy has remained hostage to politics.

Transfer of PA Funds

The Paris Protocol established a system of tax and revenue collection whereby Israel collects customs and other taxes on our imports on behalf of the PA, as well as income taxes, social security and health insurance paid by our workers in Israel, and Value Added Tax (VAT) paid on our transactions in Israel. Under the Paris Protocol, Israel is required to transfer these funds to the PA on a monthly basis. These funds constitute the bulk of the PA's revenues. When Israel fails to transfer these funds – as it has repeatedly done – the PA faces severe financial crisis. Given that the public sector employs approximately one-fourth (23.2 percent) of Palestinians, a high proportion of our households depend on PA salaries for their livelihoods. Thus,

Israel's failure to transfer funds to the PA as required under the Paris Protocol has a devastating impact on our economy and a large portion of our population, in addition to constituting a fundamental breach of the Interim Agreement and international law.

Israeli Economic Restrictions since September 2000

Following the beginning of the second Intifada (“uprising”) against the occupation in September 2000, Israel imposed progressively harsher military closures and movement restrictions that further decimated our economy.

Today, Israel completely controls the movement of our goods and people. All imports and exports, as well as most domestic products moving between West Bank centers and cities, must pass through Israeli security checks. Israeli restrictions and discriminatory practices hamper our trade, undermine the viability of investment, and place Israel in complete control of our economy. Not only do these policies violate the Paris Protocol's requirement that parties respect each other's economic policies and goals and act reciprocally and fairly vis-à-vis one another, they also severely damage our long-term economic interests and hinder stable and predictable trading relationships with other trading partners.

The economic space in our territory is divided into distinct and isolated regions because of Israel's fixed and

mobile checkpoints system within the oPt. Increased transaction costs, including transport and inventory costs, contribute to stifling our economic growth. Moreover, Israel's overall security regime makes it nearly impossible for the majority of our businesses to participate effectively in the global market or compete with Israeli firms.

Further, all shipments destined for the West Bank or Gaza Strip are subject to additional security procedures, resulting in long delays and increased costs. At Israel's Ben Gurion airport, our importers and exporters from the West Bank and Gaza Strip must use dedicated cargo planes, as they are banned from using passenger planes that dedicate some space for cargo.

The extra costs imposed on, and prejudicial treatment of, our businesses (excluding those in East Jerusalem), as well as restrictions on foreign market access, all place Israeli firms, as well as other competitors, in a far more advantageous position than our firms. Viewed in combination, the full range of Israel's discriminatory security arrangements provide strong incentives to our traders to import goods through Israeli intermediaries rather than directly, thus adding middle-man costs and resulting in lost import tax revenues for the PA treasury.

Additionally, since September 2000, Israel has significantly reduced the number of work permits granted for Palestinians working in Israel, (from 120,000 workers in 1999 to 20,000 workers in 2010)



aggravating our already high unemployment rates and depriving a significant portion of our population of income. External closures, including as a result of Israel's recently constructed Wall, also have reduced the average number of days worked in Israel by Palestinians from the oPt.

2. Key Facts

- According to the World Bank, Israel's closure has been directly responsible for the sharp reduction in our economic activity, greater unemployment and increased poverty since the beginning of the second Intifada on September 2000.
- Israeli checkpoints and obstacles put in place since September 2000 have, according to the World Bank, turned into a permanent control system that has steadily reduced the prospects for our growth and movement.
- Following Israel's winter 2008-2009 military assault on the Gaza Strip, during which an estimated 1,165 private sector establishments were damaged by Israel, no construction material or raw materials has been allowed into the Gaza Strip and no regular exports have been allowed.
- Israel imposes a "back-to-back" system at crossing points within our territory, which requires shippers to unload and reload their goods from one truck to the next. This requirement substantially increases transportation costs and transit times for both finished products and raw materials.
- Israel has taken limited steps to ease our internal movement in the West Bank since May 2008. However, a much more substantial relaxation of restrictions on movement and access will be required to meaningfully ameliorate conditions on the ground. Re-opening the north-south trade corridor and corridors to the Allenby Bridge and other Jordan River crossings is a necessary step for increased trade and for economic growth to take a firm hold in the West Bank and Gaza Strip.

3. International Law

Internationally recognized legal principles and

standards applicable to economic relations include multilaterally and bilaterally established standards, such as those set out in:

- United Nations International Covenant on Economic, Social and Cultural Rights: Article 1 (1): "All peoples have the right of self-determination. By virtue of that right they ... freely pursue their economic ... development."
- International agreements including the General Agreement on Tariffs and Trade of the World Trade Organization (WTO), the General Agreement on Trade in Services, the Agreement on Technical Barriers to Trade, the Agreement on Trade-Related Aspects of Intellectual Property Rights and the Agreement on Trade-Related Investment Measures.
- Rules and procedures applied and respected by international institutions including the WTO, World Customs Organization and World Intellectual Property Organization.
- Generally accepted structures, rules and procedures adopted by countries in support of mutually beneficial trade and commercial relations.

4. Our Position

We seek to ensure that we have at our disposal every possible means for producing sustainable economic growth and for striving for prosperity. To this end, we seek to apply internationally recognized legal principles and standards in reaching economic and trade agreements with our trading partners.

We are dedicated to establishing Palestine as an open and free economy that attracts domestic and foreign investment. Accordingly, we seek full control over our economic domain, including import and export policies. Additionally, we seek stable, fair and efficient trade relations with Israel, as one of Palestine's bordering, and thereby natural, trading partner. These relations will be based on a trading regime that best meets our interests and may include a Free Trade Agreement subject to internationally accepted principles of reciprocity and mutual benefits.

Until a final peace agreement is reached with Israel,

however, it is imperative that the Paris Protocol be fully implemented.

Monetary Affairs

1. Summary

One result of the Oslo Accords was to assign responsibility for monetary and financial issues in the oPt to the Palestinian Monetary Authority (PMA). The PMA is an independent institution created to serve a broad range of central banking and policymaking functions. Upon its creation in 1995, it began carrying out responsibilities such as banking supervision, payment services, research, statistical compilation and analysis. The PMA initiated a process of restructuring and internal reform in July 2006 that aimed to establish modern central banking institutional capacity to support an independent state of Palestine.

2. Key Facts

- Financial transactions in our banking system are heavily regulated and meet or exceed international best practices, especially with respect to regulations prohibiting the financing of illegal activity.
- We continue to maintain a disproportionately high savings rate despite the dire economic situation in the Gaza resulting from Israel's illegal siege and blockade and despite the myriad restrictions imposed under Israel's continuing military occupation of the West Bank.

i. Resolving All Claims

1. Summary

In order to pave the way for future reconciliation, all claims arising out of the conflict should be settled. Reaching a comprehensive and sustainable peace agreement requires that the wrongs committed during the conflict are addressed and redressed. Since its occupation of the West Bank and Gaza Strip in 1967, Israel has been responsible for countless acts, policies and practices that violate established norms based

- Our authorities continue to implement existing agreements despite numerous hardships imposed by Israel's occupation and unlawful actions (e.g., the looting of banks by the Israeli military in the years after the second Intifada).
- The Israeli government has designated the Gaza Strip a "hostile entity" and since September 2007 has severed business and banking relations and severely restricted the transfer of cash to our banks in the Gaza Strip. These unilateral Israeli actions destabilize our banking system and create a serious impediment to achieving a two-state solution.

3. International Law

We are committed to adopting international banking laws and regulations and best practices.

4. Our Position

Key issues to be negotiated include broadening the capacity to issue and manage a national currency and the assumption of full control over monetary policy. Our central aims are to achieve financial and monetary stability, foster sustainable economic growth and develop the necessary monetary capacity to support our independent state. We expect that the end of Israel's occupation and the lifting of Israel's restrictions on imports and exports to our markets will allow for a significant expansion of trade with Arab countries and the European Union.

on international law and that cause severe harm to us and our future state. Among Israel's most notable violations are its continuing violation of our right to self-determination, its creeping settlement enterprise, unlawful exploitation of our water and other natural resources, environmental pollution and damages, loss of and damage to cultural property, misuse of our financial resources, and gross and systematic human rights violations. The current and ongoing suffering, severe economic underdevelopment and poverty in

the oPt are the direct results of illegal Israeli acts and omissions committed throughout the prolonged Israeli military occupation of our territory.

2. Resolving Claims to Help End the Conflict

Above and beyond the need to uphold the rule of law in international relations, justice and fairness necessitate that offenders be held accountable for their actions and that victims be provided with just and effective remedies. The injustices inflicted on our people continue to reverberate powerfully through our national and collective memory and will continue to impact generations to come. For any agreement to genuinely achieve a durable peace that ultimately ends the protracted Palestinian-Israeli conflict, all injustices and grievances must be addressed. Redressing the wrongs will lay the foundation for reconciliation that will prevent the conflict from resurfacing in the future. There will be no reconciliation without reparations and there will be no conclusive end to the conflict without a process of reconciliation.

Recent history indicates that increasing numbers of perpetrators are acknowledging their wrongs, engaging in dialogue with their victims, and negotiating to provide compensation to their victims. Germany, for example, compensated and continues to compensate Jewish and other victims of Nazi crimes, the United States compensated Japanese Americans for their internment during World War II, and South Africa provided remedies to victims of the crimes of apartheid. Additionally, transitional justice issues played a vital reconciliatory role in the aftermath of two genocides in Rwanda and in the former Yugoslavia, in several Latin American countries, and in Eastern European countries that restored wrongfully expropriated properties to their historical owners.

“Justice and fairness necessitate that offenders be held accountable for their actions and that victims be provided with just and effective remedies.”



3. International Law

Victims of violations of human rights as guaranteed by international and humanitarian law are entitled to effective remedies. According to Article 3 of the Hague Convention IV, which reflects norms of customary international law, “[a] Belligerent Party which violated the provisions of the said Regulations shall, if the case demands, be liable to pay compensation. It shall be responsible for all acts committed by persons forming part of its armed forces.” Article 1 of the International Law Commission’s (ILC) Draft Articles on State Responsibility provides that states are responsible for their internationally wrongful acts.

Once the international responsibility of a state is established, several legal consequences follow (Article 28), including the duty to cease the wrongful act and

provide guarantees of non-repetition (Article 30), as well as the obligation to “make full reparation for the injury caused...whether material or moral” (Article 31). Reparations include restitution, compensation, and satisfaction (Article 34), and aim at wiping out all of the consequences of the violation, including by re-establishing the situation that existed before the wrongful act was committed (*restitutio in integrum*) and by providing compensation, where restitution is materially impossible or when the damage may not be made good by restitution.

Compensation should cover “any financially assessable damage including loss of profits” (Article 35-36). Similarly, according to the UN Basic Principles on Reparations, which were adopted unanimously without vote by the UN General Assembly in 2005, states are required to provide reparation to victims for acts or omissions that can be attributed to the State and that constitute gross violations of international human rights law or serious violations of international humanitarian law.

The reparations must be adequate, effective and prompt and include restitution, compensation, rehabilitation, satisfaction and guarantees of non-repetition. Reparations are intended to promote justice by redressing gross violations of international human rights or serious violations of international humanitarian law.

On several occasions, the international community has called upon Israel to provide effective remedies to our people for its violations of internationally binding obligations. For instance, in 2004, the International Court of Justice (ICJ) ruled almost unanimously on the illegality of Israel’s actions in the oPt. The Court reaffirmed Israel’s responsibility for the damages resulting from the illegal construction of the Wall in our territory, including in and around occupied Jerusalem. In addition to upholding our right to self-determination and reaffirming the inadmissibility of the acquisition of territory by force, the ICJ held, *inter alia*, that international human rights and humanitarian laws apply in the oPt; that settlements are illegal under international law; that Israel violated our freedom of movement as well as our right to work, health, education and to an adequate standard of living. Furthermore, the ICJ found that Israeli forcible transfers of Palestinians,

deportations and destruction of private property are in breach of international law. Consequently, the ICJ held that Israel is under an obligation to end the violations by ceasing the construction of the Wall, dismantling what has been built, and making full reparations for the damages caused to all the natural or legal persons having suffered any form of material damage as a result of the Wall’s construction.

In addition, the UN Fact Finding Mission on the Gaza Conflict concluded in 2009 that Israel committed gross violations of international human rights norms and humanitarian law during its war on Gaza, inflicting extensive harm on our civilian population. Israel compensated the UN for damages to the international organization’s personnel and facilities. The Mission was of the view that Israel is obliged to pay similar compensation to us, and called upon the international community to provide for a mechanism of compensation by Israel for damage or loss incurred by our civilians during the military operations.

4. Our Position

Claims

Our people have endured and continue to experience severe losses due to Israel’s gross violations of international law, which have resulted in considerable suffering, profound underdevelopment and poverty. We seek redress for the economic loss and damage resulting from the occupation. In addition, we demand reparations for Israel’s wrongs, including restitution and full compensation for material and non-material damages resulting from the following breaches of international law:

- Denial of our right to self-determination;
- Damages caused by colonial Israeli settlement activity, including the Wall, its associated regime and bypass roads, as well as the property-related damages and unlawful destruction of public and private property;
- Depletion and illegal exploitation of our natural resources, including water, natural gas and the electromagnetic spectrum, and the failure to develop these resources for the benefit of our population;
- Damage to the environment due to Israeli actions

and failure to enact and enforce adequate legal protections;

- Losses resulting from Israel's misuse of our financial resources, including taxes and custom duties, and failure to use such resources for the benefit of our population;
- Loss of, as well as damage to, our cultural property, which requires complete and unqualified restitution of all artifacts and other cultural property illegally removed from the oPt;
- Violations of international human rights and humanitarian law, including the rights to equality, life, liberty, personal security, dignity, property and effective remedy, freedom from torture, arbitrary arrest and exile, freedom of movement and collective punishment.

Failure to address the issue of reparations risks rendering any negotiated agreement illegitimate in the eyes of our public, as it will signal a failure of the process to deal with past injustices and our rights and concerns. However, Israel also stands to

benefit. Resolving claims for losses and compensation collectively, in the course of negotiations, is preferable to piecemeal future resolution and a delay to resolving all claims. In addition, rather than resolving claims one at a time, using inconsistent claims resolution standards, we are willing to agree to a comprehensive claims resolution and accounting system that covers all areas of contention.

Mechanism

To achieve the crucial objective of ending all claims, we are willing to establish a mechanism to resolve them. The mechanism can be modeled on past and existing international procedures, and should be set up under a clear and broad mandate that will address and redress all violations. The mechanism should also define different categories of claimants, the nature of the remedies, procedures for filing claims, applicable laws, procedures and standards of proof, and time limits for filing. A successful and effective implementation of the mechanism will ensure that all claims are resolved.

VI. CONCLUSION



Palestinian child, Jalazon refugee camp

While we continue to believe in a two-state solution to solve our protracted conflict, Israel's actions to intensify their control of our lives, land and natural resources are slowly eroding this possibility.

We are ready for lasting peace based on international law. Our positions are clear and known to the world. We are ready to make tough concessions once again, but we cannot wait forever for our freedom. Israel's illegal actions must stop; the international community can and must play a role and hold Israel accountable. It is time to grant us our long-awaited freedom.

“It is time to grant us our long-awaited freedom.”



VII. ANNEX: FREQUENTLY ASKED QUESTIONS ON CAMP DAVID

1 Why did the Palestinians reject the Camp David Peace Proposal?

For a true and lasting peace between the Israeli and Palestinian peoples, there must be two viable and independent states living as equal neighbors. Israel's Camp David proposal, which was never set forth in writing, denied the Palestinian state viability and independence by dividing Palestinian territory into four separate cantons entirely surrounded, and therefore controlled, by Israel. The Camp David proposal also denied Palestinians control over their own borders, airspace and water resources while legitimizing and expanding illegal Israeli colonies in Palestinian territory. Israel's Camp David proposal presented a 're-packaging' of military occupation, not an end to military occupation.

2 Didn't Israel's proposal give the Palestinians almost all of the territories occupied by Israel in 1967?

No. Israel sought to annex almost 9% of the Occupied Palestinian Territories and in exchange offered from Israel's own territory only the equivalent of 1% of the Occupied Palestinian Territories. In addition, Israel sought control over an additional 10% of the Occupied Palestinian Territories in the form of a "long-term lease". However, the issue is not one of percentages – the issue is one of viability and independence. In a prison for example, 95% of the prison compound is ostensibly for the prisoners – cells, cafeterias, gym and medical facilities – but the remaining 5% is all that is needed for the prison guards to maintain control over the prisoner population. Similarly, the Camp David proposal, while admittedly making Palestinian prison cells larger, failed to end Israeli control over the Palestinian population.

3 Did the Palestinians accept the idea of a land swap?

The Palestinians were (and are) prepared to consider any idea that is consistent with a fair peace based on international law and equality of the Israeli and Palestinian peoples. The Palestinians did consider the

idea of a land swap but proposed that such land swap must be based on a one-to-one ratio, with land of equal value and in areas adjacent to the border with Palestine and in the same vicinity as the lands to be annexed by Israel. However, Israel's Camp David proposal of a nine-to-one land swap (in Israel's favor) was viewed as so unfair as to seriously undermine belief in Israel's commitment to a fair territorial compromise.

4 How did Israel's proposal envision the territory of a Palestinian state?

Israel's proposal divided Palestine into four separate cantons surrounded by Israel: the Northern West Bank, the Central West Bank, the Southern West Bank and Gaza. Going from any one area to another would require crossing Israeli sovereign territory and consequently subject movement of Palestinians within their own country to Israeli control. Not only would such restrictions apply to the movement of people, but also to the movement of goods, in effect subjecting the Palestinian economy to Israeli control. Lastly, the Camp David proposal would have left Israel in control over all Palestinian borders thereby allowing Israel to control not only internal movement of people and goods but international movement as well. Such a Palestinian state would have had less sovereignty and viability than the Bantustans created by the South African apartheid government.

5 How did Israel's proposal address Palestinian East Jerusalem?

The Camp David Proposal required Palestinians to give up any claim to the occupied portion of Jerusalem. The proposal would have forced recognition of Israel's annexation of all of Arab East Jerusalem. Talks after Camp David suggested that Israel was prepared to allow Palestinians sovereignty over isolated Palestinian neighborhoods in the heart of East Jerusalem; however such neighborhoods would remain surrounded by illegal Israeli colonies and separated not only from each other but also from the rest of the Palestinian state. In effect, such a proposal would create Palestinian ghettos in the heart of Jerusalem.



6 Why didn't the Palestinians ever present a comprehensive permanent settlement proposal of their own in response to Barak's proposals?

The comprehensive settlement to the conflict is embodied in United Nations Resolutions 242 and 338, which were accepted by both sides at the Madrid Summit in 1991 and later in the Oslo Accords of 1993. The purpose of the negotiations is to implement these UN resolutions (which call for an Israeli withdrawal from land occupied by force by Israel in 1967) and reach agreement on final status issues. On a number of occasions since Camp David – especially at the Taba talks – the Palestinian negotiating team presented its concept for the resolution of the key permanent status issues. It is important to keep in mind, however, that Israel and the Palestinians are differently situated. Israel seeks broad concessions from the Palestinians: it wants to annex Palestinian territory, including East Jerusalem; obtain rights to Palestinian water resources in the West Bank; maintain military locations on Palestinian soil; and deny the Palestinian refugees' their right of return.

Israel has not offered a single concession involving its own territory and rights. The Palestinians, on the other hand, seek to establish a viable, sovereign State on their own territory, to provide for the withdrawal of Israeli military forces and colonies (which are universally recognized as illegal), and to secure the right of Palestinian refugees to return to the homes they were forced to flee in 1948. Although Palestinian negotiators have been willing to accommodate legitimate Israeli needs within that context, particularly with respect to security and refugees, it is up to Israel to define these needs and to suggest the narrowest possible means of addressing them.

7 Why did the peace process fall apart just as it was making real progress toward a permanent agreement?

Palestinians entered the peace process on the understanding that (1) it would deliver concrete improvements to their lives during the interim



Destroyed Palestinian home, Gaza Strip

period, (2) that the interim period would be relatively short in duration – i.e., five years, and (3) that a permanent agreement would implement United Nations Resolutions 242 and 338. But the peace process delivered none of these things. Instead, Palestinians suffered more burdensome restrictions on their movement and a serious decline in their economic situation. Israeli colonies expanded at an unprecedented pace and the West Bank and Gaza Strip became more fragmented with the construction of settler “by-pass” roads and the proliferation of Israeli military checkpoints. Deadlines were repeatedly missed in the implementation of agreements. In sum, Palestinians simply did not experience any “progress” in terms of their daily lives.

However, what decisively undermined Palestinian support for the peace process was the way Israel presented its proposal. Prior to entering into the first negotiations on permanent status issues, Prime

Minister Barak publicly and repeatedly threatened Palestinians that his “offer” would be Israel’s best and final offer and if not accepted, Israel would seriously consider “unilateral separation” (a euphemism for imposing a settlement rather than negotiating one). Palestinians felt that they had been betrayed by Israel who had committed itself at the beginning of the Oslo process to ending its occupation of Palestinian lands in accordance with UN Resolutions 242 and 338.

8 Doesn't the violence which erupted following Camp David prove that Palestinians do not really want to live in peace with Israel?

Palestinians recognized Israel’s right to exist in 1988 and re-iterated this recognition on several occasions including Madrid in 1991 and the Oslo Accords in September, 1993. Nevertheless, Israel has yet to explicitly and formally recognize Palestine’s right to exist. The Palestinian people waited patiently since the Madrid Conference in 1991 for their freedom and independence despite Israel’s incessant policy of creating facts on the ground by building colonies in occupied territory (Israeli housing units in Occupied Palestinian Territory – not including East Jerusalem – increased by 52% since the signing of the Oslo Accords and the settler population, including those in East Jerusalem, more than doubled). The Palestinians do indeed wish to live at peace with Israel but peace with Israel must be a fair peace – not an unfair peace imposed by a stronger party over a weaker party.

9 Doesn't the failure of Camp David prove that the Palestinians are just not prepared to compromise?

The Palestinians have indeed compromised. In the Oslo Accords, the Palestinians recognized Israeli sovereignty over 78% of historic Palestine (23% more than Israel was granted pursuant to the 1947 UN partition plan) on the assumption that the Palestinians would be able to exercise sovereignty over the remaining 22%. The overwhelming majority of Palestinians accepted this compromise but this

extremely generous compromise was ignored at Camp David and the Palestinians were asked to “compromise the compromise” and make further concessions in favor of Israel. Though the Palestinians can continue to make compromises, no people can be expected to compromise fundamental rights or the viability of their state.

10 Have the Palestinians abandoned the two-state solution and do they now insist on all of historic Palestine?

The current situation has undoubtedly hardened positions on both sides, with extremists in both Israel and the Occupied Palestinian Territories claiming all of historic Palestine. Nevertheless, there is no evidence that the PA or the majority of Palestinians have abandoned the two-state solution. The two-state solution however is most seriously threatened by the on-going construction of Israeli colonies and by-pass roads aimed at incorporating the Occupied Palestinian Territories into Israel. Without a halt to such construction, a two-state solution may simply be impossible to implement – already prompting a number of Palestinian academics and intellectuals to argue that Israel will never allow the Palestinians to have a viable state and Palestinians should instead focus their efforts

on obtaining equal rights as Israeli citizens.

11 Isn't it unreasonable for the Palestinians to demand the unlimited right of return to Israel of all Palestinian refugees?

The refugees were never seriously discussed at Camp David because Prime Minister Barak declared that Israel bore no responsibility for the refugee problem or its solution. Obviously, there can be no comprehensive solution to the Palestinian-Israeli conflict without resolving one of its key components: the plight of the Palestinian refugees. There is a clearly recognized right under international law that non-combatants who flee during a conflict have the right to return after the conflict is over. But an Israeli recognition of the Palestinian right of return does not mean that all refugees will exercise that right. What is needed in addition to such recognition is the concept of choice. Many refugees may opt for (i) resettlement in third countries, (ii) resettlement in a newly independent Palestine (though they originate from that part of Palestine which became Israel) or (iii) normalization of their legal status in the host country where they currently reside. In addition, the right of return may be implemented in phases so as to address Israel’s demographic concerns.

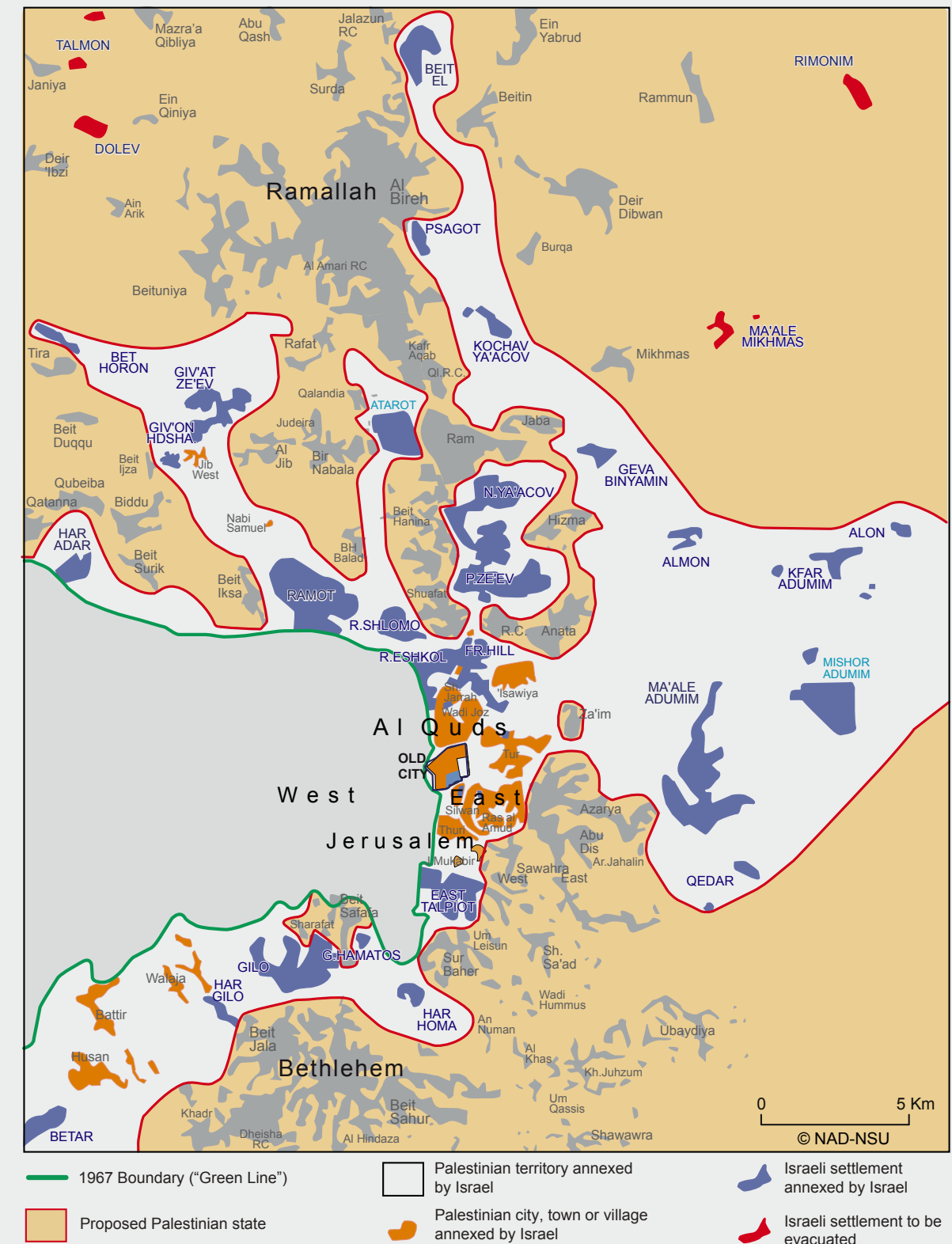


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Israeli Proposal at Camp David (West Bank)



Israeli Proposal at Camp David (Jerusalem)



**Palestine Liberation Organization
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