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Research Report

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SWP Comment

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The “Deal of the Century” for Israel-Palestine

US Proposals Are Likely to Speed Demise of Two-State Settlement

Muriel Asseburg

US President Donald Trump has announced a “deal of the century” to resolve the Israeli-Palestinian conflict. The plan is to be revealed at an undetermined date sometime after the Israeli parliamentary elections. While the details remain a well-kept secret, the US Administration’s record to date suggests that the initiative will prioritise Israeli interests over Palestinian rights, ignore fundamental principles of international law, and steer well away from the idea of two sovereign states. The Palestinian leadership’s rejection must therefore be expected. The incoming Israeli government is likely to treat that as a green light to implement those elements of the plan that serve to maintain its permanent control over East Jerusalem and strategic areas of the West Bank. This course also risks breakdown of the already precarious Israeli-Palestinian cooperation on conflict management. The EU and its member states should take the publication of the US plan as an occasion to spell out the principles of the kind of conflict resolution that they could support, and state the consequences for European policy of Israeli annexation of parts of the West Bank.

Trump was already proclaiming an “ultimate deal” to end the Israel-Palestine conflict during his presidential campaign in 2016. Since he took office a trio composed of his son-in-law Jared Kushner, Jason Greenblatt, long-time confidant and chief legal officer to Trump’s business empire, and US ambassador to Israel David Friedman have been working on such a plan. The US State Department, however, has not been involved. Alongside the so-called final status issues to be agreed between the two parties to the conflict – Jerusalem, refugees, settlements, status and borders of the

Palestinian entity, and security – Trump’s team appears to be focussing above all on economic cooperation and development in the Palestinian territories. This would make the US plan largely a redux of Israeli Prime Minister Benjamin Netanyahu’s preferred option of “economic peace”. That means massive investment in the Palestinian economy as a substitute for self-determination within a sovereign state. The Arab Gulf states and neighbouring Egypt and Jordan are meant to play a special role in this scheme, providing it with a political umbrella and/or underpinning it with financial support.



The overriding goal is to put together a coalition in which Israel cooperates closely with Arab regional powers and the United States against Iran. Recent years have already witnessed a noticeable rapprochement between Israel and the Arab Gulf states. Now Israel and the United States want to remove the Palestinian hurdle that has to date prevented a complete normalisation of relations.

Elements of the Deal

Washington has revealed neither the approach nor the details of the “deal of the century”, which is supposed to serve as the basis for Israeli-Palestinian negotiations. Yet, as far as the substance is concerned, a number of inferences can be drawn from the Administration’s actions and pronouncements. The most basic of these is that Trump refuses to unequivocally back a two-state settlement and refrains from clearly condemning Israel’s settlement policy in the occupied territories. US Ambassador Friedman makes no secret of his closeness to settler leaders. Washington has also ceased describing the Palestinian territories (and the Golan Heights) as “occupied”, for example in the US State Department’s 2018 Human Rights Report.

Moreover, President Trump has begun to question the international consensus on final status issues (as laid out for example in UN Security Council Resolution 2334 of December 2016). As Trump himself put it, he “took Jerusalem off the table”. While he did note that recognition of Jerusalem as Israel’s capital did not prejudice a negotiated agreement on the border between Israel and the Palestinians, all practical steps taken by the Americans point to an anticipated outcome denying the Palestinians sovereignty over central neighbourhoods of East Jerusalem: moving the US embassy to Jerusalem, closing the consulate-general in East Jerusalem (which had mainly been responsible for the Palestinians) and terminating financial support for Palestinian institutions in the city.

Trump also recognised Israeli sovereignty over the Syrian Golan Heights occupied in 1967. While not relating directly to the Palestinian territories, the move signals that the Trump Administration does not necessarily feel bound by the international law principle outlawing acquisition of territory by force. And the Israeli right interprets this as green light for annexations in the West Bank.

In 2018 Washington also stopped funding the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The United States had been by far the largest contributor, covering about one-third of UNRWA’s total budget in recent years. The background to this is that the Trump Administration shares the Israeli government’s view that UNRWA perpetuates the refugee problem by encouraging refugees to insist on their status and right of return rather than integrating within their current host states. According to press reports, Washington has also demanded that Jordan strip Palestinians living there of refugee status and instead naturalise them.

Accelerating Erosion

Since Trump took office, Israelis and Palestinians have moved further away from a two-state settlement. Instead the one-state reality has become even more deeply entrenched: Israel enjoys overriding control of the entire region between the River Jordan and the Mediterranean, while the Palestinian Authority (PA) plays deputy sheriff. There have been no peace talks since April 2014. Backing by the Trump Administration and a warming of relations with the Arab Gulf states have encouraged Netanyahu’s right-wing/national-religious coalition to expand settlement activity in the West Bank and Jerusalem, to open the way to annexation of settlements, to expand the Jewish population share in Jerusalem and to strengthen the Jewish identity of the state of Israel. These objectives were pursued by a string of bills introduced to the Knesset since 2017 (some of which have

been placed on hold or overturned by the High Court). In March 2017 Israel's security cabinet authorised – for the first time in twenty-five years – an entirely new settlement in the central West Bank. Representatives of the governing parties reject a sovereign Palestinian state and argue increasingly vehemently for annexation of Area C of the West Bank (about 60 percent by area) or even the entire West Bank. In the 2019 election campaign Netanyahu also stated his intention to expand Israeli sovereignty to parts of the West Bank.

In the absence of a perspective of conflict resolution, Israeli-Palestinian cooperation on conflict management has further eroded over the last few years. Clashes over the Temple Mount/Haram al-Sharif have frequently escalated, requiring Jordanian mediation to restore calm. More than 180 Palestinians have been shot dead by Israeli soldiers since late March 2018, in the course of the “Great March of Return” protests at the Gaza border fence; thousands more have been injured, many seriously. On the Israeli side incendiary kites and firebombs thrown over the border fence have caused material damage including destroying agricultural crops. Increasingly frequent rocket and artillery exchanges between Israel and radical groups in Gaza have repeatedly brought the coastal strip to the verge of war. While Egypt and the UN were able to mediate short-term ceasefires to calm the situation and somewhat soften Gaza's closure, a long-term ceasefire, security guarantees and the lifting of the blockade have proven unachievable. Consequently the humanitarian crisis in Gaza drags on.

The process of erosion would accelerate still further if the Palestinian leadership were to decide to implement the decisions of the PLO Central Council, which has in recent years repeatedly voted to suspend security cooperation with Israel. Today combined US and Israeli pressure has created a situation where the very existence of the PA is at stake. In 2018 the United States ended its financial support for the PA and Palestinian civil society and in early autumn closed the PLO's office in Washington D.C.

While US support for the Palestinian security forces was actually supposed to continue, the PA felt forced to reject it from January 2019 in order to avoid risking prosecution under the US Anti-Terrorism Clarification Act (ATCA).

In February the PA lost another significant source of income. In the course of the election campaign the Israeli cabinet decided to apply the so-called Stern Law. Under the motto “No pay for slay” this cuts Israel's transfer payments to the PA (an element of the 1994 Israeli-Palestinian Protocol on Economic Relations) by the amount paid by the PA during the previous year to Palestinians imprisoned in Israel (all indiscriminately labelled “terrorists”) and to the families of “martyrs”. In response the PA refused to accept the reduced transfers. As a result, according to UN figures, it lacks about two thirds of its income. In the absence of a rapid political solution to this problem, this is likely to lead to the rapid financial collapse of the PA.

Other moderating institutions have been dismantled too. In January 2019 Netanyahu decided to end the Temporary International Presence in Hebron (TIPH), an observer mission that had worked since 1994 – with few interruptions – to deescalate between Palestinians and radical settlers in the old city. This is likely to accelerate the quarter's transformation through settlement activity, displacement of the Palestinian population and emphasis of Jewish over Islamic cultural heritage. The level of violence has already increased noticeably since the mission's withdrawal.

Assessment and Recommendations

The American “deal of the century” is unlikely to contribute meaningfully to resolving the Israel-Palestine conflict. Instead it risks further escalating an already tense situation and accelerating the erosion of joint conflict management. Even under strong pressure, the Palestinian leadership cannot be expected to agree to the US ap-

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proach. In response to Trump's recognition of Jerusalem as Israel's capital, the Palestinians rejected any further mediation by Washington, and have since then refused high-level contacts with the US Middle East team. At any rate, the Palestinian leadership is divided, and President Mahmoud Abbas possesses neither the legitimacy to negotiate meaningful compromises nor the authority to implement any agreement. Israel's incoming government can be expected to treat a Palestinian "no" to negotiations on the basis of the US plan as a green light to selectively and unilaterally implement those elements of the initiative that permit it to maintain permanent control over East Jerusalem and strategic parts of the West Bank. As the Knesset election is likely to produce another right-wing/national-religious coalition there is a serious risk that the latter will feel emboldened to initiate de-jure annexation of Area C of the West Bank. That would permanently shrink the Palestinian territory to a few isolated enclaves. A two-state settlement would then no longer be conceivable.

The EU and its member states should spell out the principles against which any blueprint must be measured if it is to contribute to a lasting resolution of the conflict: fulfilment of the right to national self-determination of both peoples, guarantee of individual human rights for the entire population between the River Jordan and the Mediterranean, and implementation of the right of return in a form that respects both the individual choice of the Palestinian refugees and the interests of states in which they will be permanently (re-)settled. Europe should not support any aspect of the US plan unless it fulfils these criteria. In particular – as the experience of the past twenty-five years underlines – even massive investment cannot achieve economic development in the Palestinian territories as long as the obstacles associated with the occupation remain in place (above all mobility restrictions, permit procedures and theft of natural resources). What is

more, the obligations Israel would incur if it annexed parts (or all) of the West Bank need to be clearly stated, as do the expected responses from the European side. In that context, Europe should not be available to fund prolonged occupation or annexation.

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