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To: President Arafat
Prime Minister Qureia
Mahmoud Abbas
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Salam Fayyad
Mahir al-Masri
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From: Ed Abington and Graeme Bannerman

Subject: Implications of Sharon's Disengagement Initiative

The White House announced last week that Prime Minister Sharon will visit Washington April 14 to meet with President Bush. The central topic of conversation will be Sharon's disengagement proposal, to which President Bush is fully expected to give his endorsement. As part of the negotiations between Israel and the United States over the proposal and the expected American seal of approval, a U.S. team has just visited Jerusalem for meetings with Prime Minister Sharon and his advisors. Sharon has asked for, and will likely receive, a letter of assurances from the U.S. regarding fundamental final status issues. What are the implications of Sharon's proposal and the expected U.S. endorsement?

Sharon Seizes the Initiative: Sharon has always had the reputation of being a brilliant tactician and his advocacy of a unilateral Israeli disengagement from Gaza has only added to his reputation. Recognizing that there is a political vacuum in Washington – and therefore internationally – in dealing with the Palestinian-Israeli conflict, Sharon has now seized the initiative and forced the Bush Administration to react to his political game plan. By putting his still undefined proposal on the table, Sharon has determined the contours in

Washington for policy on the Palestinian issue for at least the next year, regardless of whether Bush is reelected or John Kerry becomes President.

U.S. policy will now be focused on making Sharon's unilateral Gaza disengagement proposal work and Sharon will be off the hook in terms of international pressure to deal with the Palestinian issue. He has brilliantly changed the game from negotiations with Palestinians over their future to negotiations with the United States on a deal that could largely sideline the Palestinians – for years to come, if his game plan works out. Bush's anticipated endorsement of Sharon's plan on April 14 will seal the deal and set U.S. policy on this course.

Sharon Demands A Reward from the U.S. The price Sharon is trying to extract from the Bush Administration for withdrawing from Gaza is a U.S. commitment favoring Israeli positions on several final status issues. This subject has become the focal point of discussions between U.S. and Israeli officials in recent weeks. Based on discussions with U.S. and Israeli officials, as well as press reports, we believe Sharon is seeking U.S. commitments on the following issues:

- Sharon asked for, but did not get, a commitment that the U.S. would not oppose continued Israeli settlement expansion for three settlement blocs in the West Bank – Ariel, Maale Adumim, and Gush Etzion – areas that Israel expects to retain in any final status agreement. The U.S. position, as articulated by the State Department, is that a commitment of this nature should not be given without knowing how all final status issues will be resolved.

- Sharon's advisors have now shifted course, asking for a U.S. commitment that it would not support a return to the June 4, 1967 lines as part of a final status agreement. In contrast to the Clinton Administration, President Bush and his advisors have been noticeably silent on final status issues, but the U.S. position has traditionally been to support only minor border rectifications. The Bush Administration may agree, however, to new and ambiguous language that refers to Israel's demographic and security concerns.

- The Israelis have also asked for language that would circumscribe the right of return of Palestinian refugees to Israel. The State Department advocates sticking to general and previously used language on the refugee issue but new language may be crafted that takes note of Israel's existence as a vibrant Jewish state and the expectation that Palestinian refugees will exercise their right of return in an independent Palestinian state.

- Sharon has also requested U.S. endorsement for Israel's right to retaliate, should Palestinians carry out terrorist attacks in the future. Given its public posture on terrorism in general, and its refusal to criticize Israel's retaliatory raids against Palestinians, the Bush Administration will probably agree to language reaffirming Israel's right to fight terrorism.

- The U.S. will most likely reaffirm the Road Map as the only basis for moving the Israeli-Palestinian process forward in response to an Israeli request that the U.S. will oppose alternative peace plans.

- It is not clear if Israel has asked for an explicit endorsement of the separation fence but the Bush Administration believes that Sharon has responded positively to the U.S. and it is clear that the U.S. level of concern over the route of the fence has declined considerably. U.S. negotiators asked for, but failed to receive a clear- commitment from Sharon not to build the eastern portion of the fence. But having invested so much in the construction of the separation fence, it is difficult to believe that Israel will ever take it down. The fence is likely to unilaterally determine Israel's West Bank borders.

These commitments will be finalized during Sharon's April 14 visit to Washington, most likely in the form of a letter of assurances. At some later point, Israel will undoubtedly ask the U.S. to compensate Israel for the settlements and other infrastructure left behind in Gaza. If Israel actually withdraws from Gaza, there will probably be Congressional support for additional assistance to Israel. This has historically been the case when there have been significant moves in the peace process.

Gaza First? Or Gaza Last? The danger to the peace process posed by Sharon's Gaza proposal – and Sharon's intention, as he stated most recently in his April 5 *Haaretz* interview -- is that **withdrawal from Gaza will not be followed by any significant withdrawal from the West Bank**. The situation is likely, therefore, to be frozen for years to come. Gaza withdrawal in effect becomes Sharon's long-term interim solution, a concept he has promoted for a number of years. Sharon argues that it is unrealistic to expect that complicated final status issues can be resolved in negotiations with the current Palestinian leadership. Israel should therefore strive for an interim solution lasting ten to fifteen years, during which time a new and democratic Palestinian leadership will emerge with whom Israel can negotiate.

In numerous conversations with U.S. officials the past two months, they have been unable to articulate how Gaza fits into the Road Map or how it will be part of a larger process involving the West Bank. When Bush Administration officials began the process of consultations over two months ago with Sharon

and his advisors, they stated that Gaza must fit into a larger framework and that the proposal should include meaningful disengagement from the West Bank.

As the consultations with Israel proceeded, however, U.S. officials gradually scaled back their expectation of a West Bank component. U.S. officials now say that the focus is on Gaza, that the Palestinians and others should not expect anything of significance on the West Bank and that Gaza withdrawal, if carried out properly, can serve as a model for a future West Bank component. Clearly, Sharon has been unwilling to give anything significant on the West Bank, and the Bush Administration, with elections taking place in less than seven months, has neither the inclination nor the attention span to press Sharon to broaden the scope of his unilateral disengagement.

The stage is set, therefore, for Gaza First to become Gaza Last. When President Bush meets Sharon on April 14, he will undoubtedly endorse the Gaza withdrawal concept, say that it is consistent with the Road Map and his vision of a two state solution and describe the step as the first in a process that will lead to eventual agreement on a Palestinian state, **provided there is a new Palestinian leadership committed to fighting terrorism and adopting democratic reforms.** Sharon, standing beside the President, will no doubt endorse the President's insistence on new Palestinian leadership.

Sharon's Palestinian Leadership Trap: There is a rationale behind the Israeli campaign over the past several years against the Palestinian Authority and the Palestinian leadership and it fits with Sharon's call for a long-term interim solution. President Bush became increasingly convinced that President Arafat could not be part of the solution to the Palestinian-Israeli crisis. In his June 2002 speech, Bush outlined a new U.S. policy of no longer dealing with Arafat and said the U.S. would work for a new Palestinian leadership. This new American position fits well with Sharon's long-term objective of destroying the secular, nationalist Palestinian leadership.

Despite Sharon's threat in his April 4 *Haartez* against Arafat's life, he clearly has no intention of moving against President Arafat. **What Sharon probably has in mind is to keep President Arafat imprisoned in the Muqata for the rest of his life, or at least as long as a Likud Government is in power.** Keeping Arafat imprisoned ensures there will be no serious internal Palestinian political evolution so long as the symbol of Palestinian nationalism is held captive in humiliating circumstances. Thus, Sharon or his successor can argue that there is no Palestinian political leadership committed to fighting terrorism and no responsible party with whom Israel can negotiate, while knowing full well that Israel's policies are keeping a new Palestinian leadership from emerging.

Clearly, if President Bush is reelected, there will be no change in a second Bush Administration on the policy of isolating and not dealing with Arafat. In discussing Sharon's Gaza proposal, Administration officials have said repeatedly that one condition for U.S. support is that President Arafat should not be rehabilitated or allowed to resume a leadership role.

What would be the position of a Kerry Administration on the isolation of continuing to isolate President Arafat? While one cannot describe Kerry's position with certainty, an interesting photograph appeared in the April 4 *Washington Post*. It showed Kerry greeting former Clinton officials Sandy Berger, Dennis Ross and Martin Indyk before discussing Middle East issues with them. Ross and Indyk have publicly and privately stated that the U.S. should not deal with Arafat and that he cannot play a constructive role in the peace process. If Ross and Indyk have any influence with a Kerry Administration, or join it as is likely, their views will support continued isolation of Arafat.

In summary, therefore, the Palestinians are facing the following scenario:

- U.S. endorsement of Sharon's Gaza disengagement with no West Bank component or meaningful future linkage to a West Bank process.
- A series of U.S. assurances that Sharon will market publicly to persuade Israelis, and indirectly the Palestinians and the Arab world, that the U.S. has taken Israel's position on not withdrawing to the June 4, 1967 lines, and to opposing the right of return of Palestinian refugees.
- A U.S. campaign to persuade the international community to provide the political and economic support to make the Gaza withdrawal work.
- The completion of construction of the separation fence in the West Bank as part of an Israeli attempt to unilaterally determine its borders, with implicit U.S. support.
- The open-ended, indefinite detention of President Arafat, implicitly supported by the United States, which may lead to political paralysis on the Palestinian side.