



THE JERUSALEM POWDER KEG

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

While the world focuses on Gaza, the future of Israeli-Palestinian relations in fact may be playing itself out away from the spotlight, in Jerusalem. With recent steps, Israel is attempting to solidify its hold over a wide area in and around the city, creating a far broader Jerusalem. If the international community and specifically the U.S. are serious about preserving and promoting a viable two-state solution, they need to speak far more clearly and insistently to halt actions that directly and immediately jeopardise that goal. And if that solution is ever to be reached, they will need to be clear that changes that have occurred since Israelis and Palestinians last sat down to negotiate in 2000-2001 will have to be reversed.

Since the onset of the Arab-Israeli conflict, control over Jerusalem has fluctuated, as have the city's contours. Speaking of the city today, one refers to substantial areas, some Jewish, others Arab, that were part of the West Bank and that no one would have recognised as Jerusalem prior to 1967. Stretching municipal boundaries, annexing Palestinian land and building new Jewish neighbourhoods/settlements, Israel gradually created a municipal area several times its earlier size. It also established new urban settlements outside the municipal boundary to surround the city, break contiguity between East Jerusalem and the West Bank, and strengthen links between these settlements, West Jerusalem and the rest of Israel.

Settlement expansion has been pursued by Labour and Likud governments alike and has always been highly problematic and deemed unlawful by the international community. But Prime Minister Sharon appears to be implementing a more focused and systematic plan that, if carried out, risks choking off Arab East Jerusalem by further fragmenting it and surrounding it with Jewish neighbourhoods/settlements:

The separation barrier, once completed, would create a broad Jerusalem area encompassing virtually all of municipal Jerusalem as expanded and annexed in 1967 as well as major settlements to its north, east, and south. This new "Jerusalem envelope", as the area inside the barrier euphemistically has been called, incorporates large settlement blocks and buffer zones, encompasses over 4 per cent of the West Bank, absorbs many Palestinians outside of municipal Jerusalem and excludes over 50,000 within, often cutting Palestinians off from their agricultural land.

Expansion of the large Ma'ale Adumim settlement to the east of Jerusalem and linking it to the city through the E1, a planned built-up urban land bridge, would go close to cutting the West Bank in two.

New Jewish neighbourhoods/settlements at the perimeter of the municipal boundaries would create a Jewish belt around Arab East Jerusalem, cutting it off from the West Bank and constricting Palestinian growth within the city.

As virtually all recent Israeli-Palestinian peace plans, as well as Crisis Group's own 2002 proposal, recognise, Israel's future capital will include Jewish neighbourhoods of Jerusalem that were not part of Israel prior to 1967 and are home to over 200,000 Jews today. Moreover, Israel has legitimate security concerns in Jerusalem, where Palestinian attacks since the intifada have led to hundreds of dead and more than 2,000 wounded. Addressing them will require energetic steps, including Israeli but also and importantly Palestinian security efforts. But the measures currently being implemented are at war with any viable two-state solution and will not bolster Israel's safety; in fact, they will undermine it, weakening Palestinian pragmatists, incorporating hundreds of thousands of Palestinians on the Israeli side of the fence, and sowing the seeds of growing radicalisation.

Of most immediate political consequence, Israeli steps are further damaging the domestic credibility of Palestinian President Abbas. For Palestinian groups inclined to undermine the cease-fire, the fate of Jerusalem offers a potent pretext. The establishment of new Jewish neighbourhoods coupled with the route of the barrier is creating Palestinian enclaves in East Jerusalem, reducing economic opportunities, and producing overcrowded living conditions. If the process is completed, some 200,000 Palestinian East Jerusalemites will end up inside the Jerusalem envelope, live under greater Israeli control, and increasingly be separated from the West Bank; the remaining 55,000 will be outside the barrier, disconnected from the city that has been their centre of gravity, fearful of reduced social services and, in many instances, determined to find their way back into the fenced-in areas. That will be an explosive mix.

Perhaps most significantly, current policies in and around the city will vastly complicate, and perhaps doom, future attempts to resolve the conflict by both preventing the establishment of a viable Palestinian capital in Arab East Jerusalem and obstructing the territorial contiguity of a Palestinian state. None of this is good for the Palestinian people, the people of Israel, or the peace process.

Although Israel's disengagement from Gaza is hailed as an historic opportunity for peace, prospects for early subsequent progress are dim. With the dominant

Palestinian Fatah movement in disarray, sharpening power struggles with Hamas and legislative elections due to be held by 20 January 2006, Abbas is unlikely to be in a position to launch a major diplomatic initiative in coming months. On the heels of the traumatic Gaza withdrawal and on the eve of a difficult Likud primary and then Israel's parliamentary elections (probably in mid-2006), Sharon will not contemplate further withdrawals in the short term. Electioneering and subsequent political manoeuvring -- a period that typically lends itself more to political posturing and catering to extremes than daring diplomacy -- will drag on until mid to late 2006. And even this modest scenario presumes maintenance of a fragile cease-fire.

As a result, the coming year will be as much about preserving chances for a comprehensive peace as about advancing toward one. This makes what happens in Jerusalem all the more vital. And it makes the international community's responsibility all the more desperately pressing.

RECOMMENDATIONS

To the Government of Israel:

1. Adhere to the settlement freeze as defined by the Roadmap and take all legislative and administrative steps necessary to enforce its implementation. In particular:
 - (a) cease all construction of new Jewish neighbourhoods/settlements in East Jerusalem;
 - (b) cease all construction and infrastructure work in EI;
 - (c) cease all expansion work in Ma'ale Adumim; and
 - (d) cease governmental expropriation and purchases of existing properties, particularly within the Old City.
2. Bearing in mind both that the route of the separation barrier in the Occupied Territories has been found in contravention of international law and that Israel has the right under such law to protect the security of its territory and citizens:
 - (a) ensure that the separation barrier or other structures erected in and around Jerusalem are demonstrably for security purposes by locating them on the 1967 lines or enclosing insofar as possible individual Jewish neighbourhoods/settlements rather than large swaths of territory with significant Palestinian populations, land or property;
 - (b) ensure that the separation barrier or other structures erected beyond the 1967 lines are of a temporary nature; and
 - (c) make clear that the separation barrier is not a political line, and its route is without prejudice to the ultimate disposition of the city.
3. Halt construction of separation barrier portions enclosing the Ma'ale Adumim settlement.
4. Consistent with legitimate security concerns, ease living conditions for Palestinian Jerusalemites by:
 - (a) ensuring easy crossing of the separation barrier for people and goods; and
 - (b) minimising restrictions on movement to and from the West Bank.
5. In accordance with the Roadmap, permit Palestinian institutions in East Jerusalem to re-open and function normally.

To the United States Government and Other Members of the Quartet (Russia, the European Union and the UN Secretary-General):

6. Insist, including through public pressure, that Israel cease building new Jewish neighbourhoods/settlements in East Jerusalem.
7. Publicly and explicitly affirm that all construction, including infrastructure work, in EI and expansion of Ma'ale Adumim, contravenes Israel's Roadmap obligations and separate commitments to the U.S.
8. Without prejudice to the final disposition of the city or its status under international law, press Israel to locate the separation barrier around Jerusalem on the 1967 lines or to enclose insofar as possible individual Jewish neighbourhoods/ settlements rather than large swaths of territory that include significant Palestinian populations, land or property.
9. Make clear that the location of the separation barrier and establishment of any new Jewish neighbourhoods/settlements will not be allowed to prejudice the ultimate outcome of negotiations over the status of the city and that if necessary the international community will lend its weight to upholding this principle when the parties undertake to negotiate a viable two-state solution.

Amman/Brussels, 2 August 2005