



# Alternatives for the "Political Horizon" of a Comprehensive Regional Deal

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Policy Papers

## The Need for a Political Horizon

In the past year, the Trump administration established its commitment to the cause of reaching the 'ultimate deal' and resolving the Israeli–Palestinian conflict. As the administration is expected to launch its initiative in the upcoming weeks, it has become clear that it will be shaped to some extent by a regional approach, that shall aim to leverage the shared interests between Israel and the Sunni Arab states to enable diplomatic progress on the Israeli–Palestinian and regional issues.

There are a few key assumptions underlying any attempt to build an “ultimate deal”. First, it should involve bilateral and regional elements. The logic behind the comprehensive Israeli–Palestinian–Regional is based on a new formula, whereby in return or compromises and concessions between Israel and the PA, the parties shall be rewarded also by the key Arab States (and particularly the Arab Quartet – Egypt, Jordan, Saudi Arabia and UAE). Thus, the Arab states will be involved in solving some of the core issues, as well as presenting incentives to Israel (in the spirit of the Arab Peace Initiative), and providing the backing and legitimacy for the Palestinian leadership. Therefore, the process must be conducted in parallel in both bilateral and regional tracks.

Second, given the gaps in trust, the political considerations and the complexity – it is difficult to envision that the parties will reach a full-blown permanent status agreement as the target of the negotiations. Therefore, the parties need to go through a series of partial, staged and transitional agreements until a final status agreement is completed. Yet this represents a real risk especially for the Palestinians who are concerned that the process will not yield a permanent status agreement.

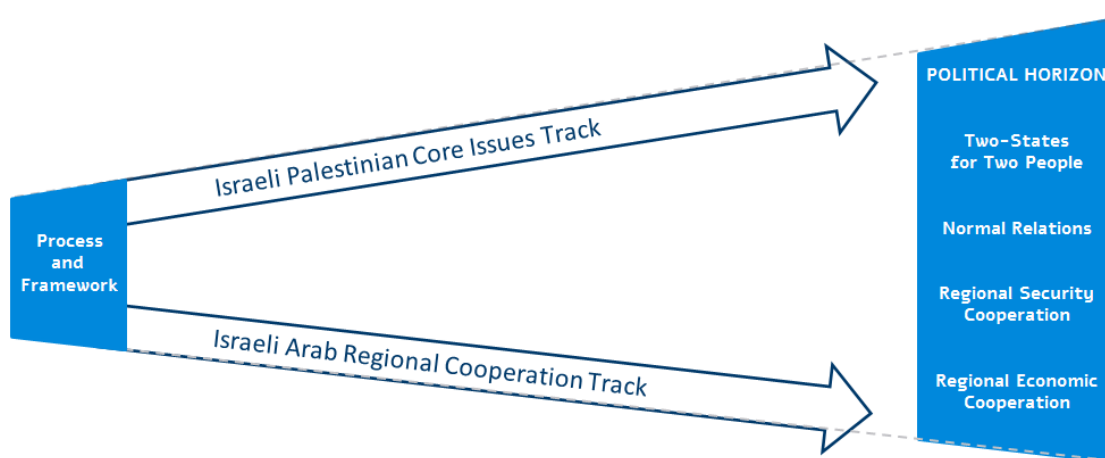
Third, while many believe that any solution must be based on the principle of “two-states for two people”, there are many question marks regarding the evolution and the degree of Palestinian sovereignty as a continuum rather than a “onetime granted sovereignty”. Sovereignty evolution will need to be agreed as a roadmap, with gradual increase of territorial control, the scope of security control, the scope of diplomatic status, the capacity to run a viable Palestinian state, etc. Therefore, an evolutionary process must be agreed upon – but without falling into an “incremental” approach.

Therefore, what the parties need is a “political horizon” which will articulate the potential endgame scenario, thus allowing for a “reverse-engineered” phased and gradual process towards that endgame. But here comes the challenge – how should this political horizon be phrased? What are the stages towards that endgame? and what should be the means to ensure that these are followed with some clear signs of success that changes the facts on the ground, builds a positive atmosphere and provided reassurances to the parties involved?

The IRI group has developed, through expert analysis and unofficial meetings with senior Palestinian, Israeli and Arab interlocutors, a model for a regional diplomatic process, based on concurrent Israeli–Palestinian and Israeli–regional tracks, that should lead to a set of phased and transitional stages, until it results with a comprehensive 'Regional Package Deal' struck between Israel, the Palestinians, Egypt, Jordan, KSA and UAE. The deal eventually shall be comprised of the following four components, all negotiated, and eventually struck and implemented in parallel:

1. An agreement on a two-states for two people solution
2. An agreement on normal relations between Israel and the Arab states
3. A regional security cooperation agreement
4. A regional economic development agreement

To reach such a regional deal, there is a need for gradual and careful progress over a long period of time, continuously changing the reality on the ground in order to eventually enable the completion of a permanent status agreement. As we mentioned above, it is crucial that the diplomatic process be designed in accordance with the principle of gradual progress. However, for the parties to be able to take the political risks required of them, and enter the diplomatic process with an adequate level of trust between them, **some form of a political horizon must be drawn at the beginning of the process.**



To reach such a comprehensive Israeli-Palestinian-regional deal, there is a need for gradual and careful progress over a long period of time, continuously changing the reality on the ground before a permanent status agreement can be achieved. Based on a political horizon set forth at the beginning of the process, we can illustrate the gradual evolution in the following manner:



We suggest to structure the evolution of the process based on the following phases:

1. **Ignition Phase:** The parties shall agree upon a choreographed sequence of steps, designed to build confidence and public support, under the principle of reciprocity between Israel, the PA and the Arab Quartet, such that Arab Quartet steps towards normal relations with Israel shall match Israeli steps towards the Palestinians.
2. **Operational Deals:** In parallel to negotiating the core issues, the Parties shall negotiate and implement operational deals aimed to tackle imminent risks to the diplomatic process, prepare the groundwork for future agreements and build confidence and public support. These should include agreements on Gaza stabilization, West Bank economic development and Palestinian state building.
3. **Incubation Milestone:** Leading to the milestone, the Israeli–Palestinian track will negotiate and agree on the core issues of at least Borders and Security, while the regional track will promote economic/security cooperation. A Palestinian state shall be formed and shall be recognized, while some of the core issues (like Jerusalem) shall be left for the next phase. In a way, the milestone will allow the “incubation” of Palestine over a reasonable period of time, while negotiations of the final status issues will be conducted between states.
4. **Completion of Final Status Negotiations:** The parties shall focus on the remaining core issues of Jerusalem and Refugees, conclude the agreements on Regional Normal Relations, Regional Security Cooperation and Regional Economic Development and sign the Permanent Status Agreements.

All parties are politically constrained as to what they can agree to at the starting point. Therefore, there is a need to find an adequate starter formula that sufficiently describes a political horizon that all parties can accept and that establishes the linkage between bilateral and regional negotiations and progress.

Based on our analysis we propose the following range of options for the crafting of a regional political horizon:

1. **A general declaration** by all parties that vaguely describes the aim of the regional process (See Alternative 1)
2. **An declaration of principles (DOP)** for the ‘Regional Package Deal’ (See in Alternative 2).
3. **A detailed framework agreement**, describing more elaborately the provisions of the ‘Regional Package Deal’ (See in Alternative 3).

The above-mentioned options are not mutually exclusive, and it is possible to combine their various elements. Additionally, quiet back-channel agreements on principles could accompany a public general declaration, producing the desirable balance of flexibility and guarantees for the parties. In any case, the regional parties should play a crucial role in enabling the concessions required of Israel and the Palestinians by offering political support to the Palestinian leadership and constructive steps towards normal relations with Israel which will strengthen Israeli public support.

## Alternative 1 – Proposal for a General Declaration

*“The United States of America, with the support of the Quartet, is inviting the State of Israel, the Palestinian Authority, the Arab Republic of Egypt, the Hashemite Kingdom of Jordan, the Kingdom of Saudi Arabia and The United Arab Emirates – to engage in a comprehensive diplomatic process, structured in parallel tracks, that shall eventually resolve the Israeli–Palestinian and Israeli–Arab conflicts, in a gradual and phased approach; The following principles shall serve as a political horizon for the entire process:*

- a) The Israeli–Palestinian conflict shall be resolved based on the principle of two states for two peoples,*
- b) and, as envisioned by the Arab Peace Initiative – Israel and the Arab world shall establish normal relations, form regional security cooperation, and engage in regional economic development cooperation.”*

*In parallel to the negotiations, Israel, the Arab parties and the PA shall offer and implement constructive steps in order to change reality on the ground, eliminate security threats and improve the atmosphere and public opinions.”*

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The above alternative is a declaration made by the U.S. inviting the parties to negotiate on the basis of the above principles, and the explicit consent of the parties to the formula is not a precondition for negotiations. Rather, by entering the negotiation process, the parties imply that they accept the political horizon, while avoiding formal obligation. It is a minimum required in order to engage the parties – although it is far from being sufficient to any of them. The PA does not have a clear linkage to 67 borders, Jerusalem and the refugees; Israel does not have a clear mentioning of its requirements for security control of a demilitarized Palestinian state or any reference to its request for a united Jerusalem. Yet each party can show some achievement in this vague declaration as it leaves enough room for negotiations, while clearly showing some achievements. The PA will win the clear mention of a Palestinian State; the Arab states will see the linkage to the API; and Israel will see that it will negotiate regional cooperation with the Arab states in parallel to a deal with the Palestinians.

Therefore, and because this is just a minimum, it may not be enough to bring the parties towards serious negotiations. Hence, see the following alternative.

## Alternative 2 – Proposal for a Framework of Principles

*The political horizon, to be negotiated and finalized as a permanent status regional package deal, is hereby agreed between the PA, Israel and the Arab Quartet states – Egypt, Saudi Arabia (KSA), Jordan and the UAE. It includes principles for four agreements as key pillars, based on the structure and logic presented in the Arab Peace Initiative: Two States for Two Peoples; Regional Normal Relations; Regional Security Cooperation; and Regional Economic Development. It will include four additional "operational agreements" – Gaza stabilization; West Bank economic development; Palestinian states building; and baskets of PA-IL-Arab Constructive Steps.*

### **The Four Pillars of the Regional Package Deal**

- 1) **A Permanent Status Agreement based on two states for two peoples, to be implemented gradually over a mutually agreed timeline.**
  - a) *The agreement shall bring an **end to the Israeli-Palestinian conflict, the finality of claims** and a de-facto recognition of **two nation states** – Palestine as the homeland of the Palestinian people and Israel as the homeland of the Jewish people (while preserving the rights of its Arab citizens, according to Israel's declaration of independence of 1948).*
  - b) **An independent and unified Palestinian state based on the 1967 line with land swaps of approximately 4% of the WB. The Palestinian state will have **internal security forces only**. The PA and the Arab states will ensure that Gaza is part of future Palestine and that Hamas abides by the agreement.**
  - c) **Security arrangements on Israel-Palestine borders with Israeli military presence along the Jordan River for an agreed-upon period, in coordination with Jordan.**
  - d) **The Greater Zone of Jerusalem as the home of 2 capitals** where Arab neighborhoods in East Jerusalem become the capital of Palestine under Palestinian sovereignty; West Jerusalem and all Jewish neighborhoods under Israeli sovereignty; special arrangements for shared management (without sovereignty) in the Temple Mount; special arrangements for an open-city regime.
  - e) **An agreed solution for Palestinian Refugees settlement and re-settlement, in line with Clinton Parameters, with an agreed upon number of Palestinians accepted in Israel (the issues related to Jews who left Arab countries after 48 shall be part of an Israeli-Arab agreement).**
  - f) **A roadmap to *build normal relations and a culture of peace between Israel and Palestine*, including cessation of incitement and a fundamental change in education and media.**

- 2) **A regional agreement on building Normal Relations** which gradually builds a “culture of peace”, fosters Israeli-Arab and Jewish-Muslim reconciliation, and generates normal relations between Israel and the Arab states and eventually the Islamic states.
- 3) **A regional economic development agreement** to shape and implement an internationally supported regional economic development plan, which shall focus on GDP growth, job creation and improving the standard of living across the region through cooperation projects in trade, transportation, tourism, infrastructure, water, agriculture, energy, environment, healthcare, education, digital marketplaces, etc.
- 4) **A regional security cooperation agreement** to jointly confront Iran’s nuclear and territorial aspirations and its proxies, fight ISIS and other terrorist organizations, and address other threats. The parties shall form a regional security forum that shall define the goals, priorities and means of cooperation.

#### **Operational Agreements – Four Components:**

- 1) **Gaza Stabilization** – a regional agreement on economic development, demilitarization and stabilization of Gaza under the administration of the PA.
- 2) **West Bank Economic Development** – widespread economic development of the West Bank, including in area C, industrialization, building a new Palestinian city, and major investments in Infrastructure (Water, Electricity, Energy, Roads, Sewage, Environmental projects and more).
- 3) **Palestinian State Building** – the parties shall assist the PA in forming effectively functioning institutions in order to guarantee a viable Palestinian state upon its establishment. The areas will include governance, rule of law, education, healthcare, infrastructure, monetary and fiscal policy, tax system, agriculture, housing, communications, welfare and social security.
- 4) **Baskets of PA-IL-Arab Constructive Steps towards normal relations** – symbolic and tangible steps taken by Israel, the PA and the Arab states in order to impact mindset and create an atmosphere conducive to political negotiations progress.

The above alternative is of course much more concrete – and that level of details represents the very benefit as well as the risk it presents. There are already some key concessions embedded in this level of details, and therefore the parties are more likely to present their reservations to the text, or demand that this horizon will be compounded by strict measures to determine implementation and progress.

On the other hand, this alternative will definitely show the PA and the Arabs that there is a lot to be won; while Israel will see it as a trigger to demand significant compensation and strategic rewards from the Arab world and the International community.

For better prospects of success, the framework of principles agreement should perhaps serve as a confidential framework to pursue and not as a public declaration.

## Alternative 3 – Proposal for a Framework Agreement

The 3<sup>rd</sup> alternative looks at a comprehensive framework agreement. It is hardly unlikely that such a comprehensive framework shall be agreed upon starting a negotiation process yet it is brought here as a further effort to show the scope that can be adopted at some stage as a base for detailed negotiations.

### PREAMBLE

*The State of Israel, The Palestinian Authority, The Arab Republic of Egypt, The Hashemite Kingdom of Jordan, The Kingdom of Saudi Arabia (“KSA”), The United Arab Emirates (“UAE”):*

*(Referred to as “the Parties”)*

*Reaffirming their determination to put an end to decades of confrontation and conflict, and to live in peaceful coexistence, mutual dignity and security based on a just, lasting, and comprehensive regional peace that shall resolve the Israeli–Palestinian and Israeli–Arab conflicts and achieve historic reconciliation;*

*Declaring that this Framework Agreement shall become the basis for the Final Status Agreements that shall mark the historic reconciliation between the Palestinians and Israelis, and reconciliation between the Arab world and Israel;*

*Reaffirming that the Final Status Agreements shall establish normal, peaceful relations between the Arab states and Israel (as envisioned in the Arab Peace Initiative of March 2002 – “The API”), in line with the provisions of the UN Charter that pertain to normal relations between nations living in peace and;*

*Affirming that this Framework Agreement is based on the principle of reaching a solution to the Palestinian problem by establishing two nation states for the two peoples, without prejudice to the rights of the their respective citizens, so that Israel and Palestine are recognized as the nation states of the Jewish and Palestinian people respectively;*

*Acknowledging the suffering of the Palestinian refugees since the 1948 war as well as the suffering of the Jewish refugees from the Arab countries and the need to solve the problems in an agreed-upon, practical and just settlement;*

*Reaffirming the Parties’ obligation to conduct themselves in conformity with the norms of international law and the Charter of the United Nations;*

*Realizing that wide-scale security cooperation and multilateral economic cooperation are essential to ensure stability, security, development and prosperity throughout the Middle East region;*

***Have therefore agreed to negotiate a set of final status agreements and cooperation agreements based on the principles stated herein, to be reached and implemented through a phased and transitional model.***



**Part 1 – PRINCIPLES FOR THE ISRAELI-PALESTINIAN FINAL STATUS AGREEMENT**

1. **Key principle – Two Nation States for Two Peoples:** *The Israeli-Palestinian conflict shall be resolved based on the principle of two nation states for two peoples: Palestine shall be formed and recognized as the nation state of the Palestinian people and Israel shall be recognized as the nation state of the Jewish people (without prejudice to the rights of all of Israel's citizens as stipulated in its Declaration of Independence).*
2. **End of Conflict and Finality of Claims** – *The parties shall agree that the final agreement provides for the permanent and complete resolution of the Israeli-Palestinian conflict and that once signed, no further claims may be raised except for those related to the implementation of the final agreement.*
3. **Borders** – *The borders shall be based on the June 4, 1967, lines, with agreed modifications subject to the following principles: the creation of territorial contiguity between the Palestinian territories; land swaps (not to exceed 4-5% of the West Bank) based on a 1:1 ratio, including the provision of a safe passage between the WB and Gaza.*
4. **Jerusalem** – *The greater Jerusalem area shall include the two capitals of the two states, under their respective sovereignty. The border line shall be drawn so that:*
  - 4.1. *Jewish neighborhoods shall be under Israeli sovereignty and Arab neighborhoods shall be under Palestinian sovereignty; Special arrangements shall be implemented in the Old City, ensuring that the Jewish Quarter and the Western Wall shall be under Israeli sovereignty;*
  - 4.2. *The Temple Mount (Al-Haram Al-Sharif) shall remain under “God’s Sovereignty” (i.e., no sovereignty), with Islamic holy sites administered by the Muslim Waqf, and Jewish holy sites and interests on the Temple Mount administered by Israel, ensuring access to the site and freedom of worship for Jews, Muslims and Christians. A special Israeli-Palestinian-Arab-International committee shall monitor and supervise these arrangements, with the active involvement of the Kingdom of Saudi Arabia, the Hashemite Kingdom of Jordan and Morocco.*
  - 4.3. *The parties will work on sharing resources and providing joint municipal services without infringing on respective sovereignty and applicable legal systems.*
5. **Refugees** – *The solutions for the Palestinian refugees shall be agreed-upon in multilateral negotiations between the Parties in accordance with the following principles:*
  - 5.1. *Financial compensation shall be offered to the refugees and the host countries by the international community.*
  - 5.2. *The Palestinian refugees shall be granted a choice of permanent re-settlement in one of the following: the Palestinian state, third countries or their current host countries, in accordance with the sovereign discretion of the respective countries.*
  - 5.3. *Symbolic, limited and agreed to re-settlement in Israel shall be managed in a clear claim management mechanism, and decisions to grant re-settlement shall be subject to the sovereign discretion of Israel.*

## 6. **Security:**

- 6.1. *Israel and Palestine shall agree to apply between them the provisions of the Charter of the United Nations; to refrain from the threat or use of force against each other and from forming any coalition, organization or alliance with a third party, the objectives or activities of which include launching aggression or hostility against the other party. The Parties will maintain close security cooperation in combatting enemies of peace.*
- 6.2. *The State of Palestine will be demilitarized, will develop and maintain adequate internal security forces and will limit arms and equipment to levels and types needed to maintain internal security and enforce the rule of law within its borders.*
- 6.3. *Special security mechanisms will be implemented between Israel, Palestine, Jordan and Saudi Arabia, in view of shared security threats. The package will include early-warning Israeli stations in Samaria, Israeli control of the air and the electromagnetic space, and presence of Israeli forces in the Jordan valley over a period of up to 10 years, which will be examined based on the actual performance of the Palestinian internal security forces.*
- 6.4. *Special border control and security coordination agreements shall be established between Israel, Palestine, Egypt and Jordan on the respective borders of Palestine.*

## 7. **Bilateral relations:**

- 7.1. *Israel and Palestine will establish economic ties as customary between states, who wish to encourage trade between them, mobility of workforce, shared infrastructure, special zones for industrial development and coordination in environmental protection.*
- 7.2. *Israel and Palestine will agree to promote a culture of peace, by establishing programs to accelerate peace education in Israel and Palestine, which will include among other things people to people programs, media control and the elimination of all types of incitement whether on a national, ethnic or religious basis.*

## **PART 2 – PRINCIPLES FOR A REGIONAL NORMAL RELATIONS AGREEMENT**

1. **End of Conflict** – *As set forth in the API, the parties will agree that upon signing the Israeli-Palestinian agreement based on the principles set above (while acknowledging certain pending issues to be resolved in future negotiations as set forth below), the Arab Quartet (Egypt, Jordan, KSA and UAE) shall declare the Israeli-Arab conflict resolved.*
2. **Historic Israeli-Arab and Jewish-Muslim Reconciliation** – *the Parties shall acknowledge the historic compromise regarding the Temple Mount as an opportunity for comprehensive reconciliation on national, religious and cultural ethos. The Parties shall promote people-to-people dialogue; proactively fight against incitement, anti-normalization, anti-Semitism and anti-Islamic sentiments; promote cultural and academic cooperation; promote a culture of peace through media and education; and*

*educate their respective publics to internalize the recognition of Israel and Palestine as the nation states of the Jews and the Palestinians respectively.*

3. **Normal Diplomatic Relations** – *As set forth in the API the Arab states and OIC members will agree to recognize and form normal diplomatic relations with Israel based on the UN charter, including the following:*
  - 3.1. **Mutually opening embassies, consular services and trade offices**
  - 3.2. **Establishing direct flights and telecommunications access.**
  - 3.3. **Permitting and encouraging mutual tourism** – *Granting tourist visas, opening Jewish heritage sites in Arab countries to Jewish tourists and encouraging Arab tourism in Israel.*
  - 3.4. **Establishing educational and cultural cooperation** – *establishing student exchange programs, holding sports matches, and encouraging mutual cultural visits.*
  - 3.5. **Accepting Israel as a member in Middle East and North Africa forums** – *Including sports leagues, transnational economic organizations and inter-governmental networks.*
4. **Jewish Refugees** – *The Parties will work with the relevant Arab states and the international community to compensate for the lost property of Jewish refugees from Arab countries, and to preserve, safeguard and allow access to Jewish heritage sites, synagogues and cemeteries in the Arab states.*

### **PART 3 – PRINCIPLES FOR A REGIONAL SECURITY AGREEMENT**

1. **Regional Security Cooperation and the Formation of a Regional Security Forum** – *The Parties shall create the forum which will include Israel, Palestine, KSA, Jordan, Egypt and the UAE, jointly allowing additional states to subsequently join. The parties' defense ministers shall constitute the forum governance and shall routinely define the goals, priorities and means of cooperation, agree on establishing joint platforms and settle disputes between the parties.*
2. **Shared Threats and Areas of Cooperation** – *The Parties shall agree to cooperate in addressing shared threats, including but not limited to the following: radical Islamic terrorism; Iran and its proxies including Hezbollah in Lebanon, Syria and Yemen; border security; airspace, land and marine security; ballistic missile defense; cyber security; non-state actors; food, water and environmental security; chemical and biological threats; crime protection; healthcare security; economic security. The Parties shall routinely define additional threats and areas of cooperation in accordance with the changing circumstances.*
3. **Security Task Force** – *the Parties shall establish a regional security task force to protect the agreement and regional process from spoilers seeking to derail the regional diplomatic process through terror, guerilla or other means.*

4. **Mechanisms of Coordination and Cooperation:**
  - 4.1. **Strategic Cooperation** in areas such as coordinating strategic defense planning and armament and participating in joint military exercises.
  - 4.2. **Operative Cooperation** through establishing joint Command and Control centers to coordinate preventing and fighting terror threats, establishing intelligence sharing mechanisms, and air, space and naval coordination
  - 4.3. **Tactical Cooperation** in areas such as enhancing border security coordination.
5. **Long-term security issues** – The agreement should reaffirm the need to for a long-term phased roadmap towards a region free of WMD in the context of the end of conflict.

#### PART 4 – PRINCIPLES FOR A REGIONAL ECONOMIC DEVELOPMENT AGREEMENT

1. **Regional Economic Development** – Beyond the economic component of the bilateral Israeli–Palestinian agreement and the cost of its implementation, the parties shall shape and implement an internationally supported regional economic development plan, which shall focus on GDP growth, job creation and improving the standard of living across the region. Over time, this approach can help reduce fertile ground for extremism and creating interdependency to support stability of relations across the region.
2. The plan should prioritize those measures that weave into existing economic development needs and domestic plans within each Party’s domestic economic policy agenda (e.g., Saudi 2030 plan).
3. Beyond current growth plans of the Parties, the plan should aim at achieving a \$1 Trillion increase in the GDP of the Parties and an increase of 20 million jobs in the 10<sup>th</sup> year from signing the permanent status agreements.
4. **Development projects and growth engines** – investment in infrastructure through public–private partnerships
  - 4.1. **Large scale regional water desalination and purification projects**
  - 4.2. **Investment in infrastructure projects** – Construction of regional networks of railroads, highways and other land, sea and air transportation infrastructures; as well as energy and water transmission networks, etc. These regional networks of joint infrastructures will enhance trade, closer economic cooperation, and common economic interests.
  - 4.3. **Large-scale environmental projects** – Wastewater and solid waste treatment, rehabilitation of polluted rivers and regions, etc.; as well as renewable energy – solar energy systems, large-scale biomass and other cutting-edge renewable energy technologies.
  - 4.4. **Large scale agricultural projects**, using advanced irrigation & cropping methods.
  - 4.5. **Extensive construction** to solve the region’s severe housing problems, improve living conditions and streamline urbanization processes occurring in the area.

- 4.6. *Investment in advanced health systems and community preventive healthcare networks across the region to improve residents’ health, and creating a regional health service market.*
5. ***Investing in education to fostering use of technology tools, entrepreneurship and global best practices to educate the next generation:***
  - 5.1. *Massive investment in upgrading public education systems for all stages, from pre-kindergarten to the University.*
  - 5.2. *Upgrading universities and research institutes, in cooperation with universities and research institutes across the region and international academic community.*
  - 5.3. ***Entrepreneurship, Technology and Science cooperation*** – the parties will establish cooperation vehicles between entrepreneurs, venture capital and private equity firms to encourage intraregional investments and cross-fertilization of technology hubs
  - 5.4. ***Engagement of women in the workforce*** – the Parties will leverage shared tools and knowhow to support women entrepreneurs and women’s employment across the region.
6. ***Regional economic cooperation:***
  - 6.1. ***Regional trade through Transportation*** – the parties will invest in projects to improve transportation between the Gulf and the Mediterranean through fast trains and highways, in order to accelerate trade of goods and mobility of people and workforce between the different areas of the region.
  - 6.2. ***Encouraging trade*** – the parties shall negotiate free trade agreements and take steps to facilitate the transfer of goods across borders in the region.
  - 6.3. ***Advancing tourism*** through a coordinated regional tourism development vision, investment in tourism infrastructure (hotels and attractions) and joint marketing efforts.
  - 6.4. ***Encouraging Business Cooperation Among the Private Sector*** – removal of formal boycott laws, facilitation of business travel visas, removal of telecommunications barriers to enable direct phone calls and travel barriers to enable direct flights.
7. ***Regional and International Funding*** – Establishing a five year fund based on donations from the states in the region and international aid, that shall be used to fund development projects and as guarantees to reduce risk and the costs of funding and to attract large private sector investments. The plan will be based on raising \$400B in the first 5 years, enhanced by \$200B in guarantees.

**PART 5 – PRINCIPLES FOR OPERATIONAL DEALS**

*The State of Israel, The Palestinian Authority, The Arab Republic of Egypt, The Hashemite Kingdom of Jordan, The Kingdom of Saudi Arabia (“KSA”), The United Arab Emirates (“UAE”):*

*(Referred to as “the Parties”)*

*Acknowledging that, in parallel to permanent status negotiations and prior to the signing of the permanent status agreements, certain urgent issues should be addressed, agreed and implemented in order to create trust between the parties; build public confidence in the negotiation process; address and curb potential risks threatening to derail the process; and adequately build viable foundations for the permanent status agreements;*

**Part 5.1 – Principles for a Gaza stabilization Agreement**

1. ***The necessity for immediate action*** – *In order to prevent a humanitarian crisis and escalation to violent conflict that may derail the regional diplomatic process, the Parties shall agree to take immediate collective action to significantly improve living conditions in the Gaza Strip, and rehabilitate and develop its economy.*
2. ***The PA and the Arab Quartet shall take responsibility to implement the Gaza stabilization agreement, as set forth below, and ensure that Hamas and other terror organizations adhere to its provisions.***
3. ***The Parties shall affirm that the Gaza stabilization agreement shall not settle the future permanent status of the Gaza Strip, which shall be an integral part of the unified Palestinian state, to be established by the permanent status agreement.***
4. ***The Parties shall agree to take immediate steps to address the humanitarian crisis in Gaza, providing increased humanitarian aid, repairing critical infrastructures such as water, sewage and energy, expanding the time and capacity of the transport of goods through Kerem-Shalom crossing and enabling cross-border medical treatment and services. The humanitarian aid shall be funded by the international community and by the Arab states and administered by the PA.***
5. ***The Parties shall agree that the Gaza Strip should be demilitarized of missiles, rockets and tunnels. The Parties shall agree to take the following steps to achieve demilitarization:***
  - 5.1. *The PA and the Arab Quartet shall dismantle the offensive tunnels and rocket and missiles arsenals at Hamas’ and other terrorist organizations’ disposal.*
  - 5.2. *The Parties shall promote a UN Security Council resolution for the demilitarization of Gaza that calls for leveling sanctions against countries that violate its terms.*
  - 5.3. *The Parties and the international community shall provide extensive assistance to Egypt to block arms smuggling routes from Sudan, Libya and the Red Sea.*

- 5.4. *The Parties shall establish an expert monitoring mechanism to ensure that aid entering the Gaza Strip is not used to rebuild rocket manufacturing capabilities, tunnels, or fortifications. This shall include a strict inspection and end-use verification system at the borders and within Gaza.*
6. ***The Parties shall form an economic development package for Gaza, the implementation of which shall be contingent on the progress of demilitarization. The Package shall include:***
- 6.1. ***Establishing a regional and international fund for investment and guarantees for private investment in Gaza.***
- 6.2. ***Easing restrictions at the border crossings including further expansion of hours and capacity in Kerem–Shalom border crossing, to facilitate large–scale importation of construction materials and goods, and opening the Rafah border crossing for transfer of goods and Palestinian travelers. PA personnel shall operate the Gazan side of the crossings.***
- 6.3. ***Taking steps to reduce unemployment and facilitate growth, including Issuing work permits for Gazans inside Israel, extending the fishing zone to 10 km from the shore, and encouraging the renewed operation of QIZs.***
- 6.4. ***Investment in infrastructure and construction, administered by the PA, including accelerating the rebuilding of Gaza’s electricity infrastructure and building a new power plant to ensure Gazan energy independence; accelerating the completion of the water treatment and desalination plant; initiating large–scale housing construction, development of hospitals and health facilities; and investment in manufacturing and agricultural projects.***
- 6.5. ***Considering the construction of a seaport and airport in Gaza administered by the PA.***
- 6.6. ***Considering the development and exploitation of the Gaza natural gas field.***

#### **Part 5.2 – Principles for a West Bank Economic Development Agreement**

1. *The Parties shall agree, prior to the settlement of the permanent status agreement, to shape and implement an economic development package for the West Bank. The package shall include:*
- 1.1. ***A regional and international fund for investment and guarantees for private investment in the West Bank.***
- 1.2. ***Trade Facilitation – Paths and administrative mechanisms for transit to ensure the smooth passage of Palestinian exports of goods, labor, services and capital to Israel and the rest of the world, including facilitation of transportation to Jordan and transportation to Haifa Port in the Mediterranean Sea.***

- 1.3. **Special zones for industrial development** (based on the Qualified Industrial Zone – QUIZ model), focused on development in sectors that are best suited to improve the Palestinian economy such as agricultural/processed foods sectors, tourism and hi-tech entrepreneurship.
- 1.4. **Investment in the tourism sector** – with special focus on the holy places and the Dead Sea.
- 1.5. **Development of the High-Tech industry in Palestine** – Facilitating the development of High-Tech and IT industry in Palestine in cooperation with Global companies who will benefit from the skilled labor in Palestine, special incentives to build high-tech centers in Palestine and cooperation agreements with Israeli high-tech industries and venture capital firms.
- 1.6. **Spurring agricultural development in the West Bank** – Israel will institute a rapid approval protocol for laying down water lines in potential Palestinian agricultural lands.
- 1.7. **Issuing additional work permits in Israel** to West Bank Palestinians.
- 1.8. **Establishing a new Palestinian city, and completing the infrastructure for city of Rawabi.**
- 1.9. **Easing transportation and free movement** – Improving transportation infrastructures for Palestinians by building tunnels to create continuity and removing checkpoints.

### **Part 5.3 – Principles for a Palestinian State Building Agreement**

1. *The Parties shall agree, prior to the settlement of the permanent status agreement and the establishment of an independent Palestinian state, to cooperate in strengthening Palestinian institutions and ensuring effective Palestinian governance within the framework of the 1995 interim agreement.*
2. **The Parties shall agree to provide funding, consultation and training** to assist the PA in forming effective functioning institutions in the areas of governance, rule of law, education, health, culture, infrastructure development, monetary and fiscal policy, tax system, agriculture, housing, communication, welfare and social security.
3. **Israel shall transfer powers and responsibilities in Area C, consistent with the transition to greater Palestinian civil authority contemplated by prior agreements.**
4. **Enhancing the capabilities of Palestinian policing, legal and penal institutions** – With the assistance of the parties along with USSC, EUPOL, COPPS.
5. **The Palestinian Police shall be granted authority to operate freely in Areas A and B, with no prior approval from the IDF.**
6. **Financial and economic state building measures** – Strengthening Palestinian monetary institutions and developing future monetary policy.



**Part 5.4 – Principles for constructive steps towards normal relations**

*The Parties shall take constructive steps as part of the regional diplomatic process, under the principle of reciprocity between Israel, the PA and the Arab Quartet, such that Arab Quartet steps towards normal relations with Israel shall match Israeli steps to the benefit of the Palestinians.*

*The following clusters specify the reciprocal linkage between the various steps, whether they be agreed to and implemented as part of the operative deals (i.e. Gaza stabilization, West Bank economic development and Palestinian state building) or otherwise:*

1. **Cluster 1:**

Arab Quartet steps towards Israel:

- *Granting flight rights over Arab countries*
- *Changing the tone towards Israel in media and education*
- *Encouraging publication of positive news and facts about Israel in Arab media*
- *Proactively fighting Anti-Normalization efforts*
- *Encouraging participation in face to face meetings between young leaders and women*
- *Encouraging and publicizing People-to-People dialogue*
- *Reducing barriers to trade with Israel*

Israeli steps towards the Arab Quartet:

- *Endorsing the API (with reservations) as part of the negotiation principles*
- *Allowing key leaders and family members to visit Al-Aqsa*

Mutual Israeli and Arab Quartet steps:

- *Enhancing intelligence sharing*

Israeli steps towards the Palestinians:

- *Removal of checkpoints and facilitating access and motion*
- *Effecting settlement freeze beyond the blocs*
- *Increasing the amount of issued work permits for Palestinians to work in Israel*
- *Enhancing of Israeli-Palestinian security mechanisms*

Palestinian steps towards Israel:

- *Ceasing incitement in education and media*
- *Fighting Anti-Normalization*
- *Freezing appeals to UN and international courts*
- *Stopping payments to terrorists families*

## 2. Cluster 2:

### Arab Quartet steps towards Israel:

- *Establishing commercial and low-level interests' offices*
- *Issuing business visas for Israelis*
- *Issuing tourist visas for Israeli groups*
- *Encouraging Arab investors and businessmen to visit Israel and develop cooperation*
- *Authorizing restoration of Jewish sites in Arab countries*
- *Opening Jewish heritage sites in Arab countries to Jewish refugees*
- *Inviting Israelis to participate in regional summits on civilian issues*

### Israeli steps towards the Arab Quartet:

- *Transferring technology and knowledge in agriculture*
- *Transferring technology and knowledge in water purification and desalination*
- *Cooperation in public health (including delegation programs and visas for medical interns)*
- *Issuing visas for Arab medical tourism in Israel*
- *Strengthening the study of Arabic language in schools*
- *Intensifying cooperation on crime prevention, trafficking and drug smuggling*

### Mutual Israeli and Arab Quartet steps:

- *Participating in joint military exercises*
- *Renewing Madrid's Regional Water and Economic Development multilateral tracks*
- *Cooperation and coordination in Red Sea fishing*
- *Establishing joint tourism promotion committee*
- *Establishing joint Israeli-Arab investment funds*
- *Exchanging delegations in healthcare, medical, agricultural, environmental domains*
- *Encouraging mutual cultural visits – artists, writers, musicians etc.*
- *Developing Dual Passport Students exchange program*

### Israeli steps towards the Palestinians:

- *Commuting the sentences of Palestinian prisoners*
- *Facilitating economic investment in WB Areas A & B*
- *Transferring certain area C territories to Palestinian control for planning and zoning*
- *Investment in WB economic package – in roads, energy and water*

### Palestinian steps towards Israel:

- *Enhancing security cooperation with Israel*
- *Speaking at the Knesset*
- *Participating in Holocaust day ceremonies, taking delegations to Yad Vashem and Auschwitz*

3. Cluster 3:

Arab Quartet steps towards Israel:

- *Holding sports matches*
- *Heads of Arab states visits to Israel*
- *Israeli PM visit to Arab state*
- *Accelerating the establishment of new Qualified Industrial Zones on border areas*
- *Jointly voting on a UN resolution with Israel, on issues non-related to the conflict*
- *Encouraging Israeli investors and businessmen to participate in development projects*

Israeli steps towards the Arab Quartet:

- *Export of goods from Arab states through Israeli Mediterranean ports*

Mutual Israeli and Arab Quartet steps:

- *Exchanging cultural & scientific delegations*

Israeli steps towards the Palestinians:

- *Re-opening symbolic official Palestinian presence in East Jerusalem*