

15 June 2008

Dear Secretary Rice;

On the occasion of today's trilateral meeting, we would like to present to you our assessment of the current status of negotiations and our vision for the way forward. We recognize and appreciate the commitment that both you and President Bush have made to reaching our common goals of two states based on the 1967 borders, living side by side in peace and security, and a just resolution to the refugee issue.

We have reached an important point in the negotiations; on some issues we have advanced, Progress but there remain many gaps and difficulties. As you know, the issues before us are extremely sensitive and difficult, all the more so given ongoing Israeli policies and practices, such as construction of the Wall on Palestinian land, continued settlement expansion and the intensification of the internal closure regime.

In short, we are facing two major difficulties in our negotiations with Israel. First our negotiations approaches are fundamentally different. While our goal is to define where we want to go up front, namely to establish an independent sovereign state based on 1967 borders with all the rights and responsibilities that it entails, and to have a just resolution to the refugee issue, the Israeli approach is to start with the current situation and negotiate small and gradual improvements to the status quo. This allows Israel to use "security" as a catch-all to derogate from Palestinian sovereignty in a permanent status agreement.

Palestinians want the same rights and responsibilities enjoyed by other states, no more and no less: full sovereignty with all its attributes, including full control of our airspace, maritime space, territory, borders, water, electromagnetic sphere and other resources.

We define this goal - full sovereignty - using the standards the rest of the world has defined for us: basic rights as enshrined in international law, international best practice as applied everywhere else in the world, good neighborly relations. These are the terms by which all nations are entitled to participate in the global community, and the ones on which we base our positions and demands for statehood. Palestinians are no less deserving of their basic rights than any other nation in the world.

While we understand that this goal will be difficult to achieve and that it will take time, it is the only ourcome the Palestinian people would accept in a peace agreement ending the conflict. Any proposal that merely consolidates unilaterally imposed facts on the ground 1 and will not be alle ptable border would necessarily contradict our fundamental rights and interests. The Palestinian people cannot be expected to acquiesce to a slightly improved version of the occupation that is then repackaged as a "state".

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build and expand settlement on the Palestinian Second, Israel continues to create facts on the ground that prejudge the outcome of Permanant negotiations. By continuing to build service thousand and other infrastructure Status throughout the West Bank, particularly in and around East Jerusalem, Israel is undermining the current negotiations, as well as the credibility of the United States and the international community. As you know, Israeli settlement activity is aimed at imposing a de facto outcome to the negotiations by creating facts on the ground. More importantly, such the parties activities threaten the viability of an independent sovereign Palestinian state and will soon spell the death of the two-state solution.

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In the months since Annapolis, Israel has continued its assault on Palestinian national and individual rights, in violation of international law, while showing flagrant disregard for virtually all of its obligations under the Road Map. Construction has continued in at least 101 settlements (not including Jerusalem-area settlements). Similarly, Israeli authorities have issued tenders for 1,731 new housing units since Annapolis, which is already more than 12 times the number of housing units tendered in the 12 months prior to Annapolis. Meanwhile, Israeli authorities demolished at least 185 Palestinian structures, including 85 homes, in the first four months after Annapolis. The number of checkpoints, roadblocks and other physical barriers to movement now exceeds 600. And, of course, Israel has yet to comply with the 2004 ruling of the International Court of Justice, which held that the settlements and the Wall that are built in the Occupied Palestinian Territory (OPT) are illegal, and which requires Israel to stop constructing the Wall, remove those parts already built and provide reparations.

Despite these ongoing violations of Israel's obligations, and despite the embarrassment they cause us daily, as we continue to negotiate under this barrage of facts on the ground we have persisted in the scrious discussions between Resident Abbas and Prime Minister Olmest and between Foreign Minister Livni and her team, and myself and our team in the hope that we will achieve the peace which we have both committed to teach in Annapolis.

Throughout these negotiations we have never stopped demanding that Israel stop its ongoing violations with respect to the Wall, the settlements, the closure, the incursions into Palestinian territory, the demolitions, etc. Throughout the negotiations, Israel has in fact intensified its violations, as demonstrated by the figures noted above. These ongoing violations deprive our meetings and negotiations of credibility, and prevent the process from gaining the necessary support of the Palestinian people.

In any case, we have entrusted you, Secretary Rice, to facilitate these negotiations towards our common goals of the realization of two states based on the 1967 borders, living side by side in peace and security, and to a just resolution to the refugee issue and to assist us all in finding a constructive way forward that ensures that the interests and needs of both parties are satisfied. In furtherance of this goal, we outline below for you the status, as we see it, of each of the core issues currently being discussed in these negotiations.

Terms of Reference

Although we've agreed to several ground rules for the negotiations, we have yet to agree to the terms of reference any agreement will be governed by.

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The three key elements of the ground rules have been that:

1. Nothing is agreed until everything is agreed

2. We will not involve the media in the discussions, and will keep all substantive aspects of the discussions completely confidential; and

3. We will discuss all core permanent status issues, including Borders, Jerusalem, settlement Refugees, Water and Security. i and You agreement with Dop work you want work agreement.

4. We are Working for a comprehensive agreement from a work agreement.

On the terms of reference, however, there is significantly less agreement. While Israel would

On the terms of reference, however, there is significantly less agreement. While Israel would like minimal terms of reference and relies heavily on agreeing to bilateral arrangements in a vacuum, we continue to insist on the universally accepted terms of reference for this conflict. Our baseline and terms of reference are those that the international community and international law have established, namely that any agreement must be based on the United Nations resolutions pertinent to the conflict, specifcally UNSC 242 and 338, the Road Map and the Arab Peace Initiative of 2002, reaffirmed in 2007; it must be based on international law; the agreement, based on the "land for peace" formula, must lead to the end of the Israeli occupation that began in 1967 and end the conflict, thus establishing an independent viable Palestinian State; and resolving the issue of the refugees in a just and agreed upon manner, in accordance with UNGA 194.

Territory

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The Palestinian position is, and has always been, that the two state solution must be based on the 1967 border, which defines the borders of West Bank, including East Jerusalem, the Jordan Valley, the No Man's Land (including in the Latrun), and the Dead Sea, and the baselines of the Gaza Strip. We are content with the 1967 line, which is the universally accepted baseline for the border. However, if Israel wishes to propose modifications to the 1967 line, it must to do so in a way that satisfies Palestinian interests, and on the basis of 1:1 Land Swaps equal in quality

The idea of tand swaps came about as a way to satisfy Israeli concerns regarding the difficulty of requiring a complete settler evacuation. It goes without saying that Palestinians would have no interest in engaging in swaps if they are detrimental to the future state of Palestine. Monetheless, in order to accommodate this Israeli desire, we have put forward a proposal illustrating our comprehensive vision based on universally accepted, fair and reasonable principles for agreeing a border between us – the 1967 border plus one-to-one land swaps, equal in value and size. The Palestinian proposal, which offers a swap of 1.9% which would allow 66% of the settler population to remain where it is, while minimizing the harm to the Palestinian population and state. This is more than a reasonable proposal

Moreover, it is important to bear in mind that the percentage of swap alone, while important, is not a sufficient basis by which to evaluate the reasonableness of a proposal. We cannot accept any proposal that severs East Jerusalem from the rest of Palestine, harms Palestinian contiguity, involves the swap of Palestinians (regardless of their citizenship) or otherwise harms core Palestinian interests. In addition, we do not accept the concept of so called "settlement blocs", much less accept their wholesale annexation. We will only address possible swaps on a settlement by settlement basis. It is for these

reasons that the settlements of Ariel, Givat Zeev, Ma'ale Adumim, Har Homa, Efrat will not be considered under any scenario.

The Palestinian proposal is in stark contrast to that of the Israeli side, which has refused to present a complete map and has put forward a maximal proposal that undermines Palestinian viability, creates enclaves, and encompasses vast amounts of our vacant land and water productive areas. Their proposal largely mirrors the path of the Wall, which they had repeatedly assured the international community would not be used to predetermine the border! In short, the map that Israel has thus far proposed in the discussions is incomplete, and does not address even the most basic Palestinian interests. It proposes annexing 7.3% of the West Bank (according to Israel's own calculations – it is a far larger percentage when calculated based on the whole of the West Bank), including large blocs in and around Jerusalem, in a manner which totally undermines the viability of the future state of Palestine, and does not address its territorial aspirations in Jerusalem at all.

In exchange, Prime Minister Olmert has offered the equivalent of 5% of Israeli territory in the desert areas south of the West Bank and in the northern part of the Gaza Strip — however the Israeli side thus far has refused to present this proposed exchange on a shap. Prime Minister Olmert also suggested as part of the "compensation" for the swap, Palestine would get a dock at Ashdod port, in lieu of our own sovereign port in the Gaza Strip, and would get a territorial link between the West Bank and the Gaza Strip under Israeli sovereignty but purportedly full, uninterrupted and complete Palestinian control.

To summarize, any discussion on borders must be address the border as a whole, without gaps or omissions A piecemeal approach cannot neither meet the interests of both sides, nor result in an acceptable border. Therefore, it will not be possible to agree on a final border whilst Israel refuses to put forward a more reasonable proposal, which must include its vision for Jerusalem or for swaps on its side of the 1967 line.

Jerusalem

Jerusalem is the key to successful negotiations. The realization of Palestinian rights and sovereignty in East Jerusalem is essential to any lasting agreement. Postponing the issue of Jerusalem (or agreeing to a border that excludes Jerusalem) would not be credible, realistic nor acceptable, since this would merely allow Israel to continue creating additional facts on the ground. Moreover, it is illogical to believe that an issue as difficult as Jerusalem is today would be anything but more difficult later.

Although we have put forward our position on Jerusalem several times, Israel has yet to present anything meaningful on the issue. In order for us to reach an agreement, it must be comprehensive and address all issues.

On Jerusalem, although sovereignty must be divided along the 1967 lines (with whatever modifications are agreed to as part of swaps, in accordance with the above principles), modalities may be agreed to that do not necessarily conform to the same lines.

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Palestinians are tied to Jerusalem through strong economic, religious and social links. These links cannot be severed without significant economic and social hardship which will in turn generate greater instability within East Jerusalem, and within the West Bank as a whole

Despite its clear obligation under Phase I of the Road Map, Israel continues to reject calls by the Quartet and the international community to reopen Palestinian institutions in East Jerusalem. The immediate reopening of Orient House and other Palestinian institutions would serve as a critical first step to rebuilding Palestinian trust and confidence in Israel's desire for peace and in the peace process and its seriousness in addressing all core issues.

Water

There is a fundamental disagreement between the Palestinian and Israeli approaches to resolving the issue of water. Palestinians insist that the only reasonable first step is to determine the issue of both parties' water rights – the Palestinian and Israeli percentage of the shared conventional water resources determined in accordance with international law – regardless of the available amount of shared groundwater and surface water year to year. Only then can the parties turn to discussing methods of cooperation to maximize existing water resources for both parties. To consider fully their respective water rights consistent with accepted international practice, the parties must analyze and discuss all shared transboundary watercourses (surface and ground waters), including the Jordan River, which Israel refuses to consider for political reasons.

In contrast to the Palestinian approach, Israel refuses to engage in any discussion of water rights and frames the negotiations in terms of regional water scarcity with the view to cooperate on extending use of current allocations through wastewater treatment, as well as developing new non-conventional sources of water. Israel is using the permanent status negotiations as a forum to discuss what is essentially a separate issue—current conditions on the ground (i.e., the low water level in Lake Tiberias, "zero" water in the lower Jordan River, etc.) and future decreasing available water due to elimate change. Palestinians are committed to discussing only permanent status issues in this forum—cooperation on measures to handle current emergencies are to be discussed in another forum set up to tackle that problem directly.

Finally, it is important to note at the June 12, 2008 meeting of the Trilateral Water Committee chaired by the United States, members of the Israeli delegation put forward an interpretation of the Oslo Interim Agreement asserting that the additional 80 Million cubic meters of water agreed and to be developed by the Palestinians under the agreement reflects future Palestinian needs regardless of the interim period. Thus, the Israeli position is that allocations and development of additional waters under the Interim Agreement are to be the de facto permanent status allocations.

The Palestinians are ready to put forward before the US administration a "win-win" proposal that would satisfy both parties' interests and enable them to allocate shared water resources in accordance with international law.

Refugees

The issue of the refugees is one of the core issues of the conflict: without its just resolution, there can be no end of conflict. Any agreement that does not address the issue of refugees completely and comprehensively, in accordance with international law and international best standards, would be just another interim agreement and would only prolong the conflict.

Any agreement on refugees must address all the core individual rights of the refugees. While there remain significant gaps between us and the Israelis on these issues with respect to Israel's recognition of responsibility, the right of return, reparations and the implementation mechanism, a realistic solution that meets the vital interests of both sides is achievable. First and forement, there must be recognition of the rights of the refugees, after which their specific implementation can be discussed.

On Recognition:

- Israel's recognition of responsibility for the creation and perpetuation of the problem
 is a crucial part of any solution because it gives people a sense of satisfaction that
 their overall historical experience is acknowledged and addressed, and will facilitate
 any possible compromise on implementation. We also believe that this is an essential
 prerequisite on the Israeli side to reach closure in this issue and enable the
 establishment of a "real" peace with Palestinian refugees.
- Israel thus far has refused to recognize its responsibility with respect to the issue of the refugees.

On the right of return.

- Although we understand that full implementation of the right of return is unlikely, in order for there to be a solution the return option will have to be perceived eventually as a real option by Palestinian refugees. The right of return is a recognized right under international law and it has been a core aspect of the Palestinian struggle for the last 60 years. Therefore, it must be addressed in a reasonable manner that takes account the existence of this individual right, its centrality in refugee experience, as well as Israel's capacity of absorption. As the PLO, we are not the holder of refugees' individual rights but we have a mandate to pursue the recognition and implementation of these rights. Therefore we can only seek to maximize the choices for the refugees, and in order to do so at some point must be a full process involving many other parties in order to address this.
- Israel thus far has insisted refugees shall be entitled to Palestinian citizenship and provided with resettlement and integration options only (no return to Israel).

On reparations.

We know that Israel is prepared to give reparations, but the details of this must still
be worked out. For example, there is the question of the extent of restitution that
will be offered to refugees, how much compensation will be paid to them, among
other issues. The Palestinian position remains that refugees shall be granted
restitution and compensation for the material and non material damages they have

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- suffered (including loss of livelihood and opportunities and human suffering, as a result of refugees' protracted displacement). Therefore, compensation is only one part of reparations due.
- In addition, states that have hosted Palestinian refugees shall be entitled for remuneration.
- Israel thus far has been willing to grant compensation to the refugees. Their position
 on the other aspects of reparations remains unclear.

On the international implementation mechanism.

- The international mechanism must include all of the stakeholders that are part of the
 implementation process to work effectively. The international community will have
 to be represented in the mechanism to guarantee the efficiency and durability of the
 implementation process. In addition, all of its aspects must be agreed (in other words
 it must have full parameters) in order for it to be operational.
- Israel agrees to an international implementation mechanism.

Security

We have presented reasonable and flexible proposals in response to the blanket demand for "full demilitarization" by Israel. In short, we have made clear that we are willing to look at any solution to meet Israeli security interests short of Israeli presence on Palestinian territory. More specifically, we have said that Palestine will be a sovereign independent state with limited arms — not limited dignity. As a sovereign and independent state, Palestine will have sovereignty and full control over its territory, including airspace and territorial waters.

To meet our internal security needs, our security forces will need all appropriate weapons and equipment to perform their duties and responsibilities. Our approach is to start by defining what these responsibilities are, in order to agree on details based on needs later—rather than talk about abstract slogans. Palestine will not require an army, assuming we agree to a third party role to take care of our defense needs. However, Palestine will require more security elements than a police force to meet its internal security needs. The core of the security sector will be the police, and it will be supported by special units with suitable equipment to perform the defined responsibilities.

However, following decades of Israeli military occupation, Palestine cannot accept any Israeli military presence or control over its territory whatsoever. Our people will not buy into any agreement that includes a continuation of Israeli control over their land. Israel continues to insist on a presence in Palestinian territory, post agreement, and has thus far been unwilling to accept a third party role that would be more extensive than that of purely capacity building.

In conclusion, we continue to make every attempt in both our efforts to improve the ground situation and in the negotiations themselves to build the foundations of a Palestinian state and to finally resolve this decades long conflict between us and the Israeli government. However, in both tracks we are far from heartened by what we have seen thus far.

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In terms of the facts on the ground, the last six months have only seen an intensification of the settlement construction, the closure regime, the incursions and all of the other detrimental policies by the government of Israel that make the daily lives of our people harder and harder. The closure on the Jerusalem institutions – a simple and good faith task that would have clearly demonstrated commitment to the process and the seriousness of our common endeavor – was renewed instead of being allowed to lapse. Efforts to begin tourism projects on the Palestinian part of the Dead Sea, to begin planning the airport at Quandia, and to build industrial estates in area C in Palestinian territory have all been rejected by the Israeli side.

At the negotiation table, we see similar trends. Many of israel's positions—including on the more technical economic and state to state issues — are based on a formalization of the status quo, or a slight improvement of the interim arrangements.

The Tsraelia perouch shows in shows in shows, we fear that Israel is trying to secure a state with provisional borders, or some form of protectorate or trusteeship, in agreement with us and to call that a state. This, as you can imagine, is not, and will never be, acceptable to us, nor would it end the conflict. In order for the conflict between us and the Israeli government to be ended, an agreement must be just, comprehensive and address the interests of both sides.

With this letter, we use you to assist us in making suffer that Israel understands its own interests in a real peace; one that is sustainable and lasting and that will finally end this decades long conflict.

Please accept, Madame-Sceretary, the expression of my highest consideration.

Sincerely,

Ahmed Qurie

Head of Palestinian Delegation to Permanent Status Negotiations

Cc: Foreign Minister Tzipi Livni