



SEPTEMBER 2009

7 PAPERS FOR BARCELONA 2010

No Euro-Mediterranean Community without peace

by Muriel Asseburg and Paul Salem



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was created in January 2002 as a Paris-based autonomous agency of the European Union. Following an EU Council Joint Action of 20 July 2001, modified by the Joint Action of 21 December 2006, it is now an integral part of the new structures that will support the further development of the CFSP/ESDP. The Institute's core mission is to provide analyses and recommendations that can be of use and relevance to the formulation of EU policies. In carrying out that mission, it also acts as an interface between experts and decision-makers at all levels.

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**10 PAPERS FOR
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Foreword: Ten topics for 2010-2020

Senén Florensa and Álvaro de Vasconcelos

This is the first in a series of ten papers addressing ten critical topics for Euro-Mediterranean relations published jointly by the EUISS and the European Institute of the Mediterranean (IEMed). Our purpose is to formulate policy options on a set of issues which we consider central to achieving the aims stated in the 1995 Barcelona Declaration: building a common Euro-Mediterranean area of peace and stability, of shared prosperity, of common understanding and exchanges between civil societies, founded on the rule of law and the democratic development of all its members' political systems.

The main step to achieve this, in line with the European model of economic integration with clear targets to be met by all over a 15-year time span, was setting up a free trade area by 2010, mindful of WTO obligations. This was to gradually cover most aspects of trade, starting with the elimination of tariff and non-tariff barriers in manufactured goods, followed by agricultural products and services, to be 'liberalised in stages.' This underlines the fact that 2010 was an important date in the view of the founders of the Barcelona Process, in terms of meeting commitments regarded as crucial to fulfilling the promise of 'shared prosperity' and ensuing peace and harmony. This is reason enough, along with the soul-searching review of Euro-Mediterranean mechanisms undertaken in 2005 and 2008, to take a fresh look at the aims and goals defined for 2010 and, in the light of the intervening changes in the political landscape and in Euro-Mediterranean mechanisms proper, make suggestions for the course of action to be undertaken in the next ten years. Defining new targets for 2020, in the political, economic and social spheres, is therefore the purpose we seek to accomplish with this series entitled '10 Papers for Barcelona 2010.'

Over the last ten years, new initiatives have been launched due to the general dissatisfaction with the actual outcomes of the Barcelona Process in promoting real political reforms and fostering social and economic development and in view of the setbacks or lack of meaningful progress in multilateral cooperation. Part of the frustration was generated by events which were deliberately not part of its remit. The fact is, however, that the setbacks and the ultimate failure of the peace process in the Middle East, and to a certain extent also the lack of progress in the Western Sahara, did not allow the Euro-Mediterranean Partnership (EMP)

to provide the complementary confidence-building role that was envisaged in 1995. This made multilateral political and security cooperation increasingly meaningless.

In 2003, the European Neighbourhood Policy saw the light of day. It came to reinforce the bilateral dimensions of the Euro-Mediterranean Partnership and to enhance the objectives of the Barcelona Process, though addressing them from a bilateral angle, so as to make fast-tracking towards closer economic integration with the EU possible for those members of the EMP who were willing and able to do so. In the European Commission's words, 'in return for concrete progress demonstrating shared values and effective implementation of political, economic and institutional reforms, including aligning legislation with the *acquis*, the EU's neighbourhood should benefit from the prospect of closer economic integration with the EU. Specifically, all the neighbouring countries should be offered the prospect of a stake in the EU's internal market and further integration and liberalisation to promote the free movement of persons, goods, services and capital (four freedoms).'¹ This is certainly a very interesting perspective, but few in the south assume it as their own national project for the future. Today, the prospect of a Euro-Mediterranean space of free movement of people, in the light of existing migration and visa policies, remains as a challenge to be seriously tackled.

In the last few years the members of the Barcelona Process, including civil society actors, have produced a series of sobering assessments of its achievements. Resulting revisions of Euro-Mediterranean initiatives led to the launch of the Union for the Mediterranean in July 2008. It is important to note that the Paris Declaration establishing the Union for the Mediterranean has restated the very same goals reaffirmed in the Barcelona 1995 Declaration, namely that Europe and the Mediterranean countries, now including also Albania and Mauritania, are united by the common ambition to build together 'a future of peace, democracy, prosperity and human, social and cultural understanding.'² However, the constant attempts at re-launching the EMP over the past few years have given rise to many doubts about what it is that we are trying to achieve together, and what ultimately is the common ambition behind the initiative. At the same time, there is the feeling that owing to the difficulties at the multilateral level, all hopes are now placed in north-generated variable geometry. While this may allow some in the south to deepen their relations with the EU, it is unclear what the spillover effects for the crucial south-south dimension are likely to be.

It is necessary to reopen the debate yet again in order to clarify two basic things: is there a common destiny binding the EU and the Mediterranean countries together? How can the 'natural' spread of democracy, prosperity and peace from Europe to the south be accelerated through a voluntary political association process? How is this being affected, lastly, by the kind of interplay between the bilateral association agreements and neighbourhood policy action plans, together with the newer trend-setting project-based approach, and the common multilateral drive?

1. European Commission, 'Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours', Communication from the Commission to the Council and the European Parliament, COM(2003) 104 final, Brussels, 11 March 2003.

2. Joint Declaration of the Paris Summit for the Mediterranean, July 2008.

This is a timely moment to go back to fundamentals, for important redefinitions are intervening in the international system with a profound impact in the Mediterranean, just as deep change in American foreign policy – along those same broad lines Europe has purported to stand by for so many unfruitful years – is creating a window of opportunity for real progress on some critical questions facing the entire region. We think this is an opportunity not to be missed. It is our hope that the insights and policy proposals provided in tandem by North and South experts, who have devoted many years to the study of the ten topics raised here, will help shape the decisions that must be taken in 2010 in order that the international community and the EU in particular can indeed rise to this opportunity.



Introduction

Álvaro de Vasconcelos

Besides warning that the Euro-Mediterranean Partnership launched in 1995 in Barcelona was ‘not intended to replace the other activities and initiatives undertaken in the interests of the peace, stability and development of the region’, its founding members also pledged, at least rhetorically, their support for ‘a just, comprehensive and lasting peace settlement in the Middle East.’¹ Almost fifteen years went by, and as chances for peace steadily receded, the Partnership was, as some would put it, ‘upgraded’ to a Union. But, in spite of the huge diplomatic effort that went into it, the Union for the Mediterranean (UfM) was gripped by deadlock just as it was set to take off, derailed by the events in Gaza in December 2008-January 2009.

It would indeed have been foolish to expect that the Euro-Mediterranean inter-governmental framework, originally predicated on the assumption that the lasting peace all its members vowed to support was within sight, and which thus included all the main actors in Middle East conflicts alongside EU members and hopefuls, could meaningfully add to ongoing bilateral and multilateral efforts to achieve that peace. The reverse assumption – that inter-state cooperation could make up for the absence of peace and thrive in spite of outright war – proved however equally futile. Back in 1995, the EU-led effort to develop and strengthen cooperative ties in the contentious Euro-Mediterranean space seemed at the time to be a sensible way to facilitate dialogue on issues of common concern between Israel and its neighbours, precisely because parallel progress on the road to peace would be conducive to identifying shared interests and pursuing them through dialogue.

Today it is plain for everyone to see, however, that meaningful progress in the Euro-Mediterranean multilateral framework depends on unquestionable progress on the peace front, to which the EU must be a fully committed party.

In their respective chapters in this Report, Muriel Asseburg and Paul Salem make this case, with equal urgency: to cite both authors, ‘Euro-Mediterranean relations ... have borne the brunt of crises in the Middle East’ and will thus be ‘greatly influ-

1. Barcelona Declaration adopted at the Euro-Mediterranean Ministerial Conference (27 and 28 November 1995).

enced by the course the region takes in the coming months': if Euro-Mediterranean cooperation 'is to make tangible progress ... Europeans have to make peace in the Middle East a priority'. Clearly, the long-term objective of creating a Euro-Mediterranean Community will not be fulfilled without peace being established in the Middle East.

The situation in the Middle East has already changed in that, after long years of neglect by the US administration, Obama's speech in Cairo in early June made it plain that it is now a priority for the US government to put an end to the Israeli-Arab conflict and to resolve the Palestinian question. This has been a priority for the European Union and the Arab states all along – and above all it should be one for Israel.

The Euro-Mediterranean inter-governmental dialogue, whether branded a 'partnership' or a 'union', is a means to an end. But it is not the only means at the disposal of Europeans and their neighbours towards the same end. The resolution of the Israeli-Arab conflicts must be the top priority and the main focus not only of Euro-Arab relations but, equally as crucially, of Euro-Israel relations, whatever the chosen forum – bilateral, multilateral or both combined. Obama's peace drive is about to materialise in a fully-fledged initiative. But its contents are broadly known to all. There is no reason why the EU should sit back and wait; it is time for policy-shaping initiatives to move forward. Notably, there is scope today for a Euro-Arab peace-support initiative. The European Union can also play a far greater role with regard to the Israel-Syria track, taking its cue from France's engagement with Syria, provided it is willing to bring together and coordinate with all committed parties, notably Turkey.

From Muriel Asseburg and Paul Salem's thoughtful chapters it is possible to draw a number of policy recommendations with regard to resolving conflict in the Middle East, and Europe's role to that end. These may be outlined as follows.

Pay due attention to the added complexities of the regional context. There is a need for a perspective that places the different Middle East questions into the regional context with an awareness of all the complexities and overlaps that this entails. Other than the Israeli-Palestinian conflict, the region is host to a number of conflicts and tensions, some quite old like those existing between Israel and Syria, others more recent like the fallout from the Iraq war or the unfolding Iranian question. Any successful peace strategy will need to take the full picture into consideration. Concentrating on one front should not lead to diplomatic opportunities being missed on the others. Should progress be achieved on the Syria-Israel front that would surely ease tensions in the region as a whole and in Lebanon in particular, facilitating the democratic process there. The start of real engagement along different fronts would allow space for regional talks on an urgently-needed security architecture for the region.

Change the approach and make a decisive push for peace. Roadmaps and long-term processes have been an obstacle rather than an inducement to peace between Israelis and Palestinians. Owing either to unwillingness or incapacity, the parties have been unable to make peace. External parties must therefore forcefully step in to assist them in bridging differences regarding final status issues, steering them clear of 'in-between' or provisional arrangements. Compliance by each on final-status arrangements must be monitored closely, and non-compliance sanctioned, and guarantees provided to both, involving overseeing and if necessary enforcing implementation of the two-state solution on the

ground. This new approach implies that the European Union will have to move from a policy of managing to settling the Middle East conflict, as Javier Solana proposed recently, and this would include support, should it come to that, to a unilaterally-declared Palestinian state.

Put Gaza first. No successful policy can sideline Hamas, whose engagement in any peace initiative must be actively sought if only because, whatever the outcome of future elections, it will have to be one of its guarantors. Israel's military offensive in December 2008-January 2009 did not diminish Hamas's hold on the Gaza Strip, and its popularity in the West Bank has actually increased since the war. 'West Bank first' approaches are doomed to failure and should be abandoned. Another reason to put Gaza first is the gravity of the humanitarian situation which defies description; this alone requires as a necessary first step the reopening of Gaza's border crossings. The current preconditions for dialogue with Hamas should be dropped in the interest of Palestinian reconciliation and ultimately peace.

Support elections as a step towards Palestinian reconciliation. Reconciliation between Palestinian factions is as essential to achieving peace as it is to dealing with the humanitarian crisis in Gaza. Prospects of reconciliation are linked to an agreement to hold Palestinian elections early in 2010. A national unity government should be established beforehand so that an electoral system is set in place that ensures the winner does not take all and consequently that the opposition will be allowed its proper role in a democracy. The European Union must not only support the electoral process, as it has done before, but give assurances that any government emerging from a free and fair election will be recognised.

Establish the right link between two separate questions. For the European Union, the core issue is Middle East peace – and not Iran, even if Iran is a central issue for EU diplomacy. The European Union welcomes the US's offer of engagement with Iran, and needs to support it also by making sure that the Middle East peace process is not contaminated by the Iranian question. In fact, parallel progress on both fronts would be mutually beneficial. The facile assumption that Hamas is nothing more than a proxy of Teheran must be rejected. However, being included in the peace negotiations will make it easier for Hamas to diversify its international relations, including with the Arab world.

Support Obama's agenda. Europeans have a strategic interest in the success of Obama's Middle East initiative. They need to actively contribute to it by acting in those areas where it is more difficult for the US to take the lead. This is notably the case with regard to engaging Hamas; alleviating the grave humanitarian situation in Gaza also calls for decisive EU involvement alongside Arab states. This implies not only the ability to work with the United States, but first and foremost willingness and resolve on the part of Europeans to act together. Peace efforts and peace-support must be at the heart of EU relations with Israel. There is a need to step up consultations between the EU and the US, and concomitantly with Turkey and the Arab States. The Europeans should also place the Middle East peace initiative at the heart of regular diplomatic consultations with all their partners, including China, Russia and other major powers, thereby ensuring that it is a multilateral and effective strategy.

Make variable geometry work. Reverting to the idea of deeper cooperation in selected policy areas bringing together a number of EU and Southern Mediterranean countries (though

not necessarily all of them) should be given careful consideration. This formula has been tried with success within the EU in the case of Iran. It was the original idea, moreover, behind the Mediterranean Union as it was then called. Further initiatives, which need not necessarily be permanent, could be envisaged involving EU Member States prepared to engage with Hamas, for example, or to move forward on the Syria–Israel front, alongside Turkey and the Arab states; such ‘variable geometries’ in which *ad hoc* groups of countries cooperate more closely on specific policy areas if they so wish, while others are free to stay out, could usefully be applied to the much-needed reinvigoration of Euro-Mediterranean relations as a whole.

Set up peace-support projects including within the UfM. Once concrete steps are taken on the road to peace, the Union for the Mediterranean should prioritise regional peace-support initiatives designed to fully integrate Israel and Palestine into the region, and to facilitate the joint implementation of steps towards establishing a Palestinian state. The Arab States are committed to the full normalisation of relations with Israel in the event that this should come about, as foreseen in the Arab Peace Initiative, and the European Union is equally committed to deeper, advanced status cooperation with Israel in the framework of the European Neighbourhood Policy (ENP). While Euro-Mediterranean dialogue can bear no fruit while there is no peace, it should positively reinforce south-south integration once peace is at hand. Deeper EU and individual Member States’ cooperation with Arab states can only be conducive to such an outcome.

Bear in mind that the clock is ticking. If Israeli-Palestinian peace is to be achieved on the basis of a two-state solution, as is nearly universally accepted, then time is of the essence. Either this solution is implemented now or further procrastination may cause the present window of opportunity to vanish entirely. To grasp the opportunity opened by renewed US commitment, it is crucial that both Israel and Hamas cease to undermine the peace efforts. Other actors in the region and further afield equally need to demonstrate their commitment to peace with an added sense of urgency. Iran, for one, would be well-advised to respond positively to engagement – the sooner the better.

1. Euro-Mediterranean cooperation and protracted conflicts in the region: the Israeli-Palestinian predicament

Muriel Asseburg

Summary

The Arab-Israeli conflict, and in particular the Israeli-Palestinian dimension at its core, has been one of the main stumbling blocks to progress towards regional cooperation, stability, and economic and political reform in the Mediterranean. It has also severely impaired confidence and trust building between the two shores of the Mediterranean. European policy initiatives for the Mediterranean have also failed to provide approaches and instruments to adequately deal with conflict. Consequently, what over the last fifteen years has proven to be one of the main obstacles to improved Euro-Mediterranean relations and to regional integration is bound to remain a major impediment. If Euro-Mediterranean cooperation is to make tangible progress and if Europeans are serious about fending off 'soft' security risks emanating from the region, Europeans have to make peace in the Middle East a priority. This is even more relevant because of the urgency created by the rapidly diminishing feasibility of a two-state settlement and the looming danger of a breakdown of the Palestinian Authority.

Currently all hopes are set on the US administration. While the approach of the Obama Administration to the Middle East peace process has not yet been fully revealed, so far it has concentrated on pressuring both parties to the conflict to fulfil their roadmap commitments. It has, above all, insisted that Israel halt all kinds of settlement activity and that Palestinians end violence. These are hardly new approaches, but the White House has started to pursue them with much more clarity and determination than during the George W. Bush years. In addition, a clear shift in policies has been enacted with regard to Syria, where President Obama has abandoned the isolationist approach of his predecessor and started to engage Damascus.

It would be wrong, however, to assume that the US President will be able to concentrate sufficient energy on the Middle East so as to achieve conflict settlement largely on his own. Europeans should therefore stop claiming a role as a 'player', and rather assume that role and vigorously engage in politics. Certainly, Europeans are in no position to substitute for

the United States as the main power broker in the Middle East and in providing security guarantees, but they can and should assume a supportive role to move the talks forward, to influence the approaches taken and to offer concrete contributions to a final settlement that can help bridge the gaps between the parties in the region.

With regard to the Israeli-Palestinian track, Europeans should aim at giving fresh impetus to the resumption of final status talks. In parallel, they should engage in crisis management and the pursuit of inclusive state and institution building by credibly supporting Palestinian power sharing and ending the blockade of Gaza. Europeans should also stand ready to help advance the other tracks of the peace process, above all by addressing its Israeli-Syrian dimension. Here, Europeans should take measures that aim at long-term stabilisation and socio-economic development and at preparing 'a soft landing' for the Syrian regime. That would necessitate quickly ratifying and implementing the Association Agreement and complementing it with an ENP Action Plan.

The Arab-Israeli conflict, and in particular the Israeli-Palestinian dimension at its core, has been one of the main stumbling blocks to progress towards regional cooperation and integration, regional stability, and economic and political progress in the Eastern Mediterranean. It has also been a major impediment to confidence and trust building between the two shores of the Mediterranean. Since early on, the conflict has soured relations and impeded normal proceedings in the Euro-Mediterranean Partnership (EMP). It has moved the region further away from a 'zone of peace, stability, and prosperity' as envisioned in the Barcelona Declaration in 1995, rather than bringing it closer to this vision. Of course, other sources of instability and friction exist in the region. However, no single other factor has had so deep an impact.

Repercussions of conflict

Since the beginning of the millennium alone, the conflict has escalated into war or large-scale violence three times – in the Second Intifada, the 2006 summer war in Lebanon and the Gaza Strip and the 2008-2009 Gaza war. Repercussions of the conflict have most immediately been reflected in the form of a large number of refugees and high military expenditures in the region. The degradation of the conflict has also led to a weakening of states and central governments and the persistence and strengthening of armed non-state actors, as well as the inefficient use of both local and international resources for repeated reconstruction efforts and humanitarian aid rather than sustainable development – in particular in Lebanon and the Palestinian Authority (PA). It has also been manifest in the absence of comprehensive regional security structures that would include all relevant parties as well as in the dominance of a culture – prevalent among governments as well as societies – that is averse to Arab-Israeli but also intra-Arab cooperation. This has been concurrent with a majority of states in the Southern and Eastern Mediterranean being 'strong' only in terms of their repressive capacities, but not with regard to regulatory quality, government effectiveness, rule of law or control of corruption. The breakdown of the Oslo peace process and the escalation of the conflict has furthermore undermined the legitimacy of those regimes that have peace treaties (or are cooperating closely) with Israel, above all Egypt,

Jordan and the PA. This has prompted repeated restrictions of civil and political rights, the suspension of parliaments, the manipulation of elections through legal and illegal means, and has thus impacted negatively on the political openings enacted in the late 1980s and early 1990s.

In addition, the Arab-Israeli conflict has increasingly been interlinked with other conflicts in the region, above all the war in Iraq and its aftermath (e.g. via refugee communities and returning fighters) as well as the conflict with Iran over its nuclear programme and Iran's increasingly assertive posture in the region. The most palpable repercussion of the conflicts around Iraq and Iran has been a stark regional polarisation between pro-Western Arab regimes (dubbed 'moderate' Arab states) led by Egypt, Saudi Arabia and Jordan (and including the PA) on the one hand and, on the other hand, a camp that embraces Iran, Syria, Hezbollah, and Hamas, all opposed to what they perceive as 'Zionist and Imperialist schemes' for the region. The latter like to portray themselves as the 'front of resistance' or the 'front of steadfastness'. Furthermore, this polarisation as well as the Iraqi civil war has elevated the Sunna-Shia divide to new, political relevance. Both developments have not only been reflected in a stark socio-political polarisation in Lebanon and in the Palestinian Territories and negatively impacted on governance capacities there. The regional polarisation has also hindered conflict settlement and regional cooperation – and added another impediment to an effective nuclear non-proliferation regime.

The conflict has also entailed serious repercussions for Europe and for Euro-Mediterranean relations. It has added to the radicalisation of some individuals in Muslim communities in EU Member States (in some more than in others, depending, among other factors, on the national background and level of integration of migrant communities) – reflected in, mercifully to date only a few, terrorist attacks by Islamist terrorists in European cities. The conflict has also fuelled persistent accusations that EU Member States apply 'double standards' in their behaviour towards actors in the region and in their judgement of their actions. Among European publics, the recurrence of violence in the Middle East has reinforced the perception of Islam as a religion breeding violence, radicalism and fundamentalism. Xenophobia and Islamophobia have increased, and the conflict has thereby put additional hurdles in the way of overcoming perceptions of a clash of civilisations: a stand-off between the West (supporting Israel) and the Muslim world.

Lack of conflict management and conflict resolution instruments in the regional initiatives

Not only have European policy initiatives for the Mediterranean suffered from the persistence of violent conflict: the Euro-Mediterranean Partnership (EMP), the European Neighbourhood Policy (ENP), and the latest undertaking, the Union for the Mediterranean (UfM) have also failed to provide approaches and instruments to adequately deal with it. In these frameworks, Europeans have followed an approach that was to be *complementary* to the Middle East peace process and aimed at providing an environment conducive to a durable peace, rather than offering instruments for directly dealing with conflict. In this,

Europeans have rather followed a post-conflict peace building approach aiming at regional cooperation and integration and confidence and partnership building measures. Such an approach certainly appeared to make sense at the time when the EMP was conceived in the first half of the 1990s, when the Oslo and Madrid processes were in full swing and the United States were actively mediating between the parties to the conflict.

However, as peace negotiations quickly ground to a halt – no substantial progress was achieved after the death of Yitzhak Rabin in November 1995 – Euro-Mediterranean relations also started to falter. The main reason being that Arab states did not want to engage in a cooperation that could be perceived as ‘normalising’ their relations with Israel as long as the latter did not end the occupation of lands conquered in 1967 and did not agree to a just solution to the refugee issue. Therefore, a ‘Charter for Peace and Security in the Mediterranean’ has been on ice for almost a decade now, and the few confidence- and partnership-building measures that have been realised within the framework of the Barcelona Process could not prevent the renewed outbreak of violence and the recurrence of war.

None of the latest policy initiatives that seek to adjust and upgrade European relations with the region, such as the ENP or the UfM, introduce any new instruments for conflict resolution or conflict management. Consequently, what over the last fifteen years has proven to be the main stumbling block to improved Euro-Mediterranean relations and to confidence building and regional integration – i.e. the Arab-Israeli conflict – is bound to remain a major impediment to closer cooperation between states on the Eastern Mediterranean as well as between Europeans and the region.

One of the original ideas of the Mediterranean Union, of course, was to get around this stumbling block by allowing for what has been termed ‘variable geometries’, i.e., a framework in which subgroups of countries are free to cooperate more closely on specific projects and policy areas if they so wish while others are free not to be part of these programmes. However, with the institutional set-up and preliminary procedures for project approval adopted in Barcelona and Marseille, regional conflicts will most likely continue to impede cooperation – as has been illustrated by the formal (if half-hearted and partial) suspension of all meetings having to do with the UfM by the Egyptian Co-Presidency in reaction to the war in Gaza. The adjustments made to the institutional framework of the Barcelona Process with the launch of the UfM, such as the introduction of a Co-Presidency and a permanent Secretariat, might be helpful in rectifying to a certain degree the perceived lack of ownership among the EU’s Southern partner countries. Other innovations, such as the recently introduced project areas, might, if indeed enacted, increase the visibility of Euro-Mediterranean cooperation. However, with regard to the region’s core conflict which presents a major stumbling block in the way of closer cooperation, the new structures and procedures (a Southern Co-Presidency; a Secretariat rather than the EU Commission being responsible for project identification, initiation and follow-up; the consensus principle applying to all aspects of the process, thus giving effective veto rights to every partner country) tend to increase the blocking potential than reduce it.

Thus, if Euro-Mediterranean cooperation is to make tangible progress, Europeans have to make peace in the Middle East a priority – even if, it must be said, current circumstances in the region are anything but promising.

Difficult conditions for conflict settlement

After the failure of the latest US-driven initiative for conflict resolution, the so-called 'Annapolis process', the breakdown of a six-month ceasefire between Israel and Hamas in December 2008 and the December-January war in Gaza, conditions for conflict settlement in the Middle East have not improved. As a direct consequence of the Gaza war, extremist forces have been strengthened further in both Israel and the Palestinian Territories. The likelihood of the parties in the region enacting a new round of peace talks by themselves is next to zero.

In Israel, following the February 2009 elections, a right-wing government has been ushered into power, for which the pursuit of a two-state settlement certainly is no priority. This remains true even though, under US pressure, Israeli Prime Minister Benjamin Netanyahu in a mid-June 2009 speech at Bar Ilan University finally conceded and spoke of a two-state solution. At the same time he insisted that Jerusalem remain the united capital of Israel, that the Palestinians recognise Israel as the State of the Jewish people, that the Palestinian State be completely demilitarised and that Israel would continue to ensure that settlers in the West Bank could 'live normal lives,' indicating his intention to continue building within existing settlements in order to accommodate the so-called 'natural growth' of the settler population. He also pointed out time and again that he considers the appropriate (and only realistic) way of dealing with the Palestinian question to be the improvement of living conditions in the West Bank and the achievement of what he has termed 'economic peace.'

In Gaza, the military campaign did not deal a 'decisive blow' to Hamas as had been envisioned by the Israeli leadership. Although Israel largely destroyed Hamas's military capacities, killed some of its cadres as well as some hundred fighters, and smashed parts of the tunnel infrastructure that connects the Gaza Strip with Egypt, Hamas has remained in firm control of the Gaza Strip. Also, as polls indicate, the overall popularity of Hamas has actually increased since the war and particularly so in the West Bank. There is no doubt but that Hamas remains an actor to be reckoned with.

In the West Bank, while President Mahmud Abbas and West Bank Prime Minister Salam Fayyad enjoy solid backing from the international community, they have been faced with increasing opposition not only from Hamas but also from the Fatah rank-and-file which saw their cadres, once more, underrepresented in a new West Bank government established in May 2009 under international pressure. Also, other PLO factions, such as the Popular Front for the Liberation of Palestine (PFLP) and the Palestinian People's Party (PPP) have declared their opposition to the new government. In addition, arrangements for Fatah's long-overdue Sixth General Congress – a meeting equivalent to a party convention, in which Fatah would elect its leadership and decide on changes to the party's programme, but which has not been held for 20 years – were marred by serious disputes in the preparatory committee concerning the date and venue of the meeting (i.e., whether to hold it in the Palestinian Territories or outside, the latter allowing for representation of the Diaspora), but also over who would be picked to participate as well as the political platform to be adopted. In the end, the Congress took place in early August 2009 in Bethlehem. As expect-

ed, not all nominated delegates felt comfortable about entering the Palestinian territories for fear of arrest by the Israeli army. Worse still, the Hamas government prevented some 300 Fatah members in the Gaza Strip from participating in the Congress by refusing them authorisation to leave – against the backdrop of the arrests of some 800 Hamas members in the West Bank in the preceding weeks. The Congress adopted a new programme stressing negotiations and peaceful means to achieve independence, an end to occupation and the implementation of the right of return. It also elected new representatives to Fatah's institutions, the Central Committee and the Revolutionary Council. At the same time, it avoided delving into an analysis of the party's recent failures and problems, an in-depth discussion of the way forward or agreeing on a common stance towards Hamas.

Moreover, the territorial and political rift of the Palestinian body politic has been further deepened. Not only have there been two competing governments in the West Bank and the Gaza Strip, both with questionable legitimacy, since June 2007, but also, on 9 January 2009, the term of office of the Palestinian President expired according to the Palestinian Basic Law. Hamas has since no longer recognised the authority of President Abbas, and rather (as the Speaker of Parliament, who according to the Basic Law would be the Acting President, was imprisoned in Israel until late June 2009) considered the Deputy Speaker of Parliament, Ahmed Bahar, a Hamas figure, to be Acting President.

Reconciliation talks between Palestinian factions mediated by Egypt have achieved some progress, above all, an agreement to hold elections early next year. But so far they have not yielded any tangible results on the most important points of contention: a unified security apparatus, a restructured PLO including Hamas, the electoral system to be adopted for parliamentary and presidential elections preliminarily scheduled for January 2010, as well as the programme of an interim government comprising all factions (or being backed by all factions.) As positions on these issues have seemed to remain irreconcilable, Egypt has proposed to maintain the two Palestinian governments for the time being and to form a coordinating committee in which both cooperate in order to prepare for elections and solve some of the more practical questions, e.g. related to Gaza reconstruction. Palestinian public opinion has strongly favoured national reconciliation and a return to a national unity government. Still, as it seems, the disincentives working against compromise have had a stronger effect. Hamas and Fatah have both been reluctant to engage in a process in which each side fears losing control over the territory it currently commands, this fear being compounded by the deep mistrust between the two parties.

A new US approach?

An additional reason for lack of progress in the Cairo talks has been that the incentives offered by the international community have not worked in favour of national unity but have rather entrenched the rift. Not only have the US and the EU officially stuck to the three 'Quartet criteria' – renunciation of violence, recognition of Israel's right to exist, commitment to all agreements signed by the PLO and Israel – as a precondition for dialogue and cooperation with any new Palestinian government or interim body, thus casting doubt on the sincerity of repeated declarations encouraging Palestinian unity. The international community also did not acknowledge the progress contained in the platform adopted by

the short-lived Palestinian National Unity Government (March-June 2007) which was going to *de facto* work within the Oslo framework and in which Hamas had agreed to empower the Palestinian President to pursue peace negotiations. Rather it has kept on insisting – in a completely unrealistic expectation – on some sort of official and explicit declaration in which a Palestinian governing body bows to the Quartet conditions.

Europeans and Americans have also carried forward their ‘West Bank first’ approach aimed at backing Mahmud Abbas and sidelining Hamas – and have thus, at least implicitly, supported the far-reaching Israeli blockade on the Gaza Strip. While the international donor community showed great dedication to rebuilding Gaza and ongoing support of the PA by pledging some five billion US dollars at a March 2009 donor conference in Sharm al-Sheikh, it has failed to translate that commitment into efforts aimed at establishing the necessary conditions for reconstruction to begin. Rather, it has mainly provided increased support for the Ramallah government. As a consequence, seven months after the war, while some basic goods and materials have been allowed into the Strip, next-to-zero progress has been achieved with regard to a permanent reopening of Gaza’s border crossings. Rather, Gaza has remained almost completely closed off. Serious reconstruction efforts have not even begun and the humanitarian situation has remained dismal. Europeans and other donors have, for months, not even been able to transfer salaries to PA employees in the Strip.

Early in his Presidency, US President Barack Obama announced that he wants to engage ‘aggressively’ in favour of Middle East peace making and he has taken some encouraging steps in that direction. As one of the administration’s first appointments, he nominated Senator George Mitchell as Special Envoy to the Middle East and has meanwhile sent him to the region several times. This appointment has not only raised hopes for a more inclusive approach to the Palestinian scene (based on George Mitchell’s successes with regard to the peace process in Northern Ireland, the decommissioning of IRA weapons, and a power sharing arrangement), but also with regard to tougher stances on Israeli settlements in the Palestinian Territories (based on the recommendations in the April 2001 ‘Mitchell Report’ or ‘Sharm al-Sheikh Fact-Finding Committee Report.’) While the approach of the Obama Administration to the Middle East peace process has not yet been fully revealed (or even conceived), some elements have started to crystallise. It has become clear that the US administration will aim at a settlement of the Israeli-Palestinian conflict on the basis of a two-state approach. President Obama has even defined that as a US national interest. Contrary to Israeli attempts at conditioning progress on the Israeli-Palestinian track on progress with regard to preventing Iran going nuclear, the US wants parallel efforts on both tracks. In this, the new administration wants to build on the shared interest of its Arab allies and Israel in blunting the perceived threat from Iran so as to advance confidence building in the region. It is thus encouraging Arab states to amend the 2002 Arab Peace Initiative, by advancing the process of ‘normalisation’ with Israel even before peace agreements are signed or implemented, in view of making it more palatable to Israel and with the aim of encouraging the Israeli government to take practical steps towards the establishment of a Palestinian state. At the same time, the US has concentrated on pressuring both parties to the conflict to fulfil their roadmap commitments. It has, above all, insisted that Israel halt all kinds of settlement activity (i.e., freeze all settlement construction, including so-called ‘natural growth’ and remove all settlement outposts established since March 2001) and that Palestinians end violence. It has also started to attend more to the humanitarian situ-

ation in the Gaza Strip and continued its efforts at strengthening the security apparatus of the PA in the West Bank. These are hardly new approaches, but the White House has started to pursue them with much more clarity and determination than during the George W. Bush years – in particular with regard to the settlement issue. In addition, a clear shift in policies has been enacted with regard to Syria, where President Obama has abandoned the isolationist approach of his predecessor and started to engage Damascus.

The US President has also incorporated these policies into a more comprehensive approach which stresses the linkages between the conflicts in the region and therefore, after the disastrous policies of the Bush administration, not only seeks a new beginning between the US and the Muslim world in general but, in more concrete terms, aims at mid-term troop withdrawal from Iraq, stronger engagement in the fight against terrorism in Afghanistan and Pakistan, and diplomatic efforts at resolving the nuclear issue with Iran, to name but the most important objectives. In his June 2009 speech in Cairo, he therefore stressed mutual respect rather than conflict, his reading of Islam as a religion of tolerance and progress, his willingness to engage in diplomacy without preconditions and in pragmatic cooperation based on mutual interests. This demonstrates a clear shift away from the ‘with us or against us’ approach of the Bush administration. He has also paved the way for a renewed, more even-handed US engagement in the Middle East peace process. While stressing the strong and unbreakable bonds between the US and Israel, he expressed strong empathy with the Palestinians – acknowledging the suffering of the Palestinian people as a result of dislocation and occupation and stressing that such suffering as well as the humanitarian crisis in the Gaza Strip do not serve Israel’s security. He reiterated his clear commitment to a two-state settlement and promised to personally pursue this outcome based on the road map. He also stressed that both sides had to fulfil their roadmap obligations and, above all, that Palestinians – including Hamas which he acknowledged as a political actor supported by a sizeable part of the Palestinian population and who he urged to act responsibly – had to abandon violence, and that Israel had to stop settlement building.

It would be wrong to assume, against the backdrop of the plethora of foreign policy challenges with which the US President is faced, that he will be able to concentrate sufficient energy on the Middle East so as to achieve conflict settlement largely on his own. Europeans should therefore stop claiming a role as a ‘player’, and rather assume that role and vigorously engage in politics. Certainly, Europeans are in no position to substitute for the United States as the main power broker in the Middle East and in providing security guarantees, but they can and should assume a supportive role to move the talks forward, to influence the approaches taken and to offer concrete contributions to a final settlement that can help bridge the gaps between the parties in the region. With Barack Obama, they have a President in the White House who is willing to engage in cooperation with the EU and its Member States in order to pursue a two-state solution and comprehensive peace in the Middle East.

A precondition for a more active European role would not only be close coordination with the new American President, but, first and foremost, the willingness and capability of Europeans to jointly take on responsibility. So far, the EU track record has been anything but convincing in this respect. After the US elections, Europeans hesitantly stood back rather than attempting to fill the vacuum between administrations. Also, during

the war in Gaza, the EU as a whole proved incapable of acting swiftly, vigorously and cohesively and thus working convincingly towards bringing about an early end to the bloodshed and ensuring respect for international humanitarian law. Since the advent of the new US Administration, European government officials have been in close contact with their American counterparts. They have tried to influence the American policy review and offered to back up a renewed US engagement with complementary activities. In this endeavour, they have, however, failed to forge a united EU stance on issues on which they are deeply divided, above all, on how to deal with Hamas and the situation in the Gaza Strip and on how to push the peace process forward with a more effective European diplomacy. Europeans should think about tasking a group of states – be it the Quintet (France, Great Britain, Germany, Spain and Italy) or the Trio Presidency – together with the High Representative for Foreign and Security Policy with leading the effort of rethinking their policy approaches and seeking a more effective coordination and division of labour with the new US administration.

This is even more relevant because of the urgency created by the rapidly diminishing feasibility of a two-state settlement and the looming danger of a breakdown of the PA. Not only are intensified efforts needed to reinvigorate Israeli-Palestinian negotiations, but Europeans should also stand ready to pursue Palestinian state-building efforts and help advance the other tracks of the peace process, above all, by addressing its Israeli-Syrian dimension.

Making Middle East peace a priority

With regard to the Israeli-Palestinian track, three policy revisions concerning the way in which Europeans (and their partners in the Middle East Quartet, the US, Russia and the UN) currently deal with the conflict are crucially important. They should aim at reinvigorating final status talks in parallel with crisis management and the pursuit of inclusive state and institution building by credibly supporting Palestinian power sharing, ending the blockade of Gaza and moving to comprehensive conflict settlement.

Credible support for Palestinian power sharing and inclusive institution building instead of isolation of Hamas

Efforts at conflict management will hardly be successful if Europeans (and their Quartet partners) keep on trying to work around Hamas and stick to a formal acknowledgement of the Quartet criteria as pre-conditions for dialogue and cooperation. Rather, Europeans should clearly support a renewed power-sharing arrangement between Hamas and Fatah in order to clear the way for the preparation of elections, to provide the President with renewed backing for negotiations and to find an understanding on the manning of the Palestinian side of the Rafah crossing. Such an arrangement, even if only partial, would be one of the necessary conditions for the reopening of the border crossings, an eventual redeployment of European border monitors (EU BAM Rafah), and for reconstruction to begin.

In this context, European support for Egyptian mediation efforts between the Palestinian factions should be more explicit than to date by signalling a clear preference to coop-

erate with a Palestinian (interim) body supported by all relevant factions. Also, contacts with Hamas, even if the movement remains on the European list of terrorist organisations, should not be conditioned on them declaring their adherence to certain stances. While, for some time, individual European politicians have started to talk to Hamas representatives, the June 2009 Council Conclusions for the first time signal a shift in the official European attitude as they no longer insist that the Quartet criteria be met as a precondition for co-operation and instead ‘... call[s] on all Palestinians to find common ground, based on non-violence, in order to facilitate reconstruction in Gaza and the organisation of elections.’¹ Europeans should follow through with this line and clearly signal that EU cooperation with a Palestinian (interim) body will first and foremost depend on ‘a cessation of violence’ and on this body undertaking ‘visible efforts on the ground to arrest, disrupt, and restrain individuals and groups conducting and planning violent attacks on Israelis anywhere,’ as has been formulated in the 2003 Roadmap to peace in the Middle East. Also, ‘such actions should be accompanied by supportive measures undertaken by Israel.’² If the US administration could be convinced to be on board for such an approach, the signal, of course, would be much stronger.

So far, Europeans and Americans have refrained from changing their stance on Hamas mainly on the grounds that the inclusion of Hamas – as Israel has warned – would prevent progress in Israeli-Palestinian talks. The fact of the matter is, however, that Mahmud Abbas cannot continue to talk peace with the Israelis when they are at war with Hamas (or the Gaza Strip), and he will always be discredited as lacking control and not being able to muster support for and implement any agreement as long as he is not empowered by a majority of the factions and does not have the backing of a substantial part of the population. In addition, Hamas has the power to spoil any progress in talks – if such progress were indeed to occur – as long as it does not have a stake in it. Inclusion in a national unity government and participation in elections, based on a system that would ensure that the loser would remain part of the political game and the results of which the international community would not undermine but endorse, could provide such a stake.

Moreover, institution building in the Palestinian Territories – an endeavour which Europeans have supported since the early Oslo years in view of building the nucleus of a Palestinian State – cannot make real progress as long as the split within the PA continues. Palestinian security services are a case in point here. Over the last few years, Europeans and Americans have concentrated on building Palestinian capacities in the security sector. This, while restricted to the West Bank, for sure, has been an important and necessary endeavour to enable Palestinians to maintain law and order, to fulfil their roadmap commitments and to prepare for statehood after much of the Palestinian security infrastructure had been destroyed in Israeli reprisal raids in the Second Intifada and against the backdrop of the plethora of Palestinian security services – a legacy of Arafat’s security governance. And indeed, the progress made with regard to ensuring order in the West Bank has been impressive. However, the legitimacy of these efforts has been strongly undermined in the eyes of many Palestinians as the process has largely been controlled externally and Pales-

1. Council Conclusions on Middle East Peace Process, 2951st External Relations Council Meeting, Luxembourg, 15 June 2009.

2. ‘A Performance-Based Road Map to a Permanent Two-State Solution to the Israeli-Palestinian Conflict by the Quartet (The European Union, United States, the Russian Federation and the United Nations)’, 30 April 2003.

tinians have perceived it as primarily serving Israeli security interests and as bolstering one Palestinian faction against another rather than aiming at ending the occupation and building a Palestinian State.

The hope expressed by the Europeans that the Palestinian civil police – on which European efforts concentrate – would evolve into an efficient, legitimate, and democratically controlled body will hardly be realised in a political context of a defunct parliament, contesting governments in the West Bank and Gaza Strip and continued Israeli military operations in Palestinian cities. Thus, while support for Palestinian security forces is crucial, it cannot be seen separate from the ongoing occupation and the Palestinian power struggle. Such support will only be perceived as legitimate if it takes place in view of preparing for independence and if accomplishments with regard to fulfilling roadmap commitments can be translated into political gains in negotiations with Israel. On top of this, as long as the split in the Palestinian polity endures, no effective oversight or democratic control of the security services can be established, which in turn will continue to undermine the reputation of the Palestinian police. In a more general sense and as a principle, European institutional support should not follow the dictates of political opportunism but should rather be oriented toward transparency, adherence to the rules of democracy, and the strengthening of government structures rather than political figures.

Revising the ‘West Bank first’ approach and ending the blockade on the Gaza Strip

Some seven months after the end of the Gaza war, while there has been some European and US support to combat arms smuggling into the Strip, and while billions of euro have been pledged, humanitarian aid and reconstruction efforts have lagged behind terribly – above all, because the blockade on Gaza has remained in place. So far, no tangible progress has been achieved on a mutual ceasefire between Israel and Hamas and on an exchange of the kidnapped Israeli soldier Gilad Shalit and Palestinian prisoners. The blockade, in turn, has not weakened Hamas. On the contrary, it has generated additional income for Hamas through taxation of the tunnel trade, and it has further increased Hamas’ control over the Gaza Strip’s population – by controlling imports and by cutting off almost completely independent reporting on the situation in the Strip. It is hard to imagine that the continued blockade and the prohibition on any non-essential items legally entering the territory through the Karni and Kerem Shalom crossings will lead to a moderation of views and restore hope among Gazans that a future is possible in which two states live peacefully side by side.

It is also an illusion that genuine stabilisation could be achieved or peace be made without including the Gaza Strip – the people in the West Bank and Gaza are too closely inter-linked, and the repercussions of actions and events in Gaza on the West Bank and vice versa are too strong.

Europeans and Americans therefore should strongly back Egyptian mediation efforts between Israel and Hamas for a mutual ceasefire and work with Israel towards the implementation of the 2005 Agreement on Movement and Access (which is to safeguard movement

of people and goods to and from the Gaza Strip and maintain connections between Gaza and the West Bank) rather than pouring ever more funds into the Palestinian Territories. As assessments of the World Bank and other international financial institutions point out, regardless of the amount of foreign support, there will not be any sustained economic upturn in the Palestinian Territories unless the blockade on the Gaza Strip is lifted and restrictions on movement in the West Bank are drastically reduced. While Israel has, under US pressure and in accordance with Benjamin Netanyahu's approach of an 'economic peace,' lifted a considerable amount of road blocks in the West Bank since June 2009, so far, no tangible progress has been achieved with regard to the blockade on the Gaza Strip.

Moving from conflict management to conflict settlement

Europeans should strongly back the US President in his endeavour to re-open a political perspective, i.e., the negotiation and implementation of an Israeli-Palestinian peace accord in the foreseeable future, without which it is rather unlikely that another round of violence will not erupt soon, without which those Palestinians that stand for a negotiated solution will be unlikely to survive politically much longer and without which a negotiated settlement might no longer be achievable at all.

In fact, we are faced with a paradox situation here: while a two-state arrangement has by now been internationally acknowledged as the only realistic way to settle the Israeli-Palestinian conflict and is, in principle, supported by a majority in both societies, its realisation is fast becoming elusive. This is not only the case because the territory foreseen for a Palestinian State is becoming ever more fragmented due to continued construction of settlements and settlement infrastructure and the separation barrier in the West Bank as well as the territorial and political separation of the West Bank and the Gaza Strip. It is also the case because over the last few years, with each war, the radicalisation of societies has increased, radical forces have gained popularity, and the room for manoeuvre and compromise of those engaged in negotiations and attempts at peaceful conflict management has been reduced. In this context, alternatives to the two-state option have been increasingly discussed. The binational state, i.e., both people living on equal terms in one state, may seem an attractive model – but it is not a realistic option to end the conflict as an overwhelming majority of Israelis rejects it because it fears that in the mid-term, due to demographic developments, the character of Israel as home and safe haven for Jews would be endangered. Other alternatives, such as an Egyptian trusteeship of Gaza and a similar Jordanian role in the West Bank would not satisfy the national aspirations of the Palestinians, would not solve other final status issues (Palestinian refugees, Jerusalem, water, etc.) and would run the risk of jeopardising existing Israeli-Egyptian and Israeli-Jordanian peace agreements and so further de-stabilising the region. Ultimately, while a two-state settlement is no guarantee of an end of the conflict, it is the only option that takes into account both people's national aspirations and – with international support – security interests.

Experience shows that the international community will have to come up with a more effective approach than it has managed to do to date if it wants to see success. Parties in the region, if left to their own devices, have demonstrated that they are not able to reach a consensus with regard to a final status settlement and are most unlikely to be able to extract themselves from the vicious cycle of violence and mutual mistrust in the future. Therefore,

the international community should step in more forcefully and inject hope – and provide a platform around which those longing for peace in both societies can assemble. In more concrete terms, there is a need for much stronger external mediation and chaperonage of the process, that actively and consistently helps the parties overcome their differences and move towards a settlement. Most importantly, such a new approach would involve moving from crisis management (or administration) to crisis solution (or settlement) on the Israeli-Palestinian track – as has been suggested by the EU High Representative for the Common Foreign and Security Policy Javier Solana in a July 2009 speech in Oxford.

This would include three main elements:

1. the provision of a bridging proposal or a blueprint for a final-status document, i.e., a draft agreement that sketches out the main elements of a settlement – the contours of which are well known – based on the relevant UN resolutions and derived from earlier negotiations (the 2000 Camp David II talks, the 2001 Taba negotiations, as well as the unofficial 2003 Geneva Accords) that can serve as a foundation, leaving the parties to negotiate the details rather than the principles of a settlement;
2. monitoring of the parties' compliance with interim commitments leading to a final settlement and sanctioning non-compliance; and
3. concrete offers of security guarantees as well as a presence on the ground to oversee, and, if need be, help to enforce, the implementation of a final-status agreement as well as support for addressing other final-status issues, such as the refugee question. While security guarantees for Israel would have to be provided by the US, Europeans should think about their contribution in terms of troops and/or monitors in the West Bank to oversee the implementation of a two-state settlement.

The approach that Javier Solana suggested in July, i.e., to pursue negotiations with much stronger mediation by the international community than to date and, in the case that the conflicting parties would not make sufficient headway towards an agreement by a fixed date, to endorse an internationally-backed agreement and proclaim a two-state solution through a Security Council resolution, is definitely worth considering. However, a Security Council resolution as such would not solve the problems that have hampered progress so far. Not only would there still be a need for strong and effective mediation to sort out all the details of a final status, but there would also have to be a mechanism to guarantee implementation. Manifestly, there is no lack of Security Council resolutions on the Middle East. There has been a lack, though, of political will for implementation. Consequently, first and foremost, such an approach would require that Quartet partners be willing to see the implementation of an agreement through. That would imply sanctioning non-compliance and the use of force. In this context, Europeans and Americans should think about incentives and disincentives to influence the parties' behaviour by increasing the cost of occupation and the use of violence while raising incentives for conflict settlement. On the EU side that would imply, for example, linking the upgrade of relations with Israel, that was decided in principle in December 2008, to a complete cessation of settlement construction and concrete steps to ending the occupation. In fact, EU foreign ministers took a first step in this direction when, in June 2009, they postponed the implementation of the upgrade

for the time being. It would also necessitate thinking about how to better enable the Palestinians to fulfil their roadmap commitments.

In the end, Europeans have the choice between, on the one hand, taking a back seat and administering the conflict (with continued inefficient spending of tax payers' money) and, on the other, taking on responsibility and strongly engaging in efforts towards a two-state settlement and elevating peacemaking to a top priority in their relations with Israel and the Palestinians.

In the same spirit, others could add to the enticements: Arab states' representatives, for example, could restate the 2002 Arab Peace Initiative and their offer for recognition of Israel as well as detail what peaceful, good-neighbourly relations with it would look like in the context of a final status settlement. However, to set one's hopes on the Arabs going out of their way to make conciliatory gestures by offering symbolic steps strong enough to reassure Israeli public opinion and the Israeli government, such as high-level visits to Jerusalem or diplomatic recognition, not in return for peace but as an advance, indicates little understanding of realities in the Arab world and the strains the war in Gaza has brought to bear on the so-called moderate Arab states.

Comprehensive peace

Efforts on the Israeli-Palestinian track should be complemented by engaging on the Israeli-Syrian track. Here, several rounds of indirect negotiations facilitated by Turkey took place in 2008. The Obama administration, while maintaining sanctions on Syria, has begun to de-freeze relations with Damascus by repeatedly sending high-level envoys to the Syrian capital, by announcing the nomination of an ambassador after the post had remained vacant for four years in June 2008 and by backing a continuation of Israeli-Syrian talks. Indeed, no substantial progress is to be expected in such talks as long as they remain indirect and as long as the United States is not involved. As is the case with the Israeli-Palestinian track, Europeans might be able to assume a supportive role to move the talks forward and to influence the approaches taken, but they will not be in a position to substitute for the United States as the main power broker and in providing security guarantees.

It is definitively worthwhile exploring options for a peaceful settlement in direct negotiations between Israel and Syria. Indeed, not only do both sides have an interest in such a process. A peace agreement would also positively reflect back on the region as a whole. In this context, Israel, the United States and Europe should avoid the mistake of making Israeli-Syrian negotiations conditional on an end to the close Iranian-Syrian relationship. The logic of Middle East dynamics works, in fact, the other way round: if Syria makes peace with Israel, this will contribute to an overall calming of the region, it will have a restraining effect on the militant Palestinian groups based in Damascus and it will make a permanent pacification of the Israeli-Lebanese front possible. Also, the interests of Iran and Syria would automatically converge less strongly than is the case today. In addition, it is in the interest of Europeans, the US and the region to stabilise rather than to destabilise Syria – a country that is geographically sandwiched between several conflict zones, that suffers from the repercussions of these conflicts, above all through the massive influx of refugees, and whose stability must be ensured to prevent a regional flare-up.

Therefore, Europeans should continue to support measures that aim at long-term stabilisation and socio-economic development and at preparing 'a soft landing' for the Syrian regime. For Europeans that would mean quickly ratifying and implementing the Association Agreement which has been negotiated and initialled already several times and complementing it with an ENP Action Plan. EU-Syria relations based on an Association Agreement and an Action Plan would also put Europeans in a better position to push Syria to accelerate administrative and economic reform. In this, Europeans can also be helpful in devising and applying urgently needed targeted social policies to alleviate the effects of structural adjustment, effectively fight against poverty and fend off social unrest. At the same time, economic and administrative reform is unlikely to see tangible progress without accompanying steps towards establishing the rule of law, greater accountability, and a less authoritarian climate than that currently prevailing and which stifles creativity, entrepreneurship and networking. Once enacted, Europeans should therefore make use of political dialogue in the framework of the Association Agreement to push for a gradual opening up, the implementation of steps towards political reform and human rights guarantees while at the same time using opportunities to engage carefully in capacity building among civil society organisations and supporting reform-oriented actors in the administration.



2. Bolstering a regional approach to Arab-Israeli peace

Paul Salem

Summary

Negotiations between Israelis and Palestinians have been at the heart of Arab-Israeli peace-making – and rightly so. The differences between the two sides over statehood, settlements, land, right of return, and Jerusalem have defied final resolution. The grievances of the Palestinians and the ultimate fate of Jerusalem resonate widely in the Arab and Muslim world. European, American and Arab efforts to restart credible negotiations between Israelis and Palestinians are critical and must intensify. The dynamics and challenges of such talks are the subject of many valuable recent studies. This commentary considers the broader context of the conflict and examines Arab and European roles in bolstering Washington’s emerging Middle East peace policy.

In trying to resolve the Arab-Israeli conflict as the centrepiece of its Middle East policy, the US administration has chosen a difficult political and diplomatic challenge. While Obama’s wish list is clear, the actual strategy for dealing with the many challenges and obstacles has not yet been articulated. We can expect to see a strategy being announced during the coming months. There is little doubt that the US administration’s strategy will be shaped in consultation with its friends in Europe and the Arab world, and that the US would envision its strategy in a multilateral framework with important roles for Europe and the Arab countries, along with a role for other Muslim states and world powers.

Regarding the Arab countries, Washington has already indicated that it wants them to take responsibility for supporting the reconstruction of Palestinian institutions and to prove their interest in peace with Israel by making gestures of recognition and engagement. With regard to Europe, the US is likely to seek European diplomatic support to states in the region, support for Palestinian livelihoods and institutions, and for Europe to talk up the economic benefits of peace for both Israelis and Arabs.

The EU and its Member States should welcome Washington’s positive engagement towards peace and should work closely with the administration to develop an overall strategy to actively bring about a lasting peace settlement. The Europeans should build on the Obama administration’s commitment to multilateralism by insisting that the new strategy be not

simply an American strategy, but one in which Europe and other global and regional powers share as well. Europe can also help the US in securing broader Russian and Chinese engagement in such a push for peace. Without them, the process will be much harder to bring to fruition.

In all of this process, the clock is inexorably ticking. If progress is not made soon, the Iranian nuclear issue might quickly drag the region back to confrontation and escalation. The US approach will propose an immediate start-up of intensive negotiations aiming to define and push for an overall peace settlement sometime in 2010. The Europeans will no doubt be supportive of this attempt, but they must move quickly to propose ways in which they can be effective in helping bolster the chances of success of such an ambitious project. The EU and its Member States have a wide range of interests, resources, friends and allies in the Middle East. They should not be bystanders in the process encouraging the Americans along, but rather full participants, helping to lead the process, and using their resources and abilities in coordinated ways that help achieve success.

Negotiations between Israelis and Palestinians have been at the heart of Arab-Israeli peace-making – and rightly so. The differences between the two sides over statehood, settlements, land, right of return, and Jerusalem have defied final resolution. The grievances of the Palestinians and the ultimate fate of Jerusalem resonate widely in the Arab and Muslim world. European, American and Arab efforts to restart credible negotiations between Israelis and Palestinians are critical and must intensify. The dynamics and challenges of such talks are the subject of many valuable recent studies. This commentary considers the broader context of the conflict, and examines Arab and European roles in bolstering Washington's emerging Middle East peace policy.

In addition to the Israeli-Palestinian conflict, there are three other distinct conflict axes that impinge on the peace process: the conflict between Israel and Syria; the conflict between Iran on the one hand and the Arab world, Israel, and the US on the other; and continued tension between radical Islam on the one hand and Israel, the US and moderate Arab states on the other.

The latest Gaza war was an example of the interconnection among these various axes. At the primary level the war was a conflict between Israel and the Palestinians over security, land, border crossings, etc. but at another level, the war was also a proxy confrontation between Syria and Iran on one side and Israel on the other, and a confrontation between Islamist radicals and Arab moderates. The 2006 Israel-Hezbollah war was also partially an example of proxy war between Israel backed by the US on the one hand, and Hezbollah backed by Syria and Iran on the other. Looking forward, any confrontation between the US and Iran, or Israel and Iran, would also probably trigger armed conflicts at least between Hezbollah and Israel if not also possibly between Hamas and Israel. Hezbollah's relations with Iran are very direct: it sees itself as part of the Islamic revolution and officially expresses allegiance to the Supreme Leader Ayatollah Ali Khamenei, and receives virtually all its funding, arming and training from Iran. It would be very hard for Hezbollah not to act, if Iran came under military attack from Israel. Hamas's relationship with Iran is much more distant; it is a Sunni movement with no official religious or organisational ties to the Islamic revolution in Iran and while Syria provides an overland route for Iran to Hezbollah, Hamas is surrounded in the Gaza Strip with Israel on one side and Egypt

on the other. Although some Iranian financing and arms seems to have been successfully smuggled through the Egyptian Sinai in previous years, Egypt after the latest Gaza war has become more vigilant about blocking such activities.

Syria-Israel

While the Israeli-Palestinian conflict is 60 years old, the Israeli-Syrian conflict over the Golan Heights is over 40 years old. It began after the Israeli occupation of the Golan in 1967 and led to direct and proxy wars. The late Syrian president Hafez Assad joined Egyptian president Anwar Sadat in a war against Israel in order to regain the Golan. After the war, Sadat managed – through skilful diplomacy – to regain Egypt’s occupied territories, the Sinai Peninsula, while Israel ended up annexing the Golan Heights. In frustration, Assad opened a proxy battlefield in Lebanon arming first Palestinians and then Hezbollah to raise pressure on Israel to give back the Golan Heights. Indeed, the occupation of the Golan is the main reason Syria has backed proxy forces in Lebanon and Palestine.

The issues over the Golan and between Israel and Syria are not nearly as complex as they have become on the West Bank and between the Israelis and Palestinians. Syria and Israel came close to agreement in a first round of direct negotiations in 1995-96 and again in 1999-2000. In both cases, the parties were close to agreement on the key issues of borders, water and security. However, in both cases, Israeli prime ministers felt unable – faced with a skeptical Israeli public and strong right-wing political opposition parties – to make the final concessions necessary for a deal. Indirect negotiations were restarted under Turkish auspices in 2007. Progress was made at least in reviving the principle of peace talks at a time when the US administration was opposing them, and establishing the beginnings of trust between Israel and the new administration of Bashar al-Assad. However, the Gaza war and the formation of a new right-wing government in Israel have put the Israeli-Syrian track in jeopardy.

Syria has continued to indicate that it is serious about Golan-for-peace talks with Israel. Peace between the two states would have a significant effect on the region. It would remove the last major Arab state from direct confrontation with Israel. It would create strong pressure on Lebanon to enter into peace talks with Israel. It would not break relations between Syria and Iran but would change the relationship, weaken Iran in the Levant, and put significant distance between their strategic choices. It would dramatically alter Hezbollah’s strategic environment, and pressure it to take an increasingly moderate position. It would alter Hamas’s calculations and boost those among the Palestinians who favour a negotiated approach. If the peace held, it would strengthen moderates within the Israeli body politic and increase Israeli trust in negotiated outcomes. Finally, it would revive the fortunes of the Arab Peace Plan, which was virtually suspended after Gaza.

Turkey played the key role in reviving Syrian-Israeli contacts; however Europe also played an important role in 2007 and 2008 in encouraging Syria to moderate its policies. The main obstacle to the resumption of Syrian-Israeli contacts and the launching of direct negotiations between the two parties currently lies with the new Israeli government. The previous American administration opposed Israeli-Syrian talks, but the Obama adminis-

tration encourages them. Although the US has the larger influence *vis-à-vis* Israel, the EU should also strongly encourage the Netanyahu government to launch direct peace talks with Syria on the basis of full withdrawal for full peace.

The negotiations could be held in the context of regional mediation, provided for example by Turkey, or American mediation; alternatively, the talks could be held in the context of broader participation including the EU, the UN and Russia as well. Syria's membership in the Union for the Mediterranean and strong French-Syrian relations also offer diplomatic avenues for progress. President Sarkozy's active diplomacy with Syrian President Bashar al-Assad in 2008 helped shift Syria's position towards Lebanon and the establishment of diplomatic relations between Syria and Lebanon was announced at the Union for the Mediterranean summit in Paris in July of that year. The format of the talks is not as important as their seriousness and content. The outstanding issues between the two sides regarding demarcation of the borders, security arrangements and water are well known. The outstanding differences, which in the broader picture are minor, should not stand in the way of the broader benefits of a peace agreement between the two.

The EU can play an important role in helping bring this about. The EU has some influence with both Syria and Israel. Syria is also eager to conclude the Association Agreement with the EU and to further improve its relations with European states and economies. Israel has strong economic and political interests with the EU, and while European influence decidedly lags behind American influence with Israel, the EU can play a significant role in incentivising Israel to move towards the negotiating table with Syria.

The thorniest issues in the negotiations are likely to be Syria's relations with Hezbollah and Hamas. Even on these issues, there is room for accommodation. In the context of a return of the Golan, Syria would not abandon or 'deliver' Hezbollah, but it could be prevailed upon to seal its border to further arms transfers to Hezbollah, to demarcate the Syrian-Lebanese border in the Shebaa Farms area, and to pressure its allies in Lebanon to enter peace talks with Israel. Indeed, it is unlikely that Syria would allow Lebanon to maintain a radical position if Damascus itself has opted for peace with Israel and normalisation of its relations with the US and the international community. With regard to Hamas, Syria plays a less strategic role; Hamas leaders themselves have said that if Syria engaged in peace talks with Israel they would expect that they might be asked to leave Damascus.

Indeed, progress towards peace between Syria and Israel might be the most realistic among the various goals for western policy in the region for 2009. Any real breakthrough between Israel and the Palestinians appears highly unlikely in the immediate future; and talks with Iran, in the midst of the post-election crisis there, appear out of the question in the foreseeable future.

Iran and the region

The conflict between the region and Iran is fully 30 years old. This conflict has not only created serious tensions in Iraq and around the Gulf, but it has also led to the rise of non-state actors in Lebanon and Palestine, contributed directly to the escalation of Israeli-

Arab conflicts and helped stir up public hostility in the Arab and Islamic world against the West. The Islamic Republic has felt embattled from birth. At the start it was attacked by Saddam's Iraq whose war on Iran was backed by a majority of Arab states, as well as much of the West. Later it was put under quarantine through a policy of 'dual containment' led by the Clinton administration. After September 11, although the war on the West was led by Wahhabi Sunni fundamentalists, and although Iran assisted the US and NATO in their operations in Afghanistan, it was Iran that was accused of being a key member of the 'Axis of Evil' and was singled out for opprobrium.

The Iranian nuclear issue, which re-emerged in 2002, has come to dominate all discussions of Iran's relations with the region and the world; however, the 30 years of tension and misunderstanding between Iran, its Arab neighbours, Israel and the West goes well beyond the nuclear issue and might be one of the reasons that the Iranian leadership has clung to it as a defence of last resort in the face of three decades of consistent hostility.

The EU has played the main role in nuclear negotiations with Iran and these have been frustrating. But progress on the nuclear issue is unlikely without progress on other key issues that primarily involve the US and that influence Tehran's threat perceptions *vis-à-vis* the outside world. The Obama administration has indicated its intent to engage Iran in wider-ranging talks. Washington moved slowly on that front before the Iranian elections; after the elections in June and in the midst of the continuing crisis in Iran, the US has maintained an extended hand, but Tehran has not responded. It is unclear how the crisis in Iran will unfold nor whether the government in Tehran will respond to the US offer for open talks before the end of 2009.

Even if they eventually take place, the talks will be difficult and have no guarantee of success. Time is short as the West feels under the pressure of the ticking nuclear clock. And the talks will require a series of confidence-building steps – possibly involving Afghanistan, Iraq, Gulf security cooperation, and the drugs trade – in order to create the environment for more substantive discussions.

If the talks succeed in achieving a breakthrough, on the basis of a lifting of Western, Israeli and Arab threats against Iran, in exchange for a moderation of Iranian foreign policy and full inspection of Iran's nuclear facilities, the Middle East and Eastern Mediterranean region could enter a new era. The tension and virtual Cold War with and against Iran is behind much of the instability in Iraq, Lebanon and Palestine and many of the flare-ups in the Arab-Israeli conflict. The conflict with Iran also maintains high tension in the energy-rich Gulf and fuels hostile perceptions of the West in Arab and Islamic public opinion

The elements of a grand bargain with Iran are not hard to discern; however, successive American administrations have preferred pressure or isolation to engagement and accommodation. Within Iran, it is not altogether clear whether the regime wants and can negotiate a grand bargain with its erstwhile opponents, or whether the government – drawing close to acquiring nuclear weapons capability – might prefer to wait, acquire nuclear weapons, and then negotiate from a position of further strength.

In either case, the only way forward is an effort of serious and intensive diplomacy and engagement. This will require direct engagement with the Iranian leadership and also en-

gagement among the US, Europe, Russia, Turkey and the Arab states. If the chance for a bargain exists, no effort should be spared to create the conditions to bring it about. The EU cannot achieve any breakthrough alone, but it can play a leading role in building an international diplomatic coalition, engaging Iran, and trying to coax all parties onto the middle ground.

If negotiations with Iran succeed, stability in the Middle East will be greatly enhanced. Such a breakthrough would help bring stability to Iraq, as well as to Lebanon and Palestine; it would weaken radicals and non-state actors; it would also reduce tensions among the Arab states and Iran and reduce Sunni-Shiite tensions throughout the region. By calming Israeli fears, and dampening the hopes of Palestinian radicals, it would also give a boost to Israeli and Palestinian moderates. Significantly, such a set of developments would open the way for talks on a long-needed security architecture for the region, that would necessarily include Turkey, Iran and key Arab states, and that would leave the door open for Israel if and when the Israeli-Palestinian conflict is resolved.

The bid for a breakthrough with Iran, however, has a tight time constraint. The US, Israel and Europe regard Iranian progress towards nuclear enrichment with grave concern. Iran may or may not have already crossed the nuclear threshold; however, neither Israel nor the US can wait for long – perhaps no later than the end of 2009 – for a clear signal from Iran as to which direction it is choosing. In that regard, if things do not get better in 2009 they are likely to take a dramatic turn for the worse in 2010. 2009 can be described as the year of negotiation and hope of breakthroughs but, if these efforts fail, 2010 might end up being a year of renewed confrontation and dramatic breakdowns of regional security. Israel has threatened to launch a military attack on Iran if the nuclear issue is not resolved, and the Obama administration might come under increasing pressure to revert to a policy of tighter sanctions and louder sabre rattling against Iran. This will only further strengthen the right wing in Iran and possibly ignite proxy wars again involving at least Hezbollah, if not also Hamas, and create further trouble in Iraq and Afghanistan.

Emerging outlines of US policy

The new US administration has recognised the wider context of the conflict. While giving centrality to the Israeli-Palestinian issue it has also recognised the importance of these other conflicts and made them key components of its emerging policy. President Barack Obama's first move was to appoint a senior Special Envoy for Middle East peace and dispatch him immediately to meet with Israelis and Palestinians. In parallel, however, President Obama acknowledged that the hostility between the West and the Muslim world was a key problem. In speeches in Turkey and Egypt, he tried to redefine that relationship on the basis of shared values and mutual respect. The President also directed US officials to go to Damascus in order to work on improving US-Syrian relations and to explore the potential of restarting Syrian-Israeli peace talks. The administration recognises that Iran is a political and security concern in its own right, but is also a key obstacle to progress in Arab-Israeli peace. It is a principal backer of Hezbollah and Hamas, encourages Syria to maintain a hard line, promotes hardline rejectionist positions in Arab and Muslim public opinion, and creates an embattled mood in Israel. Obama extended a hand of friend-

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ship in his inauguration speech, directed goodwill statements to the Iranian people during Nowruz, and has repeated his call for direct talks between the two states – so far without a serious response from Tehran.

Regarding the new US administration's Middle East policy, one can say the following: first, Washington has used its first six months to have discussions with most parties in the region (except, so far, Iran). Obama has staked out the fundamentals of where the US stands on the issues of regional peace, the two-state solution, relations with Iran, etc. However, the administration has not yet fully formulated its detailed strategy on how to bring about these objectives. According to unofficial reports, President Obama is expected to outline a full blown Middle East peace initiative in the early autumn of this year.

The initiative is likely to be based on the past six months of meetings that he and his envoys have held with all parties. It will include both process and content. In terms of process it is likely to employ the method of a major international conference, similar to the Madrid Conference, bringing together regional leaders as well as major world and Muslim states; as well as the method of intensive bilateral negotiations that might be held in Camp David or elsewhere. This dual approach joins the large impact of a major international conference, which ensures global participation and creates momentum, with the necessity of intensive bilateral talks involving strong US involvement, to work through differences and disagreements.

President Obama is also likely to encourage non-Arab Muslim states as well as other global players, such as the EU, and possibly Russia and China to also play a role in the process. The Obama administration would hope that by broadening the circle involved in the settlement it has a better chance of cutting the difficult Israeli-Palestinian Gordian knot.

By reaching out to the Arab and Muslim world, Obama is trying to put together a coalition of Muslim states that could be active participants in moving the process along. He has indicated that he would like to see Arab and Muslim states shoulder some of the burden of peacemaking by making moves towards recognising Israel and encouraging direct talks and negotiations with it. By doing so, he not only wants to influence Hamas and other Arab players, but also indicate to Israel that if it makes peace with the Palestinians it gains acceptance in the entire Arab and Muslim world – what King Abdullah of Jordan has referred to as the 57-state solution.

By engaging Syria, the US administration is also bringing another big reward onto the table. If Israel moves towards peace with Syria, it will not only gain peace with the last remaining major hostile Arab state, but it will also dramatically reduce Iranian influence in Lebanon and Palestine, and probably gain a peace treaty with Lebanon as well.

While the US is trying to engage Iran for a number of reasons, part of the engagement is linked to the Arab-Israeli peace process. Iran is the main backer of the non-state opponents of Israel and leads the opposition in the Arab and Muslim world to peace and normalisation of relations with Israel. The US is aware that Iran makes a lot of political capital out of the continued grievances of the Palestinians and the resonance of that issue in the Arab and Muslim worlds. It is also aware, that fears (exaggerated or not) of Iranian threats to Israel (whether nuclear or conventional) bolster the hardline parties and positions in Israel.

The US is hoping that if it can achieve progress with Iran that leads to an understanding on Iran's nuclear programme and a moderation of Iran's positions on Middle Eastern issues: this would remove a great obstacle in regional peace talks. The US is also trying to hold out the reward of handling the Iranian nuclear and conventional threat to coax Israel further towards the negotiating table. Indeed, White House Chief of Staff Rahm Emanuel has indicated to Israeli officials that if Israel wants American help on the Iranian nuclear issue, then Israel has to show progress on the peace process.

While this might describe the emerging outlines of Washington's wished-for scenario for the peace process, there is little doubt that it is strewn with serious obstacles. Israeli Prime Minister Benjamin Netanyahu is aware of Obama's ambitious agenda, and disagrees with him on content as well as process. Netanyahu sees Iran, not the Arab-Israeli conflict, as the central issue of Middle East stability. He reluctantly declared his tolerance for a Palestinian state, as long as it is shorn of most of the fundamentals of statehood: control of its land, sea and air borders; right of citizens to return to it; and its capital. He shows no enthusiasm for peace with Syria and does not agree that the threat from Iran can be dealt with through engagement and negotiation. On process, he is open to direct bilateral negotiations but is very wary of grand conferences or ready-made solutions that would be imposed from outside. Netanyahu is aware that President Obama is currently very powerful domestically in the US and on the international stage; hence, Netanyahu staked out a strong opening position but is also making small and calculated concessions to ward off a direct clash with Washington. His overall strategy seems to be to slow down Obama's momentum long enough for the administration to lose interest, or for Obama to weaken enough domestically. While Obama argues that Israel is mortally threatened by the *status quo* with the Palestinians and Arabs, Netanyahu prefers the *status quo* to the alternative of creating an empowered Palestinian state.

In Damascus, the positions have been more encouraging. While Syria took a violently oppositional attitude between 2003 and 2006, its policies – towards Israel, Lebanon and Iraq – underwent a marked shift between 2007 and 2009. President Assad of Syria has engaged in indirect peace talks with Israel, moderated his policies towards Lebanon and Iraq, and welcomed direct engagement with Washington. It has been Israel that has remained reluctant to renew peace talks with Syria. Damascus has repeated its position that it is prepared for peace with Israel in exchange for the full return of the Syrian Golan Heights. Of course, Syria is also interested in security guarantees for its regime as well as the lifting of US sanctions and reassurances about Syria's role in the region and encouragement of public and private investment in Syria's economy.

While positions in Israel and Syria are somewhat clear, the position of Iran remains inscrutable. In the run-up to the Iranian election, both President Ahmadinejad and Supreme Leader Ali Khamenei maintained their traditional hardline positions; in the conflicted aftermath of the elections, the possibility of negotiations with the US has become even less likely. The right wing is eager to protect its revolutionary credentials, and the reformers hardly even raise the issue for fear of being accused of softness. Had Ahmadinejad, backed by Khamenei, won a decisive and undisputed victory, Iran would probably be in a stronger position to proceed: either to continue to stonewall the West or alternatively to negotiate from a position of strength. With power being so vehemently contested now, the issue of

negotiating with the US or the West is going to be all the more difficult to manage internally. Iran is likely to be paralysed in its hardline position for the immediate future. With nuclear enrichment continuing apace, this paralysis will not reassure Iran's opponents, but might make a return to stronger sanctions and the threat of military attack – perhaps by Israel – more real.

Conclusion

In trying to resolve the Arab-Israeli conflict as a centrepiece of its Middle East policy, the US administration has chosen a difficult political and diplomatic challenge. While Obama's wish list is clear, the actual strategy for dealing with the many challenges and obstacles – some outlined above – had not yet been announced at the time of writing. There is little doubt that the US administration's strategy will be shaped in consultation with its friends in Europe and the Arab world, and that the US would envision its strategy in a multilateral framework with important roles for Europe and the Arab countries, along with a role for other Muslim states and world powers.

Regarding the Arab countries, Washington has already indicated that it wants them to take responsibility for supporting the reconstruction of Palestinian institutions and to prove their interest in peace with Israel by making gestures of recognition and engagement. With regard to Europe, the US would look to European diplomatic support to states in the region, support for Palestinian livelihoods and institutions, and for Europe to talk up the economic benefits of peace for both Israelis and Arabs. The Europeans had already taken the lead during the turbulent Bush administration years in keeping diplomatic channels open with states in the region that the Bush administration was shunning, and in exploring political resolutions for volatile confrontations. This bore fruit with Syria and in Lebanon as well; but failed to make headway with Iran or between the Israelis and Palestinians.

The EU and its Member States should welcome Washington's positive engagement towards peace and should work closely with the administration to develop an overall strategy to actively bring about a lasting peace settlement. The Europeans should build on the Obama administration's commitment to multilateralism by insisting that the new strategy be not simply an American strategy, but one in which Europe and other global and regional powers share as well. Europe can also help the US in securing broader Russian and Chinese engagement to such a push for peace. Without them, the process will be much harder to bring to fruition.

In all of the process, the clock is ticking. If progress is not made soon, the Iranian nuclear issue might quickly drag the region back to confrontation and escalation. The US approach will propose an immediate start-up of intensive negotiations aiming to define and push for an overall peace settlement sometime in 2010. The Europeans will no doubt be supportive of this attempt, but they must move quickly to propose ways in which they can be effective in helping bolster the chances of success of such an ambitious project. The EU and its Members States have a wide range of interests, resources, friends and allies in the Middle East. They should not be bystanders in the process encouraging the Americans along, but rather full participants, helping to lead the process, and using their resources

and abilities in coordinated ways that help achieve success.

Euro-Mediterranean relations will be greatly influenced by the course the region takes in the coming months. These relations have borne the brunt of crises in the Middle East. The Israeli-Palestinian conflict, the Israeli-Syrian conflict, tensions with Iran, and the lingering hostility between radical Islam and the West all have their impact on Europe's relations with its Southern neighbours. The Israeli-Palestinian conflict is the flame that keeps anger against the West alive. The Israeli-Syrian conflict blocks political stability and economic prosperity in the Levant and causes the region to remain a zone of crisis rather than evolve as an oasis of stability and growth. Tensions with Iran complicate the situation in Iraq, haunt oil security in the Gulf, extend throughout Afghanistan, Iraq, Syria, Lebanon and Palestine, and maintain a high level of tension and instability in the region. And the hostility between radical Islam and the West has a much bigger impact in Europe than it does in North America.

If breakthroughs are made in the peace process, over the Golan, or in talks with Iran, the region would move in a positive direction. Any of these breakthroughs would not only help defuse crises and avoid future wars, but would also demonstrate the power of negotiation and common interests. They would reinforce the logic of the EU's own neighbourhood policy and enable renewed progress in Euro-Med relations. On the other hand, if progress towards peace and accommodation fails, the region will be headed for another round of deadly confrontations. Needless to say, in the midst of renewed conflict, there would be little prospect for the consolidation of a stable and prosperous EU neighbourhood or a peaceful Mediterranean.

Annexes

About the authors

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He is the author of several books, studies, and articles on Lebanon and the Arab world dealing with various aspects of governance, development, and political culture, including *Bitter Legacy: Ideology and Politics in the Arab World* (Syracuse University Press, 1994), *Conflict Resolution in the Arab World* (ed.) (American University of Beirut Press, 1997), 'The Future of Lebanon' in *Foreign Affairs* (November-December 2006). He has written for the *New York Times*, the *Financial Times*, and other Western papers, as well as Arab and Lebanese papers. He is a frequent commentator on Arab and the international media. He was on the review board of the UNDP Arab Human Development Report and a primary author in the World Bank's recent study on Governance in the Arab World. He is a founding member of several advocacy NGOs in Lebanon including the Lebanese Association for Democratic Elections, the Lebanese Transparency Association, and the Lebanese Conflict Resolution Network. Most recently, he was a member of the National Commission for Electoral Law Reform in Lebanon.

Abbreviations

EMP	Euro-Mediterranean Partnership
ENP	European Neighbourhood Policy
EU BAM	EU Border Assistance Mission
PA	Palestinian Authority
PFLP	Popular Front for the Liberation of Palestine
PLO	Palestine Liberation Organisation
PPP	Palestinian People's Party
UfM	Union for the Mediterranean

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