THE JERUSALEM POWDER KEG

Middle East Report N°44 – 2 August 2005



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EXECUTIVE SUMMARY AND RECOMMENDATIONS

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

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

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

☐ The separation barrier, once completed, would create a broad Jerusalem area encompassing virtually all of municipal Jerusalem as expanded and annexed in 1967 as well as major settlements to its north, east, and south. This new "Jerusalem envelope", as the area inside the barrier

- euphemistically has been called, incorporates large settlement blocks and buffer zones, encompasses over 4 per cent of the West Bank, absorbs many Palestinians outside of municipal Jerusalem and excludes over 50,000 within, often cutting Palestinians off from their agricultural land.
- Expansion of the large Ma'ale Adumim settlement to the east of Jerusalem and linking it to the city through the E1, a planned built-up urban land bridge, would go close to cutting the West Bank in two.
- New Jewish neighbourhoods/settlements at the perimeter of the municipal boundaries would create a Jewish belt around Arab East Jerusalem, cutting it off from the West Bank and constricting Palestinian growth within the city.

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

Of most immediate political consequence, Israeli steps are further damaging the domestic credibility of Palestinian President Abbas. For Palestinian groups inclined to undermine the cease-fire, the fate of Jerusalem offers a potent pretext. The establishment of new Jewish neighbourhoods coupled with the route of the barrier is creating Palestinian enclaves in East Jerusalem, reducing economic opportunities, and producing overcrowded living conditions. If the process is completed, some

200,000 Palestinian East Jerusalemites will end up inside the Jerusalem envelope, live under greater Israeli control, and increasingly be separated from the West Bank; the remaining 55,000 will be outside the barrier, disconnected from the city that has been their centre of gravity, fearful of reduced social services and, in many instances, determined to find their way back into the fenced-in areas. That will be an explosive mix.

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

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

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

RECOMMENDATIONS

To the Government of Israel:

- 1. Adhere to the settlement freeze as defined by the Roadmap and take all legislative and administrative steps necessary to enforce its implementation. In particular:
 - (a) cease all construction of new Jewish neighbourhoods/settlements in East Jerusalem;
 - (b) cease all construction and infrastructure work in E1;

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

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

- 6. Insist, including through public pressure, that Israel cease building new Jewish neighbourhoods/ settlements in East Jerusalem.
- 7. Publicly and explicitly affirm that all construction, including infrastructure work, in E1 and expansion of Ma'ale Adumim, contravenes Israel's Roadmap obligations and separate commitments to the U.S.
- 8. Without prejudice to the final disposition of the city or its status under international law, press

Israel to locate the separation barrier around Jerusalem on the 1967 lines or to enclose insofar as possible individual Jewish neighbourhoods/ settlements rather than large swaths of territory that include significant Palestinian populations, land or property.

9. Make clear that the location of the separation barrier and establishment of any new Jewish neighbourhoods/settlements will not be allowed

to prejudice the ultimate outcome of negotiations over the status of the city and that if necessary the international community will lend its weight to upholding this principle when the parties undertake to negotiate a viable two-state solution.

Amman/Brussels, 2 August 2005



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I. INTRODUCTION: DEFINING JERUSALEM

The definition, identity and indeed name of Jerusalem have changed repeatedly over time. Israeli Jews commonly refer to the city as *Yerushalayim* (Hebrew for Jerusalem) whereas among Palestinian Muslims and Christians (and Arabs more generally) it is known as *Al-Quds* ("The Holy One"). However, these terms do not necessarily designate precisely the same entity, and available polling reflects that Israelis and Palestinians have different perceptions of the physical space that constitutes their Jerusalem. ¹ In short, while the attachment of both Israelis and Palestinians to the city has remained constant, the contours and definition of the city have not. Jerusalem is best understood as a set of concentric circles.

A. THE ORIGINAL "HOLY BASIN"

The area deemed sacred to Jews, Muslims and Christians covers 1.8 square kilometres. Commonly referred to as the "Holy Basin", it includes the Old City (one square kilometre) and adjacent areas of religious significance. It is in the Old City that one finds the Haram al-Sharif ("Noble Sanctuary")/Temple Mount. The significance of the site for Muslims is clear: within the Haram are located the Al-Aqsa Mosque (the third holiest shrine in Islam) and the Dome of the Rock (or Mosque of Omar). The latter, dating from the seventh century, remains -numerous restorations notwithstanding -- the oldest surviving Islamic building, while the former defined the initial direction of Muslim prayer (*qibla*) before being replaced by Mecca's Ka'ba.²

The Temple Mount is the holiest site for the Jewish people, the location of the Temple destroyed by the Romans two millennia ago. The Western Wall is the sole remaining foundation of the former Temple and has become the most important site of Jewish devotion. Outside the Old City, the holy basin encompasses the Kidron Valley and the Jewish cemetery on Mount of Olives in the east, and the City of David and Mount Zion in the south. Christian holy sites in the Old City outnumber both Muslim and Jewish ones. The Church of the Holy Sepulchre, dating from the fourth century and built over what most Christian denominations identify as the site of Jesus's Crucifixion (Golgotha) and burial, is the most significant place of pilgrimage.

B. THE JERUSALEM OF 1948

The city of Jerusalem, as understood by the time of the 1948 war, went well beyond the Old City or Holy Basin to encompass neighbouring areas that, prior to the nineteenth century, were either undeveloped or considered separate. In 1947, the United Nations Special Commission on Palestine (UNSCOP) recommended Palestine's partition into independent Arab and Jewish states, each consisting of three cantons, with Jerusalem and its surroundings forming a corpus separatum under international administration. Under this proposal, Jerusalem was to encompass as much as 3 per cent of Mandatory Palestine, 780 square kilometres, and extend from Motza in the west to Abu Dis in the east, Shu'afat in the north, and Bethlehem and Beit Sahur in the south. The proposal was ratified by UN General Assembly Resolution 181 (29 November 1947), but was overtaken by the ensuing war, which saw the city's division between Israeli and Jordanian areas of control. The new state of Israel incorporated West Jerusalem (about 38 square kilometres) while Jordan held and eventually annexed East Jerusalem (6.4 square kilometres), including the entire Old City. Various physical barriers, including walls and barbed wire, formed the line of demarcation, known in Jerusalem as elsewhere as the Green Line. In light of Resolution 181, neither the Israeli nor Jordanian actions obtained international approval.

¹ Israelis, for example, do not necessarily consider Arab villages incorporated into the city's municipal borders after 1967 integral districts of the city.

² In the Islamic tradition the Haram al-Sharif is also the site from where the Prophet Muhammad ascended to heaven on a winged steed known as Buraq (and after whom an outer wall of the complex is named).

C. THE JERUSALEM OF 1967

During the 1967 war, Israel conquered East Jerusalem (along with the entire West Bank) and immediately thereafter disbanded the Jordanian Municipality of Jerusalem and redrew the city's municipal lines to include the 6.4 square kilometres of East Jerusalem and, significantly, another 64 square kilometres of West Bank land. Together with West Jerusalem's 38 square kilometres, Israel's newly self-defined "united Jerusalem" encompassed 108.5 square kilometres, an area roughly 2.5 times the size of pre-war West and East Jerusalem combined. Israel also immediately extended its jurisdiction to the occupied areas lying within the newly demarcated municipal lines of the city.

Israel's claims that these measures amounted to a reunification of the city resonated with widespread images of walls torn down and barbed wire removed. Palestinians and the international community, however, termed it military occupation, and the Security Council characterised the annexation as "invalid". In July 1980, Israel formally annexed these areas, proclaiming "Jerusalem, complete and united, is the capital of Israel". This, too, was termed "null and void" by the Security Council.⁴

Less visibly, Jordan, which had maintained its claims to sovereignty over East Jerusalem and indeed all territory lost to Israel in 1967, in August 1988 suddenly changed course; responding to the nationalist sentiment driving the popular uprising that erupted in 1987, the Hashemite Kingdom "disengaged" from the West Bank and threw its support behind the claims of the Palestine Liberation Organization (PLO). In November 1988 the latter proclaimed statehood throughout the Occupied Territories and identified Jerusalem as the capital of this prospective entity.

In expanding the city, Israel was guided in large part by concern over Jerusalem's geographically vulnerable situation, at the tail end of a corridor that gradually becomes narrower as one approaches it from Tel Aviv. Menachem Klein, one of Israel's leading Jerusalem specialists, comments: "The central principle that guided the authors of the 1967 annexation was to add as much territory to the city as possible...while at the same time holding the additional Arab population at a minimum". ⁵ Because Jerusalem is surrounded north, south and east by Palestinian territory -- until 1967, the only exit from

the city was westwards -- the idea was to widen the space around it in order to better protect and control it. Hence the expansion of the corridor linking the city to the rest of Israel, the construction of a network of roads, and, most significantly, the establishment of settlements in a "Greater Jerusalem" surrounding annexed East Jerusalem along a north west/north east/east/south east/south west crescent.⁶

As described by Shaul Arieli, a former head of the negotiating administration under Prime Minister Ehud Barak, some of the chief considerations in this strategy were demographic-territorial ("annexing extensive areas to Jerusalem in order to ensure its expansion and development" and to "thwart any attempt to repartition the city"); economic-political ("to separate Jerusalem from its West Bank environs"); and strategic-security (to "includ[e] a significant portion of the hilltops surrounding Jerusalem"). At the same time, successive governments provided incentives to increase the Jewish population in the surrounding territory.

Accordingly, ten new Jewish settlements or neighbourhoods were built within the expanded municipal area, including Gilo in the south and Pisgat Ze'ev to the north. When speaking of the city today, in other words, one is referring to substantial areas, some Jewish, others Arab, that were part of the West Bank and that no one would have recognised as Jerusalem prior to 1967. The end result was a demographic and territorial patchwork that inflicted substantial harm on the Palestinians while paradoxically presenting a serious quandary to Israelis by significantly expanding the city's Arab population.

Palestinians were subjected to strict construction limitations and cut off from one another as a result of Jewish settlement expansion. West Bank Palestinians found it increasingly difficult to connect to their economic and cultural hub (in principle at least; in practice, the boundary between the West Bank and Jerusalem existed in name only until the early 1990s), and the annexation led to significant expropriation of Palestinian-owned land. Israel acquired some 69,000 additional Palestinians. Offered citizenship provided they renounced their Jordanian passports, the overwhelming majority refused and became holders of Israeli identity cards granting them residency rights instead. Today, the Palestinian

³ United Nations Security Council Resolution 252 of 21 May 1968.

⁴ United Nations Security Council Resolution 478 of 20 August 1980.

⁵ Menachem Klein, *Jerusalem: The Contested City* (New York, 2001), p. 20.

⁶ See Frédéric Encel, *Géopolitique de Jérusalem* (Paris, 1998), p. 140.

⁷ Shaul Arieli, "Toward a Final Settlement in Jerusalem: Redefinition Rather than Partition", *Strategic Assessment*, vol. 8, no. 1, June 2005.

population of expanded Jerusalem has reached 250,000,⁸ a considerable presence for a country that lives in fear of Palestinian demographic growth. While in 1967 Palestinians constituted 22 per cent of the population of "unified" Jerusalem, that number is now 33 per cent.⁹

Since 1993, East Jerusalem has been formally excluded from the administrative regime established pursuant to the Oslo agreements, on the grounds that it is a final status issue to be negotiated at the conclusion of the process. As a result, the Palestinian Authority (PA) has been prevented from establishing a presence in the city's Palestinian neighbourhoods. Israel actively opposed PA efforts to include Palestinian Jerusalemites in its 1997 census. Similarly, various Palestinian institutions operating in the city have been harassed or closed down on the pretext that they serve as fronts for the PA. The main exception is that Palestinian Jerusalemites have been permitted to run and vote in PA presidential and legislative elections, though they have complained of intimidation.¹⁰

D. CONTEMPORARY JERUSALEM

Since 1967 the municipality of Jerusalem and its environs have undergone not only a political but also a physical and socio-economic transformation. Between 1967 and 1993, Israel expanded the municipal area by adding eighteen square kilometres of land. Most dramatically, it established a series of new urban settlements outside the municipal boundary to surround the city, break contiguity between East Jerusalem and the West Bank, and strengthen links between these settlements. West Jerusalem and the rest of Israel. These settlements (in some cases fullfledged urban areas) include Giv'at Ze'ev to the northwest, Ma'ale Adumim to the east and Mount Gilo to the south. Most important is Ma'ale Adumim, the largest and most city-like (population 30,000). Further settlement construction has taken place on the edges of the municipal boundary in places like Har Homa and Ras al Amud, solidifying the belt surrounding East Jerusalem.

Simultaneously, Palestinians have expanded their presence within and just beyond the municipal boundaries, though for different reasons. Demographic growth coupled with Israeli policies that hindered Palestinian construction in the Old City and its immediate surroundings -- denying construction permits and routinely demolishing homes built or extended without such permits -- led Palestinians in search of cheaper land and housing to relocate to bordering areas. These include Beit Hanina within the municipal area and A-Ram just beyond, places where land and housing were both available and cheaper and which, over time, have become contiguous with the city itself.

These suburbs in turn served as magnets to West Bankers, who continued to look to Jerusalem as their principal urban centre. Over time, the lines became blurred: many suburban Palestinians started attending schools in East Jerusalem, while many Palestinian Jerusalemites began studying at Al-Quds University, in the non-municipal suburb of Abu Dis, or Birzeit University north of Ramallah. At the same time, suburban residents and other West Bank (and even Gaza Strip) Palestinians have continued relying upon the more advanced medical services in East Jerusalem hospitals such as al-Magasid, Augusta Victoria, and St. John's Opthalmic. Commercial and business links between East Jerusalem, its suburbs and the rest of the West Bank (and to a lesser extent the Gaza Strip) remain closely intertwined, and Jerusalemites maintain strong family and social ties with residents across the municipal border. 11

Given these contrasting Palestinian and Israeli demographic and territorial dynamics in and around Jerusalem, the municipal boundaries have become "virtual", 12 if not "meaningless", 13 in that they do not define the identity of residents on either side. Of the 480,000 Israeli Jews living in Jerusalem, about 180,000 (37.5 per cent), live in Jewish neighbourhoods outside the Green Line. This means that roughly 59 per cent of the city's total population -- Israeli Jews and Palestinian Arabs combined -- live in what is politically designated as "Arab East Jerusalem". Moreover, Israeli Jews virtually never cross over into Arab neighbourhoods, even within the municipal boundaries, and Palestinian Jerusalemites have far closer connections with West Bank compatriots than with Jewish inhabitants of the city.

⁸ This number is based on the assumption that in the last year, the Palestinian population of Jerusalem has reached 250,000. The last official number, published by the Israeli Central Bureau of Statistics and dated 31 December 2004, is 231,000.

⁹ The city's total population is roughly 730,000.

¹⁰ In order to run for elected office in the Palestinian Authority, Palestinian Jerusalemites must possess an additional address in the West Bank. Voting takes place in Post Office stations, and Palestinians must vote as "absentees".

¹¹ Those holding Jerusalem residency but living outside the municipal borders often maintain an address within the municipality and send their children to school there so that Israeli authorities do not confiscate their permits.

¹² Crisis Group interview with Rami Nasrallah, International Peace and Cooperation Centre, Jerusalem, March 2005.

¹³ Crisis Group interview with Meron Benvenisti, former Deputy Mayor of Jerusalem, April 2005.

II. NEGOTIATING AND PREJUDGING JERUSALEM

A. JERUSALEM IN FINAL STATUS TALKS

Israel traditionally has taken the position that Jerusalem would remain its "eternal and undivided" capital; prior to the Camp David summit in July 2000, officials vehemently denied any intention of ceding parts of occupied East Jerusalem to Palestinian sovereignty, which would mean dividing the city. At most, Israeli officials spoke of turning adjacent urban areas, such as Abu Dis, into the Palestinian capital. For their part, Palestinians laid claim to pre-1967 East Jerusalem. On the surface, these positions were unbridgeable, and during Israeli-Palestinian final status negotiations, and certainly at Camp David, Jerusalem was arguably the most contentious question of all.

In fact, however, the city's multi-layered quality and de facto demographic partition contributed to a notable convergence of views. By the end of the Camp David summit, Prime Minister Barak signalled his willingness to accept proposals far removed from his earlier, inflexible pronouncements. Palestinians could exercise sovereignty over Arab neighbourhoods -- not only those in the expanded municipal boundaries, but in pre-1967 East Jerusalem as well. Chairman Arafat suggested that Israel could exercise sovereignty over Jewish settlements/neighbourhoods in East Jerusalem, including the Jewish Quarter of the Old City, a significant move from the official position demanding return to the 1967 lines.

While details were still to be worked out, the essence of a deal could, for the first time, be seen clearly. This was enunciated in President Clinton's December 2000 parameters, which proposed that "what is Arab in the City should be Palestinian and what is Jewish should be Israeli; this would apply to the Old City as well". Clinton added that the solution should maximise "contiguity for both sides within this framework". 14

Still unresolved were the issues of settlements adjacent to but outside the municipal boundaries, in particular Ma'ale Adumim, the sprawling urban centre that, in its most expansive definition, cuts across from Jerusalem toward the Jordan Valley on a west-east axis and would seriously hinder north-south Palestinian contiguity. Again, in the broadest version presented by Israelis, the link between Ma'ale Adumim and Jerusalem would further inhibit contiguity between Ramallah, to the

¹⁴ Cited in Dennis Ross, *The Missing Peace* (New York, 2004), p. 803.

north, and Bethlehem, to the south. For Israelis, these suburban settlements have become virtually indistinguishable from Jerusalem proper, and the notion of evacuating them is out of the question. While some Palestinians could accept Israeli annexation of Ma'ale Adumim (in exchange for equivalent land), they insist on its size being limited and on maintaining its connection to Jerusalem through as narrow a finger as possible.

Both this issue and the precise boundaries between the intertwining Arab and Jewish neighbourhoods were worked out, unofficially, in subsequent endeavours. The 2003 Geneva Accord, signed by coalitions of Palestinian and Israeli activists as well as former (and, in the Palestinian case, acting) officials, included precise maps delineating the two capitals and providing contiguity for both. A year earlier, Crisis Group had presented its own proposal, developed in concert with several of the Geneva participants, for a division of the city into two viable capitals. ¹⁵

Throughout this period therefore, progress was made at least concerning the territorial as opposed to religious aspects of Jerusalem. This was a function of a simple reality: Israeli Jews have little if any connection to Arab neighbourhoods; indeed, given their political fears of Palestinian population growth, they have considerable demographic interest in parting with them. Except for some economic linkages, the two sides live separate (and unequal) lives. These territorial, demographic, and political realities formed building blocks for a viable settlement of the Jerusalem question, though partition remained very controversial for both sides. What has always been difficult, however, is today being made far more so.

B. SINCE THE INTIFADA: CREATING A NEW JERUSALEM ENVELOPE

With the collapse of peace talks, eruption of the intifada and election of Ariel Sharon, all in 2000-2001, negotiations over final status no longer were on the agenda. However close the parties may have been to reaching an agreement -- a matter in considerable dispute -- discussions over partitioning Jerusalem and finding working arrangements for two capitals rapidly became a thing of the past.

¹⁵ See Crisis Group Middle East Report N°4, *Middle East Endgame II: How A Comprehensive Israeli-Palestinian Peace Settlement Would Look*, 16 July 2002. Maps of the proposed Crisis Group solution are at pp. 23-26.

¹⁶ Even with regard to the Old City and Holy Basin, there were indications of possible compromise, as illustrated in the Geneva Accord. Crisis Group has proposed two possible models as well. See Ibid.

Sharon made clear his opposition to the ideas that had been tabled and in particular to the Clinton parameters. Significantly, his visit to the Haram al-Sharif/Temple Mount on 28 September 2000 was intended to signify this opposition and, according to many, was the immediate trigger for the outbreak of the Al-Aqsa Intifada. In almost every major speech he has delivered since, Sharon has restated his position that Jerusalem must never be divided; as recently as May 2005, he explained: "There won't be negotiations with the Palestinians about Jerusalem or the settlement blocks of Ariel, Ma'ale Adumim, and Gush Etzion....They will remain eternally under Israeli sovereignty within a contiguous territory". 17

On the ground, Sharon's commitment has taken several forms. His government closed Palestinian institutions in East Jerusalem, including Orient House, the Higher Council for Tourism and the Palestinian Chamber of Commerce. More significantly, it continued the policy of settlement expansion in and around the city. In and of itself, this policy did not depart from that of his predecessors, who also sought to expand the Jewish presence in the city. But Sharon's approach appears to have been more focused and systematic, reflecting a "master plan" that consists of several elements, including most prominently the construction of the separation barrier around Jerusalem.

1. The separation barrier

At the outset, Sharon evinced little enthusiasm for the barrier when the idea of physically separating Jewish from Palestinian populations was first suggested soon after the outbreak of the intifada. "I don't see any possibility of separation", he said in April 2001. "I don't believe in, 'we are here and they are there". The prospect of physical separation in Jerusalem was, if anything, less acceptable. Once the idea of constructing the barrier gained wide public support, however, Sharon adopted it, turning it into a principal

¹⁷ Quoted in *In These Times*, 23 June 2005. He also told an audience in Washington on 24 May 2005: "I came here from Jerusalem, the eternal, united and undivided capital of the State of Israel and the Jewish people forever and ever". http://www.aipac.org/PC2005_Sharon.pdf.

policy instrument for drawing what many believe to be his vision for Israel's future borders.²¹

Within the past three years, the separation barrier has become the most visible manifestation of Israel's Jerusalem policy. The first sections around the city were approved by the government on 1 October 2003. Although 70 per cent of the barrier around Jerusalem has been completed, the remainder has been delayed by court petitions focusing on two main areas. North of the municipal boundaries, the plan included construction of two barriers, with a secondary one running parallel to the main one, in effect trapping over a dozen Palestinian villages with a population of 90,000 in between. In an area south of the municipal boundaries, the plan included sections that would have almost entirely encircled five Palestinian villages with a population of 17,000. On 30 June 2004, the Israeli High Court of Justice ordered the government to modify a 30-kilometre stretch of the barrier (three kilometres of which had already been built) northwest of Jerusalem, in a ruling that had immediate and practical consequences for other sections of the barrier as well.²²

The government approved the relevant modifications on 20 February 2005, in a decision that also ordered the construction of a barrier around 67 square kilometres of land that would link Jerusalem to -- and encircle -- the "greater Ma'ale Adumim" area²³ as well as a small area east of this city-settlement. However, the future of this plan, which has been criticised by the U.S.,²⁴ remains uncertain.

²¹ See Crisis Group Middle East Report N°36, *Disengagement* and After: Where Next for Sharon and the Likud?, 1 March 2005.

¹⁸ See Sharon's interview with Ari Shavit, "The Same Sharon", *Ha'aretz*, 13 April 2001.

¹⁹ In one of the first formal discussions on the separation barrier, Uzi Dayan, then head of the National Security Council, presented Sharon a plan that involved Jerusalem. Sharon reportedly was incensed, shouting angrily: "What are you doing? Dividing Jerusalem?" See Raviv Drucker and Ofer Shelah, *Boomerang* (Tel Aviv, 2005), p. 259.

²⁰ By June 2002, the public backed the separation barrier by a margin of 69 to 25 per cent, ibid, p. 261. Public support has increased since.

²² The High Court found that, in separating local inhabitants from their agricultural lands, construction of the barrier violated their right to property and freedom of movement to a degree the Court deemed "disproportionate" to any legitimate security need. By defining the principle of "proportionality" as the guiding criterion for determining the legality of the route of the barrier, the Court laid the legal basis for appeals on other sections of the barrier and effectively halted construction in several areas. The Court did not suggest an alternative route but ordered the defence establishment to modify it in a way that would balance security and humanitarian considerations.

²³ While the built-up area of Ma'ale Adumim is seven square kilometres, the size of "greater Ma'ale Adumim", demarcated by the municipal lines of this city-settlement, is 53 square kilometres.

²⁴ In a 24 March 2005 interview with the *Los Angeles Times*, Secretary of State Condoleezza Rice discussed Israeli plans to expand Ma'ale Adumim: "We have said to the Israelis that they have obligations under the roadmap, they have obligations not to increase settlement activity. We expect, in particular, that they are going to be careful about anything — route of the fence, settlement activity, laws — that would appear to prejudge a

As with the barrier as a whole, the government has justified the Jerusalem portion principally in security terms. Its stated goal is to "reduce the number of terrorist attacks, whether in the form of explosive-rigged vehicles or in the form of suicide bombers". 25 Since September 2000, more than 70 such attacks have claimed over hundreds of dead and 2,200 wounded in the city. As defined by the Ministry of Defence, "the principles of the operational concept" include "prevention of terror and weapons emanating from Judea and Samaria [the West Bank] into Israel", "prevention and thwarting of uncontrolled passage of pedestrians, cars and cargo from Judea and Samaria into Israel" and "minimizing transfer of weapons from Israel to the areas controlled by the Palestinian Authority". 26 Defending this project, officials point to a sharp reduction in attacks since construction began in 2002.²⁷ Reacting to international criticism of his government's policies, Minister Haim Ramon recently explained:

In Jerusalem alone, close to 250 people have been murdered during the intifada, most of them in suicide attacks. The fence was born, first and foremost, to prevent them from continuing to murder us.²⁸

Once finished, the barrier will create a broad Jerusalem area encompassing virtually all of municipal Jerusalem as expanded and annexed in 1967 as well as major settlements surrounding it. Overall, the new "Jerusalem envelope," as the area within the barrier euphemistically has been called, resembles a clover leaf with extensions to the settlement blocks of Giv'at Ze'ev, Ma'ale Adumim and Gush Etzion, creating several Palestinian enclaves within the narrow areas between them. This envelope, which encompasses some 4.1 per cent of the West Bank, accounts for roughly half of the entire West Bank territory -- and some 80 per cent of the Palestinian population -that is slated to fall on the western side of the barrier. (See Map 1, The Separation Barrier and Demographic Distribution in East Jerusalem and the West Bank, illustrating the planned course of the barrier.)

final status agreement, and it's concerning that this [settlement expansion] is where it is and around Jerusalem". Rice also said that the U.S. "will continue to note that this is at odds with... American policy". http://www.state.gov/secretary/rm/2005/43833.htm.

The barrier's course in the Jerusalem area reflects a complex weighing of territorial, legal and demographic factors, and at times competing goals of limiting the number of Palestinian urban areas while maximising that of Jewish settlements.

Mixed motives predictably have produced mixed results. Unsurprisingly, the barrier does not follow the Green Line. Had it done so, it might have elicited fewer legal objections (including from the Palestinians and the international community),²⁹ but would have left roughly 200,000 Jewish residents on the other side of it. Nor does it follow the municipal boundaries of Jerusalem. The consequences of that would have been equally problematic: on the one hand, Israel would have included more than 200,000 Palestinians on its side of the barrier, defeating its security rationale and jeopardising its selfperceived demographic interests; on the other hand, the barrier would have left tens of thousands of Jews living in adjacent settlements on the Palestinian side. Finally, and as a result, the barrier does not strictly follow demographic lines by dividing Jewish from Palestinian neighbourhoods -- an outcome that would have violated international law (since all Israeli population centres beyond the Green Line are in occupied territory) but at least reflected the Clinton parameters' demographic principle and foreshadowed a politically more viable partition of the city.

Instead, the barrier follows a convoluted course, in some instances excluding Arab-inhabited areas of municipal Jerusalem, in many more including Jewish-inhabited settlements adjacent to it. It sweeps beyond the Jerusalem municipal boundary, incorporates large settlement blocks and buffer zones around them, absorbs many Palestinians and excludes others, often cutting Palestinians off from their agricultural land or creating divisions within Arab urban areas.³⁰ For example, the refugee camp of Shu'afat and areas of Kufr Aqab, both at the northern edge but within municipal boundaries, are outside the area delimited by the barrier. These areas alone comprise an estimated population of 55,000 Palestinian residents of Jerusalem who carry Israeli I.D. cards. (See Map 2, The Separation Barrier around Jerusalem in Relation to Municipal Lines, illustrating areas of Jerusalem outside the barrier and West Bank areas within it.)

Jerusalem", Jerusalem Institute for Israel Studies, p. 6.

 $^{^{25}}$ http://www.seamzone.mod.gov.il/Pages/ENG/default.htm 26 http://www.seamzone.mod.gov.il/Pages/ENG/operational.htm

²⁷ Between the peak year of 2002 and the end of 2004, attacks dropped sharply, and casualties were down by 83 per cent, Yaakov Garb and H.V. Savitch, "Urban Trauma and Possibilities for Recovery in Jerusalem", Floersheimer Institute Policy Paper, July 2005, p. 8.

²⁸ Quoted in *Ha'aretz*, 11 July 2005.

²⁹ In its opinion of 9 July 2004, the International Court of Justice ruled that "the construction of the wall being built by Israel, the occupying Power, in the Occupied Palestinian Territory, including in and around East Jerusalem, and its associated régime, are contrary to international law". See "Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory (Request for advisory opinion)", http://www.icj-cij.org/icjwww/idocket/imwp/imwpframe.htm.
³⁰ Michael Kobi and Ramon Amnon, "A Fence Around

Some observers hailed this decision, pointing out that it "beg[an] the process of undoing the anachronistic post-Six-Day War annexation", and that Sharon had begun to "divide Jerusalem", his claims to the contrary notwithstanding.³¹ Yet at the same time, Palestinian neighbourhoods within municipal Jerusalem, such as Sur Bahir, are included, together with large areas that fall in the West Bank, outside of Jerusalem, thereby cutting off West Bankers from their land.

More generally, the barrier limits access between Jerusalem and other West Bank regions to defined crossing points. Ultimately, only four of the barrier's 130 kilometres run along the lines of municipal Jerusalem, twelve kilometres run only a few hundred metres from it, and 114 penetrate into the West Bank (most up to ten kilometres). Roughly 55,000 Palestinian residents of municipal Jerusalem will find themselves on the eastern side of the barrier while roughly 196,000 will end up on the western side.³² Meanwhile, about 23,000 Jewish settlers living outside the municipal lines of Jerusalem (mostly in Giv'at Ze'ev and Har Gilo) will be included inside the barrier. (This number is substantially larger if one includes Ma'ale Adumim and Gush Etzion, which are within the barrier though less closely identified with Jerusalem.)

The barrier aside, the government is planning other steps to consolidate Israel's position in the Jerusalem area. These include the E1 project linking Ma'ale Adumim to Jerusalem and the construction of new Jewish neighbourhoods along an arc that roughly follows the municipal boundaries.

2. E1 and Ma'ale Adumim

Of these projects, E1 has garnered most international attention. Long contemplated by successive Israeli governments, it refers to an area between Ma'ale Adumim and Jerusalem that would broaden the connection between the two; if completed, it is expected to contain some 3,500 housing units (sufficient to accommodate 20,000 settlers), hotels, and commercial infrastructure. It is described as potentially the single most significant area of expansion for Jerusalem's Jewish population and could double the size of Ma'ale Adumim. (Ma'ale Adumim is also currently expanding eastward toward Mishor Adumim industrial park.)

E1 is still only at the planning stage, with some infrastructure work started and then halted, at least in part due to strong U.S. objections.³⁴ Construction would occupy the already narrow space (three to four kilometres) that now separates Jerusalem from Ma'ale Adumim. For Palestinians, this space is essential for the territorial contiguity of the West Bank from Bethlehem (and Hebron) in the south to Ramallah (and Nablus) in the north. Located at the narrowest east-west segment of the West Bank (a mere 30.2 kilometres), the combination of E1 and Ma'ale Adumim would, under the government's plan, take up 13.4 kilometres. The remaining 16.8 kilometres consist of steep and hilly terrain that descends to the lowest point on earth, in the Jordan Valley. (See Map 3, Connecting Ma'ale Adumim to Jerusalem through E1, illustrating the impact of Ma'ale Adumim and E1.)

In other words, construction of E1 (Mevo Adumim, as it will be called) would weld Ma'ale Adumim to Jerusalem and go close to cutting the West Bank into two. Not only would it deal a severe blow to the prospect of a contiguous Palestinian state, it also would further isolate East Jerusalem from the rest of the West Bank, thus jeopardising the possibility of its becoming the capital of the State of Palestine.

3. Creating an urban belt: The new Jewish neighbourhoods

Less well known but, according to some experts, of equal significance, is Israel's planned expansion of several Jewish neighbourhoods/settlements and creation of new ones either along or immediately outside the municipal boundaries. (See Map 4, The New Jewish Neighbourhoods/Settlements around Jerusalem.) Designed to form a kind of Jewish urban belt around Palestinian East Jerusalem, this plan includes: a new settlement, Nof Yael, near Walajeh in the south west (13,600 housing units); an eastern extension to Har Homa ("Har Homa II") in the south; an expanded Nof Zion on Jabel Mukabbir in the centre (350 housing units); continuing construction of Kidmat Zion at Abu Dis in the east (200 housing units); establishing Geva, stretching between Geva Binyamin and Jerusalem in the north (1,200 housing units); and continuing construction of Agan ha-Ayalot, a new neighbourhood in Giv'at Ze'ev (in the north west).³⁵

³¹ Yossi Alpher, "The Strategic Interest: Bringing Jerusalem Back to Size", *The Forward*, 21 July 2005.

³² An additional 80,000 Palestinians who have residency rights in the city but do not physically live there will also find themselves outside the barrier.

³³ E1 covers some twelve square kilometres; Ma'ale Adumim currently covers seven square kilometres.

³⁴ See fn. 24 above and fn. 43 below.

³⁵A spokesperson for Ateret Cohanim, one of a handful of private groups involved in moving Jews into Palestinian neighbourhoods, is said to have indicated that "a main focus of his organisation was returning Jews to property their ancestors had abandoned during Arab riots in the 1920s and '30s. He said the group's goal was not to block Palestinian access

The combined effect of these new neighbourhoods and E1 would be as extensive as that of the separation barrier being built in and around Jerusalem, with far-reaching, arguably devastating consequences, including penetration of Arab areas of Jerusalem, limitation of Arab growth within the city, and, in effect, separation of Arab East Jerusalem from the West Bank. Daniel Seidemann, an Israeli attorney and Jerusalem expert, writes: "For the first time in a decade, extreme Jewish settlements are being implanted in the heart of existing Palestinian neighbourhoods, with covert and overt government assistance". Men added to the large number of home demolitions in East Jerusalem, the outcome is ominous.

to Jerusalem's Old City or prevent the establishment of a Palestinian state alongside Israel...but that both results were inevitable and desirable side effects of the group's activities, which he described as creating 'the shield of Jerusalem''. See John Ward Anderson, "Israelis Act to Encircle East Jerusalem", *The Washington Post*, 7 February 2005. The group is focusing its efforts in Kidmat Zion (near Abu Dis) and Ma'ale Hazeitim, on the Mount of Olives, next to Ras al Amud. "We cannot consider the effect we are having on Arabs. There would be no Israel today if we did". Crisis Group interview with Daniel Luria, spokesperson for Ateret Cohanim, Jerusalem, May 2005.

36 Danny Seidemann, "Appropriating Jerusalem", *Ir Amin*,

III. IMPLICATIONS

The construction of the Jerusalem portion of the barrier along with current and planned settlement activity in and around the city is virtually certain to have major, damaging consequences on the credibility of Palestinian President Abbas, the well-being of Palestinians, the peace process and, indeed, Israel itself. While the international community focuses on Gaza and justifiably assesses that getting disengagement right is of critical importance, it cannot afford to ignore what is occurring in Jerusalem.

A. UNDERMINING PRESIDENT ABBAS

In recent interviews with Palestinian officials and activists, Crisis Group heard one common refrain: developments in Jerusalem were negating any potential positive fallout from the Gaza disengagement, making cooperation with Israelis far more difficult, and further eroding Abbas's authority. Analysts claimed that the fate of Jerusalem had emerged as pivotal in the minds of Palestinians; it also has emerged as a critical issue used by domestic rivals to attack Abbas and undermine the credibility of his methods and agenda. An official said:

Don't expect us to be grateful to Israel or to engage in coordination at a time when Jerusalem is under siege. Our relationship will inevitably suffer unless settlement activity ceases and the course of the fence is modified.³⁹

Significantly, Hamas -- always quick and often proficient at reading the public mood -- has seized the issue, joining recent demonstrations against the barrier despite participation by Israeli activists and its traditional aversion to non-violent resistance. Abbas's already weak hand is being further weakened in relation to Hamas, other Islamist groups, and particularly within Fatah, where his various rivals claim that Israel is taking him for a ride.

For Palestinians, Jerusalem has become a symbol both of Prime Minister Sharon's longer-term intentions (in their eyes, to decide the city's fate unilaterally) and of the international community's lame and ineffective

June 2005.

37 "In 2004, over 160 homes were demolished in East Jerusalem"

⁻ an increase of hundreds of percent beyond the average levels of years past", ibid.

³⁸ Crisis Group interviews, Ramallah, July 2005.

³⁹ Crisis Group interview with Palestinian Authority official, Ramallah, July 2005. Palestinian Prime Minister Ahmad Querei echoed this view, asserting that the withdrawal "will be meaningless as long as Israel continues to build the wall and isolate Jerusalem". Palestinian Media Centre, 27 July 2005.

⁴⁰ Crisis Group interview with Hamas official, Ramallah, July 2005.

response. They believe that Sharon is "trading the dream of Greater Israel for the reality of Greater Jerusalem", ⁴¹ buying time and diverting attention through the Gaza disengagement while consolidating Israel's presence in the city. The Roadmap calls for a comprehensive settlements freeze, and President Bush specifically mentioned Jerusalem as an area in which unilateral steps needed to be avoided, warning that "Israel should not undertake any activity that contravenes Roadmap obligations or prejudice final status negotiations with regard to Gaza, the West Bank and Jerusalem". ⁴²

Nevertheless, little has been done in response to Israeli activities. HIF Abbas is to show that his way works, that he can achieve more than either Arafat did or Hamas will, then he has to register some success in Jerusalem. Otherwise, he will be placed in an impossible situation, losing credibility with Palestinians, hardening his position vis-à-vis Israel, or both". HIF For Palestinian groups inclined to undermine the cease-fire, Israeli actions in Jerusalem offer a potent pretext.

B. THE RISK OF POLARISATION

1. Background

The some 250,000 Palestinian East Jerusalemites are approximately one third of the city's population. They live in a political, legal, and increasingly territorial grey area, their conditions falling somewhere between those of their compatriots in the rest of the occupied territory and Arab citizens of Israel. As permanent residents of a city claimed as sovereign Israeli territory, they enjoy freedom of movement, social and health services, and other benefits similar to Palestinians who hold Israeli citizenship. As a result, their socio-economic status is

⁴¹ Crisis Group interview with Rami Nasrallah, Director, International Peace and Cooperation, April 2005.

in many ways superior to that of Palestinians in the West Bank and Gaza Strip. ⁴⁵ At the same time, their statelessness has meant they encounter more institutional discrimination than do Palestinians in Israel. ⁴⁶

For many Israelis, Palestinian Jerusalemites represent one of the more significant demographic threats to the continued Jewish nature of their state.⁴⁷ Thus, and in sharp contrast to their Jewish counterparts, Palestinian Jerusalemites who establish their "centre of life" outside the city's municipal boundaries (or have done so in the past), or acquire foreign citizenship or permanent residency status, risk having their Jerusalem residency permits (and hence even their right to enter the city) permanently revoked. Since many Palestinian Jerusalemites belong to extended families that have branches throughout the West Bank and indeed well beyond, this often creates enormous difficulties. And despite their access to Israeli welfare services, Palestinians suffer discrimination in a variety of ways, especially at the level of services they receive from both state and municipal authorities, including infrastructure, land allocation, and taxation.⁴⁸

According to Arieli, "50 percent of East Jerusalem is without water mains and drainage systems....[or] detailed and approved zoning plans". 49 A Palestinian

Palestinian Jerusalemites currently enjoy social welfare and health services from Israel and a privileged economic position in comparison to West Bankers.
 See, for example, Amir S. Cheshin et al., Separate and

⁴⁶ See, for example, Amir S. Cheshin et al., *Separate and Unequal: The Inside Story of Israeli Rule in East Jerusalem* (Cambridge, U.S., 1999); B'Tselem - The Israeli Information Centre for Human Rights in the Occupied Territories, "A Policy of Discrimination: Land Expropriation, Planning and Building in East Jerusalem", 1995. Although Palestinian Jerusalemites are entitled to Israeli citizenship, most have declined to apply on the grounds that doing so would signal acceptance of Israeli rule. Unlike other West Bank and Gaza Strip Palestinians, Jerusalemites are not entitled to receive Palestinian Authority identity documents and have remained, formally at least, Jordanian subjects.

⁴⁷ In 1973, the Israeli government adopted the recommendation of the Inter-ministerial Committee to Examine the Rate of Development for Jerusalem (better known as the Gafni Committee), which determined that a "demographic balance of Jews and Arabs must be maintained as it was at the end of 1972", that is, 73.5 percent Jews, and 26.5 percent Palestinians. Over the years, all Israeli governments, through the Ministerial Committee for Jerusalem, have affirmed that goal as a guiding principle of municipal planning policy, and it has been the foundation of demographic and urban plans prepared by government ministries, BTselem, "A Policy of Discrimination", op. cit., p. 29.

⁴⁸ Cheshin et al., *Separate and Unequal*, op. cit., provides a detailed account by former officials responsible for such

⁴⁹ Arieli, "Toward a Final Settlement of Jerusalem", op. cit.

⁴² Press Conference of President Bush and President Abbas, 26 May 2005.

⁴³ U.S. administrations typically have treated Jerusalem differently from other areas when it comes to settlement activity. For that reason, President Bush's remarks in the aftermath of his meeting with President Abbas were deemed of particular significance. Likewise, in an interview with Israel's Channel 1, Secretary of State Condoleezza Rice explained: "We do believe that unilateral steps in Jerusalem, particularly those that might appear to prejudge future discussions, would be unhelpful at this time". *The Washington Post*, 7 February 2005. The U.S. made an issue of E1, and officials claim that Israel has suspended activities there as a result.

⁴⁴ Crisis Group interview with Palestinian analyst, July 2005. President Abbas has warned that "approving the fence route in Jerusalem could bring about the end of relations between the two sides". *Ha'aretz*, 11 July 2005.

study claims that only some 11 per cent of East Jerusalem is available for Palestinian development; the remaining 89 per cent being reserved either for the expansion of Jewish neighbourhoods/settlements, or zoned as green areas in which development is prohibited.⁵⁰

Even during Oslo's heyday, Palestinian institutions were not allowed to put down proper roots in Jerusalem, as any links to the Palestinian Authority were severely censured. As a result, East Jerusalemites for the most part have been politically fragmented, without cohesive structures, living "atomised" lives focused on survival rather than collective development.⁵¹ The community remains at a loss about how to organise, express and represent its interests, a feeling reinforced by the death in 2001 of Faisal Husseini, who was its charismatic glue. 52 In response, some Israelis argue that, so long as Palestinians choose not to participate in municipal elections and send representatives of their own constituencies to city hall, they cannot complain about the services they receive. "Palestinians in Jerusalem cannot have it both ways, voting for the PA and getting Israeli services". 53

In the words of a prominent Palestinian Jerusalemite, "Palestinians in Jerusalem have never been asked about their status. The British conferred my status upon me. The Jordanians granted me my status. Israel has made me a resident and not a citizen. In all cases, I was never consulted". The community shares a sense of collective and individual abandonment and perceives itself as "doubly disenfranchised" 55 -- once by the Israeli state, and a second time by the Palestinian Authority, which has proven incapable of addressing its needs. 56

The above notwithstanding, Jerusalem remained the key Palestinian urban hub within the Occupied Territories.

⁵⁰ Robert Brooks et al., "The Wall of Annexation and Expansion: Its Impact on the Jerusalem Area", International Peace and Cooperation Centre Publication, Jerusalem, p. 58.

It not only served as the lynchpin of the north-south axis that links most West Bank cities, but also as the Palestinians' institutional, political, cultural, and commercial capital. Due to restrictions imposed on the city, however, many of those functions have been assumed since the establishment of the PA by Ramallah, fifteen kilometres to its north. But it remains virtually impossible to conceive of a Palestinian state without its capital in Jerusalem.⁵⁷

2. The impact of recent developments

As described above and assuming it is built along its planned course, the barrier will divide Palestinian East Jerusalemites both from each other and from their West Bank counterparts. Those -- the majority -- who will end up inside the "Greater Jerusalem" area will live under a more pronounced degree of Israeli control than before and become physically separated from the West Bank. The remaining tens of thousands who will find themselves outside the barrier will be disconnected from the city that had been their centre of gravity: "The wall is not separating us from them. It is separating us from one another". 58

Palestinians who cross the barrier daily claim that control over passage is still relatively lax. ⁵⁹ This confirms in their minds that splitting off Jerusalem from its West Bank hinterland and consolidating Israeli control over it, not ensuring Israel's security, is the guiding motive. ⁶⁰ Indeed, in July 2005, a Crisis Group analyst was able to walk through the Qalandia checkpoint without having his identity papers checked.

Already, there are signs that some of the 55,000 East Jerusalemites currently slated to live outside the barrier are seeking to move within the Jerusalem envelope, concerned about their residency status, health and welfare services and access to jobs and schools.⁶¹ In an effort to

⁵¹ Crisis Group interview with Walid Salem, Panorama, April 2005.

⁵² In the words of Mahdi Abdel-Hadi, a leading Palestinian analyst in East Jerusalem, "We are like the Arabs of Jaffa: isolated, unaccepted, fragmented, disenfranchised and alienated. When I see Jaffa, I see the future of Jerusalem: drugs, unemployment, racism, people struggling only to survive". Crisis Group interview, Jerusalem, 14 June 2005.

⁵³ Crisis Group interview with former Israeli official, April 2005.

⁵⁴ Crisis Group interview with Ibrahim Daqqaq, May 2005.

⁵⁵ Crisis Group interview with Daniel Seidemann, Israeli lawyer and Jerusalem expert, March 2005.

⁵⁶ "Palestinians in Jerusalem are fed up with the Authority, its lack of attention and its attempts to achieve sovereignty that produces nothing". Crisis Group interview with Palestinian commentator, Jerusalem, February 2005.

⁵⁷ Jan de Jong, an urban planner and expert on the region, argues that "Palestine without Jerusalem is like a chassis without an engine. Without Jerusalem, Palestine will become an emigration area like southern Italy or southern Spain. The centre will become the periphery". Crisis Group interview, Jerusalem, 14 June 2005.

⁵⁸ Crisis Group interview with Palestinian resident of A-Ram, March 2005. He remarked that the barrier is forcing his children to travel an hour to go to a school they used to access in minutes.

⁵⁹ Crisis Group interviews with Ramallah residents, East Jerusalem, July 2005.

⁶⁰ Crisis Group interview with Sam Bahour, Palestinian businessman and commentator, Jerusalem, April 2005.

⁶¹ Some are seeking housing in the Old City, if it is available, making an already crowded situation there that much worse; others are hedging their bets, maintaining apartments in

address these problems, the Israeli cabinet reached a series of decisions on 10 July 2005. This was the first time the Israeli government made clear how many Jerusalem residents would be cut off by the separation barrier.

The decisions included measures designed to minimise disruptions and ensure services for those Jerusalemites left on the other side, such as building twelve entryways in the barrier; bussing some 3,600 Palestinian children to their schools (until educational facilities are built on the other side of the barrier); and regulations to allow for the speedy handling of medical emergencies and smoother passage for physicians and medical equipment. The plan stated that efforts would be made to encourage the building of hospitals on the other side of the barrier, and new offices would be open to facilitate postal services. The Employment Service is to open bureaus near the passageways. ⁶²

Nevertheless, scepticism abounds, and analysts expect Palestinian East Jerusalemites caught outside the envelope to try to relocate inside. Should this population movement grow, it risks further straining Jerusalem's capacities, making it difficult to satisfy housing and welfare services requirements. In contrast, some wealthy Jerusalemites are moving in the opposite direction, toward Ramallah, to avoid having to cross Israeli checkpoints and to maintain important professional contacts in the West Bank. Because they believe Israel will not provide employment opportunities for Palestinian white collar workers, wealthier and more educated individuals have further motivation to depart. The barrier likewise may prompt an outflow of capital investment from Palestinian East Jerusalem. Ultimately,

...the population dynamics set in motion by the wall are of middle class flight from Jerusalem to Ramallah and of working class migration from suburbs outside the wall to the inner city. This will have damaging consequences for Palestinians and potentially Israel further down the line. ⁶³

Much will depend upon the ease with which East Jerusalemites outside the envelope can cross the barrier -- in other words, on the number of crossing points (currently planned at twelve) and severity of crossing procedures.⁶⁴ Reports suggest that there will be two

areas inside the barrier as well as residence in Ramallah and elsewhere in the West Bank. Crisis Group interviews, Jerusalem/Ramallah, March-May 2005.

major crossing points, at Qalandia in the north and Mazmuriyeh in the south, leading to Ramallah and Bethlehem respectively, plus several other smaller ones. Again, however, Palestinians fear cumbersome and time-consuming procedures that will impede and, ultimately, discourage traffic. "The Israelis recently announced that only two of these checkpoints will be permanent. On past performance this leads us to conclude that the other ten will never be opened". ⁶⁵ As an Israeli analyst put it, "if you don't finish the crossings, don't finish the fence, because the suffering of Palestinians will create a new security problem, and Israel will be put under an international microscope". ⁶⁶

There is also the matter of movement from Jerusalem to the West Bank, currently relatively open, if awkward and often humiliating. Press reports have suggested that Palestinian residents of Jerusalem would need special permits to travel to Ramallah.⁶⁷ That would further disrupt habitual professional and social ties.

The barrier's path, meandering through urban areas, is also creating Palestinian enclaves within the city, cut off from their natural service centres, markets and traditional social connections. ⁶⁸ Some Palestinians see this as an intentional policy aimed at "encouraging" them to leave. ⁶⁹ Arab East Jerusalem, they fear, risks becoming a series of clusters, fragmented and without any logic or cohesion, "a set of neighbourhoods, not a city", ⁷⁰ with a strictly local as opposed to national potential.

While these repercussions will principally be felt by Palestinians, they may also affect Israelis who will face an increasingly alienated and hostile Arab population in Jerusalem. Traditionally, Palestinian East Jerusalemites

facilitate inspections of people and goods...like those present at many international borders...they will employ advanced technological systems that will minimise the human friction. Five commercial terminals are being constructed to allow efficient transfer of large quantities of goods between Israel and the territories", at http://www.seamzone.mod.gov.il/Pages/ENG/Humanitarian.htm.

⁶² See *Jerusalem Post*, 11 July 2005.

⁶³ Crisis Group interview with UNRWA official, East Jerusalem, July 2005.

⁶⁴ According to the Israeli Ministry of Defence, "the planning...includes a number of checkpoints allowing two-way pedestrian and vehicle passage. These checkpoints will

⁶⁵ Crisis Group interview with Jerusalem resident, Amman, July 2005.

⁶⁶ Crisis Group interview with Israel Kimchi, Jerusalem Institute for Israel Studies, Jerusalem, April 2005.

⁶⁷ Amira Hass, *Ha'aretz*, 25 January 2005.

⁶⁸ In the northwest of the city, 43,900 Palestinians in A-Tireh and Beit Sira are surrounded by the barrier on three sides, extending travel times to any urban centre by hours. Over time, these villages may well disappear given the withering away of traditional economic links.

⁶⁹ Crisis Group interviews with Palestinian analysts and Jerusalem residents, Jerusalem, April 2005.

⁷⁰ Crisis Group interview with Rami Nasrallah, Jerusalem, April 2005.

have limited their participation in acts of violence directed at Israelis. But the barrier risks exacerbating the situation, particularly as a result of the creation of Palestinian enclaves, reduced economic opportunities, overcrowded living conditions, and a separation from their natural cultural environment.⁷¹ As Jerusalem expert Daniel Seidemann writes:

Until now, Palestinians in the city have lived ambiguous lives, being "of" Palestine without being viscerally hostile to Israel. This delicate balance is being upset by the wall. Ironically, the same tool -- the security barrier -- which is necessary to prevent suicide bombers infiltrating Jerusalem from Nablus, threatens to radicalise the population of East Jerusalem.⁷²

Added to this have been measures taken by the Israeli government to weaken Palestinian institutions in East Jerusalem further. Orient House, the Higher Council for Tourism and the Palestinian Chamber of Commerce are only a few of those that have been closed by Sharon's government. Nazmi al Ju'beh, an expert on and from Jerusalem, believes Palestinians are losing the manoeuvring room achieved since 1967; "poverty and social pressures are leading to a social bomb in East Jerusalem", which could well turn into violence.⁷³

C. JEOPARDISING THE TWO-STATE SOLUTION?

As previously discussed, the question of Jerusalem proved one of the most critical as well as one of the thorniest in final status talks. Both sides insist on having a viable capital in the city that respects their religious and historical ties, and neither will accept a deal that does not meet

⁷¹ Crisis Group interviews with Daniel Seidemann, Jerusalem, April 2005; Mahdi Abdel Hadi, Jerusalem, February 2005; Yaacov Garb, Floersheimer Institute, Jerusalem, April 2005; and Sam Bahour, Jerusalem, April 2005.

this bottom line.⁷⁴ Given the centrality of Jerusalem for any two-state solution, Israel's current policies in and around the city will only render future attempts at resolving the conflict all the more difficult. Indeed, as Palestinians -- and not a few international observers -- see it, Israel is seeking through the Jerusalem envelope to determine the fate of the city unilaterally in a manner that will prevent a future Palestinian state from establishing a viable capital in the city.

Similarly, a U.S. official speculated that Sharon is attempting to determine unilaterally the final outcome, seeking American acquiescence in the annexation of settlement blocks and the non-return of refugees, and creating facts on the ground in Jerusalem.⁷⁵ In the words of an Arab Israeli attorney practicing in East Jerusalem, the goal of settlement expansion and other activities in Jerusalem "is to undermine the Clinton parameters, to make that vision irrelevant, by further fragmenting Palestinian demography in Jerusalem so there will be no Palestinian neighbourhoods left".⁷⁶

But it is not only a matter of whether Jerusalem will be the capital of Palestine. The so-called Jerusalem envelope is seriously interfering with the territorial contiguity of a future Palestinian state at large, and with that contiguity its social and economic viability. Construction in E1 joined to a large Ma'ale Adumim, especially if bolstered by a separation barrier around them, would severely weaken the link between such major Palestinian cities as Ramallah and Bethlehem, which at best would be connected by an under- or over-ground corridor. To the south, Har Homa Phase II will occupy rare remaining locations for future Palestinian expansion. To the north, existing settlement blocks limit connections between Ramallah and Jerusalem.

Moreover, other areas of the West Bank depend on Jerusalem, both politically and economically, and suffer from its current status. "Bethlehem is an orphan without Jerusalem. It is dying because Jerusalem is dying". The bottom line: "Palestinians don't want the leftovers of Jerusalem". And they fear that should negotiations over

⁷² Daniel Seidemann, *Ha'aretz*, 18 February 2005.

⁷³ Crisis Group interview with Nazmi Al Ju'beh, Jerusalem, April 2005. Khalil Shikaki, a Palestinian analyst and pollster, reflects on the two principal ideological instruments that can be used to mobilise Palestinians in Jerusalem, nationalism and Islamism. Although nationalists have been reluctant to confront Israel in Jerusalem, Shikaki argues that should Islamists choose to make the city a battleground, they will find fertile ground. He remarks that a Hamas spokesman from Ramallah, Sheikh Hassan Yusef, recently gained considerable credibility by entering the Al-Aqsa mosque despite Israeli opposition. The sheikh, who violated a restraining order by going to pray at the mosque, was detained for interrogation on his way back to Ramallah but released later that day. Crisis Group interview, Ramallah, April 2005.

⁷⁴ "If Jerusalem, greater or smaller, is outside a Palestinian state, there will be no Palestinian state". Crisis Group interview with Palestinian Planning Minister Ghassan al-Khatib, Ramallah, May 2005. Prime Minister Qurei said the same, declaring that "without Jerusalem there will be no peace". Palestinian Media Centre, 27 July 2005.

⁷⁵ Crisis Group interview, Washington, March 2005.

⁷⁶ Crisis Group interview with Muhammad Dahla, Jerusalem, 15 June 2005.

⁷⁷ Crisis Group interview with Jad Ishak, Director, Applied Research Institute of Jerusalem, Bethlehem, April 2005.

⁷⁸ Crisis Group interview with Ali Jarbawi, Professor, Bir Zeit University, Ramallah, April 2005.

Jerusalem ever resume, there will be little to negotiate about. As a senior EU official told Crisis Group, "what is happening in Jerusalem could be fatal to the two-state solution". 79

Disputing this claim, some Israeli officials argue the envelope is designed to protect the Jewish population of Jerusalem and, more specifically, that the barrier is only provisional. Ehud Olmert, Deputy Prime Minister and Minister of Trade and Industry, told Crisis Group, the barrier most likely will "not be the permanent border", but a temporary security measure. The components made up of cement blocks, it is claimed, can be removed as rapidly as they were installed -- like "lego blocks". But the components are provided as they were installed -- like "lego blocks".

Reflecting specifically on Ma'ale Adumim, some Israeli officials point out that even the most "generous" Israelis, such as those who completed the Geneva Accord, insisted that it become part of Israel and that Palestinian negotiators agreed. (The argument is, however, disingenuous: the "Ma'ale Adumim" block envisaged by the Geneva Accord covers only nine square kilometres, with an additional one square kilometre for a narrow corridor linking the city to Jerusalem, as opposed to the 53 square kilometres under the government's plan). Israeli officials dismiss the claim that the combination of Ma'ale Adumim and E1 would threaten the contiguity of a future Palestinian state, arguing that transportation contiguity could be ensured via various means, such as tunnels and/or bridges.

But there is little doubt that a new and highly dangerous reality is being built in Jerusalem. Even if cement blocks can technically be removed, their impact on living conditions can be severe and long-lasting. A viable East Jerusalem is crucial for the success of an independent Palestinian state. Economically, Jerusalem remains the centre of Palestine, accounting for some 30 per cent of national GDP; international tourism to Jerusalem represents 20 per cent of East Jerusalem's economy. Although Ramallah may have become de facto the new centre of Palestinian economic and political activity; Jerusalem continues to be the lynchpin between the northern and southern West Bank, while retaining, of course, its critical religious status for Muslim and Christian Palestinians alike.

A Palestinian state, many experts believe, will have to rely on a socially and commercially functioning Jerusalem as its centre, with sufficient room to meet growing demographic needs. Choking Arab East Jerusalem off through fragmentation, the creation of enclaves, and, perhaps most importantly, its detachment from the West Bank by a belt of Jewish neighbourhoods surrounding the city's municipal boundaries, would jeopardise prospects for a viable capital and, with it, for a viable state.

In the Clinton parameters and in subsequent negotiations, the guiding principle was that Arab neighbourhoods would fall under Palestinian sovereignty and Jewish neighbourhoods under Israeli sovereignty. Even at the time, the quilt-like character of demographic patterns hugely complicated the task of achieving contiguity for both capitals and a link between Arab East Jerusalem and the rest of Palestine. Events since then have made this effort more complex still; through the increase in and expansion of Jewish neighbourhoods, the portion remaining for Palestinians under this formula has been reduced, as has the ability to create territorial contiguity. Identifying Jewish neighbourhoods, in other words, is not a static affair, but rather one that is changing daily.⁸³ Should negotiations for a final status agreement resume, Palestinians are likely to demand that any application of the Clinton formula take as its starting point the demographic realities of 2001.

Also of importance is the question of Palestinian access to the Old City's holy sites. Historically, access has been relatively unimpeded; particularly since the onset of the second intifada, however, Israel has routinely instituted a policy permitting only worshippers above the age of 40 to enter the Haram al-Sharif, while Gazans and West Bank Palestinians need a permit to enter Jerusalem. Should the barrier hamper access in any way, the holy sites once again would become places to fight for, and not solely to worship at.

D. THE THREAT TO ISRAEL

The path of the barrier reflects two competing Israeli interests: the desire for a territorially secure Jerusalem through widening of the eastern corridor and the incorporation of larger swaths of land on the one hand, and the need for a demographically more "Jewish" city, to counteract the growth of the Palestinian population -the "heart of the problem", according to Deputy Prime Minister Olmert.⁸⁴

⁷⁹ Crisis Group interview, Tel Aviv, July 2005.

⁸⁰ Crisis Group interview, Jerusalem, May 2005.

⁸¹ Crisis Group Interview, Shalom Goldstein, former Adviser on Arab Affairs to the Mayor of Jerusalem, April 2005.

⁸² Crisis Group interview with Israeli official, Tel Aviv, July 2005.

⁸³ Crisis Group interview with Shaul Arieli, Tel Aviv, June 2005. The Geneva negotiations, for example, used as a territorial starting point the realities that governed on the 1993 date of Oslo's signing.

⁸⁴ Crisis Group interview, Jerusalem, May 2005.

The clash between the two interests is best seen in the inclusion of hundreds of thousands of Palestinians inside the Jerusalem envelope and the simultaneous exclusion of another 50,000. Some Israeli officials, including members of the cabinet, believe they should have taken matters a step further and excluded from the barrier far more Arab neighbourhoods. "We did it for Shu'fat and Kufr Aqab, and I heard no outcry. We should have done it for Silwan and other neighbourhoods as well and, ultimately, we will have to". 85 The view is echoed by Yossi Alpher, an Israeli analyst: "It is a mistake to separate 150,000 people from the West Bank. It is a poor security solution and a poor national solution".86 Whereas other portions of the barrier more faithfully respect demographic lines, they were largely ignored in Jerusalem, a "knee jerk reaction of those who cannot get themselves to stop believing in a united, undivided Israeli capital".87

The irony is not lost on Palestinian negotiators, who like to point out that Israelis adamantly reject the return of refugees for demographic reasons yet are prepared to incorporate wilfully some 150,000 Palestinians despite the same demographic concerns. Israel runs the risk of planting the seeds of future confrontation: "Hundreds of thousands of disenchanted Palestinians plus the holy sites equal a powder keg".

At a time when everywhere else in the West Bank the fence is going up more or less along the pre-1967 border...it still offends all demographic and security logic in Jerusalem. It virtually guarantees that the next intifada, if there is one, will erupt among the city's angry and frustrated Arab population. ⁹⁰

IV. CONCLUSION

For reasons that are easy to fathom, the international community has chosen to concentrate on Gaza disengagement, virtually to the detriment of all else relating to the Israeli-Palestinian arena. The U.S. in particular has been highly reluctant to criticise Prime Minister Sharon's policies while he is taking considerable political and personal risks and faces a serious threat from his Right. But understandable as it is, this posture is as short-sighted as it is perilous.

Jerusalem has been and will continue to be a powder keg. The more than 70 attacks that have occurred since the intifada began point to legitimate security concerns. But many of the actions undertaken before the world's eyes have little to do with security and have highly dangerous long-term implications: the construction of a barrier around the city that sweeps deep into the West Bank; the expansion of old and creation of new settlements; the attempt to weld Ma'ale Adumim more solidly to Jerusalem; the demolition of housing in East Jerusalem; and the delinking of over 200,000 Palestinians from their traditional environment. Palestinians risk losing East Jerusalem as a coherent, cohesive and viable capital. Israelis risk having to live with over 150,000 alienated and frustrated East Jerusalem Palestinians in their midst. And the international community already sees the prospects for a lasting twostate solution further endangered by actions that almost split the putative Palestinian state in half. "Israeli sovereignty in East Jerusalem has always been largely fictitious; and this contributed substantially to the stability of the city. But no longer". 91

Experience has shown that, when it emphatically and clearly expresses its views -- as it has done repeatedly about E1, for example -- the U.S. can make a difference, at least in mitigating damage and countering right-wing pressure on Prime Minister Sharon. ⁹² Even as attention focuses on Gaza, and even as the international community continues to press the Palestinian Authority to ensure greater security by curbing activities of militant groups, several points should be made clear:

⁸⁵ Crisis Group interview with Israeli cabinet member, Tel Aviv, July 2005.

⁸⁶ Crisis Group interview with Yossi Alpher, Tel Aviv, April 2005.

⁸⁷ Ibid.

⁸⁸ Crisis Group interview, Ramallah, July 2005. Khalil Toufakji, a Palestinian cartographer, explained that he would like these Palestinians to acquire Israeli citizenship, thereby effectively implementing a kind of "right of return". Crisis Group interview, A-Ram, May 2005.

⁸⁹ Crisis Group interview with Yossi Alpher, op. cit.

⁹⁰ Alpher, "Bringing Jerusalem Back to Size", op. cit.

⁹¹ Seidemann, "Appropriating Jerusalem", op. cit.

⁹² Subjected to repeated charges that he is on the brink of dividing Jerusalem, Sharon has responded with adamant denials. "I hear M[embers of the] K[nesset]s saying that I'm going to divide Jerusalem, but I don't intend even to discuss Jerusalem. The incitement keeps recurring, and even those who incite know it's a lie and that there won't be a second or additional disengagement, and that Jerusalem will not be divided", *Ha'aretz*, 22 July 2005.

- that building of new Jewish neighbourhoods/ settlements in East Jerusalem must cease, consistent with the Roadmap;⁹³
- □ that expansion of Ma'ale Adumim -- and, should it resume, construction (including any infrastructure work) in E1 -- contravenes Israel's Roadmap obligations; and
- that Israel should, consistent with legitimate security requirements, locate the barrier around Jerusalem on the 1967 lines or enclose as much as possible individual Jewish neighbourhoods/ settlements rather than large swaths of territory that include significant Palestinian populations, land or property.

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

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

Equally importantly, the U.S. and other members of the Quartet⁹⁴ should clarify that none of the current steps will, in their eyes, affect final disposition of the city, which should be decided through Israeli-Palestinian negotiations. The Clinton parameters of 2000 expressed

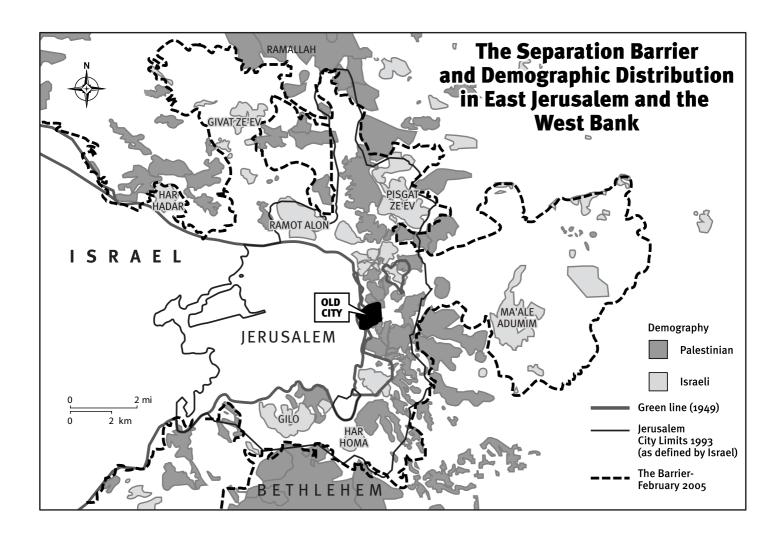
the view that Arab neighbourhoods of Jerusalem should be Palestinian and Jewish neighbourhoods should be Israeli; President Bush has stated that the existence of large population centres in the West Bank cannot be ignored when agreeing on final borders. In both instances, it will be crucial that these be considered references to the situation *at the time they were made*. If those sensible principles are to govern a future agreement, they will need to take as their departure point realities as they existed then, not today, and not tomorrow.

Amman/Brussels, 2 August 2005

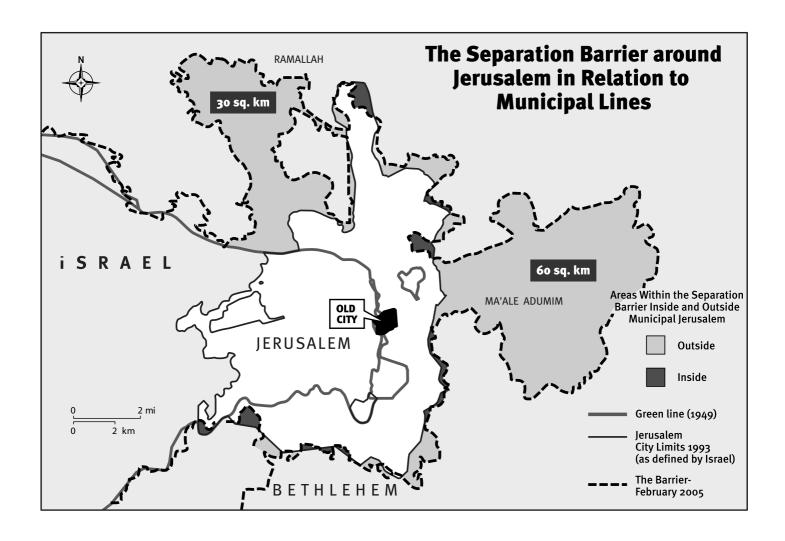
⁹³ For a discussion of Roadmap obligations and a thorough discussion of how to implement a settlements freeze, see Crisis Group Middle East Report N°16, *The Israeli-Palestinian Roadmap: What a Settlements Freeze Means and Why it Matters*, 25 July 2003.

⁹⁴ The informal Quartet that developed the Roadmap and meets periodically to pursue its implementation also includes Russia, the European Union and the Secretary-General (Kofi Annan) of the United Nations.

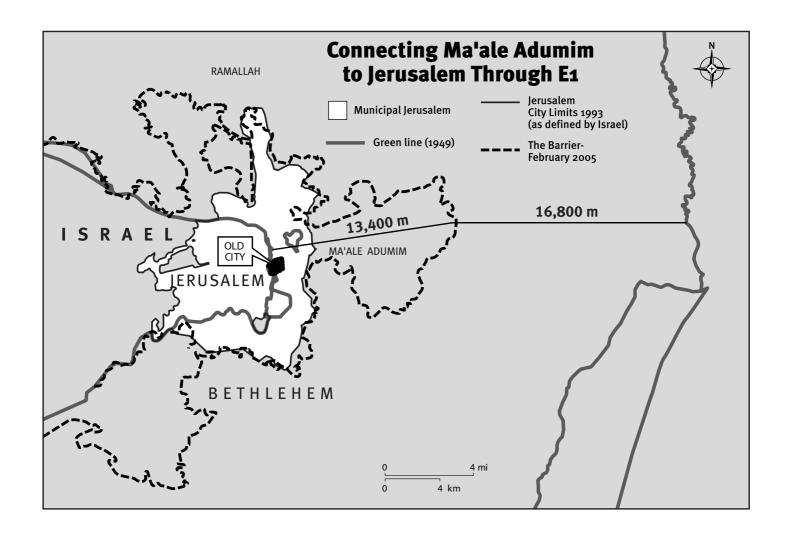
MAP 1: THE SEPARATION BARRIER AND DEMOGRAPHIC DISTRIBUTION IN EAST JERUSALEM AND THE WEST BANK



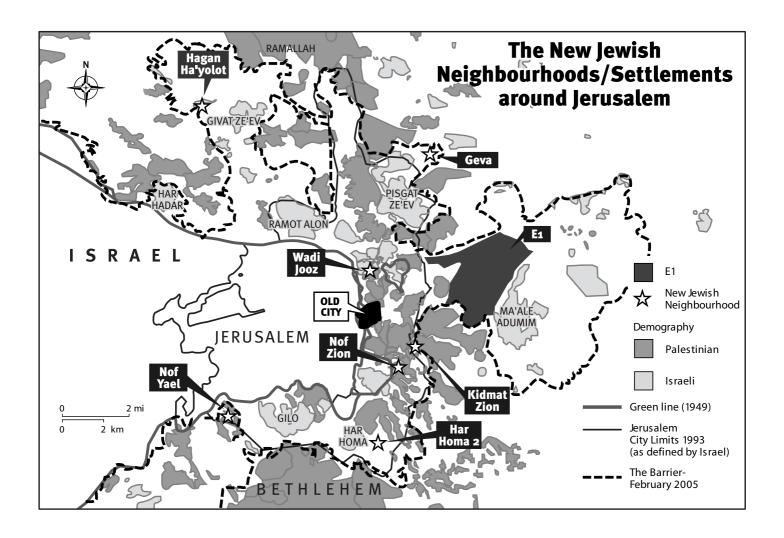
MAP 2: THE SEPARATION BARRIER AROUND JERUSALEM IN RELATION TO MUNICIPAL LINES



MAP 3: CONNECTING MA'ALE ADUMIM TO JERUSALEM THROUGH E1



MAP 4: THE NEW JEWISH NEIGHBOURHOODS/SETTLEMENTS AROUND JERUSALEM



MAP 5: ISRAEL AND ITS NEIGHBOURS



APPENDIX A

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Crisis Group's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

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