

RELEASE IN FULL

To: HRC
From: Sandy
Subject: Middle East

Congratulations on the resumption of direct talks. As evidenced by your activity over the past several weeks your involvement in the peace process inevitably has deepened as the need for high-level U.S. intervention has grown. I believe that is a positive result. But the more fundamental issue remains what your role can and should be going forward in order to maximize chances of diplomatic success.

I. State of Play

As the U.S. embarks on the next stage in the Israeli-Palestinian process, it faces a series of tactical and strategic challenges regarding policy, politics and personality.

1. *At a policy level*, the meager results of indirect talks and difficulties in transitioning to direct talks have underscored the lack of trust between the two sides as well as existing substantive gaps. With direct talks begin in the coming days, one obstacles will have been removed, but several remain. Some or all of these may have been resolved in connection with gaining agreement to direct talks.
 - a. How to handle the renewal or non-renewal of Israel's settlement moratorium?
 - b. What is the goal of the direct talks and is there a consensus on this matter between the parties? A comprehensive agreement on permanent (CAPS) that covers all the details? A framework agreement on permanent status (FAPS) that outlines the governing parameters, along the lines of the 2000 Clinton parameters? Or, less ambitiously, a short (one or two page) statement of principles?
 - c. What role will the U.S. play? Will George or another U.S. official be present in all meetings? Will Netanyahu accept that? Is there an argument for allowing the two sides to deal with one another without any intermediary, at least for a while, so that they do not seek to play to the U.S.?
 - d. What will the U.S. do in the event of an impasse or breakdown? Should it present bridging proposals and, if so, when?
 - e. How much work should be done, in parallel and simultaneously with the direct talks, between the U.S. and the Palestinians on the one hand and the U.S. and Israel on the other?

Beyond those questions, I am persuaded the most important factor is and is likely to remain what Netanyahu is prepared to do. You have witnessed first-hand how difficult it can be to deal with the Palestinians and the Arab world more generally; how fragile is Abbas's political position; how indecisive they can be. Still, at bottom, we have a relatively clear sense of their positions on the core issues should we ever reach a moment of truth. That is not the case with Netanyahu who either does not know himself or is not prepared to share and who, until now, has neither felt the urgency to reach a deal nor the discomfort of the status quo.

Assuming Bibi can be convinced of the benefits of a deal along lines acceptable to the Palestinians, this will not occur solely on the basis of his talks with Abbas, whom he likes but does not truly respect and who he fears will not be in a position to deliver. Rather, it will happen only if he feels that (1) it is under the leadership of a U.S. administration he genuinely trusts; (2) he is convinced that the combination of the agreement and U.S. assurances meets his core needs in terms of Israeli security and international recognition of its Jewish character; and (3) he feels that, again with U.S. help, he can sell it to his people and survive -- or even thrive -- politically.

Getting Bibi to accept the core compromises will not be enough, of course. Other basic elements of the strategy must involve reaching out effectively to the Israeli public and ensuring strong, vocal Arab support for a U.S.- sponsored deal without which Abbas cannot say yes and Israelis will lack the incentive to do so. But the point is that a prerequisite for a successful peace effort is for the U.S. to convince the prime minister -- through various forms of overt persuasion and implicit pressure -- to make the necessary compromises. *At the end of the day, if Bibi is to make a deal, it will be a deal with the U.S. as much as with the Palestinians.*

2. *At a political level*, the past year has clearly demonstrated the degree to which the U.S. has been hamstrung by its low ratings in Israel and among important segments of the domestic Jewish constituency. This is a critical dimension not for electoral reasons, but because the U.S.'s best chance of influencing Bibi is to build support for a deal in Israel and at home among those who care most. That capacity has been improved to some extent as a result of the successful July visit by Netanyahu and the string of military/security deals between our two countries. But we must be honest: there still is a long way to go. If anything, the recent Obama/Bibi illustrated a new, potentially perverse dynamic: *the U.S. president at this juncture needs the Israeli prime minister to validate his pro-Israeli credentials more than the Israeli prime minister needs the U.S. president to vouch for his pro-peace ones.*
3. *At the level of personalities*, George, with all his skill and perseverance, cannot by himself secure serious concessions from the parties by himself. In recent discussions, both Israelis and Palestinians described him as someone they respected but to whom they would not make major concessions. This is the curse of the day-to-day negotiator. When they are ready to deal, they will only deal with the players they perceive with authority. It was not different for Dennis during the Clinton Administration. This does not mean that Mitchell does not have a crucial role going forward. Indeed, he can be empowered by your more active involvement.

The president faces a different but no less difficult problem. He is not trusted in Israel and, though the July meeting might have altered the situation somewhat, not trusted by Bibi. Domestically, he faces a reservoir of skepticism on this issue which reflects many factors, including inexcusable prejudice, but which could obstruct his effectiveness both as an interlocutor and as a salesman. Besides, as we learned during WJC's presidency, it would be a mistake for Obama to get too deeply invested in

negotiations prior to the end-point; he does not have the time and should not expend the political capital prematurely. To do so, moreover, would automatically be to devalue the role of anyone beneath him, thus making the peace process as a whole excessively dependent on his involvement.

II. Your Role

Under these circumstances, in my view, your deeper involvement is both essential and potentially highly beneficial. It should be a selective involvement; Mitchell still must be the day-to-day negotiator and others also must play a part. In particular, I would not recommend you get overly mired in the details of the direct talks or the set of questions I described above (about their format, goal, U.S. role, etc) other than at critical junctures. Nor would I advise you to get pulled into a Christopher-style shuttle diplomacy which would quickly depreciate your value.

Rather, by injecting yourself strategically at the right time and in the right way, you could fill the gaps identified above. This is because you are uniquely placed to address the need both for a higher-level mediator and for someone who enjoys considerable credibility in Israel and the U.S. (Bibi reportedly told someone recently he was prepared to deal substantively with Obama and with you).

Your role would be twofold

1. *To serve as the higher-level interlocutor on matters of final status.* To a large degree, Abbas's positions are already known; they will have to be further explored and he will have to be pushed, and you should engage him. But we probably know his zone of possible agreement. Not so with Bibi and, I believe, you are ideally suited to begin a series of in-depth conversations aimed at understanding his key concerns, how they can be met, what he would need from us and others, and how far, at the end of the day, he is prepared to go with the Palestinians if his security and other needs are met. Bibi knows and trusts you; in fact, you are almost certainly the high-level U.S. official he trusts most. If you succeed in taking him into your confidence and work with him over time, you could pave the way for an Israeli-U.S. understanding that would underpin an Israeli-Palestinian agreement. At times, this will require being tough and pushing back against some of his most extreme demands (the militarily questionable request for a very long term Israeli presence in the Jordan Valley being one of them) and proposing more rational alternatives. But the point is that without getting Bibi to trust and level with us, without him feeling both what he has to lose but also what he has to gain, this process is unlikely to go anywhere.

To repeat, this should not be at Mitchell's expense. It should be a parallel, reinforcing process in which you would deal one-on-one with Abbas and Netanyahu at periodic intervals, for extensive periods of time.

2. *To help restore the U.S.'s image and credibility in Israel and among important domestic constituencies.* You have the history, background and credentials to do so

here and in Israel and thus to overcome some of the suspicion with which Obama must contend. Over time, through a series of visits and public statements, you would seek to make the case for a peace agreement in positive terms, focusing on what benefits it would bring to Israelis rather than on the costs they would incur: secure and recognized borders; stronger security ties to the U.S. and others; an end to the conflict; normal relations with the Arab world; and strengthened international legitimacy.

III. Potential Downsides and Responses

1. *Dragging you into the weeds of negotiations.* A risk exists that, though repeated meetings with Bibi and Abbas, you will be drawn into detailed discussions over the nature of the territorial compromise, the precise security arrangements, etc. This would be unhelpful both to the process and to you. There is a fine line between discussing the principles that should guide the final outcome and the precise details of that outcome, but it will be important not to cross it. Your role should be to extract from Bibi important understandings and parameters (e.g., security arrangements on the Jordan valley that minimize infringements on Palestinian sovereignty and minimize the duration of any residual Israeli presence) and then have your respective negotiators work out the details
2. *Disempowering George.* A related danger is to render George powerless by creating the sense that everything can and should be dealt with through you. Besides potentially leading him to step down, this outcome would not serve your interests for the reasons just cited, your effectiveness being a function of your remaining somewhat removed from the day-to-day specifics of the talks. In fact, as I see it, this process could and should end up strengthening George's presently hand by clarifying it. Once you and Bibi will have reached agreement on broad principles, the two of you will provide instructions to your respective negotiators to find solutions that reflect them. In that sense, both George and his counterpart will have a stronger and clearer mandate than currently is the case.
3. *Involving you in a failed enterprise.* Of all the potential downsides, this is the most significant one and ought not to be dismissed lightly. Failure is a real possibility. Palestinians are in disarray. The Arab world is profoundly divided, with forthcoming successions in Egypt and Saudi Arabia that will weaken two of the states upon which we most rely. And a serious questionmark hovers over Bibi's politics, his head and his heart. As a result, a powerful argument could be made that you would be better off keeping at arms' length from this process, especially given how much else is on your plate. That said, I disagree for the following reasons:
 - a. By not getting involved, you risk the worst of two worlds: being associated with a failure (which, by virtue of your position, you inevitably would be) and being criticized for not having been engaged in an effort to avert it.
 - b. Over the past year and a half, you *have* been involved -- traveling to the region; seeking to convince Abbas to enter into talks; commenting on the

settlement freeze in Jerusalem -- and you will not be able to escape that kind of involvement in the future. The problem is that your engagement has appeared to be sporadic rather than strategic -- that you've been deployed when it has been deemed necessary to get out of an impasse rather than in order to implement a long term, well thought-out plan. I do not think that has served you well.

- c. While one cannot by any means be confident of success, I believe an agreement is possible but that it only has a chance if we can work effectively to bring Bibi into a position where he believes that the costs of a historical compromise are outweighed by its benefits.
- d. If we don't try all we can over the next year or year and a half, you will in all likelihood be forced to deal extensively with the Middle East -- albeit not in a peacemaking but in a crisis-managing mode. Without movement on the peace process, Abbas could depart, Fayyad's state-building plan could be gone in smoke, hostilities might break out between Israel, Syria and Hizbollah and the U.S. would have to deal with Iran in an even less hospitable regional climate.