TESTIMONY OF DR. ZIAD J. ASALI
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U.S. Senate Committee on Foreign Relations
Chairman John Kerry (D-MA)
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Mr. Chairman,

I wish to thank you and the Committee's esteemed members for the privilege of testifying before you. The bipartisan leadership of this Committee has for many years been a bulwark for all those seeking peace and compromise in the Middle East.

The situation facing Israel, the Palestinians and all other interested parties, especially the United States, is difficult but also presents important new opportunities for moving forward.

I am confident that negotiations will resume soon, with the appropriate measures in place to maximize the possibility of success and minimize the consequences of stalemate. Yesterday’s Arab League decision will facilitate Special Envoy George Mitchell’s efforts to bring the parties together in the near future. Proximity talks and regional cooperation will all be helpful in resuming negotiations.

It is also extremely important that the parties employ more constructive, positive messaging aimed at each other and their own constituencies, and avoid incitement and provocative, belligerent or counterproductive rhetoric. Words matter. It is unacceptable for officials and political figures on either side to pander and try to score cheap debating and political points at the expense of jeopardizing the serious effort to resume the negotiations and to end the conflict. There should be political consequences, short of censorship, for individuals and organizations on both sides that engage in provocative and belligerent rhetoric. We strongly encourage the United States government to pay more attention to this serious problem, and to become more engaged in public diplomacy on Middle East peace.

In addition to the vital diplomatic track, the Palestinian Authority has initiated the most important innovation in many years with regard to Middle East peace: the program of the 13th Palestinian Government issued last August by Prime Minister Salam Fayyad and his Cabinet, under the leadership of President Mahmoud Abbas. The plan is for Palestinians to build the institutional, infrastructural, economic and administrative framework of their state in spite of the occupation with the intention of ending the occupation. All parties, including Israel, say it is their intention to realize the two-state solution. By adopting this program, Palestinians are taking up the responsibilities of self-government as they continue to insist on the right of self-determination.
The document, entitled *Palestinian National Authority: Ending the Occupation, Establishing the State*, affirms that, "The establishment of an independent, sovereign, and viable Palestinian state is fundamental for peace, security and stability in our region," and pledges that, "Palestine will be a peace-loving state that rejects violence, commits to co-existence with its neighbors, and builds bridges of cooperation with the international community. It will be a symbol of peace, tolerance and prosperity in this troubled area of the world."

Prime Minister Fayyad explained this policy at the annual Herzliya security conference in Israel a few weeks ago. His extemporaneous remarks reflected his determination and the logic of these policies, and the Israeli political and security leadership in attendance applauded. He addressed the charge that this program is inadmissible because it is unilateral by pointing out that only Palestinians can build their own state and develop their society. This has to be a Palestinian program. It has to be conceived by the Palestinians and coordinated by a Palestinian central nervous system in order to channel global donor assistance in a purposeful and meaningful way that has political and economic coherence and impact. The Prime Minister cited numerous examples of what this means in practice, including more than 1,000 community development projects that have already been completed, the implementation of a transparent and accountable public finance system, the creation of the nucleus of a Palestinian central bank and the performance of the new Palestinian security services.

It must be clearly stated that the actual establishment of a state can only be the consequence of a negotiated agreement based on the 1967 borders. The Israeli national security establishment that understands that a peace agreement with the Palestinians is a strategic imperative should recognize this program as a serious pathway to that end. As Israeli Defense Minister Ehud Barak noted here in Washington just last week, "A successful peace process – especially with the Palestinians – is not just in the interest of Israel. It is a compelling imperative for the state of Israel. And that’s why I say it’s the uppermost responsibility of any Israeli government. Not as a favor to the Palestinians, but out of our own interests – out of strength and without compromising our security." Therefore Israel too has a vital interest in the success of the Palestinian state and institution building project. And there should be no doubt about the consequences of thwarting it. That would play into the hands of extremists throughout the region and beyond, and promote and accelerate the process of radicalization. Indeed, it would have a powerful negative impact on the strategic balance in the region.
The state and institution building program is not a substitute for diplomacy, it compliments and supports it. The PA innovation is to add a bottom-up approach to the top-down diplomatic track, adding substance, credibility and political momentum based on concrete, palpable achievements that are especially important when diplomacy seems to be moving too slowly. What is needed is convergence between the bottom-up and top-down approaches. Strategically significant, positive, changes on the ground and diplomatic progress should be mutually reinforcing.

However, the Palestinians will not be able to fully realize this ambitious and potentially transformative program on their own. It will require a sustained global effort to provide the PA with the financial and technical support and the sustained political engagement that will be required for it to succeed. The Obama administration, the Middle East Quartet, Arab governments and the Israeli government all have a stake in the creation of a Palestinian state. Now is the time for them to act.

In January 2010 the Ministry of Finance and the Ministry of Planning and Administrative Development issued a new budget document, *Palestine: Moving Forward, Priority Interventions for 2010,* which spells out priorities for the Palestinian government in the coming year, and includes cost estimates and funding status. The document lists the following priorities:

- Finalize the building of central and local government institutions that are essential to the establishment of a modern and sovereign State of Palestine on the June 1967 borders.
- Upgrade public service delivery to all citizens throughout the Palestinian territory occupied in June 1967.
- Launch major projects to build strategically significant infrastructure throughout the Palestinian territory occupied in June 1967.
- Improve and promote the image of Palestine internationally and the role which the State of Palestine will play in bringing stability and prosperity to the region.

Building on the August 2009 Cabinet document, this detailed financial agenda is a clear guide to what the Palestinian government seeks to accomplish in 2010 and how this can be supported financially, technically and politically by all those seeking to promote peace based on the creation of a Palestinian state alongside Israel.

The program is ambitious, but those who closely follow events on the ground in the occupied West Bank will know that projects are already under way and things are beginning to happen in both the public and private sectors. Public/private partnerships are also being developed with international support. The US Overseas
Private Investment Corporation and the nonprofit Middle East Investment Initiative, together with US, international and Palestinian partners, have established a loan guarantee program that is helping to generate $228 million in lending to small and medium sized Palestinian businesses; are launching a half-billion dollar lending facility that will provide Palestinians living in the West Bank with access to affordable mortgages for home ownership; and are creating a risk insurance product to protect Palestinian businesses against losses resulting from trade disruption and political violence. The Palestine Investment Fund concentrates on placing new strategic investments in Palestine, including companies such as PALTEL, PADICO, Palestine Electricity Company, the Palestine Commercial Services Company, the Arab Palestinian Investment Company, and Salam International Investment Limited. Its current major projects include the $200 million Ersal Land Development Project to develop a new commercial center in the heart of the Ramallah-Al-Biereh Metropolitan Area, the PIF Housing Program which aims at developing 30 thousand housing units in all of Palestine during the next 10 years beginning with the Al-Reehan neighborhood of northern Ramallah, and the Wataniya Palestine Mobile Telecommunications Company. The first planned Palestinian city in the West Bank, Rawabi, is underway. The Palestinian Investment Promotion Agency will be hosting the 2nd Palestine Investment Conference on June 2-3, 2010 in Bethlehem, entitled Investing in Palestinian Small and Medium Businesses: Empowerment of SMEs.

However, in spite of these important public and private initiatives and partnerships, the PA budget document contains too many line items that are either unfunded or have funding pending.

Conditions in the occupied West Bank remain difficult, with restrictions imposed by Israel’s occupation that limit the ability of Palestinians to have a normal life and that complicate state and institution building and economic development. The problem of access is improved but not yet resolved. Travel restrictions include onerous required permits and military closures. Checkpoints, though significantly reduced, continue to add to unpredictability and delay in travel. Israeli-only highways which Palestinians are not allowed to approach are a further restriction. In a recent and welcome decision in December 2009, Israel’s High Court ruled that Palestinians should no longer be prevented from access to Israeli Highway 443 that runs through the occupied West Bank. Finally, Israel’s West Bank separation barrier cuts many Palestinians off from each other and, in some cases, their relatives and even their own privately-owned land.

The occupation involves significant disparities in resources and social services provided to settlers and Palestinian residents. Settlers are Israeli citizens living
under Israeli civil law, with all the rights and protections accruing from that status. Palestinians in the occupied territories are not citizens of any state, and are dealt with by Israeli authorities through civil administration regulations that are separate from Israeli civil law. Such disparities are too numerous to list in this written testimony. But these fundamental realities define the hardships of daily life under the occupation and demonstrate the moral and political necessity of Palestinian statehood.

Despite these harsh realities, conditions have been improving in the areas under PA control. At the heart of the state-building enterprise are the new Palestinian security forces. Their restoration of law and order and coordination with Israeli authorities, along with Israel's removal of several checkpoints, has led to an economic upturn in the West Bank. This model demonstrates what Palestinians can accomplish, and how Israeli concerns can be overcome, given appropriate levels of coordination, international aid, technical support and sustained political engagement, and this process can be repeated in sector after sector. It is vital that Palestinian security forces are allowed access and mobility. Israeli incursions undermine the legitimacy and effectiveness of these forces as state builders.

The most recent State Department Country Report on Terrorism noted that, "In the West Bank, PA security forces (PASF) followed up on efforts to establish law and order and fight terrorist cells with security deployments to Jenin, Bethlehem, and Hebron. All observers, including Israeli security officials, credited PASF with significant security improvements across the West Bank." Dov Weissglas, a former senior advisor to Prime Minister Ariel Sharon, noted that the new Palestinian security forces "are efficient, disciplined and determined, they have good working relations and coordination with their Israeli counterparts and their performance is immeasurably better than it was in the past."

But significant challenges remain, and a number of Israeli actions in the occupied territories are complicating both the situation on the ground and the prospects for renewed, successful negotiations. Belligerent conduct by extremist settlers, confrontations in occupied East Jerusalem, and travel and visa restrictions, along with sporadic violence by both individual and organized Palestinian extremists, undermine the viability and credibility of negotiators and negotiations.

- New claims on holy sites in the occupied West Bank: Last week tensions were raised by Israel's decision to add holy sites in the occupied West Bank to its national heritage registry. On February 21, 2010 Prime Minister Netanyahu announced that Rachel's Tomb/Bilal ibn Rabab Mosque in Bethlehem and the
Tomb of the Patriarchs/Al-Haram Al-Ibrahimi in Hebron would be included in an Israeli-government $107 million "national heritage" restoration program. Both sites are considered holy by both Jews and Muslims. The UN and several European countries expressed serious concerns about the move, and State Department official Mark Toner called it "provocative." Anger about the announcement, combined with the commemoration of the 1994 massacre of 29 Palestinian worshipers at a mosque by the Israeli settler Baruch Goldstein, led to significant clashes between Palestinian protesters and Israeli troops in Hebron and other West Bank cities over several days last week.

- Continued settlement activity: Settlement activity is continuing, especially in and around occupied East Jerusalem, in spite of the partial moratorium, both by the Israeli government's own admission and according to numerous credible reports from NGOs, journalists and others. The Israeli government itself has identified 28 settlements that are continuing construction in defiance of the partial moratorium, and the Israeli NGO Peace Now has said the actual number is 33. This does not include areas specifically excluded from the partial moratorium, including Jerusalem in which hundreds of new settlement housing units are planned. State Department spokesman Philip Crowley said the recent approval of 600 new settler housing units in the Pisgat Ze'ev neighborhood of occupied East Jerusalem is "counter-productive and undermines trust between the parties." A February 2010 report by Chatham House warns that, "The settler-driven entrenchment of the Israeli government in East Jerusalem is reaching the point at which a peaceful division of the city between Israel and a future Palestinian state may no longer be possible." A March 2010 study by the Applied Research Institute – Jerusalem found that “during the years 2006 & 2009, Israel escalated its settlements construction activities in the Occupied Palestinian Territories, particularly in and around East Jerusalem, in an attempt to change realities on the ground.” On January 7, 2010 Defense Minister Barak issued additional construction exemptions easing restrictions even in areas where the moratorium does apply. Moreover, data compiled by Brigadier General (res.) Baruch Spiegel on behalf of the Israeli Ministry of Defense reportedly demonstrates that about 75 percent of all Israeli settlement construction has been carried out either without the appropriate permits or in violation of permits that were issued by the government. This suggests that historically and typically, settlement activity has proceeded outside of the control of formal Israeli government regulations. The database also reportedly confirms that at least 30% of Israeli settlements are built on privately owned Palestinian land. None of the data cited above includes so-called "illegal outposts," which further complicate the problem, many of which are not being dismantled by the Israeli authorities. According to a report in the Israeli newspaper Ha'aretz just two days ago, "Under the cover of the partial..."
and temporary freeze, the outposts are putting down deeper roots.”19 In another troubling move, in December 2009 the Israeli Government added many settlements throughout the occupied territories to the list of "national priority areas," providing Israelis with special benefits and incentives to stay in or move to these settlements.20

- Excavations near holy sites: Archaeological excavations conducted by the Israeli government in the occupied territories, especially in the so-called "Holy Basin" -- the area of and surrounding the Old City of occupied East Jerusalem -- are another significant source of anxiety and tension. Excavations beneath the Mugrabi Gate,21 underneath the "Isaac's Tent" structure which is adjacent to the Temple Mount/Haram al-Sharif,22 and underneath Palestinian homes in the Silwan neighborhood23 have all proven highly controversial.

- Evictions of Jerusalemite Palestinian families: The most noteworthy recent case reflects ongoing disputes in the Sheikh Jarrah area of occupied East Jerusalem. On August 2, 2009 two Palestinian families (al-Hanoun and al-Ghawi), consisting of 53 persons, were evicted from two homes in Sheikh Jarrah, a move that was officially protested by the United States government.24 Jewish settlers immediately seized control of and moved into the residences. The Palestinian families have been keeping a Friday vigil outside the homes ever since. Israeli authorities in Jerusalem have repeatedly announced plans for additional settlement housing units in the area.25 Tensions in the area are running high, as indicated by a violent confrontation on February 24, 2010 between Palestinian residents and ultra-Orthodox Jews which left a Palestinian woman and child hospitalized.26 In this context, we acknowledge Israeli Prime Minister Benjamin Netanyahu’s intervention to defuse a crisis over building plans in Silwan.27

The situation in Gaza is dire. Israel’s blockade has produced a humanitarian tragedy without weakening the political grip of Hamas. In January 2010 the World Health Organization said Gaza was facing an "on-going deterioration in the social, economic and environmental determinants of health," and outlined a generalized health-care crisis involving all levels of care, the increasing unsuitability of the drinking water supply, and the serious impact of lack of building materials on public health and the health care system.28 The findings, which incorporate the work of 80 NGOs, concluded that, "the economy of Gaza is in virtual collapse with rising unemployment and poverty which will have long term adverse effects on the physical and mental health of the population. The environment is also in decline including water quality, sewage and waste disposal and other environmental
hazards." The WHO also pointed out that, "Rising unemployment (41.5 percent of Gaza's workforce in the first quarter of 2009) and poverty (in May 2008, 70 percent of the families were living on an income of less than one dollar a day per person) is likely to have long term adverse effects on the physical and mental health of the population."

A March 2009 report by the EU listed the following priorities for reconstruction in Gaza:

a) Short term:
   - Rubble removal is a priority as reconstruction cannot start if the rubble is not cleared. This operation should take place together with the clearance of UXOs, for the sake of safety.
   - Private sector as it is the key to economic recovery and job creation;
   - Agriculture to reduce the risk of food insecurity;
   - Water, wastewater, and solid waste as there are a number of critical health related issues and a looming environmental crisis.
   - Housing is one the basic needs of the population, although Arab States have shown interest in financing this sector entirely.

b) Medium term:
   - Public buildings, particularly schools, health care facilities, and buildings providing social services.

c) For the longer term, infrastructure rehabilitation will be essential for economic development:
   - Energy, as there is no economic recovery without access to energy, for both the population and the private sector;
   - Roads, to increase access to social services and improve movement of persons and goods.

A February 2010 letter to President Barack Obama signed by the Foundation for Middle East Peace, Americans for Peace Now, the Arab-American Institute, J Street, Churches for Middle East Peace, B'Tselem and Rabbis for Human Rights – North America points out that:

   - 850 trucks daily with food, goods and fuel entered from Israel, pre-closure; 128 today.

   - The closure and the war have virtually halted manufacturing and most agricultural exports. Before 2007, 70 trucks a day carried Gazan exports for
Israel, the West Bank and foreign markets valued at $330 million, or 10.8% of Gaza’s GDP.

- 11% of Gazan children are malnourished, to the point of stunting, due to poverty and inadequate food imports. Infant mortality is no longer declining.

- 281 of 641 schools were damaged and 18 destroyed in the war because of the closure. Few have been rebuilt, and thousands of students lack books or supplies. There are daily eight hour power shortages.

- The war and Israel’s refusal to allow imports of cement and material to rebuild 20,000 destroyed or damaged homes have left many more thousands of Gazans in tents, temporary structures, or with other families.

- Many war-damaged or deteriorating water and sewage facilities are health and environmental hazards, for lack of rebuilding supplies and equipment.

- The war damaged 15 of 27 hospitals and 43 of 110 clinics. Imports of medicine and equipment are delayed. Doctors cannot leave for training, and patients face long delays to visit Israeli hospitals. 28 have reportedly died while waiting.

- Movement of people in and out of Gaza, including students, aid and medical workers, journalists, and family members, is severely limited.

The main issue holding back an effort to engage in the necessary reconstruction has been the legitimate concern that measures benefiting the long-suffering people of Gaza will advantage the de facto Hamas rulers. However, we believe that as long as Gaza is cut off from the outside world, Hamas will use smuggling to increase the people’s dependence on it. Gaza’s isolation has allowed Hamas to increasingly move from an authoritarian regime to a totalitarian theocracy that harasses international NGOs – the very organizations best placed to lead a reconstruction effort – and that systematically takes over civil society organizations. Over the past year or so, Hamas has been increasingly imposing ultraconservative social restrictions in Gaza, particularly impacting the rights of women. Campaigns to enforce the Muslim
headscarf and other forms of "modest dress," prevent women from riding on the back of motorcycles, ban "improper" literature and similar measures suggest a creeping fundamentalism of Hamas rule in a Gaza Strip cut off from the outside world. Even more alarmingly, under these circumstances Hamas itself is being increasingly challenged by even more radical armed groups of Muslim extremists, including a violent clash at a mosque in August 2009 between Hamas fighters and Al Qaeda-like fanatics which left 24 Palestinians dead and 130 injured. The bottom line is, the people suffer while Hamas and other extremists benefit politically from this unconscionable blockade. We strongly recommend that reconstruction commence as soon as possible, and it is vitally important that the legal and orderly operation of the crossings is resumed.

I’d like to emphasize the plight of Gaza students, and the counterproductive and frankly mystifying pattern of Israel denying them the ability to travel to study abroad. To illustrate the extent of this problem, in September 2009 the Palestinian Interior Ministry said that of 1,983 students who were accepted by universities abroad and applied for the necessary permits, only 1,145 were cleared to travel through the Rafah crossing. According to Israeli press reports, "Since June 2008, Gaza students are required to be accompanied by an official diplomatic delegate from the county they are bound to. The complexities of coordinating such efforts, as well as the fact that the Rafah crossing is mostly closed, have resulted in only 12% of students having been able to cross through it." I have been personally involved in efforts to encourage the US consulate in Jerusalem to escort Gaza students as required for their visa interviews, and I can attest to this complexity. Some students had to wait for over a year, sometimes meaning their scholarship opportunity had expired. I’d like to thank the Consulate and the State Department for their efforts to deal with this difficult complication and their efforts to encourage Israel to drop its onerous requirement. However, a systematic solution clearly needs to be found. It is imperative that this unacceptable practice ends.

There is also the deeply troubling case of Berlancy Azzam, a 21-year-old student at Bethlehem University who was arrested and removed to Gaza by the Israeli military in October 2009. Azzam was completing her last semester of a Bachelor’s Degree program in Business Administration, with a minor in Translation, and was two months away from graduation. She was blindfolded and handcuffed during her expulsion from the West Bank. The US Consulate in Jerusalem said it was "very concerned" by this troubling incident. Azzam, a practicing Christian, said she made the decision to study in the West Bank because she was concerned about possible discrimination in Hamas-controlled Gaza. In December 2009 the Israeli High Court ruled that she would not be allowed to return to the West Bank. On February 4, 2010 she participated in a panel discussion on "The Right of Palestinians to Study and Travel" at the Carnegie Endowment for International Peace, but had to do so via telephone as Israeli authorities refused to allow her to leave Gaza for the event.
We should all carefully consider what the likely consequences will be of policies that in effect deny Gaza students the chance at a decent education.

I would like to conclude by commending Congress for the substantial aid and support it provided to the Palestinians last year. This positive trend needs to be expanded and developed by offering the necessary financial, technical and political support for the PA to successfully pursue the state and institution building program. This is not simply a development project but a serious political program that advances a key American national interest. Therefore this program should be funded and supported by Congress as well as the executive branch. The United States government as a whole and with its full weight should lead and encourage others to shoulder their own responsibilities by embracing, funding and supporting the program as well. We look forward to Special Envoy Mitchell enlisting necessary partners to achieve coordinated political, economic and security progress.

Convergence between the top-down diplomatic track and the bottom-up state and institution building program constitutes the best prospect for realizing a two-state agreement. A conflict-ending agreement negotiated on the basis of the 1967 borders is vital to Israeli and Palestinian interests, but, more importantly, it is in our own national interest.

The United States is the indispensible partner that can bring all parties to negotiations and to an agreement. This role can neither be relinquished nor outsourced.

I would be happy to answer any questions you might have.
Citations:


