

-- NOTHING IS AGREED UNTIL EVERYTHING IS AGREED --

PRELIMINARY DRAFT FOR DISCUSSION PURPOSES ONLY*: v12 (December 1, 2008)

**Nothing this draft shall be construed to bind either party to the positions indicated herein.*

Agreement

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ARTICLE 1: PREAMBLE

The Government of the State of Israel (GOI) and the Palestine Liberation Organization (PLO), the representative of the Palestinian people, (hereinafter “the Parties”), pursuant to the Joint Understanding reached at the Annapolis International Conference on November 27, 2007 and previous agreements between the Parties:

Reaffirming their determination to bring an end to the conflict between their peoples, to achieve historic reconciliation and a just, lasting and comprehensive peace settlement, based on coexistence, security, mutual recognition and good neighborly relations, in which the State of Israel and the State of Palestine will live side by side in peace and security;

Conscious of their responsibility to subsequent generations to create a future free from violence and despair in which their peoples' rights to a peaceful and secure existence will be realized;

Reaffirming the right of the Palestinian people and of the Israeli people to self determination and statehood in accordance with international law;

Recognizing that peace must include respect for and acknowledgement of the sovereignty, territorial integrity and political independence of Palestine and of Israel and the respective right of their peoples to live in peace within secure and recognized boundaries, free from threats or acts of force;

Recognizing the rights of the Palestinian refugees and the vital importance of a just resolution of the Palestinian refugee issue for achieving a lasting peace in the Middle East;

Reaffirming their commitment to the two state solution as the viable solution to the Israeli Palestinian conflict which will end the Israeli occupation that began in 1967, which with a just resolution to the Palestinian refugee issue, will facilitate an end to the conflict between the two peoples;

Reiterating their commitment to all UNSC resolutions pertaining to the Israeli-Palestinian conflict, including 242, and 338 and UNGA resolution 194, the Arab Peace Initiative of 2002, and international law, and confirming their understanding that this Agreement is based, *inter alia*, on those resolutions and principles.

Reaffirming their obligation to conduct themselves in accordance with the terms of this Agreement, as well as with the norms of international law and the Charter of the United Nations;

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Convinced of the necessity for fostering a culture of peace between their peoples, and advancing coexistence and respect for human dignity throughout the region;

Recognizing that a just, lasting and comprehensive peace is essential for maintaining regional security and stability;

Declaring that this Agreement constitutes a historic milestone in the quest for comprehensive peace in the Middle East and that its implementation advances the process of reconciliation between the Arab States and Israel and the establishment of normal, peaceful relations between them in accordance with Arab League Peace Initiative adopted in Beirut in March 2002, as reaffirmed in March 2007 at the Riyadh Arab Summit;

Have agreed as followed:

ARTICLE 2: GENERAL PROVISIONS

2.1 *There should be a provision setting out definitions of all terms that need to be defined, including: the Agreement¹, citizen, resident, Interim Agreement, Interim Period, Party, Parties, Permanent Status, Transitional Period, the Treaty... etc.*

2.2 The State of Palestine shall be established side by side with the State of Israel, in accordance with the provisions of this Agreement.

The date on which the State of Palestine is established, shall be the date upon which the establishment of the State of Palestine is declared by decision of the PLO. The PLO intends to issue such a declaration no later than the complete withdrawal of the Israeli presence from Palestine to the international borders, as defined in Article 3 below.

2.3 The State of Israel shall immediately recognize the State of Palestine upon its establishment within its international borders as defined in Article 3 of this Agreement, upon the completion of the Israeli withdrawal, as specified in this

¹ The Agreement and its implementation protocols and all of the details must be read as a whole and not be severable. One way to do this is to define the "Treaty" as this agreement plus all of the details (annexes, implementation protocols etc.) that would be required for a complete agreement/treaty to be sufficient. This would ensure that no single text is severable and that all obligations are read jointly.

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agreement. Upon its establishment, the State of Palestine shall immediately recognize the State of Israel within its international borders.

- 2.4 The State of Palestine and the State of Israel shall immediately establish full diplomatic and consular relations, including the exchange of resident ambassadors.
- 2.5 Relations between the State of Palestine and the State of Israel shall be based on the provisions of the Charter of the United Nations, the Declaration of Principles of International Law concerning Friendly Relations and Cooperation among States (annexed to United Nations General Assembly resolution 2625 (xxv)), good neighborly relations, the resolution of disputes by peaceful means, and other principles of international law governing peaceful relations between States.

In particular, the Parties recognize and respect each other's sovereignty, territorial integrity and political independence, and will respect each other's right to live in peace within secure and recognized borders.

- 2.6 Palestine shall replace the Palestinian Council and the Palestinian Authority, which shall thereupon stand dissolved, All the rights, duties, and powers at present vested in the PA, and the Palestinian Council in accordance with previous agreements, insofar as they are compatible with this Agreement, shall pass to the State of Palestine upon its establishment. All the rights, duties and powers at present vested in the PLO in relation to this Agreement, shall pass to the State of Palestine upon its establishment.
- 2.7 This Agreement shall be known as the Agreement on Permanent Status (hereinafter the "Agreement"). This Agreement, together with the Comprehensive Treaty on Permanent Status (hereinafter the "Treaty") shall constitute the full Permanent Status Agreement (hereinafter "PSA"). The full implementation of the PSA shall mark the end of the conflict between the Parties.
- 2.8 The Treaty will embody the detailed arrangements relating to the matters agreed upon in this Agreement, and will set out the modalities for their implementation. The Treaty shall be concluded and signed no later than June 2009. The Treaty shall be subject to ratification by both Parties, and shall enter into force on the date on which instruments of ratification are exchanged by the Parties.

[NOTE: The dates and benchmarks signaled herein will need to be reviewed once a timeline and complete process are agreed.]

- 2.9 The Agreement establishes firmly the basic principles that will determine the core content of the Treaty that will be concluded so as to complete the process towards

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peace and final and effective reconciliation. These shall be based on the terms of reference and principles herein, including: the principle of land for peace, the Arab Peace Initiative of 2002; international law; international best practice, and all UN resolutions pertaining to the conflict, including UNSC resolutions 242, 338, 252, and 478 and UNGA resolutions 194 and A/RES/ES-10/15 of July 2004.

- 2.10 The mechanisms for the implementation of the principles set out in this Article will be established in the Treaty or otherwise as needed.

ARTICLE 3: BORDERS

3.1 Location of the international borders between Palestine and Israel

- I. In accordance with United Nations Security Council Resolutions 242 and 338, the international land borders between Palestine and Israel are as follows:
- a. the armistice demarcation lines applicable to Israeli forces as defined in the Jordanian-Israeli General Armistice Agreement of April 3, 1949 including any mutually agreed legal modifications thereto.
 - b. the armistice demarcation lines applicable to Israeli forces as defined in the Egyptian-Israeli General Armistice Agreement of February 24, 1949 including mutually agreed legal modifications thereto.

In accordance with Security Council Resolution 242, No Man's Land under the above mentioned agreements shall fall under Palestinian sovereignty.

- II. The Parties may by agreement make minor, reciprocal modifications of equal size and value to the border, in a total amount not exceeding 1.9% of the territory of Palestine, and its equivalent in square kilometers from the territory of Israel² (the "Swapped Areas"), in accordance with the rest of this paragraph 3.1.
- III. The territory of Palestine includes its territorial seas, in accordance with international law. The international border between the territorial seas of Palestine and Israel shall be determined by agreement between the Parties, in accordance with international law.

3.2 Delimitation and demarcation of the international borders

- I. The precise course of the international land borders as defined in Article 3.1 between Palestine and Israel shall be agreed and delimited on agreed and appropriately scaled

² 1.9% of the territory of the West Bank and the Gaza Strip is equal to approximately 120 km².

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maps that will be annexed to the Treaty.

- II. The physical demarcation of the international land borders on the ground shall be completed by a Joint Border Commission, (whose composition, structure, mandate, terms of reference and procedures shall be set in the Treaty) not later than 6 month(s) from the date of the signing of the Treaty.

3.3 Maritime Zones

Both Palestine and Israel are entitled to their full complement of maritime zones, and all rights exercisable therein, in accordance with international law. The boundaries between the maritime zones of Palestine and Israel shall be agreed in accordance with international law.

3.4 Territorial Link

- I. Israel recognizes a right to free and unimpeded transit and communication between the West Bank and the Gaza Strip, and agrees to facilitate and preserve this right in perpetuity
- II. Without prejudice to the comprehensive scope of paragraph I of this Section, the Parties shall establish a permanent land corridor within [36 months] of the signature of this Agreement, linking the Gaza Strip to the West Bank, along the Beit Hanoun – Tarkumiya route, with both terminals located on the border as defined in Article 3.1. Palestine shall have full sovereignty over the land corridor. For the avoidance of doubt, the land corridor shall permanently be under Palestinian jurisdiction, permanently open, and shall be of sufficient width to allow for multiple lanes, a rail connection, and pipelines, electrical and communications cables, and associated installations, equipment and infrastructure, below or above ground (including for water, telecom, gas and oil).
- III. Subject to paragraph II above, the rights and duties of Palestine and Israel in the land corridor shall be determined by agreement between the Parties and shall be detailed in the Treaty. Such details shall include the precise course of the land corridor, its construction, modalities of operation, control, financing, maintenance, intersections of Israeli and Palestinian infrastructure along the land corridor, possible third party role, and other specifications.
- IV. In addition to the permanent land corridor, Palestine and Israel shall establish other permanent and secure land and air routes and additional safe passage arrangements for free and unimpeded passage of persons, vehicles, goods and/or infrastructural facilities linking the West Bank and the Gaza Strip. Infrastructural facilities shall be understood to include, *inter alia*, pipelines, electrical and communications cables, and

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associated installations, equipment and infrastructure.

- V. Without prejudice to the above and in furtherance thereof, Israel shall guarantee free transit between the West Bank and Gaza Strip for goods and people until the permanent arrangements in paragraphs II and III above are fully functional.

3.5 Private property

- I. The Parties recognize that each of Palestine and Israel has full and exclusive sovereignty and jurisdiction over the Swapped Areas it receives from the other as of the date of the transfer.

- II. The Swapped Areas are transferred free of any private rights or interests.

III. The Parties shall establish a Territory Transfer Mechanism to ensure that the affected holders of private property rights and interests are compensated in accordance with international law, subject to paragraph 3.5(IV) below.

- IV. The Parties recognize that neither the state of Israel, nor any Israeli natural or legal person, nor any person entitled to Israeli citizenship under Israel's *Law of Return*, has acquired any valid right, claim, title or interest during Israel's occupation to any immovable property or fixtures in the Palestinian territory occupied by Israel in the 1967 War as defined in Article 3.1(I) (hereinafter "Settlement Property"). For the avoidance of doubt, Palestinian natural or legal person residents of East Jerusalem shall not be included in the scope of this paragraph. For the avoidance of doubt, all other private property claims shall also be considered in accordance with international law and the terms of the Agreement and the Treaty.

3.6 Sovereignty and Inviolability

- I. Israel recognizes that the West Bank, including East Jerusalem, and the Gaza Strip comprise one, united and integral part of the territory of Palestine.

- II. Palestine and Israel shall recognize and respect each other's sovereignty, territorial integrity, and political independence, as well as the inviolability of each other's territory, including territorial seas and all maritime zones, and airspace.

ARTICLE 4: SETTLEMENTS

- 4.1 Israel shall evacuate all of its citizens and all other residents of Israeli settlements (including outposts) in the territory of Palestine as defined in Article 3.1 above in accordance with the modalities and timetables to be agreed in the Treaty and, in any event, within 18 months of the date of entry into force of this Agreement., while

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preserving all other aspects of this Agreement In any event, Israel bears responsibility for the orderly evacuation until its completion.

4.2 Until its military withdrawal from the territory of Palestine is complete, Israel shall take all reasonable steps to ensure that no Settlement Property therein is removed, destroyed, damaged or disabled, except with the PLO's express written consent. In the event that the PLO provides such written consent, Israel shall be responsible for the removal from the territory of Palestine of any Settlement Property and for the remediation of the site to its original condition. The process of dismantlement and/or transfer, as the case may be, of the Settlement Property, shall take place in accordance with the modalities and timetables to be agreed in the Treaty.

ARTICLE 5: PASSAGE ARRANGEMENTS (PALESTINE AND ISRAEL)

All arrangements regarding the border regime between Palestine and Israel shall be agreed and detailed in the Treaty in accordance with, *inter alia*, the sections regarding Jerusalem, security and economic relations, along the agreed boundaries. This shall include details regarding maintenance of, and any joint security arrangements for, the physical border, and arrangements, procedures and regulations regarding the movement of people, vehicles, services and goods across the boundary separating the territories of Palestine and Israel.

ARTICLE 6: SECURITY RELATIONS

6.1 General

- I. Relations between Palestine and Israel shall be based upon the provisions of the Charter of the United Nations, the principles set out in the Declaration on Principles of International Law concerning Friendly Relations and Co-operation among States (annexed to United Nations General Assembly resolution 2625 (xxv)), and other principles of international law governing relations among States in times of peace.
- II. The Parties acknowledge that mutual understanding and co-operation in security-related matters will form a significant part of the relations between Palestine and Israel and will further enhance the security of the region. Palestine and Israel will base their security relations on mutual trust, advancement of joint interests and co-operation and shall aim towards a regional partnership in peace. Security relations shall be established on the basis of sovereign equality and reciprocity, taking into consideration the security concerns of Palestine and Israel on an equal basis.

III. Palestine and Israel each shall:

- a. refrain from the threat or use of force against the territorial integrity or political

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- independence of the other, or in any other manner inconsistent with the purposes of the United Nations;
- b. refrain from joining, assisting, promoting or co-operating with any coalition, organization or alliance of a military or security character with a third party, the objectives or activities of which include launching aggression or other acts of military hostility against the other;
 - c. refrain from organizing, assisting, or encouraging the organization of irregular forces or armed bands, including mercenaries, for incursion into the territory of the other; and
 - d. refrain from organizing, assisting, or participating in acts of violence in or against the other or acquiescing in organized activities within its territory directed toward the commission of such acts.
- IV. Nothing in this Article shall be construed as requiring either Palestine or Israel to take any measure or undertake any act inconsistent with international law, including international human rights and humanitarian law standards.
- V. Any question as to the implementation of this Article shall be dealt with through a mechanism of consultations, which will include a liaison system, verification, supervision, and other mechanisms as appropriate and as further detailed in the Treaty.

6.2 *Armament*

Palestine has, for the sake of peace, decided to be a state with limited arms, which will be defined as the arms necessary to carry out the functions of a strong and robust security force. These functions shall include:

1. The protection of Palestinian national security interests based on its defensive security strategy;
2. The maintenance of internal law and order including law enforcement duties pursuant to the rule of law;
3. The protection of international borders from terror, aggression, infiltration and smuggling; and,
4. The combating of crime and terrorism in line with the rule of law and international best practice.

6.3 *International Presence*

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A multinational force and international monitors, under the mandate [as specified by the Treaty] [as adopted by the United Nations] [under NATO], under the leadership of the [US] [UN] [NATO] [EU] [a combination thereof] and in coordination with neighbouring states, will be introduced to maintain a presence along the agreed Palestinian borders to assist, [as necessary][upon the request of the Palestinian government], the Palestinian security forces with border security, compliance with the terms of this Agreement, and managing international border crossings, and with other functions as requested by the Palestinian government. The force will be no larger than is necessary for the fulfillment of its mandate, in order to promote confidence between the Parties. This force shall be deployed at the beginning of the Israeli military withdrawal, and shall be withdrawn at the latest [XX] after the coming into effect of the Agreement, unless otherwise requested by Palestine and agreed with [the UNSC][NATO].

The composition of the multinational force will be agreed with the PLO/Palestine, and the multinational force will be deployed based on the invitation of the Palestinian government, on Palestinian territory. Nothing in this clause shall be interpreted in a manner that derogates from Palestinian sovereignty.

The scope of operations and functions to be carried out by the multinational force shall be agreed between the Parties. All matters not explicitly detailed in this Agreement or the Treaty shall be agreed bilaterally between Palestine and the governments of the states contributing forces.

ARTICLE 7: REFUGEES

- 7.1 The Parties commit to a comprehensive, just and agreed resolution of the Palestinian refugee issue in accordance with international law, including UNGA Resolution 194, and the Arab Peace Initiative, as agreed in this Article.
- 7.2 Israel acknowledges its moral and legal responsibility for the longstanding displacement and dispossession of the Palestinian civilian population as a result of Israeli action during and following the conflict of 1948.
- 7.3 Palestinian refugees shall be provided with repatriation, resettlement and integration choices, including:
 - Return to Israel – to be implemented in accordance with an agreed annual quota and within an agreed period of time (renewable on the basis of both parties' consent);
 - In Palestine, at the sole discretion of the Palestinian State;
 - In Consenting host states; and
 - In Consenting third states.

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- 7.4 Palestinian refugees shall be granted restitution and full compensation for the material and non-material damages they have suffered, including loss of livelihood and opportunities and human suffering, as a result of their protracted displacement in accordance with the provisions of the Article and the Treaty.
- 7.5 An international mechanism shall be established, with the participation of Palestine, Israel, the host countries and other stakeholder countries and entities in order to implement all aspects of the agreed solution to this issue as set out in this Article, bringing an end to the Palestinian refugee status and enabling the phased termination of UNRWA in parallel with implementation and in coordination with the international mechanism.

The comprehensive mission of the international mechanism shall include:

- a) A refugee repatriation and resettlement and integration program;
The international mechanism shall notably assist in coordinating the orderly and secure implementation of the permanent destination options to be offered to Palestinian refugees. The international mechanism shall also provide rehabilitation assistance to Palestinian refugees and to relevant States in order to facilitate refugees' economic and social integration and development.
- b) A program for refugee claims for restitution and compensation:
All Palestinian refugee claims shall be resolved in accordance with procedures, criteria and time-limits determined by the international mechanism. In order to enable the due and effective resolution of these claims, both parties commit to make available all necessary records in their possession or jurisdiction, including the Israeli Custodian of Absentee Property records.
- 7.6 An international fund shall be established to finance the two programs of the International Mechanism mentioned in Article 6.5.

Israel commits to contribute financially to the fund as necessary to cover restitution and compensation claims as agreed between the Parties, together with contributions from international stakeholders.

- 7.7 The Parties call on the international community to assist in the resolution of the refugee issue through their participation in the international mechanism and through financial contributions to the international fund.
- 7.8 The international mechanism shall constitute the exclusive forum for dealing with Palestinian refugee claims. Israel and Palestine shall have no further bilateral commitment or obligation arising from the refugee issue beyond those specified in this Agreement and the Treaty.

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[NOTE: Compensation for States that have hosted Palestinian refugees: to be discussed with them.]

ARTICLE 8: JERUSALEM

8.1 Capital of two states

- I. Palestine and Israel shall each have their mutually recognized capitals in Jerusalem.
- II. East Jerusalem, within the pre-1967 municipal lines, shall be the capital of Palestine, and West Jerusalem shall be the capital of Israel. The border between them shall be in accordance with the border as defined in Article 3.1 of this Agreement.
- III. Each state shall enjoy full sovereignty over its respective part of Jerusalem.
- IV. The Parties shall agree in the Treaty on mutual arrangements for cooperation in specified matters and shall together establish a Jerusalem Coordination and Development Committee to oversee cooperation and coordination between Israel and Palestine in both parts of Jerusalem, for the promotion of economic and social development. The Parties agree that a central objective of such cooperation shall be to minimize the practical impediments to the free movement and access of people, vehicles, services and goods arising from the existence of an international boundary running through the city.

8.2 Religious and cultural significance

- I. The Parties recognize the universal historic, religious, spiritual, and cultural significance of Jerusalem and its holiness enshrined in Judaism, Christianity, and Islam.
- II. The Parties affirm their commitment to safeguard the character, holiness, and freedom of worship in the city and its holy sites and places and the existing division of administrative functions and traditional practices among different denominations.
- III. Palestine and Israel shall act in accordance with the UNESCO World Cultural Heritage List regulations, in which the Old City is a registered site, and shall work in close coordination in devising a restoration and preservation plan for the Old City.

8.3 Jerusalem border regime

The border regime between Palestine and Israel in Jerusalem shall correspond to the

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general border arrangements between the two states, while taking into consideration the special character of Jerusalem and the Old City, and with a view to facilitate the movement of persons, vehicles, services and goods across the two parts of the city.

8.4 Rights of Palestinian residents of Jerusalem

Palestinian Jerusalemites who currently are or were permanent residents of Israel shall receive Palestinian citizenship upon the transfer of authority to Palestinian control over those areas falling under Palestinian sovereignty pursuant to Article 3 of this Agreement in which they reside, in accordance with implementation modalities to be agreed in the Treaty. Transitional arrangements regarding the Palestinian Jerusalemites who receive Palestinian citizenship under this clause shall be agreed in a manner that preserves all acquired and accumulated social and economic rights accrued while those areas or individuals were under Israeli control.

ARTICLE 9: WATER

9.1 General principles: International watercourses

- I. For purposes of this Agreement, “watercourse” shall mean a system of surface waters and ground waters constituting by virtue of their physical relationship a unitary whole.
- II. The exercise of Palestinian and Israeli rights over watercourses that straddle or cross international borders (“international watercourses”) shall conform to the principle of equitable and reasonable utilization of international watercourses.
- III. International watercourses shared by Palestine and Israel include the Eastern, Northeastern, Western and Coastal Aquifers, as well as the Jordan River Basin and Wadi Gaza.
- VI. Palestine and Israel shall agree on the allocation of the shared water resources based on the principle of equitable utilization, as stated above, in the Treaty.

The Parties shall agree to a transition period of no longer than 5 years in which the new allocation of the shared water resources will be implemented between Palestine and Israel.

In the absence of concluding an agreement on the reallocation of shared water resources for any reason whatsoever within 12 months of signing this Agreement, Palestine and Israel shall submit the issue of a reallocation of shared water resources in accordance with the equitable utilization standard to an arbitral

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- tribunal in accordance with Article 16 of this Agreement.
- V. Palestine and Israel respectively shall take no action, and shall take all possible steps to ensure that persons in its territory and under its jurisdiction or control take no action, that will harm the quality of water in international watercourses or cause damage to aquifers and other water-holding geological structures.
- VI. The Parties agree that, pursuant to its right of equitable utilization of international watercourses, Palestine shall have the right to capture its equitable share of those watercourses and transport it to and within its territory. Accordingly, Israel shall, without charge, permit Palestine in perpetuity to construct, maintain and operate, and shall provide a right of way for, water installations and water pipelines to extract and transport water in and through Israeli territory to the territory of Palestine, where such rights are required in light of Palestine's right of equitable utilization of international watercourses.
- VII. Palestine and Israel shall establish in the Treaty modalities of cooperation and a water management committee with third party involvement to facilitate cooperation and verify compliance by Palestine and Israel with their obligations.

9.2 General principles: Natural resources

In accordance with the principle of permanent sovereignty over natural resources, and consistent with their obligations as members of the international community, Palestine and Israel shall each enjoy sovereignty over natural resources that are located entirely within its respective international borders. Without prejudice to the agreed allocation of shared water resources mentioned above, other shared natural resources, including but not limited to natural gas, minerals, and oil, shall be exploited in accordance with mutual agreements based on international law.

ARTICLE 10 ENVIRONMENT

With a view to protecting the environment of Palestine and Israel in accordance with international standards, Palestine and Israel shall agree on an Environmental Protocol which shall be part of the Treaty.

ARTICLE 11: ECONOMIC RELATIONS

With a view towards enhancing the prosperity of the peoples of Palestine and Israel, the Parties shall agree as part of the Treaty an Agreement on Economic & Trade Relations (the Economic Agreement) based on the following framework:

1. The Parties agree that the future economic and trade relations between Palestine and Israel shall be based on two independent economies and the recognition of the

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- sovereign authority of each State to conduct its internal and external economic affairs.
2. The Agreement shall insure free trade in agricultural and manufactured products; this will include, *inter alia*, the removal of all tariff and non tariff barriers on trade in these products between the parties. It will be compatible with established rules and principles of the global trading system, particularly those of the World Trade Organization. It will allow for preferential access of Palestinian labor, including professional laborers, to Israel's labor market according to an agreed quota. It will provide for the use of land crossings, seaports and airports of both Palestine and Israel for transit of goods to other countries. The agreement will also specify the regime that will govern investments and trade in services and cover all other aspects of economic and trade relations between the parties..
 3. Israel and Palestine shall maintain an effective agreed international border between them. Border crossings shall be operated as efficient commercial crossings allowing for the free and unencumbered secure movement of vehicles, cargo and people.
 4. Israel and Palestine shall only apply restrictive economic measures to protect legitimate and essential interests in national security in accordance with detailed and defined factors and criteria agreed upon by the two states, including the requirements of necessity and proportionality.
 5. Israel and Palestine shall establish institutions, rules, and procedures both for mandatory consultations and binding and effective arbitration in all areas of trade and economic relations, including the application of security exceptions.

ARTICLE 12: CIVIL SPHERES AND ARRANGEMENTS REGARDING INFRASTRUCTURE

12.1 Civil aviation

- I. The Parties recognize as applicable to each other the rights, privileges and obligations provided for by the 1944 Convention on International Civil Aviation (The Chicago Convention) and the 1944 International Air Services Transit Agreement. These Conventions shall guide all the relations between Palestine and Israel with respect to matters of civil aviation.
- II. In addition, Palestine and Israel shall each have separate air-traffic control over their respective air space, upon entry into force of the Treaty. Palestine and Israel shall also establish a Joint Committee for Technical Coordination of Civil Aviation Matters.

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- III. A detailed agreement with respect to civil aviation, including the option of an air corridor between the West Bank and Gaza Strip, in line with the above principles, shall be included in the Treaty.

12.2 Electromagnetic sphere

- I. Palestine and Israel shall use their respective electromagnetic sphere in accordance with international law and International Telecommunications Union (“ITU”) laws and regulations as full members of the ITU.
- II. The Palestinian government will be responsible for any allocation of frequencies for Israeli use in Palestine, and the Israeli government will be responsible for the allocation of any frequencies for Palestinian use in Israel.
- III. A detailed agreement with respect to use, in line with the above principles, shall be included in the Treaty.

12.3 Other areas of State to State relations and cooperation

- I. The Parties shall agree details of cooperation and responsibilities with respect to all state to state relations in the Treaty. This shall include, but not be limited to, specific provisions with respect to: tourism, sites of religious significance, archaeological artifacts and cultural property, regional cooperation, and other matters of mutual interest between the Parties.
- II. Palestine and Israel shall cooperate in areas of common interest, including: agriculture, freedom of navigation and access to land, sea and air ports, crime prevention, law enforcement, mutual legal cooperation, economic development, energy, education, health, monetary affairs, posts and telecommunication, science, transportation and roads, and water.

12.4 Archaeological Heritage

- I. Archaeological sites and archaeological artifacts shall be treated equally regardless of their period of occupation or any religious, ethnic, national or cultural affiliation.
- II. In accordance with international law, all artifacts excavated or looted subsequent to June 4, 1967 shall be returned to the State in which their original archaeological sites are located, along with all documentation related to their excavation.
- III. The modalities for repatriation shall be agreed in the Treaty. After resolution of any repatriation issues, all archaeological artifacts are the sole responsibility of the

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sovereign state in which they reside. Either State may consider loan and exchange arrangements for sensitive archaeological material.

12.5 Water, sewage, electricity and telecommunications infrastructure

- I. Palestine shall have, all right, title and interest to all water, sewage, electricity and communications installations and equipment in Palestinian territory. Israel agrees to transfer full responsibility and control of such installations and equipment currently under its control to Palestine, in good working order and without charge, in parallel with Israel's withdrawal in accordance with the Treaty and international law.
- II. Israel and Palestine shall agree on programs for transferring technical know-how regarding the operation of water, sewage, electricity and communications infrastructure, referred to in the previous paragraph.
- III. Until such time as Palestine has sufficient capacity, including through the import from other sources, Israel shall undertake to facilitate the provision of all needed infrastructure services including electricity and access to international telecommunications without any interruption, through private service providers at commercially negotiated rates for services and through public service providers at negotiated bulk rates.
- IV. Palestine and Israel shall co-operate with a view to maximizing the efficiency of the operation and development of the water, sewage, electricity and communications infrastructure in their respective territories.

ARTICLE 13: LEGAL RELATIONS

In accordance with international law, and as a sovereign, independent state, Palestine shall have full jurisdiction over its territory and all legal and natural persons present or operating therein.

ARTICLE 14: CULTURE OF PEACE – PEOPLE TO PEOPLE

1. Following the conclusion of an agreement resolving all outstanding Permanent Status issues between Israel and the PLO, the articles below on Culture of Peace, shall come into effect between Israel and Palestine.
2. These articles are based on and understood in light of all relevant international treaties and standards including those pertaining to human rights, freedom of expression and education.

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3. The Parties³ shall promote a culture of peace, including through advancing reconciliation, mutual understanding, respect and tolerance between their peoples in order to reinforce and sustain peace and stability, and to create an environment in which violence and terrorism are rejected, and that embraces the values of co-existence and mutual respect.
4. The Parties shall abstain from engaging or supporting incitement and hostile propaganda against each other. They also undertake, without derogating from the principle of freedom of expression in accordance with the International Covenant on Civil and Political Rights, to ensure the effective enforcement of legal measures to prevent the dissemination of expressions of incitement or support for racism, discrimination, intolerance, or violence by any organization, group or individual within their respective jurisdictions.
5. The Parties will ensure that the educational systems within their respective jurisdictions promote mutual understanding, tolerance and respect. They will also take immediate and effective measures to ensure that any text books, educational materials and curricula used in these educational systems contribute to peace between them and are geared towards combating racism and promoting the tolerance of all religions, including particularly Judaism, Christianity, and Islam and are devoid of racial incitement, discriminatory, hostile or pejorative references or any other motif that could adversely affect the process of reconciliation.
6. Recognizing the need to address negative biases and stereotypes, the Parties agree to encourage that the broadcast and written media within their jurisdiction contribute to peace between them and in the entire region, and will actively promote the inclusion of positive expressions of coexistence, respect for other faiths and understanding of the other side within the public sphere.
7. The Parties shall encourage religious leaders to promote peace, coexistence and tolerance amongst all faiths.
8. The Parties shall establish new and increase existing opportunities for dialogue, cooperation and the free exchange of ideas between their respective institutions and peoples for the purpose of promoting mutual understanding and advancing peace and reconciliation, including in particular through joint projects and programs in the fields of youth education, academic institutions, culture, the media, science and technology, sports and interfaith dialogue.

³ The Parties shall be defined somewhere else in the agreement in a satisfactory manner that guarantees that Parties for the purposes of Culture of Peace are Palestine and Israel.

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9. The Parties shall establish a joint mechanism, immediately upon entry into force of this Agreement, with responsibility for monitoring and ensuring the implementation of this Article, and for examining and addressing concerns regarding compliance with its provisions. The Parties shall invite international bodies with relevant expertise, including the United Nations Education, Scientific, and Cultural Organization (UNESCO), to contribute to their work and assist in advancing the goals set out in this Article.

ARTICLE 15: STEPS TOWARDS A PALESTINIAN STATE AND IMPLEMENTATION ARRANGEMENTS

15.1 Military withdrawal

- I. Israel shall withdraw all its military and security personnel and all persons employed to support them, all military and security installations, and all military and security vehicles, munitions, land mines and all other equipment to behind the international border as defined in Article 3.1.
- II. Notwithstanding the other provisions of this article, Israel shall ensure that the withdrawals shall be carried out under the supervision of the international presence, in accordance with the timetables and modalities to be agreed in the Treaty, over a period not exceeding 18 months from the date of the entry into force of this Agreement, while preserving all other aspects of this Agreement.
- III. As Palestine assumes responsibilities for the areas from which Israel withdraws, Israel shall neither act, nor fail to act, in a manner that negatively affects, hampers or hinders Palestinian ability to assume such responsibilities.
- IV. At the end of this military withdrawal, there shall be no Israeli military presence remaining on Palestinian territory as defined in Article 3 above.

15.2 Transitional Arrangements

[NOTE: The Parties to include the necessary transitional arrangements here.]

ARTICLE 16: COORDINATION AND COOPERATION AND DISPUTE RESOLUTION MECHANISM

16.1 International Endorsement and Supervision

- I. The Parties shall request the United Nations Security Council to endorse this Agreement, and the Treaty to be concluded pursuant hereto, and to promote the

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implementation of the provisions of each in good faith and according to the agreed timetable through the establishment of an international monitoring, supervision and verification committee and presence.

- II. The monitoring, supervision and verification committee shall be responsible, *inter alia*, for coordinating the presence and involvement of all third parties pursuant to this Agreement, including but not limited to those charged with monitoring and ensuring implementation of the provisions this Agreement and/or the Treaty, those charged with security responsibility with respect to the monitoring and maintenance of the borders between Palestine and Israel, and those involved in the implementation of the provisions of this Agreement and/or the Treaty regarding dispute resolution and regarding reparations.

16.2 Settlement of disputes

Unless otherwise agreed in this Agreement or in the Treaty:

- I. Any dispute between the Parties, or between Israel and Palestine, as may be the case, concerning the interpretation, application or performance of this Agreement or the Treaty shall in the first instance be addressed in direct negotiations between the parties to the dispute.
- II. Any dispute between the Parties, or between Israel and Palestine, as the case may be, concerning the interpretation, application or performance of this Agreement or the Treaty, which is not resolved by negotiation between the parties to the dispute within 6 months from the date on which either party requested direct negotiations under paragraph I may be referred at the instance of either party to a tribunal.
- III. The tribunal shall, unless the parties otherwise agree, consist of five members, appointed as follows:
 - a. The party instituting the proceedings shall appoint one member, who may be its national. The appointment shall be included in the notification instituting proceedings.
 - b. The other party to the dispute shall, within 30 days of receipt of the notification instituting proceedings, appoint one member, who may be its national. If the appointment is not made within that period, the party instituting the proceedings may, within two weeks of the expiration of that period, request that the appointment be made in accordance with subparagraph (d).
 - c. The other three members shall be appointed by agreement between the parties. They shall be nationals of third States unless the parties otherwise agree. The parties to the dispute shall appoint the President of the tribunal from among those three members. If, within 60 days of receipt of the notification instituting proceedings, the parties are unable to reach agreement on the appointment of one or more of the members of the tribunal to be appointed by agreement, or on the

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- appointment of the President, the remaining appointment or appointments shall be made in accordance with subparagraph (d), at the request of a party to the dispute. Such request shall be made within two weeks of the expiration of the aforementioned 60-day period.
- d. Unless the parties agree that any appointment under subparagraphs (b) and (c) be made by a person or a third State chosen by the parties, the President of the International Court of Justice shall make the necessary appointments. If the President of the International Court of Justice is unable to act under this subparagraph or is a national of one of the parties to the dispute, the appointment shall be made by Secretary-General of the Permanent Court of Arbitration. The appointments referred to in this subparagraph shall be made within a period of 30 days of the receipt of the request and in consultation with the parties. The members so appointed shall be of different nationalities and may not be in the service of, ordinarily resident in the territory of, or nationals of, any of the parties to the dispute.
 - e. Any vacancy shall be filled in the manner prescribed for the initial appointment.

IV. The decisions of such arbitral tribunal shall be binding on the Parties, or Israel and Palestine, as the case may be. The tribunal shall base its decisions on international law, the principles set out in this Agreement' and on the provisions of the Treaty.

ARTICLE 17: END OF CONFLICT, REPARATION AND FINALITY OF CLAIMS

17.1 Compensation

Israel agrees to pay compensation for all injuries, damage and losses caused, or arising out of, its internationally wrongful acts committed during its occupation of all of the territory defined in Article 3.1(I). In furtherance of such, the Parties shall set forth the modalities and mechanisms for reparation for such injuries, damages and losses in the Treaty, including for the:

- Use of Palestinian territory for Israeli settlements and other settlement related infrastructure;
- Use and/or depletion of Palestinian natural resources including water and natural gas;
- Damage to the environment;
- Use of Palestinian financial resources not benefiting the local population;
- Destruction, confiscation and loss of Palestinian cultural property; and
- Wrongful death and human rights and international humanitarian law violations.

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The modalities and mechanism shall include the establishment of a valuation mechanism to determine how all damages will be valued.

17.2 End of conflict

(This clause shall not be included in any Agreement until all provisions have been concluded and shall be contingent upon the determination that the Agreement and the Treaty are complete and comprehensive.)

Reiterating their commitment to all United Nations Security Council Resolutions pertaining to the Israeli-Palestinian conflict, including 242 and 338 and United Nations General Assembly Resolution 194, and confirming their understanding that the full implementation of all of the provisions of this Agreement and the Treaty, which are an indivisible whole, in accordance with the conditions, timetables, and other modalities set out in this Agreement and the Treaty including its Annexes, shall be regarded as a fulfillment of those resolutions and a settlement of the Israeli-Palestinian conflict.

17.3 Finality of claims

All claims of one Party against the other Party⁴, and all claims of the citizens or residents of one Party against the other Party, arising out of events occurring before the date of signature of the Treaty shall be made and dealt with in accordance with the PSA. No claims arising out of events occurring before the date of signature of the Treaty, other than those provided for in the PSA shall be made by either Party against the other.

[NOTE: The intent here is to preserve some non-political individual claims such as commercial claims, claims against settlers for torts, labor disputes and other non-political claims.]

ARTICLE 18: PRISONERS, DETAINEES, REMAINS AND MISSING PERSONS

18.1 Prisoners and detainees

Israel shall release to the Palestinian Authority, in a manner coordinated with the PLO, all remaining Palestinian and Arab detainees and prisoners held in or by Israel as a result of the Israeli-Palestinian conflict, irrespective of their citizenship, immediately upon the date of the signing of this Agreement.

⁴ The "Parties" in this clause should include PLO, Palestine and Israel.

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18.2 Remains of fallen persons

- I. The remains of fallen Palestinians and their personal effects that are located in Israel shall be returned to the PLO upon the date of the signing of this Agreement.
- II. Israel shall communicate the location of the remains of fallen Palestinians that are not located in Israel to Palestine upon the date of the signing of the Treaty.

18.3 Missing persons

The Parties shall submit to the other all information in its possession regarding Israeli and Palestinian missing persons, respectively. Each shall exert its best efforts to cooperate in locating such persons.

ARTICLE 19: FINAL CLAUSES

- I. Neither Party shall:
 - a. initiate or take any steps that will change the status of the West Bank, including Jerusalem, and the Gaza Strip, or any part thereof, pending the implementation of the Treaty, other than steps authorized, contemplated or required by this Agreement or the Treaty.
 - b. initiate or take any other steps in relation to the West Bank, including East Jerusalem, and the Gaza Strip, or any part thereof, in violation of international law.
- II. The Parties undertake not to enter into any obligations in conflict with this Agreement.
- III. The Parties undertake to fulfill in good faith their obligations under this Agreement and shall make such modifications to their internal laws as are necessary to facilitate the implementation of this Agreement.
- IV. The Parties shall share all maps, data and other information and documents relevant to the negotiation and/or implementation of the Agreement and the Treaty. Israel shall immediately make available and transfer to the PLO all records in its possession or jurisdiction related to the territory of Palestine, its residents, the Swapped Areas, and the Palestinian refugees, and all other records related to this Agreement or the Treaty, or as may be useful to their implementation. This shall include, but not be limited to, land records, property records, records relating to the Palestinian Jerusalemites, records relating to Jerusalem, records relating to archaeological artifacts, excavation sites, and population registries. This shall include any other records, not referenced in this

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paragraph, as requested by the PLO or Palestine.

- V. This Agreement shall enter into force [on the date of its signing][upon the exchange of instruments of ratification][upon ratification].
- VI. All interim or other agreements between the Parties shall remain in effect until the entry into force of the Treaty, insofar as they do not contradict this Agreement or the Treaty. Upon signature, the Treaty shall immediately provisionally enter into force until its ratification.
- VII. All Parties shall exercise their best efforts to improve the daily lives and advance the welfare of the Palestinian population pending signature and full implementation of the Treaty.
- VIII. Upon establishment of the State of Palestine, the Parties to this Agreement and the Treaty shall be the State of Palestine and the State of Israel.
- IX. This Agreement shall be governed and interpreted in accordance with the provisions of international law.