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J STREET POLICY FRAMEWORK

for the West Bank and a Future Palestinian State

For most of the past fifty-eight years since the start of the Israeli occupation of Palestinian territory, the West Bank has been the central focus of the international community, while Gaza has usually been a secondary theater. However, in the aftermath of the October 7th attacks and the start of the war in Gaza, this dynamic has flipped, and today the world's eyes are on Gaza. In response to this situation, J Street has proposed a [strategy](#) that starts with ending the war and getting aid into Gaza in exchange for a release of all of the hostages. The next step would then involve a comprehensive security, political and reconstruction plan for Gaza coordinated with the Arab states that would ensure that Hamas cannot again govern Gaza, and would be the first step to an eventual "23 state solution" where Israel is integrated into the Middle East and the State of Palestine is created. However, none of this is possible if in the meantime the situation in the West Bank reaches a point where a Palestinian state is no longer possible. Therefore, it is vital and urgent to simultaneously have a clear strategy to reverse the deteriorating situation in the West Bank.

The far-right Israeli government elected in 2022 has dramatically reshaped the situation on the ground in the West Bank. Settlements are growing at record rates, dozens of new illegal outposts have restricted Palestinian farmers' access to their lands and become launching points for violent attacks. Military operations in the West Bank initiated in January 2025 have further displaced up to 40,000 Palestinians — the largest such displacement in more than 50 years. Access to the 60% of West Bank land classified as Area C, where Israel exercises full civil and security control, has been whittled away from Palestinian communities and currently only around one-third of Palestinian communities in Area C are connected to water networks or have primary schools. Even the Palestinians living in Areas A and B regularly bump up against Israeli movement restrictions and permitting regimes that thwart freedom of movement and other economic activity.

Meanwhile, corruption, authoritarianism and lack of good governance are pervasive in the Palestinian Authority (PA) and its institutions. The PA has shown itself to be increasingly disconnected from its own people, and irrelevant internationally in the aftermath of the October 7th attacks. Almost 90% of Palestinians believe it is time for PA President Mahmoud Abbas to vacate the position he has held since the most recent Palestinian presidential elections 20 years ago.

At the same time, the US Administration is utterly disinterested in seriously restraining any Israeli behavior in the West Bank. Some officials, including the new US Ambassador to Israel Mike Huckabee, have explicitly supported annexation.

Still, there are potential opportunities on the horizon. Israel will go to elections in the next 18 months, and the sitting coalition is, at the time of writing this memo, behind in the polls. President Abbas' 25-year term is in its twilight. Moreover, a comprehensive regional peace through a "23 state solution" remains a real possibility and will require concessions from Israel towards the Palestinians, creating opportunities for positive steps in the West Bank. This paper lays out a series of recommendations that J Street believes supporters of a Palestinian state should continue to advocate for especially as opportunities arise in the next few years.

Reversing Negative Trends on the Ground

The United States should coordinate with key partners to press Israel to reverse course in the West Bank.

Recent actions by the EU — Israel’s largest trading partner — to reconsider the EU-Israel association agreement and by the UK to halt talks on an expanded free trade agreement with Israel, over the war in Gaza, have generated a real debate and pressure in Israel. So far such actions have been tied to the conduct of the war in Gaza, but can also be considered if there is no shift at all in the Israeli approach in the West Bank. Similarly, key Arab states can signal that expanding relations with Israel will be limited, as long as problematic behavior in the West Bank continues. The US can refrain from its usual position of pressing European allies to not take these types of steps and can also consider other measures short of economic pressure, such as not using its veto at the UN to protect Israel from resolutions that the US judges to be balanced, even if they include sharp criticism of Israeli policy.

The United States with partners in Europe and the Middle East should press Israel to reverse the systematic de facto and de jure annexation changes led by Minister Smotrich, putting a halt to the surge in settlements, home demolitions, and outpost legalization. The 1993-95 Oslo Accords divided the West Bank into Areas A, B, and C. Area A (18% of the West Bank) is under the full administrative and military control of the PA. Area B (22% of the West Bank) is under the administrative control of the PA and military control of the IDF. Area C (60% of the West Bank) is under full Israeli administrative and military control. Area C is where most Israeli settlements are located and Area A encompasses the major Palestinian cities.

Since entering office in late 2022, the Netanyahu-Smotrich government has been taking unprecedented steps towards the application of Israeli sovereignty over Area C in the West Bank. By transferring authority over non-security aspects of governance in Area C, including planning and construction, land management, and enforcement against unpermitted construction from the IDF-run Civil Administration to Bezalel Smotrich and his subordinates — all of whom are civilians — the Netanyahu-Smotrich government effectively extended Israeli civilian governance into Area C of the West Bank. The US must make clear that these steps will never be recognized and in fact contradict decades of bipartisan US policy opposing unilateral annexation. US policy should focus on pressing Israel to reverse the recent extension of Israeli civil governance into the West Bank — a step that amounts to de facto annexation, alters the status quo, and preempts final-status negotiations.

In addition to the bureaucratic change to the status quo that resulted from this move, granting Smotrich authority over settlement approval, outpost legalization, home demolitions, and land allocation has enabled an unprecedented escalation in efforts to entrench Israeli rule over Area C. Most notably, since Trump’s election, Smotrich has streamlined the approval process for settlement construction, placing Israel on track to approve four times as many settlement units in 2025 as in any previous year. Combined with the record levels of outpost legalizations, home demolitions targeting Palestinians, and state land seizures that Smotrich has overseen, these moves are permanently altering the demographics and geography of Area C, such that they threaten the future viability of a negotiated resolution. The US must therefore press the Israeli government to halt, or at least slow down these efforts in order to preserve Area C as a viable component of final-status negotiations.

Importantly as part of this effort, the US, working with the international community, should reinforce differentiation between Israel and the West Bank through steps like restoring the longstanding bipartisan customs guidance on accurate labeling of West Bank goods and ensuring American taxpayer dollars for bilateral research do not fund projects in the settlements. We should also continue to enforce bipartisan US policy that the settlements in the occupied West Bank are inconsistent with international law.

The United States with like-minded international partners should pressure the Israeli government to put a halt to settler violence, while also reimposing the Biden Administration Executive Order 14115 that addresses settler violence, and working with foreign governments to ensure they take similar measures to target extremist settlers. There is an urgent need for the US to address violent attacks by West Bank settlers against Palestinian civilians and property — often with the direct or tacit support of the IDF. Since October 7, 2023, settler violence has surged, with a record number of attacks in consecutive years in 2023 and 2024. The US should prioritize holding Israel accountable for ensuring its security forces prevent, respond to, and thoroughly crack down on settler violence — rather than shielding perpetrators during such attacks. Additionally, Israel must arrest and prosecute those responsible for attacks. The current atmosphere of impunity — and even encouragement — for settler violence leads to the terrorizing and displacement of innocent Palestinians, fuels broader instability, undermines Israeli security and the rule of law, and inflames regional tensions.

To directly limit settler violence, the US should reimpose and strictly enforce President Biden’s Executive Order, which imposed financial and travel sanctions on both individuals and organizations that participated in, enabled, and encouraged settler violence. The Trump Administration’s January 2025 reversal of these sanctions was a damaging setback, and should be reversed. Furthermore, the US should coordinate with its allies — including Canada, the UK, and EU member states — to cut violent settlers off from the international financial system and bar their overseas travel. A coordinated international effort, along with direct pressure on Israel to prosecute violent settlers via its own legal system would limit settlers’ harassment and displacement of Palestinian communities, and serve to reduce tensions in the region.

Oppose any action to formally recognize annexation of any piece of the West Bank. In line with decades of bipartisan precedent opposing Israeli annexation of West Bank territory, the US must unequivocally reaffirm its opposition to any formal annexation. With Bezael Smotrich and his allies openly stating their commitment towards annexing the West Bank — including in their 2022 coalition agreement with Netanyahu — it is of unprecedented importance that the US draws a clear red line on any formal annexation of the West Bank. Annexation would pose an existential threat to Israel’s Jewish and democratic nature, undermine its security, and kill any hopes of major regional peace agreements — particularly with Saudi Arabia. Each of these three elements are crucial to American foreign policy goals, such that the US must use every tool at its disposal to prevent unilateral annexation. Thus far, the Trump Administration has failed to take a clear position, with some officials such as Ambassador Huckabee openly supporting annexation, leaving dangerous space for the annexationist ambitions of the Netanyahu government. The administration — along with US lawmakers and international partners — must realign with longstanding precedent and clarify that any steps toward annexation will be met with strong and coordinated opposition.

Support the transfer of some land from Area C to B or B to A, with a focus on areas most likely to ease housing and movement restrictions and produce major economic benefits for Palestinians. To move towards an end to occupation, Israel should incrementally change the status of some land in Area C to B, and B to A, limit military activity in Area A, begin evacuating illegal settlement outposts, and cease demolishing Palestinian homes. Last year, for the first time since the Oslo Accords, at least 8 illegal outposts were [established](#) in Area B — 13% of the total outposts established in the West Bank in 2024. Removing these outposts and relaxing restrictions on Palestinians in the West Bank is crucial for the development of the Palestinian economy and freedom of movement. In particular, some key areas of Area C could be particularly useful for major economic investments that dramatically grow the Palestinian economy. Due to natural growth of Palestinian populations out of Areas A and B, in other parts of Area C a transfer in status would result in thousands of homes currently under demolition orders being allowed to remain. Moreover, other strategic areas such as E1 that if settled by Israel could dramatically impact the viability of a future Palestinian state can also be converted to Area B or A allowing Palestinians to begin construction creating a different reality on the ground. Of course, the U.S. supports this approach it should also take into account areas sensitive to Israeli security concerns.

Strengthening Palestinian Governance

Develop Palestinian Authority Security Forces (PASF) primacy and maintain the Office of the Security Coordinator. The Israeli security establishment has long recognized the radicalizing impact that instability in the West Bank provokes. They have, therefore, advocated for more moderate policies and have historically preferred to work in cooperation with the PASF to expand the security services' credibility. Indeed, the work of the OSC to train and enable the PASF has been one of the few genuine success stories of the conflict in recent years. However, increased militarized Israeli actions in the West Bank, and especially incursions into Area A, have undermined the PASF while leading to heavy handed operations that often violate Palestinians' rights. The inability of the PA to halt this vicious cycle and assert control further undermines the PA's credibility and effectiveness. Increasingly, and despite years of international investment in growing their capabilities, the PASF are viewed as subcontractors for the Israeli Defense Forces. Moreover, as part of the State Department's reorganization, the Trump Administration is considering eliminating the OSC (previously known as the US Security Coordinator — USSC), which would only further weaken the PASF, reduce PA ability to govern, undermine Israeli security by forcing the IDF to take greater responsibility for the West Bank, and take away one of the possibilities for a long-term mission to provide Palestinian security in Gaza.

Instead, the United States should maintain and grow the OSC. By empowering the PASF to root out terrorist and criminal activity through training and access to resources, Israel's legitimate security needs can be met while ensuring that the security apparatus of a future Palestinian state is both equipped and competent to guarantee the security of its people in a sovereign and non-militarized state. This vision is consistent with many in the IDF who acknowledge the comparatively greater legitimacy of the PASF operating in Palestinian communities.

Support and incentivize the Palestinian Authority's reform program while pressuring it to hold elections and institute genuine leadership changes. The Palestinian Authority has been too mired in corruption and self-preservation in recent years to credibly serve the Palestinian people and is in desperate need of meaningful political renewal. That includes new elections for both the Palestinian Authority and the Palestine Liberation Organization (PLO), which are essential to restoring the legitimacy of Palestinian leadership, and should include all parties that are willing to renounce violence. While PA President Mahmoud Abbas continues to give lip service to the need for new elections in the West Bank, unequivocal international pressure is needed to push those to fruition. The international donor community must predicate meaningful elements of its support on long-overdue elections and provide the necessary technical assistance to ensure their integrity. In parallel, the PA must repeal repressive laws that restrict civil liberties, including those limiting peaceful assembly and access to information, in order to foster a political environment conducive to democratic reform.

That being said, the PA's 2024 Comprehensive Reform Program proposal offers a constructive first step. It includes changes in how security forces are recruited, restructures the health sector to focus on social service provisions, empowers the Palestinian Anti-Corruption Commission, and updates the tax code. The proposal further paves the way for a restructuring of Palestinian agencies and institutions and would establish a critically needed national water company charged with updating the water supply system in the West Bank. To ensure the success of these reforms, the international community must provide sustained political and financial support and incentives, tied to clear, verifiable benchmarks. This includes the fostering of partnerships with American businesses and technical experts that can support implementation of reforms and capacity building; including Palestinians in regional economic integration initiatives to incentivize good governance reforms; and bolstering institutional capacity through stronger anti-corruption oversight, and improved domestic tax collection.

Promote economic development, relax commercial restrictions, and cease withholding PA tax revenues for political purposes. Push the Israeli government to put an immediate end to punitive measures designed to undermine the Palestinian economy and thwart opportunities for growth. West Bank GDP dropped 22% in the quarter following October 7, with poverty and unemployment rising as an outcome of a marked economic slowdown and constrained fiscal capacity. This slowdown, including a reported drop of 50% in agricultural sales, was the result of increased restrictions on trade between the West Bank and Israel. With

almost one-third of Palestinians already out of work as a result of a depressed economic environment, Israel should move to reinstate work visas for the more than 170,000 Palestinians who saw them revoked in the aftermath of October 7. Israel should also lift restrictions on money transfers and the transfer of tax revenues, which under the Paris protocols belong to the PA and account for around 64% of total PA revenues. The continued tactic of withholding PA tax revenues collected by Israel on its behalf for political reasons leads to further drops in consumer spending and job losses.

To complement the lifting of harmful restrictions, the US and international partners must lead a coordinated, large-scale investment effort aimed at revitalizing the West Bank and Gaza economies. J Street's proposed "23 state solution" envisions Israel achieving full normalization with the 22 members of the Arab League — including a sovereign Palestinian state — as part of a comprehensive regional peace. This vision cannot be realized without serious investment in the economic foundations of Palestinian statehood, including in both Gaza and the West Bank. The G7, EU, and leading Arab countries need to commit to participate alongside the US in this massive effort for the "day after" the Gaza war and the future of the West Bank. This partnership between the US and its allies would facilitate the immediate repair and reconstruction of utilities and other public works in Gaza, as well as identify major projects, raise funds for them, and oversee their execution. Saudi Arabia and other key Arab states must be brought into this effort, not only as donors but as strategic partners committed to the success of an independent Palestinian state that can live in peace and prosperity alongside Israel.

Support and verify implementation of the Palestinian Authority's prisoner payment reform while using US leverage to incentivize further progress and transparency. J Street welcomed the Palestinian Authority's February 2025 decree reforming the longstanding and controversial prisoner payment system, commonly referred to as the "Martyrs Fund." By shifting responsibility for welfare payments to a new foundation and aligning eligibility criteria solely with financial need, with no preference given to families of Palestinian prisoners and those killed in attacks against Israelis, the new law marks a meaningful step away from a practice that has undermined peace efforts and fueled criticism. If fully implemented and enforced, it represents a constructive step toward meeting the requirements of the Taylor Force Act, which sets forth the criteria for resuming direct US assistance to the PA.

The United States should focus on verifying that these reforms are transparently implemented and sustained. A US-led technical team should be established to monitor compliance, assess progress every six months, and verify that the PA meets all requirements of the Taylor Force Act — including the termination of payment structures based on prison sentences and public condemnation of violence. If these benchmarks are met, the Secretary of State should certify compliance, allowing for the resumption of US assistance to the PA and the reopening of key diplomatic channels, as well as opening a US Consulate in East Jerusalem. The US should work with Israel to ensure that it also reassess its policy of withholding PA tax revenues if the reformed payment system is verified. Meanwhile, the PA must clarify prior contradictory statements by President Abbas relating to the reform, reaffirm its commitment to the new law, and ensure consistent, transparent implementation and cooperation with the US and Israel to demonstrate a sustained commitment to meaningful institutional change.

Strengthen people-to-people ties. After decades of conflict, the cycle of dehumanization has led to ever increasing violence characterized best by October 7 and its aftermath. While there is a long history of programs supporting people-to-people ties, financial support for these programs has dried up alongside the suspension of many US assistance programs. At the same time, there is also a powerful Palestinian anti-normalization effort, which ostracizes individuals willing to engage with the other side. Similar delegitimization efforts, many backed by the current far-right Israeli government, target Israelis and Israeli organizations engaging in people-to-people work as well. In the near term, the expansion of the existing programs to build relationships between children, mothers, athletes, and other societal groups should be undertaken to break this cycle. In the longer term, greater economic integration and trade will serve as a powerful catalyst to renewing the historic ties between the two peoples that were severed during the Second Intifada and which have been prevented and discouraged from retaking hold.