

Canada's Role in Advancing a Two-State Solution: From Recognition to Implementation

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Executive Summary:

As the war between Israel and Hamas nears two years, global attention is focused on the immense humanitarian suffering in Gaza, including famine that is predicted to spread, the near-total destruction of the Strip, a rising death toll, and the continued targeting of civilian infrastructure. For Israelis, the agony and despair over the ongoing captivity of 48 hostages taken during the horrific Hamas terror attacks of October 7, of which 20 may still be alive, has reached a fever pitch, with hundreds of thousands of Israelis regularly protesting in the streets for an end to the war and a hostage release deal. The death toll of soldiers continues to rise as they fight a war that is increasingly seen as having no further military objectives, even by former IDF chiefs of staff¹. Families are torn apart, businesses are shuttering, and mental health issues continue to rise, for a war that more and more Israelis continue to oppose and most see as being prolonged only for political reasons.

Yet while these urgent issues demand action, we must also look to the future. Without a unified plan for peace, the region faces a trajectory of continued occupation, annexation, and escalating violence that will destabilize the Middle East and isolate Israel internationally.

Canada's commitment to recognition of a Palestinian state at the United Nations General Assembly in September 2025 represents a bold and necessary step in advancing the two-state solution. But recognition alone is not enough. It must be paired with concrete policies that build Palestinian governance capacity, support Israeli security, and ensure that both peoples can live with dignity and self-determination.

This paper outlines how Canada can help turn recognition into reality by strengthening the Palestinian Authority (PA), discouraging extremism, supporting responsible state-building, and aligning Canada's diplomacy, development, and trade policies with its stated commitment to two states.

¹ Sutherland, Callum, "Former IDF Chiefs Call on Israel to End War in Gaza as Netanyahu Claims Starvation Is 'Hamas Libel'" <https://time.com/7307313/israel-hamas-war-calls-to-end-netanyahu-starvation-gaza/>, TIME Magazine, August 4, 2025.

The Need for a Long-Term Vision:

Beyond the immediate crisis, the long-term political outcome is of equal importance. Without deliberate intervention, the default trajectory will be one of deepening occupation, escalating violence, and further radicalization. This is most immediately devastating for millions of innocent Palestinian civilians living under a repressive occupation, but it also carries serious knock-on effects for Israelis and across the entire region.

It is particularly important to recognize the shifting landscape in which much of the Arab world has grown disillusioned with Hamas' tactics, increasingly viewing the group as a catalyst for regional destabilization. The Iranian axis was unwilling to join the October 7 Hamas attack, and has been severely weakened in the months since then, while the blame for the devastation of Gaza since October 7 has been shared by both Israel and Hamas. Gazans, both those still trapped inside the Strip and those who have fled, are voicing growing anger, while Hamas faces sharp condemnation not only from the West but also now publicly from Arab states².

Parallel to this, more states have become hardlined against Israel and future normalization efforts in the region³.

Against this backdrop, claims that recognition of Palestinian statehood or a negotiated end to the war constitute a "win" for Hamas, as suggested by Israeli politicians and Jewish Canadian advocacy groups, are unfounded. While isolated fighters may remain, there is no victory in presiding over mass devastation, a death toll of over 60,000 of your citizens, widespread resistance from one's own citizens, and unprecedented regional isolation. To frame this as a "win" is not only delusional, it distorts the reality of Hamas' weakened position. Moreover, as is clear from Hamas' own statements, they have no interest in a two-state solution, which Canada's recognition seeks to preserve.

The true risk lies elsewhere: in failing to advance meaningful policy change toward the Palestinians. That failure is precisely how Hamas could eventually claim victory. For over a decade, Prime Minister Netanyahu pursued a strategy of weakening the Palestinian Authority while, at best, tolerating and at worst, strengthening Hamas, undermining prospects for peace. Under this illusion of "managing the conflict" and "maintaining the status quo," the horror of October 7 unfolded. Recognition of Palestinian statehood directly counters this dangerous approach by strengthening moderates, isolating extremists, and building the political framework for long-term stability.

If Canada and its allies fail to pursue such a course, Hamas and other radical actors will be strengthened, as the absence of credible alternatives creates a vacuum they will be quick to exploit. By contrast, advancing a political solution would provide Israel with long-term security, Palestinians with the self-determination they deserve, and contribute to broader regional stability.

The Middle East is at a turning point. The weakening of Hezbollah, the collapse of the Assad regime in Syria, the realignment of Arab states away from Hamas, and the willingness to integrate Israel into the region present an opportunity to build a new regional framework.

2 Fassihi, Farnaz, & Livni, Ephrat, Arab States Call for Hamas to Disarm Amid Push for a Palestinian State, <https://www.nytimes.com/2025/07/31/world/middleeast/hamas-arab-states-palestinians.html>, The New York Times, July 31, 2025.
3 El Dahan, Maha, UAE official warns Israel West Bank settlement plans cross 'red line', <https://www.reuters.com/world/middle-east/uae-official-warns-israel-west-bank-settlement-plans-cross-red-line-2025-09-03/>, Reuters.

Canada should seize this moment by advancing values-based, pragmatic policies that prioritize peace, security, prosperity, and human rights for both peoples.

Why Recognition Matters:

Canada has taken a bold and necessary step in this direction by committing to the recognition of a State of Palestine at the UN General Assembly in September 2025.

This move has majority support among the Canadian public, with approximately 60% of Canadians supporting this commitment⁴.

While support within the Jewish community is much lower, approximately 25% of Canadian Jews with an opinion on the topic also support this move. It is a slim majority (51%) who oppose⁵.

Recognition of Palestinian statehood is not simply symbolic or performative. It builds the foundation for:

Accountability: Statehood provides a recognized authority responsible for its citizens and its actions, reducing the vacuum in which chaos and extremism thrive. Additionally, it removes a veto from Israel over the self-determination of the Palestinian people and gives the latter hope for the future.

Security: A functioning Palestinian state provides Israel with a clear counterpart for security coordination and peace negotiations.

Legitimacy: Recognition allows the PA to focus on governance and development, rather than armed struggle, while strengthening its legitimacy in the eyes of Palestinians and the international community.

Momentum: History shows that international recognition and engagement can create real momentum. In 1988, the PLO accepted UN Resolutions 242 and 338 and declared its intention to live in peace alongside Israel within defined borders. This marked its first formal act of statehood, gave Palestinian leadership international legitimacy, and opened channels of dialogue with the Israeli peace camp and global actors. While Israel's establishment responded with skepticism, grassroots and civil society leaders filled the gap and paved the way for the Oslo Accords. Similar momentum is possible today.

Preservation of the Two-State Solution: Recognition reinforces the only viable path to peace by countering unilateral efforts by Israel, with backing from the United States, to bury it⁶. With the United Kingdom and France joining others in recognition, four of the five permanent UN Security Council members will have affirmed this outcome. Backing from Canada and other allies adds weight and legitimacy to keeping the two-state solution alive.

⁴ Two-in-three Canadians Call Humanitarian Situation in Gaza a 'Moral Outrage'; Most Say Israel is Deliberately Blocking Aid, <https://angusreid.org/israel-gaza-genocide-palestine-state/>, Angus Reid Institute, August 6, 2025.

⁵ The Canadian Jewish Vote 2025 Federal Election, https://www.jspacecanada.ca/jewish_vote_2025, JSpaceCanada, June 4, 2025.

⁶ At Ma'ale Adumim, Netanyahu Buried the Two-State Solution, Yerushalmi, Shalom, <https://www.timesofisrael.com/at-maale-adumim-netanyahu-buried-the-two-state-solution/>, September 12, 2025.

Recommendations:

For Supporting Palestinian State-Building

Canada should work with allies to ensure recognition translates into real progress by supporting the Palestinian Authority in:

Strengthening Governance: Provide financial support, technical and development assistance, and diplomatic backing to solidify the PA's role as the legitimate governing body. While much of this will take time, there are short-term, attainable steps that can be taken now, such as leadership transition planning for the day after Mahmoud Abbas, and supporting local elections in the West Bank, thus empowering local municipalities and decentralizing power.

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Countering Extremism: Ensure the PA takes concrete steps to prevent Hamas and other terror groups from exerting influence over governance in Gaza and the West Bank.

Security Cooperation: Support counterterrorism operations in coordination with Israel and international partners such as enhanced coordination mechanisms, like supporting the U.S. Security Coordinator (USSC), which includes Canadian personnel, thus leveraging Canada's existing role in facilitating security reform.

Reform of Payments: End transfers to prisoners' families through internationally supervised mechanisms while ensuring tax revenues frozen by Israel are released to the PA.

Democratic Renewal: Press for free and fair elections, including in East Jerusalem, that exclude candidates tied to terrorism, and require recognition of Israel and previous agreements.

Security Reform: Integrate Arab forces into PA security structures to build legitimacy and stability.

Infrastructure and Regional Initiatives: Promote large-scale projects that improve Palestinian livelihoods and foster cooperation, such as water-for-energy agreements with Israel, Jordan, and the UAE.

For Supporting Israel Toward Peace

Canada should also help Israel move toward a diplomatic resolution by:

Backing Security Guarantees: Support a UN Security Council resolution committing member states to respond to aggression against either Israel or a future Palestinian state.

Supporting Development in Area C: Expand Palestinian construction through Canada's support to the West Bank Protection Consortium and oppose demolitions, seizures, and evictions.

Supporting Investment in People-to-People and Civil Society Peacebuilding and Reconciliation: Fund initiatives between Israelis and Palestinians that build trust, dialogue, and respect between these two peoples.

Reviewing Bilateral Agreements with Israel: Ensure all agreements align with Canadian law and values, including the Export and Import Permits Act.

Regulating Arms Sales: Ensure arms sales address Israel's security needs without enabling actions that undermine security, violate Palestinian rights, contravene international law, or conflict with Canada's values and interests.

Sanctioning Extremism: Maintain and increase sanctions on entities that build and support illegal violent outposts and herding farms, individuals enabling and supporting settler violence and violent outposts, Israeli private contractors who carry out demolitions in Area C, and senior officials in settlement administration.

Trade Policy: Ban imports from Israeli settlements in the occupied territories, consistent with the July 2024 International Court of Justice advisory opinion.

For Supporting Canadian Efforts at Home

Canada should show its support for its foreign policy with the following efforts at home:

FAAE Committee Studies on Gaza and Peacebuilding: Launch new Foreign Affairs and International Development Committee studies focused on Canada's role in Gaza reconstruction, humanitarian access, and long-term peace efforts.

Cross-Party Parliamentary Leadership: Establish a dedicated cross-party caucus or parliamentary working group to sustain attention on Gaza recovery and Israeli-Palestinian peacebuilding based on a two-state solution.

Community and Interfaith Dialogues: Host local community and interfaith dialogues that promote understanding, build social cohesion, and create space for constructive discussion on Canada's role.

Amplifying Pro-Peace, Anti-Occupation Voices on the Ground: Highlight and amplify the work of Canadian-funded peace and coexistence groups on social media, ensuring these voices reach broader audiences and strengthen public support for peace. When in the region, meet with and bear witness to the work being done by these groups in both Israel and the occupied territories.

Conclusion:

Canada's recognition of Palestinian statehood is a landmark decision. But recognition must be a beginning, not an end. To secure a peaceful future, Canada should use its diplomatic, economic, and political tools to strengthen Palestinian governance, ensure Israeli security, and foster international consensus around a two-state solution.

By acting decisively, Canada can help prevent a future of endless war and instead contribute to building the foundation for peace, security, and justice for both Palestinians and Israelis.