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QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

16 NOVEMBER 2006–15 FEBRUARY 2007

COMPILED BY MICHELE K. ESPOSITO

The Quarterly Update is a summary of bilateral, multilateral, regional, and international events affecting the Palestinians and the future of the peace process.

THE PALESTINIAN-ISRAELI CONFLICT

As the quarter opened, the region was still feeling the reverberations of the 7–8/06 Israel-Hizballah war and the escalating civil war in Iraq. In the occupied Palestinian territories, especially Gaza, aggressive Israeli military operations were ongoing, the economic and political deterioration resulting from the U.S.-led boycott of the Hamas-led Palestinian Authority (PA) continued, and intra-Palestinian violence pitting Fatah against Hamas reached unprecedented levels.

In light of the bleak situation, the international community, including the U.S., had begun reassessing their hands-off policy on the Israeli-Palestinian conflict (see Quarterly Update in *JPS* 142). As a result, this quarter was notable for the diplomatic efforts aimed at reviving Israeli-Palestinian negotiations. Most important among these were (1) development of a two-pronged effort by U.S. Secy. of State Condoleezza Rice, crafted in close coordination with Israeli FM Tzipi Livni, begun last quarter to revive the 2003 road map for resumption of final status talks; and (2) the 2002 Arab League initiative (proposing full Arab normalization with Israel in exchange for full peace based on a return to 1967 borders, creation of an independent Palestinian state with East Jerusalem as its capital, and an agreed solution to the Palestinian refugee issue) to give Palestinians and Israelis a “political horizon” for resolving the conflict. On the internal Palestinian scene, Saudi Arabia took a leading role by brokering a national unity agreement between Fatah and Hamas aimed at curbing escalating intra-Palestinian violence and creating a national unity government that would satisfy the 1/06 Quartet demands to such a degree that the international community would lift the U.S.-led sanctions on the PA.

As the quarter opened, Israel’s blockade on Gaza entered its 9th month, with few goods or people allowed out (except for very limited medical emergencies) and only limited food and fuel supplies allowed in. The Israel Defense Forces (IDF) had just ended (11/8) its latest large-scale offensive in Gaza, Operation Autumn Clouds (see Quarterly Update in *JPS* 142), but continued frequent artillery and air strikes on Gaza border areas and homes of senior resistance figures (warning them in advance to evacuate). The IDF also continued occasional small-scale cross-border incursions into Palestinian villages and towns lasting several days at a time, and the bulldozing of Palestinian land along the border to improve lines of sight into the Strip (see Chronology). In the West Bank, the IDF maintained the separation between the north and south by keeping (since 4/12/06) the Zatar checkpoint s. of Nablus closed and severely restricting movement of Palestinian men ages 15–40, as well as movement into and out of the n. Jordan Valley. As of 11/15, at least 4,935 Palestinians (including 46 Israeli Arabs and 17 unidentified Arab cross-border infiltrators), 1,026 Israelis (including 317 IDF soldiers and security personnel, 208 settlers, 501 civilians), and 59 foreign nationals (including 2 British suicide bombers) had been killed since the start of the al-Aqsa intifada on 9/28/00.

A Gaza Cease-Fire

With Israeli violence in Gaza high, PA pres. Mahmud Abbas’s main priority at the opening of the quarter was to de-escalate the military confrontation. After Israeli DM Amir Peretz approached him (ca. 11/19), indicating Israel’s willingness to consider a cease-fire, Abbas opened talks (11/20) with reps. of Fatah, Hamas, Islamic Jihad, the Democratic Front for the Liberation of Palestine (DFLP), and the Popular Front for

the Liberation of Palestine (PFLP). (Of note: Peretz's initiative, taken without consultation, reportedly infuriated PM Ehud Olmert. Analysts saw the move as an attempt by Peretz to better position himself to challenge Olmert for PM if the government fell over the failure of the 2006 war in Lebanon; see intra-Israeli politics section below.)

As the intra-Palestinian talks proceeded, the IDF assassinated 2 senior Hamas members on 11/20 (wounding 5 bystanders) and made a failed attempt on 2 others on 11/19 (wounding both, killing 1 bystander and injuring 7, including 4 children). When Palestinians escalated rocket fire in response, killing an Israeli on 11/21, the IDF launched (11/21) a new offensive in n. Gaza, sending around 1,000 troops into Bayt Hanun, Bayt Lahiya, Gaza City, and Jabaliya refugee camp (r.c.), engaging in heavy clashes with the Palestinian resistance, searching homes for wanted Palestinians and munitions, and making air strikes on money exchange businesses connected to militant groups. During operations on 11/23, a 64-year-old Palestinian woman detonated (11/23) a suicide bomb near IDF soldiers in Bayt Lahiya, lightly wounding 3. Hamas claimed responsibility for the attack, marking its first suicide bombing in 2 years. In response, the IDF stepped up ground operations and shelling of n. Gaza (including targeting the PA Education Min. offices near Bayt Lahiya) and assassinated a senior member of the Popular Resistance Comms. (PRCs), also killing 2 other PRC members. (In Jenin r.c., the IDF assassinated an al-Aqsa Martyrs Brigades (AMB) member on 11/22, also wounding an Islamic Jihad target.) Meanwhile, Palestinians fired more than 30 rockets into Israel in response to the escalation, causing no injuries.

Amid the barrage, the factions (including Islamic Jihad) announced (11/23) that they would agree to halt all rocket fire into Israel in exchange for a cessation of all IDF attacks on Gaza and the West Bank, to be implemented after the IDF ceased operations. Israel rejected the proposal on 11/24, saying it would respond only to a unilateral truce by Palestinian factions.

On 11/25, Abbas phoned Olmert to offer a total cease-fire in Gaza (including halts to rocket fire and digging of smugglers tunnels) in exchange for a halt to IDF operations in and on Gaza. Simultaneously, Damascus-based Hamas leader Khalid Mishal declared on a visit to Cairo that Hamas would give Israel 6 months to make serious progress toward creation of a viable Palestinian state

“with the June 4, 1967 border,” indicating that Hamas's external leadership endorsed the cease-fire and the reopening of negotiations between Israel and the PLO, but warning that if no progress were made by then, “the Palestinian people will close all the political ledgers and come out in a third uprising.” Olmert agreed that if Palestinians halted actions first at 6:00 A.M. local time on 11/26, the IDF would halt operations and quickly withdraw troops from the Strip if the truce held. Abbas agreed on behalf of the factions, though Islamic Jihad and some Izzeddin al-Qassam Brigades contingents said that they would not observe the agreement.

Soon after 6:00 A.M. on 11/26, the IDF withdrew all troops from Gaza, ending the n. Gaza operations that began on 11/21 and had killed 22 Palestinians (including at least 6 civilians), wounded at least 67 (including 28 children), destroyed 10 houses and 10 businesses, razed 80 dunams (d.; 4 d. = 1 acre) of land, and caused extensive damage (estimated at \$6.4 m. by the UN) to Dahaniyya airport. Although suspected Islamic Jihad members fired 9 rockets from Gaza into Israel soon after the truce deadline, Israel did not retaliate and the cease-fire held.

Palestinian National Unity Talks Continue

Meanwhile, Palestinian national unity talks remained deadlocked after Abbas had undermined negotiations last quarter by publicly discussing the points of dispute between Fatah and Hamas at the opening of the UN General Assembly (UNGA) session in New York (see Quarterly Update in *JPS* 142). Abbas continued to meet with Hamas-affiliated PM Ismail Haniyeh, but the old gaps remained, with Hamas insisting on keeping the interior and finance posts in a new government and Abbas repeatedly vetoing Haniyeh's candidates to fill them. (American insiders reported that Abbas routinely passed potential government slates by the State Dept., giving the U.S., which ultimately did not want any Hamas participation in the government, the opportunity repeatedly to up its requirements for approval.)

On 11/20, Abbas unilaterally suspended the talks. Haniyeh expressed (11/20) surprise, stating that Hamas was willing to continue discussions at the highest level. In any case, Haniyeh departed (11/28) on a weeks-long regional tour of Muslim countries (Egypt, Iran, Jordan, Kuwait, Lebanon, Qatar, Saudi Arabia, Syria, Sudan) to lobby

for political and financial support for the PA to end the U.S.-led boycott, and no movement on the unity talks was expected until his return.

Pressure on the U.S. to Engage

The quarter opened with a burst of diplomatic initiatives to pressure the U.S. to reengage in the peace process. On 11/16, British PM Tony Blair reiterated comments made 11/13 in a major policy speech (repeated again in his 12/7 meeting with Bush and during his tour of the region in mid-12/06). Stressing the need for active engagement to move the peace process forward, Blair stated, "I believe totally in supporting Israel's security. But the truth is [that] ultimate security lies in a viable and democratic Palestinian state and in resolving the issues with Israel's neighbors." He said that his government was already in contact with Egypt, Jordan, and Saudi Arabia to discuss new ideas and with the U.S. to encourage direct American involvement in bringing the parties together.

The same day (11/16), France, Italy, and Spain put forward a 5-point plan for resolving the Israeli-Palestinian conflict. The plan included an immediate cease-fire; formation of a Palestinian national unity government that could meet the 1/06 Quartet demands to halt violence, recognize Israel's right to exist, and to adhere to previous agreements; an exchange of prisoners, including the 3 IDF soldiers held in Gaza and Lebanon (see Quarterly Update in *JPS* 141); direct talks between Abbas and Olmert; and deployment of an "international mission" in Gaza to monitor a cease-fire. The U.S. and EU (and Britain and Germany individually) stated that they had not been consulted on the plan, and neither Israel nor the PA acknowledged it. Nothing became of the proposal during the quarter.

Soon after, U.S. VP Dick Cheney made (11/24) a sudden trip to Riyadh to meet with King Abdallah of Saudi Arabia, reportedly (see *Washington Post* 3/28/07) angered at U.S. policies in Iraq and elsewhere that allowed Iran and Iraqi Shi'a to gain too much power, creating a "regional disequilibrium." At the meeting, the king reportedly urged the U.S. to take steps to restore the balance, including by resuming active involvement in resolving the Israeli-Palestinian conflict. Cheney stated that the success of U.S. efforts in Iraq and the region required the active support of moderate Arab leaders. He charged the Saudis with having been "all talk and no

real help on the Palestinian issue, providing little support to the Palestinians and exploiting the conflict for domestic purposes," and urged Saudi Arabia to start taking the lead. In this context, discussion apparently began about possibility of Saudi Arabia reviving the 2002 Arab League plan (see above).

Days later, on 11/27, Olmert gave what his office termed a major policy speech, stating that if the Palestinians could maintain the 11/26 Gaza cease-fire, form an acceptable national unity government, and free captured IDF soldier Gilad Shalit, he would immediately meet with Abbas, release 100s of Palestinian prisoners, transfer frozen VAT taxes withheld from the PA, reduce travel restrictions on Palestinians, and consider a further withdrawal of Jewish settlers. While little of this was new, Olmert did for the first time make positive reference to the 2002 Arab League initiative, which Israel had flatly rejected at the time. Abbas welcomed the statements as "positive." Around the same time, Olmert authorized low-level security talks with the PA to be held at Qarni, as proposed by U.S. security envoy Lt. Gen. Keith Dayton last quarter, but limited the coordination to finding ways of improving the flow of imports and exports to Gaza through the crossing.

In light of these developments, Rice broke away (11/30) from talks between U.S. Pres. George W. Bush and Iraqi leaders in Amman to meet with Abbas in Jericho and Olmert in Jerusalem to explore whether the timing was right to resume direct peace talks. Both leaders were skeptical. Abbas stressed the need for Israel to ease restrictions on Palestinian movement to set a positive tone for talks, while Olmert said there could be no confidence-building gestures to the PA until captured IDF soldier Shalit was released.

In her meeting with Abbas, Rice also reportedly made clear that the U.S. viewed a new Palestinian government without Hamas as a prerequisite to successful talks, and expressed impatience with his failure to put in place an acceptable government. (Separately, reports circulated that the Israeli government had begun holding regular, informal contacts with jailed senior Fatah member Marwan Barghouti as a possibly more effective alternative to Abbas.) The next day, Abbas convened (12/1) the PLO Executive Comm. (PLOEC) in Ramallah to discuss the stalemated national unity talks. On 12/9, the PLOEC came back to Abbas with 17 options to close the gaps with Hamas, but Abbas

declared himself unwilling to continue negotiating with Hamas.

On 12/16, Abbas declared that he would call early elections. Hamas denounced (12/16) the move as an attempted coup, noting that the PA Basic Law (the interim constitution) made no provisions for early elections. Abbas supporters countered that early elections were legal, as they were not explicitly barred in the Basic Law. (On 12/17, Abbas met with the PA Central Elections Commission, which said that it would require a presidential decree laying out the framework for the elections to ensure their legality, plus 4 months to update voter registers before elections could be held.) The U.S. and EU immediately welcomed (12/16, 12/17) Abbas's call for elections, with Blair stating that "this is the moment for the international community to come behind [Abbas] to help build his authority" and to "work with people of moderation and tolerance."

Soon after Rice's return to Washington, the State Dept. announced (ca. 12/18) that she would visit the region in early 2007 and would "devote a lot of time and energy" to implementing a two-state solution. State Dept. spokesman Sean McCormack stressed that she would not offer any new initiatives.

Arming Abbas against Hamas

The U.S. new strategy also included an international effort to augment Abbas's security forces so that they could confront any challenge posed by Hamas. On 12/14, Rice stated that the White House was planning an aid package of up to \$100 m. to this end. (The money would come from funds originally earmarked for U.S. aid programs in the West Bank and Gaza cancelled or suspended after the Hamas-led government took power in 3/06, U.S. security envoy Dayton would oversee disbursement.) On 1/5, the White House announced that it was drafting with Abbas and the Israeli government an \$86.4 m. package that would include \$76.4 m. for projects to "transform and strengthen" the PA Preventive Security Force (PSF) and Presidential Guard (including \$35.5 m. for "nonlethal" equipment, such as riot and communications gear, to the 8,500-member PSF; \$25.9 m. for similar nonlethal gear to the 4,000-member Presidential Guard, including up to \$8 m. to integrate 1,000 members of the PLO's Badr Brigade; and \$15 m. for "civil disorder" prevention training) and \$10 m. for security improvements at Qarni crossing. The money would not be used for salaries, and members of

the security forces covered by the grant would be vetted to make sure that none had ties to militant groups. The U.S. would encourage other allies to contribute additional funds for training as well as the arms and ammunition that Washington was uncomfortable supplying itself. (The White House formally authorized the \$8.64 m. on 1/30, but Congress put a nonbinding hold on the money ca. 2/15, seeking further assurances that the money would not go to Hamas.)

By mid-12/06, the U.S. was also pressuring Abbas to appoint as his national security adviser Gaza strongman and U.S. ally Muhammad Dahlan, who had his own loyal following among the PA security forces and a reputation for taking a hard line with Hamas during his previous tenures as a PA security official. Abbas, who had uneasy relations with Dahlan, resisted the pressure but did not refuse outright. Instead, he quietly named (ca. 12/28) Nasr Yusuf and Tayib 'Abd al-Rahim, both Fatah loyalists and former senior PA officials, as overseers of security affairs in the West Bank and Gaza respectively. U.S. security experts viewed the appointments as a message to the U.S. and as a bid to create a structure that could curb Dahlan's control of the PA security forces if necessary. Abbas responded to further pressure by promising to make additional personnel changes soon. (For more on Dahlan's attempts to position himself with U.S. support, see the intra-Palestinian section below.)

A Hamas Trial Balloon

To confront efforts by Abbas and the U.S. to sideline it, Hamas apparently leaked (ca. 12/18) a working draft of an initiative entitled the "Proposal for Creating Suitable Conditions for Ending the Conflict" (see Doc. B1) Under the plan, the Palestinians would offer a 5-year comprehensive ceasefire, including a pledge to halt attacks on Israelis worldwide, in exchange for Israel's withdrawal from the West Bank to a "temporary, agreed upon line," cessation of all attacks on Palestinians worldwide, a halt to all construction on territory outside Israel's 1967 borders, the release of all Palestinian "political prisoners," and full lifting of travel restrictions on all Palestinians in keeping with the Agreement on Movement and Access brokered by Rice in 11/05 (see Doc. A4 in *JPS* 138). The sides would also resume full, normalized economic relations; observe applicable international law, including the Geneva Conventions; and would agree to "upholding the principle of the right of

return.” A multinational force overseen by the Quartet and Turkey would monitor and guarantee the arrangements, and work to expand confidence-building measures.

The genesis of the draft reportedly was a seminar of a group of Swiss experts on the Middle East held in early 2006. Participants distilled their ideas into a document that they presented to 2 Palestinian officials (1 being Haniyeh adviser Ahmad Yusuf, the other presumably being someone close to Abbas) in 6/06. Over the succeeding 4 months, Yusuf reportedly worked on the text with Norwegian and Swiss envoys in several meetings in London. Hamas did not officially take ownership of the proposal leaked in its name and Fatah did not endorse it. The U.S. and Israel did not officially comment.

Some observers suggested (e.g., *Forward* 12/21, *International Herald Tribune* 12/27) that the U.S. was aware of and encouraged the efforts, noting that aspects of the proposal meshed with an idea reportedly being considered by Rice and Livni at the time to propose declaration of a Palestinian state with provisional borders by the end of 2007 as part of a formal revival of the road map; this would give the Palestinians a sense of the end game of negotiations (Rice’s “political horizon”), while delaying final status talks on borders indefinitely to allay Israeli concerns.

Abbas and Olmert Meet

In reaction to the leak of the Hamas initiative, Abbas pressed Olmert to meet, offering to revive final status talks based on full recognition for full peace. Olmert agreed to meet Abbas in Jerusalem on 12/23, marking the first formal meeting of PA and Israeli leaders since 2/05. (Abbas and Olmert had met informally in Amman on 6/22/06.) Under pressure from the U.S. to bolster Abbas vis-à-vis Hamas, Olmert agreed to release \$100 m. in VAT taxes owed the PA; to allow 1,000 members of the PLO’s Badr Brigade in Jordan to deploy in Gaza to augment security forces under Abbas’s control, to allow an arms shipment to Abbas’s security forces in Gaza, to ease restrictions on Palestinian travel in the West Bank, to discuss upgrading crossings on the Gaza-Israel border to enhance trade, and to resume meetings of PA-Israeli joint comms. (including the economic comm. and the prisoners comm.) and of the Israel-PA-U.S.-Egypt quadripartite security comm., and to hold periodic meetings with the PA to keep the lines of communication open and hopefully reach additional agreements.

Olmert also agreed to consider Abbas’s request to open a back channel (closed to the media but not secret) for peace negotiations.

Although Olmert had agreed to the above steps to build Palestinian confidence, and could ill afford to be seen by the international community (especially the U.S.) as undermining peace efforts, it was soon clear that he was unwilling to make what Israelis would view as conciliatory gestures to the Palestinians (opinion polls placed his approval rating at a mere 22% in 12/06; see further below). Thus, while his cabinet unanimously approved the transfer of VAT taxes on 12/24, no move was made to disburse the money to the PA. Similarly, Olmert approved (12/25) the easing of inspections at 16 IDF checkpoints and the removal of 27 unmanned checkpoints of the more than 500 permanent barriers across the West Bank, but no action was taken on the ground. (On 1/22, the IDF admitted that the 43 obstacles had never existed, stating that they “had either been removed before the political level decided on the alleviations or had been bypassed by Palestinians earlier, and a decision had been made not to rebuild them.”) Olmert also rejected (12/29) Abbas’s request to release some Palestinian prisoners for Id al-Adha to build on the momentum of their 12/23 meeting.

Olmert did, however, allow Egypt to transfer (12/27) 2,000 AK-47 rifles, 20,000 magazines, and 2 m. rounds of ammunition to Abbas’s security forces. (The Israeli DMin. confirmed government approval of the delivery on 12/27 stating that it was to reinforce the “forces of peace” against the “forces of darkness.”)

Meanwhile, Abbas took his own steps to build Israeli and U.S. confidence. He blocked (12/22) a number of government appointments made by Hamas-led PA offices and stated (1/6) that if the predominantly Hamas Executive Support Force (ESF) were not immediately integrated into the security forces under his command they would be declared illegal. The Hamas-led Interior Min., which established the ESF in 4/06 when Abbas refused to deploy his forces to maintain order in Gaza, rejected (1/6) the order, saying it planned to double the size of the force to 12,000 men.

Adding to difficulties, the AMB and Islamic Jihad fired rockets into Israel almost daily (at least 60 between 11/26 and 12/26), lightly injuring 1 Israeli on 12/21. While Israel, mindful of international opinion, did not launch retaliatory air or artillery strikes

on Gaza, the IDF did regularly fire into Gaza at Palestinians who strayed close to the border fence, killing 1 Palestinian (12/13) and wounding at least 14 between 11/26 and 12/25. The Israeli navy also frequently fired on Palestinian fishermen to force them back to port (see Chronology for details). On 12/10, the IDF revived brief cross-border incursions into Gaza to level land along the border to improve lines of sight. In the West Bank, IDF raids and demolitions continued apace (see Chronology for details), including the assassination of 3 AMB members (1 on 12/14, 2 on 12/19). By 12/26, the comprehensive death toll had reached 4,997 Palestinians and 1,027 Israelis. At the same time (12/10–23), internal Palestinian violence had escalated sharply, leaving 17 Palestinians dead and some 130 injured (see intra-Palestinian section below).

Olmert's Political Problems at Home

Against this background, conditions were not promising when the U.S. announced on 1/9 that Rice would begin her new push on the peace process with a trip to the region beginning on 1/13. By then, Olmert's ability and desire to engage in a revived peace process were seriously constrained by the continuing drop in his popularity following Israel's 7–8/06 war on Lebanon. With the release (12/06) of IDF investigations into the handling of the war and the consequent resignation (1/16) of the IDF Chief of Staff Dan Halutz (see Lebanon section below), polls showed Olmert's approval rating hitting a new low of 14% and support for his resignation increasing to 69%.

As prospects of early elections rose, members of Olmert's government began positioning against him, particularly by challenging his peace policies. As noted above, DM Amir Peretz (Labor) took the lead by holding talks with Abbas on a cease-fire without Olmert's knowledge. By 1/8, Peretz reportedly was considering putting forward his own diplomatic initiative toward Syria based on withdrawal from the Golan Heights and freeing Lebanese prisoners in exchange for full peace and the return of the 2 IDF soldiers captured by Hizballah. At the Herzliya conference on 1/22, Peretz proposed his own staged plan for concluding a comprehensive peace agreement with the Palestinians in about 2 years. Nothing came of these initiatives, which Israeli analysts (*Ma'ariv* 1/8) viewed as attempts to set himself apart not only from Olmert but from Ehud Barak, who had recently announced plans to challenge

Peretz for leadership of the Labor party in upcoming primaries.

Another potential challenger for PM, FM Livni (Kadima), who had angered Olmert last quarter by not consulting closely with him over her meetings with Rice and by challenging his opposition to meetings with Syria (see Quarterly Update in *JPS* 142), continued to take actions viewed as positioning for an election campaign. In addition to holding further talks with Rice (ca. 1/19) without full coordination, she also reportedly met 3 times in early 1/07 with former PA finance minister Salam Fayyad, who is close to Abbas. When Abbas reportedly contacted Olmert to ask whether the meetings were part of an approved initiative, Olmert's office claimed (ca. 1/12) to be unaware of them.

Olmert was also plagued by a series of scandals. The Israeli Justice Min. announced (1/16) that it would open a criminal investigation into Olmert's role as finance minister in the 2005 privatization of Israel's 2d largest bank, Bank Le'umi, and whether these were attempts to manipulate the sale to benefit a friend. Israel's state attorney and comptroller's office were also reviewing (mid-1/07) 6 other allegations of corruption by Olmert. Five other members of Olmert's Kadima party were also under investigation: Finance M Avraham Hirschson for embezzling a nonprofit when he was a union leader; former justice minister Haim Ramon for sexual harassment (convicted (1/31)); Dep. PM Shimon Peres for accepting improper campaign donations; MK and former Defense Comm. chmn. Tzachi Hanegbi for making illegal political appointments when he served as environment minister in a previous government; and MK Ruhama Avraham for accepting illegal gratuities from a lobbyist. In addition, 2 members of Olmert's governing coalition, Strategic Affairs M Avigdor Lieberman (Yisrael Beitenu) and MK Shlomo Benizri (Shas), faced charges of conducting illegal business activity and accepting bribes, respectively. In addition, Israeli pres. Moshe Katsav (not an Olmert ally) temporarily stepped down for 3 months beginning 1/25 after being charged (1/23) with sexual harassment and rape.

Meanwhile, in the interim between the Abbas-Olmert meeting and the Rice visit, conditions deteriorated on the ground. When Palestinian rocket fire from Gaza seriously injured 2 Israeli teenagers on 12/26, Olmert, while emphasizing Israel's continuing commitment to the cease-fire, authorized

(12/27) the IDF to resume pinpoint attacks on Palestinians firing from Gaza. Though no pinpoint attacks were immediately undertaken, the IDF continued to fire into Gaza at Palestinians near the border fence (wounding at least 11 between 12/27 and 1/12), harassing fishermen (wounding 1), and bulldozing border areas inside the Strip (see Chronology for details). On 1/9, the IDF for the first time since the 11/26 cease-fire took effect warned an Islamic Jihad member to evacuate his Gaza home pending an air strike; neighbors surrounded the home, forcing the IDF to call off the strike. Meanwhile Palestinians kept up rocket fire from Gaza (22 between 12/27 and 1/9), wounding an Israeli worker in the Israeli side of the Qarni industrial zone on 1/2.

On 1/4, the IDF made its largest daylight raid in the West Bank in more than 2 years, sending troops, armored vehicles, helicopters, and bulldozers into Ramallah in search of a wanted AMB member, sparking a gunfight that left 4 Palestinians dead (at least 3 of them bystanders) and more than 20 injured. (The targeted man escaped.) The raid coincided with Olmert's visit to Sharm al-Shaykh to brief Egyptian pres. Hosni Mubarak on his 12/23 meeting with Abbas; Mubarak stated in his joint press conference with Olmert that he was "indignant" at the operation, which Olmert defended as necessary. Abbas also denounced (1/4) the raid, saying that it proved that "Israeli calls for peace and security are fake."

At the same time, intra-Palestinian violence in Gaza and the West Bank spiked again (1/1-10), leaving at least 17 Palestinians dead and 63 injured (see below). By 1/12, the comprehensive death toll (not including those killed in intra-Palestinian fighting) had reached 5,006 Palestinians and 1,027 Israelis.

Rice Launches Her Peace Mission

Rice arrived in Jerusalem on 1/13 on the first leg of a regional tour that included Israel, Ramallah, Egypt, Jordan, Saudi Arabia, and Kuwait, with later stops in Germany and Britain to brief EU and Quartet allies. While her trip's primary aim was to raise support for Bush's new initiatives on Iraq (announced in a speech on 1/10) and to encourage "moderate" regional leaders to unite against "extremist" forces, anonymous administration officials acknowledged (1/13) that the White House viewed progress on the Israeli-Palestinian peace process, including increased support for Abbas, as the "glue" that would hold the moderate allies

together to support the U.S.'s broader regional aims, particularly to "dampen historic animosities and perhaps build a common front against . . . Iran." Rice kept expectations low, however, stating (1/13) that she mainly hoped to listen to allies' ideas so as to lay a firm groundwork for renewed peace efforts.

Rice held substantive talks with Israeli FM Livni (1/13) and Abbas (1/14) in which she raised Livni's proposal to "accelerate" road map implementation by skipping to stage 2 and creating a provisional Palestinian state with temporary borders in exchange for Palestinian guarantees of Israeli security. Abbas rejected the idea, warning that it could leave the Palestinians in a legal limbo indefinitely, without a permanent state. He suggested that if the road map were accelerated, the sides should jump to stage 3: creation of a sovereign Palestinian state with permanent borders. Rice also urged Israel to aid Abbas by fulfilling Olmert's 12/23 pledges, especially by releasing VAT taxes, easing travel restrictions, and freeing prisoners. (Olmert transferred the \$100 m. of VAT taxes on 1/19 but took no other steps.)

After a brief meeting with Olmert (1/15) and consultations with Jordan's King Abdallah (1/14) and Egypt's Mubarak (1/15), Rice announced (1/15) that Olmert and Abbas had agreed to hold a trilateral meeting with her in 2/07 to discuss issues that had to be addressed to form a Palestinian state. The talks would mark the first direct U.S. intervention in negotiations since the road map was launched in 6/03. Olmert described his talks with Rice as "prenegotiations" dealing with the U.S. and Arab state role in any future talks between Israel and the Palestinians. Rice aides acknowledged that the Arab states wanted to see progress on the peace process before offering concrete support to Bush's new plan to send an additional 21,000 U.S. troops to Iraq.

German chancellor (and current EU pres.) Andrea Merkel and British PM Blair endorsed (1/18) Rice's efforts and set a Quartet meeting for 2/2 to prepare for the trilateral meeting.

The Mecca Accord

Before the trilateral talks, pressure on Abbas to revive national unity talks with Hamas increased, and by 1/17 some discussions reportedly were underway in Damascus. Syrian pres. Bashar al-Asad invited Abbas to Damascus on 1/20 and personally appealed to him to meet with Damascus-based Hamas leader Khalid Mishal. Abbas initially rebuffed the

request, stating that he would not meet until lower-level figures reached a deal. But under heavy pressure from Assad and after intensive mediation by Syrian FM Faruq al-Shara', Abbas met Mishal on 1/21 for the first time since 7/05. Though they did not reach an agreement, they made what they described as "substantial progress" and agreed to meet again in the near future.

Meanwhile, Mishal made some of his most conciliatory statements to date, saying (1/10) that Hamas acknowledges that Israel exists as a "matter of fact," but would not grant formal recognition until a viable Palestinian state was created, saying "there will remain a state called Israel." He further stated (1/10) that "the problem is not that there is an entity called Israel. The problem is that the Palestinian state is nonexistent," reiterating "a Palestinian and Arab demand for a state on 1967 borders."

On 1/28, after Fatah-Hamas violence had escalated to new heights, with several days of sustained heavy fighting beginning on 1/23 (see intra-Palestinian section below), Saudi Arabia's King Abdallah intervened and invited Hamas and Fatah leaders to Mecca for urgent, open-ended national unity talks. By then, the internal Palestinian situation was so threatening (see intra-Palestinian section below) that Abbas and the Hamas leaders agreed that no matter what their other priorities, calming intra-Palestinian violence was paramount, and that a national unity deal was necessary. Both sides immediately accepted the offer and the meetings were soon set to open on 2/6.

At the same time, Abdallah had also approached Olmert through World Economic Forum (WEF) founder Karl Schwab to explore the possibility of a Saudi-Israeli meeting at the WEF's annual session in Davos 1/24–28. Abdallah offered a dialogue with Olmert to present ideas for a comprehensive Arab peace agreement with Israel on condition that Israel would announce publicly acceptance of the 2002 Arab League initiative as a basis for any future agreement. After much debate inside the Israeli government, Olmert refused. As a result, neither Olmert nor Abdallah attended the WEF (Abbas and Livni did attend and met on the sidelines on 1/27, but no details were released.)

The U.S. observed these developments cautiously, not displeased that the Saudis were taking action on the Palestinian front (as Cheney had urged on 11/24) but concerned that a new Palestinian government that included Hamas could derail Rice's

peace efforts. With this in mind, the U.S. pressed its Quartet partners hard in their 2/2 meeting to issue a strong statement that reiterated calls for a Palestinian government "committed to nonviolence, recognition of Israel, and acceptance of previous agreements and obligations." The statement also endorsed Rice's plans to host informal U.S.-Israeli-Palestinian talks (now set for 2/19) aimed at renewing peace efforts and to make another trip to the region "to define more clearly the political horizon for the Palestinian people." Finally, it affirmed "the primacy of the road map."

The impact of the Quartet statement was undercut by Russian FM Sergei Lavrov's public break with Rice just after the session. During the concluding press conference, he called for an end to the boycott on the Hamas-led PA and for including Syria in peace talks, stating that the U.S. policy of rallying "mainstream" Arabs to isolate "extremists" was "counterproductive." (Of note: a week before Quartet's 2/2 meeting, EU foreign policy chief Javier Solana declared on 1/24 that the EU would prefer an immediate resumption of final status talks and an end to the boycott of the PA, adding that that U.S.-led sanctions had helped Iran gain a greater role in Palestinian affairs by smuggling money to Hamas.)

Four days later, on 2/6, the Mecca talks opened. The U.S. and Israel, apparently believing that the Palestinians would not approve a national unity deal that did not ensure a lifting of the boycott, warned again that they would not back down from the 1/06 Quartet requirements for removing sanctions on the PA. Notwithstanding, the talks between Abbas, Haniyeh, and Mishal, with occasional intervention by King Abdallah, moved quietly and quickly. Most observers were surprised when on 2/8 Abbas and Mishal emerged to sign what became known as the Mecca accord (see Doc. B2.) The agreement called for forming a national unity government within 5 weeks that would be led by Haniyeh, with 9 cabinet seats allocated to Hamas, 6 to Fatah, 5 to independents, and 4 to smaller parties. Controversial portfolios—those dealing with the international community (finance, the interior, foreign affairs, and information) and providing services to the Palestinians (social affairs)—would go to independent technocrats or smaller parties to encourage the international community to lift the boycott. Hamas would be allowed to nominate 3 of the independents, and Fatah 2; Abbas

could veto Hamas nominations but apparently not vice versa. Abbas was expected to keep control of most of the security forces, especially the Presidential Guard, but the fate of the ESF was not detailed. Though the accord stated that the new government must conform to "international resolutions" and "respect" previous agreements with Israel, it did not explicitly recognize Israel, so it remained unclear whether the new government would meet the 1/06 Quartet demands. King Abdallah pledged \$1 b. in Saudi aid to the Palestinians, reportedly in exchange for Hamas turning down assistance from Iran (see Iran section below), though it was unclear whether the Saudi money run through the PA Finance Min. account or accounts controlled by Abbas.

Initially, neither Israel nor the U.S. would comment on the accord, citing the need to first study the text. France and Russia immediately welcomed (2/8) it as a "step in the right direction" that should be encouraged by the international community, with Russia calling for an immediate end to sanctions. On 2/9, the Quartet reiterated (2/9) that it would support any Palestinian government that would adhere to the 1/06 Quartet demands. The vagueness of the statement suggested that members were debating whether the boycott could be lifted if the new government were judged to be in compliance in fact, if not explicitly in word. State Dept. spokesman McCormack's statement on 2/14 that the U.S. would not comment on the new government until it was formed and the U.S. could "see how it operates" seemed to give credence to this view. Privately, however, U.S. Asst. Secy. of State David Welch informed (2/14) Abbas that the boycott would stand if the government did not explicitly recognize Israel's right to exist.

Meanwhile, the accord's inconclusiveness on the portfolio allocation process and control of the security forces—precisely the sticking points of early national unity negotiations—raised concerns that the Mecca accord could quickly fall apart. These were heightened on 2/14, when Abbas canceled a planned speech on the unity government, citing disputes with Hamas over the accord and the need for further consultations with Olmert and Rice regarding lifting the boycott. Haniyeh had reportedly presented Abbas with a list of demands to be met before he formally resigned from the current government to make way for the new one. These included: (1) that Fatah and

Hamas agree on who would fill the posts of interior minister and dep. PM (Hamas had proposed 2 names for interior minister, but Abbas had vetoed both); (2) that Abbas guarantee that the ESF would be allowed to continue to operate as a separate unit from the other Abbas-controlled security forces; and (3) that Abbas reverse his 12/22 rejection of the appointments to senior civil service posts recommended by Haniyeh's appointees (see above). Haniyeh also argued that the agreed choice for FM of independent Ziyad Abu Amr, considered close to Hamas but nominated by Abbas, should be considered one of Fatah's 2 picks, while Fatah wanted to consider it a Hamas pick. Abbas met with Haniyeh in Gaza on 2/15, and, although no differences were resolved, Haniyeh formally resigned and accepted the charge to form a new government.

At the close of the quarter, there was cautious hope that a new Palestinian unity government would lead to a resumption of serious peace efforts, prompt renewed international support for the PA, and repair Palestinian political rifts. But on the ground, increasing Israeli-Palestinian violence fueled tensions and threatened to undo progress (see Chronology for details). Most significantly, the AMB and Islamic Jihad jointly staged (1/29) a suicide bombing in Elat that killed 2 Israelis and a foreign worker and wounded 1, marking the first bombing inside Israel since 4/17/06. In Jerusalem, Israel began (2/6) excavations at the Haram al-Sharif/Temple Mount that sparked days of protests in the territories and across the region. While the cease-fire in Gaza technically held, Palestinians continued to fire rockets into Israel (more than 70 between 1/13 and 2/15) and the IDF stepped up firing across the border (killing 4 and wounding at least 17 during the same period), harassment of fishermen, and bulldozing of Palestinian land inside the Gaza border. On 1/24, the IDF resumed air strikes on Gaza targeting rocket launching sites, smugglers tunnels, and the homes of senior Palestinian militants (warning them in advance to leave). In the West Bank, the IDF stepped up arrest raids, house searches, and home demolitions, also assassinating an AMB (2/1) and an Islamic Jihad member (1/27). Restrictions on Palestinian travel continued, while settler violence against Palestinians escalated.

Intifada Data and Trends

During the quarter, at least 92 Palestinians and 3 Israelis were killed in Israeli-Palestinian

violence (compared to 235 Palestinians and 3 Israelis last quarter), bringing the toll at 2/15 to at least 5,027 Palestinians (including 46 Israeli Arabs and 17 unidentified Arab cross-border infiltrators), 1,029 Israelis (including 317 IDF soldiers and security personnel, 208 settlers, 504 civilians), and 60 foreign nationals (including 2 British suicide bombers). Meanwhile, Palestinian fatalities from intra-Palestinian political violence increased dramatically to around 117 from at least 30 last quarter (see intra-Palestinian section below).

The IDF continued to impose severe restrictions on Palestinian movement this quarter, though movement of goods into and out of Gaza improved slightly from last quarter. Gaza's Rafah and Erez crossings, the main crossings for individuals, remained almost completely closed, with Rafah partially open for only 21 of 92 days, and Erez open only to select VIPs and medical cases since 3/12/06. Qarni, the main industrial transport point, was open through most of the quarter for limited imports and very restricted exports. Sufa crossing (the sole import point for construction materials) was open for most of the quarter for humanitarian goods, food, and limited import of construction materials, while Kerem Shalom, the other entry point for import of humanitarian goods, was open for only 17 of 92 days. Palestinian fishermen generally were barred from sailing (as they have been since 6/25), and Palestinians in the Strip were still receiving only 6–8 hrs./day of electricity and 2–3 hrs./day of running water due to damage inflicted at the start of Operation Summer Rains. The Nahal Oz pipeline was open for regular imports of fuel. In the West Bank, IDF restrictions on movement remained tight. The IDF continued to bar all Palestinian males from Jenin, Nablus, and Tulkarm between the ages of 16 and 30 (some 106,000 men) from traveling south of Nablus without special permission. The Jordan Valley remained (since 10/11/06) entirely off limits to nonresident Palestinians, except for those with permits to work in Jewish settlements there.

This quarter, at least 11 deaths were clear assassinations (down from 30 last quarter) that also killed 1 bystander and wounded 16. Those assassinated this quarter were: the AMB's Fadi Armur (11/22), Muhammad Zaytawi (12/14), Muhammad Hamad (12/19), 'Inab Abu Kishik (12/19), and Jasr Zughayb (2/1); Hamas's 'Abd al-Qadir Habib (11/20) and Basil Obaid (11/20); and the PRC's Mahmud al-Basiyuni (11/23), Ahmad

Abu al-Qumsan (11/23), and Fa'iq Abu al-Qumsan (11/23); and an unnamed Islamic Jihad mbr. Incidents on 11/19 and 11/22 were clear assassination attempts targeting 2 Hamas members and an Islamic Jihad member, respectively; these incidents left 1 Palestinian bystander dead and 7 wounded. Of note: The Israeli High Court unanimously upheld (12/14) the legality of Israel's assassination policy (see Doc. C1).

There were 2 Palestinian suicide bombings this quarter (up from 1 last quarter). The first on 11/24 was by a Palestinian woman affiliated with Hamas that targeted IDF troops operating in Bayt Lahiya, wounding 3 soldiers; it marked the first suicide bombing claimed by Hamas in 2 years. The second on 1/29 was claimed as a joint operation by the AMB and Islamic Jihad targeting a bakery in Elat, killing 3 Israeli civilians and wounding 1; it marked the first suicide bombing inside Israeli since 4/17/06 and was notable for being staged for intra-Palestinian political reasons, with the groups claiming that the purpose was to refocus Fatah and Hamas attention on the need to resist Israeli occupation.

Thanks to the Gaza cease-fire announced on 11/26, Palestinian use of mortars and rockets overall was lower this quarter, dropping to an average of around 14/week, down from more than 60/week average before it took effect. In early 2/06, however, rocket fire spiked to 42/week after Israeli artillery and air strikes on Gaza, which had fallen to zero with the cease-fire, resumed on 1/24 as tensions escalated (see Chronology for details). Still, only 3 artillery/air strikes were recorded by 2/15. Palestinian rocket fire during the quarter lightly injured 1 Israeli on 12/21 and seriously injured 2 on 12/26.

Israeli house demolitions continued to be high this quarter, especially in the West Bank, where at least 65 homes were demolished: 21 in Hebron, 15 in Jenin, 9 in East Jerusalem, 6 in Qalqilya, 5 each in Jericho and Nablus, 3 in Bethlehem, and 1 in Salfit. House demolitions were lower in Gaza this quarter as a result of the cease-fire. Still, at least 23 were destroyed along the northern border and in Rafah, mostly in air strikes targeting the homes of members of the Palestinian resistance. In these cases, the IDF phoned residents in advance to warn them to leave, in keeping with the policy the IDF launched last quarter (see Quarterly Update in *JPS* 142). When the IDF warned (11/19) two local Hamas and PRC leaders of a pending air strike to demolish their homes

in Jabaliya, 100s of Palestinians, including PM Haniyeh, surrounded the houses, forcing the IDF to call off the operation (see Doc. D2). Similar incidents of families and neighbors surrounding homes to prevent strikes occurred in Jabaliya on 11/2 and in n. Gaza on 1/9.

In addition, numerous bedouin homes were demolished in the Negev communities of Twayyil (17 on 12/6 and 21 on 1/9) and Um Mitnan (17 on 12/12) inside Israel. The Israeli Center for Contemporary Studies issued (1/26) a report concluding that between 1992 and 1998, 1,298 homes in the Negev belonging to Arab citizens were demolished, around 29,700 d. of Arab agricultural land was bulldozed, and Arab citizens were fined up to \$220,000 each for constructing homes without a license.

The PA FMin. reported (12/13) that between 6/06 and 10/06, some 10,000 Palestinians emigrated from the occupied territories and that another 45,000, mostly from Gaza, were making preparations to leave. The FMin. blamed increasing intra-Palestinian violence. Similarly, Gaza's Federation of Industries reported (12/13) that 20 businesses had transferred operations from Gaza to Egypt or Jordan in the previous 6 months (as many as in the previous 6 years), taking 12% of Gaza jobs with them.

Of note: The Israeli High Court unanimously ruled (12/12) that Palestinians may sue the Israeli military for damages caused by IDF operations in the occupied territories that are "not strictly military in nature" (e.g., theft, looting, vandalism, some shootings), overturning part of a 7/05 law that broadly banned civil claims against the IDF in combat zones retroactive to the start of the al-Aqsa intifada in 9/00. The ruling was not expected to mark a dramatic improvement for Palestinians seeking compensation, since provisions were kept in place that automatically denied claims for damages that occurred in the context of "an act of war" or payments to members of a "terrorist organization."

Settlers and Settlements

Jewish settler violence was up this quarter. Incidents included settlers beating or otherwise attacking Palestinians and international peace activists (2 on 11/18, 11/27, 12/9, 12/16, 12/22, 1/13, 1/19, 1/20, 1/23); occupying Palestinian homes, land, and religious sites (12/3, 12/18, 1/22, 2/11, 2/14); vandalizing property (11/18, 12/9, 12/16, 12/22, 1/15, 1/24); bulldozing land for ex-

pansion of settlements or creation of new settler-only bypass roads (12/18, 12/27, 1/5); uprooting trees (12/4, 12/16, 2/12); preventing farmers from accessing their land or stealing their crops or livestock (11/18, 12/18, 2/12, 2/15); and rampaging through Palestinian areas or blocking roads to Palestinian use (2 on 12/16, 2/18, 1/26). Settlers also injured 4 Palestinians in 2 deliberate hit-and-run incidents (11/22, 3 on 12/3) and opened fire on children (12/3, 2/2, 2/11), wounding 3, including a 6-year-old boy. Of 36 reported incidents (up from 35 last quarter), most continued to occur in Hebron (21), with a handful of incidents in Nablus (6), Qalqilya (3), Bethlehem (2), and 1 each in Jerusalem, the Jordan Valley, and Ramallah. (One incident was the temporary reoccupation of the n. West Bank Homesh settlement site, evacuated under the 2005 disengagement, by settlers from various areas.)

On 12/26, Israel announced that construction was underway at Maskiyot in the n. Jordan Valley for housing 23 settler families evacuated from Shirat Hayam in the Gaza disengagement (100 families were expected to move there soon). The announcement marked the first official declaration of a new settlement since 1992 (though more than 100 unauthorized settlements have been built since 3/01). Israel claimed (12/26) that the settlement was not new but the revival of a settlement approved in 1981, noting that the site has been in use as an IDF base. Nonetheless, the U.S. stated (12/27) that the construction violated Israeli pledges to halt settlement expansion in keeping with its road map commitments and the EU condemned the construction as "illegal under international law" and "something that the EU stated is non acceptable when it gave its support to the Gaza disengagement." Under international pressure, Israel froze construction on 1/19.

Meanwhile, the Israeli government submitted (1/8) plans for construction of 1,000 new housing units in the East Jerusalem settlement of Har Homa. Plans reportedly were also being drafted to expand the Jewish settlements of Ramat Rachel, Mei Naftuah, New Arnona, Gilo, and Givat Hamatos. Bids were also announced (1/15) for 44 new units in Jerusalem's Ma'ale Adumim. Of note: The Israeli government reported (1/9) that the Jewish settler population grew 6% in 2006, more than quadruple the rate for 2005.

In addition, the Israeli High Court ruled (1/3) that Palestinian residents of al-Hadidiyya (pop. 80) in the Jordan Valley

posed a security threat to Jewish settlers in Ro'i settlement and must vacate the village by 2/10 or face eviction. There was no word on whether the village had been cleared by the close of the quarter.

Using maps and 2004 figures leaked by sources in the Civil Administration (the Israeli military authority that governs the West Bank), Israel's Peace Now estimated (11/19) that 39% of lands occupied by Jewish settlements and 40% of West Bank land that Israel intends to keep in any final settlement are private Palestinian land, including 86% of Ma'ale Adumim and 35% of Ariel. Of the remainder, 54% is "state land," 6% "survey land" (status undetermined), and 1.3% Jewish owned. Israeli Atty. Gen. Menachem Mazuz pledged (ca. 12/27) to launch a criminal investigation into the claims. (In 1979, the Israeli High Court ruled that the seizure of private land for establishing settlements for security purposes is illegal.)

Visa and Permit Restrictions

Israel continued to tighten visa restrictions on foreign passport holders, particularly those married to Palestinian ID holders, with the aim of discouraging family reunification and pro-Palestinian activism, and of encouraging Palestinian emigration (see Quarterly Update in *JPS* 142). After a 6-week departmental strike, the Israeli Interior Min. sent out (11/19) a backlog of visa extensions requested by foreign passport holders who are spouses and children of Palestinian ID holders; all of the requests were marked "last permit." In addition, the Interior Min. has failed to act on some 120,000 family reunification applications involving spouses and children of Palestinian ID holders. Similarly, on 11/29, Knesset members proposed an amendment to the Citizenship and Entry Law that would require any foreign passport holder living in Israel or the territories without a valid residency permit to leave for a "cooling-off period" of 1-5 years.

The Knesset passed (1/10) a law aimed at Israeli Palestinians that allows for the deportation and revocation of citizenship of Israelis if they participate in "unpatriotic" activities, including "visiting enemy nations" (Israeli Palestinian MKs frequently visit Syria) and "encouraging terror against Israel" (not further defined). Israel's Atty. Gen. Menachem Mazuz called (1/10) the law "a drastic and extreme move that harms civil liberties" and violates international law.

In mid-1/07, the IDF suspended (but did not revoke) orders for the "Naveh Regu-

lation," recently issued by the Israeli OC Central Commander Maj. Gen. Yair Naveh, to go into effect on 1/19 barring Palestinians from riding in cars with Israeli license plates unless the vehicle owners obtained permission in advance from the Civil Administration. Palestinians in the territories would have been barred from getting rides even from Israeli Palestinian relatives, international aid workers, journalists, or other foreigners. Exceptions would have been made for Israelis transporting Palestinian workers to their jobs inside settlements. The suspension came after complaints from Israeli human rights groups that the regulation simply sought to ban joint travel, since Palestinian entry into Israel and the settlements has long been controlled and largely forbidden.

Effective 2/1, Israelis granted permission by the IDF to enter Gaza must present a passport and will be listed by the Israeli Interior Min. as having traveled "abroad."

Separation Wall

This quarter, construction of the West Bank separation wall concentrated on segments n. of Jerusalem, s. of Qalqilya, and in the n. Jordan Valley. The IDF began work on a new segments of the wall s. of Tulkarm (12/13) that will isolate 2,000 d. of Palestinian land between the Green Line and the wall; near Hebron (1/28), involving the confiscation of 1,000 d. of Palestinian land to create territorial unity between Karmiel and Ma'on settlements; and s. of Bethlehem (12/26) near Um Salamuna. By 12/31, more than 58% of the wall had been completed (including most of the wall surrounding Jerusalem) and 9% was under construction.

The final route of the wall was still being debated. This quarter, the Israeli High Court rejected (11/26) a petition to reroute a section of the wall that would envelop Bayt Hanina, Bir Nabala, al-Jadira, al-Jib, and Qalandia villages around Jerusalem, cutting them off from the rest of the West Bank. The court also ruled (12/13) that a section of the wall northeast of Jerusalem, between Dahiyat al-Barid and al-Rama, may stand, concluding that the detriment to local Palestinians is outweighed by the benefits to Israeli security. Olmert, however, approved (1/31) a rerouting of the wall east of Nili and Na'aleh settlements (1,500 settlers) near Modi'in Ilit outside Ramallah to bring them on the Israeli side of the wall; the new route would create 2 Palestinian enclaves between the wall and the Green Line containing about 20,000

Palestinians. Israeli DM Peretz also froze (ca. 1/10) construction of a section of the separation wall in the southern desert region, citing damage it was causing to the unique environment and landscape there. Ironically, this was one of the areas where the security argument for the wall was strongest, since the segment would close off an isolated, unpatrolled area of the Negev near the Dead Sea.

On 12/15, the UNGA approved (162-7, with 7 abstentions; Israel and the U.S. voting against) a new proposal presented last quarter (see Quarterly Update in *JPS* 142) for formation of a registry of damages incurred by Palestinians to their homes, business, and agricultural holdings as result of Israel's construction of the separation wall, as called for by the UNGA in 2004 in after the International Court of Justice ruled construction of the wall illegal under international law. Palestinian civil society groups sent letters to Annan expressing their concerns that the proposed Register of Damages would not explicitly be a mechanism to obtain restitution from Israel; that procedures for approval of claims, eligibility criteria, and scope of damages were vague; that claims registered would not be evaluated or verified by the UN, thereby diminishing the register's relevance as an official record for future claims.

INTRA-PALESTINIAN DYNAMICS

During the first few weeks of the quarter, intra-Palestinian violence was comparatively low, with only isolated shooting incidents and demonstrations protesting the PA's failure to pay salaries (see Chronology for details). But the remainder of the quarter was marked by three dramatic spikes in Fatah-Hamas violence that pushed factional splits to unprecedented levels, for the first time outpacing Israeli attacks and including several assassinations and attempted assassinations on senior Fatah and Hamas officials. As in previous quarters lines were blurred between Hamas and the ESF and among Fatah, the PA security forces (particularly the PSF and Presidential Guard), and the AMB, with individuals at times acting in their official capacities and at others in their factional roles; the PRCs, a mix of nationalist and Islamist forces, undoubtedly also played into the mix on both sides, depending on local alliances.

The first round of fighting began on 12/10, when suspected Fatah gunmen fired on Interior M Said Siyam's convoy in Gaza

in an apparent assassination attempt that caused no injuries. In possible retaliation, suspected PRC gunmen made (12/11) an assassination attempt on PA General Intelligence Col. Baha Balusha, firing on his car that carried not him but his children en route to their Gaza City school, killing all 3 (ages 6-9) and the driver, and wounding a bodyguard and two children outside the school. Fatah-Hamas clashes across the Strip quickly escalated from there (see Chronology for details), with suspected Fatah gunmen ambushing (12/13) local Izzeddin al-Qassam Brigades commander Bassam al-Farra in Khan Yunis and shooting him execution-style. PM Haniyeh, in Sudan on his regional tour, immediately returned home to curb the escalation.

Israel, however, believing that Haniyeh would attempt to smuggle some \$30 m. of donations collected on his trip into Gaza, forced the Rafah crossing to close, denying him entry. In response, dozens of Hamas gunmen raided (12/14) the Rafah terminal in an attempt to force it open, exchanging fire with Abbas's presidential guard, which controls the Palestinian side of the terminal, injuring 15 Palestinians (mostly Hamas members). When Haniyeh was permitted under an agreement mediated by Egypt to cross later that day, suspected Fatah members fired on his convoy in an attempt to assassinate him, killing Haniyeh's bodyguard and wounding his son, a political adviser, and 10 bystanders. (Hamas accused Fatah strongman Dahlan of orchestrating the attack, which he denied).

Fatah-Hamas clashes quickly spread across Gaza and to Jenin and Ramallah until a cease-fire finally took hold on 12/23 (see Chronology for details). During that time, 17 Palestinians were killed and some 130 wounded, and half a dozen Fatah and Hamas members were kidnapped (2 kidnapped Fatah members were killed on 12/19; the rest were quickly released). Exchanges involved automatic weapons, mortar, and RPG fire and included an assassination attempt on Hamas-affiliated FM Mahmud Zahhar (12/17), Hamas mortar fire on Abbas's Gaza residence (12/17) that wounded 5 Palestinians (Abbas was not in Gaza at the time), and Fatah's temporary occupation (12/17) of the Agricultural and Transportation Min. offices in Gaza.

The 12/23 cease-fire lasted only until 1/1, when a Hamas gunman shot and wounded the brother of a senior Fatah member in Jabaliya r.c., precipitating exchanges of

gunfire and a series of retaliatory kidnappings of 10 Hamas members and 7 Fatah members. Though all those kidnapped were released unharmed by 1/2, heavy clashes spread across Gaza, with isolated incidents in al-Bireh, Hebron, Jenin, Nablus, Ramallah, and Tulkarm (see Chronology for details). Incidents included a Hamas assault on the home of PSF Col. Muhammad Gharib that left Gharib, 4 bodyguards, and 36 bystanders wounded (1/4); the assassination of a prominent Gaza City imam known to be critical of Hamas (1/5); the kidnapping of the pro-Hamas dep. mayor of Nablus and an Interior Min. official in Ramallah (both on 1/6); a suspected Hamas attack on the home of former PA finance minister Fayyad; and a suspected Fatah attack on the PA Religious Affairs Min. offices in Tulkarm (1/3). By the time fighting began to taper off on 1/10, under pressure from the Fatah and Hamas leaderships to achieve calm before Rice's 1/13-15 visit, at least 17 Palestinians were dead and 63 wounded.

During this second surge in violence, 10,000s of Fatah supporters in Gaza City held (1/8) the largest Fatah rally since 1994, marking Fatah's 42nd anniversary. Speeches by Fatah leaders aimed to rally support for Fatah against Hamas. Gaza strongman Dahlan pledged to the crowd that "We are going to leave this venue with a new policy. . . . If anyone from Fatah is attacked, we will hit back twice as hard." Abbas's new Gaza security chief 'Abd al-Rahim warned, "We won't allow the blood of Fatah loyalists to be spilled." In response, the crowd chanted "Death to the killers!" and "Shi'a! Shi'a!" in reference to the mainstream Sunni Hamas movement and its support from Iran—a development viewed by analysts (see *Mideast Mirror* 1/8) as a dangerous change in tone in the escalating intra-Palestinian conflict, reflecting for the first time the growing regional sectarian divide between Sunnis and Shi'a seen in recent months in Iraq and Lebanon (see Lebanon section below).

The third round of fighting began on 1/23, when some 40 suspected Hamas members seeking to "send Dahlan a message" raided a vacant beach resort controlled by Dahlan at a former Israeli settlement site in n. Gaza and blew up a reception hall, causing no injuries. Localized clashes between Hamas and Fatah crept up over the next two days, with the execution-style shooting of an AMB member by Hamas gunmen, an apparently retaliatory shooting attack on FM Zahhar's home (causing no injuries),

and tit-for-tat kidnappings involving 9 Hamas members and 5 Fatah members. In Ramallah, AMB members in a dispute with Abbas's Presidential Guard fired (1/25) on the diplomatic missions of Canada, China, and Germany, causing no injuries but increasing tensions. When Hamas gunmen besieged (1/26) the Jabaliya home of local Fatah leader Mansur Shalail, wanted in the death of 2 Hamas supporters, Fatah gunmen stormed the al-Hidaya Mosque in Gaza City, opening fire on worshippers, killing 5 and taking 10 as hostages for the release of Shalail, who was quickly freed. Outrage over this incident fueled clashes across Gaza that left 14 Palestinians dead and 45 wounded on 1/26 alone, with attacks made on the residences of Abbas, Zahhar, and PA internal security head Rashid Abu Shibak of Fatah.

By 1/27, most of the Strip had shut down, with Palestinians shuttering themselves in their homes for safety. Heavy Fatah-Hamas fighting continued over the next several days (including a bombing targeting Dahlan's bodyguard on 1/28, an ESF raid on a Force 17 base in Khan Yunis on 1/29, and dozens of kidnappings on both sides, including Fatah's Brig. Gen. Sayyid Shaban and senior Hamas cmdr. Ashraf Firwana, 2 children of a Fatah colonel, and several senior Fatah municipal officials), until a major incident on 2/1 broke the fighting wide open.

On 2/1, a combined group of Hamas and ESF members acting on rumors of Fatah arms smuggling halted and demanded to search a 4-truck convoy, escorted by Abbas's Presidential Guard, that had entered Gaza from Israel through the Kerem Shalom crossing. The Presidential Guard resisted, sparking an exchange that left at least 4 Presidential Guardsmen and 1 bystander dead and 34 wounded (including 14 bystanders). The shipment of supplies (widely believed to be arms and ammunition, though in separate statements Fatah said it was food and medical supplies, equipment and tents, and generators and spare parts) from the UAE reportedly was organized by Dahlan, with the knowledge of the U.S. and Israel, and was intended for guard units loyal to him. The contents of the trucks were spirited away during the clash (it is unclear by whom) and could not be confirmed.

In the days that followed, the fighting took on characteristics of full-scale military combat, with each side raiding and destroying (often with mortars and RPGs) the security offices and training bases of the other, confiscating weapons, setting

up checkpoints, and attempting to secure control of territory. By 2/4, Hamas reportedly had the clear upper hand, having secured most of n. Gaza and large areas of Gaza City, with Fatah able to defend only its major Gaza City compounds: the main security headquarters (the Saraya), the PSF headquarters, and Abbas's presidential compound. Control of central and southern areas of the Strip was apparently less clearly defined, though Hamas was generally perceived as dominant (see *New York Times* 2/5). Targets of major assaults included the pro-Hamas Islamic University campus (hit by the Presidential Guard on 2/1) and the Fatah-dominated al-Quds University campus (attacked by Hamas members on 2/2), destroying significant resources of both valued institutions. Fatah members also attacked a second mosque in Abasan on 2/2, killing 1 worshiper, wounding 8, and kidnapping 6. The heavy fighting continued until the Mecca accord was announced on 2/8, upon which a cease-fire, debated for days, immediately took effect. Between 1/23 and 2/8 at least 74 Palestinians were killed and more than 360 were wounded, many innocent bystanders.

Meanwhile, Abbas, with international donor assistance, took steps to consolidate and upgrade his security forces. He issued (2/1) a presidential decree taking over 18 acres of Palestinian land near the Qarni crossing for construction of a Presidential Guard training base to be funded by Western donors. A 16-acre Presidential Guard base and intelligence services training college was also being built in Jericho with new funds from donors. On 2/13, Abbas fired 470 security officers (at least 150 from the Presidential Guard; the remainder from Force 17, Military Intelligence, and the PSF) for "mutinous behavior" for allegedly refusing to defend senior PLO and Fatah officials during the recent interfactional fighting, or for openly sympathizing with Hamas or the PRCs. The move was likely in compliance with U.S. demands that Abbas vet the security forces under his command for ties to militant groups before receiving the \$86.4 m. in aid authorized by Bush on 1/30 (see above). (Interior Min. officials said on 2/13 that they might bring the 470 into the ESE.)

While the Palestinian public was generally outraged by the Fatah-Hamas fighting and sought to keep out of the fray, the responses of other Palestinian factions ranged from peaceful to violent. As noted above, the

AMB and Islamic Jihad staged (1/29) a suicide bombing in Elat that they claimed was meant as a message to Fatah and Hamas to end infighting and unite against Israel. In the opposite vein, the DFLP, PFLP, and elements of the Islamic Jihad together (sometimes under the umbrella of the National and Islamic Higher Comm.) staged (e.g., 1/10, 1/24, 1/28, 2/1, 2/6, 2/8) sit-ins in Gaza, attended by up to 5,000 people, to protest the violence.

In some clashes, clan rivalries overlapped with party affiliation, particularly incidents involving the Daghmash family in Gaza City, which was behind the 8/27 kidnapping of 2 Fox News reporters in a bid to gain control of the local PRC faction (see Quarterly Update in *JPS* 142). The Daghmash were apparently responsible this quarter for the 1/1 kidnapping Peruvian AFP photographer Jaime Razuri (released unharmed on 1/7), reportedly to pressure Hamas to turn over several members responsible for killing family members. On 1/6, the Daghmash also kidnapped several Hamas members and fatally shot 3 members of the Hamas-affiliated Diri clan, wounding 5 others, in another dispute. (The fate of the kidnapped men was not reported.)

Of note: On 1/13, the Fatah-aligned PA Government Employees Union (comprising some 80,000 members, about half of public workers, including 25,000 health-care workers and 37,000 teachers) ended an open-ended strike it had begun on 9/2/06 to protest the Hamas-led PA's failure to pay salaries (see Quarterly Update in *JPS* 142).

PALESTINIAN OPINION

The following data are excerpted from a poll conducted by Birzeit University's Development Studies Program (DSP) between 22 and 24 February 2007. Results are based on a survey of 1,197 men and women from the West Bank and Gaza. The poll, the 30th in a series, was taken from the DSP's Web site at home.birzeit.edu/dsp.

1. Do you believe that the Mecca accord will stop the fighting?

	West Bank	Gaza	Total
a. Yes	41.7%	47.0%	43.5%
b. Temporarily	44.5%	46.3%	45.1%
c. No	13.8%	6.7%	11.3%

2. Do you believe that the anticipated unity government will be capable of achieving the following goals?

a. Lifting the international boycott

	West Bank	Gaza	Total
a. Yes	30.6%	40.7%	34.1%
b. To some extent	31.4%	32.6%	31.8%
c. No	35.0%	25.6%	31.8%
d. Don't know	2.9%	1.1%	2.3%

b. Reinforcing the rule of law and dealing with security chaos

	West Bank	Gaza	Total
a. Yes	38.2%	50.6%	42.5%
b. To some extent	26.9%	23.7%	25.8%
c. No	31.3%	25.0%	29.1%
d. Don't know	3.6%	0.8%	2.6%

c. Achieving progress in negotiations with Israel

	West Bank	Gaza	Total
a. Yes	25.3%	30.5%	27.1%
b. To some extent	19.8%	18.7%	19.5%
c. No	50.0%	49.0%	49.7%
d. Don't know	4.8%	1.7%	3.8%

3. Do you think that the U.S. will place obstacles in the way of the new unity government?

	West Bank	Gaza	Total
a. Yes	88.1%	87.7%	87.9%
b. To some extent	4.9%	6.8%	5.6%
c. No	5.5%	4.4%	5.1%
d. Don't know	1.5%	1.1%	1.4%

4. Do you think that internal political obstacles will stand in the way of the unity government's success?

	West Bank	Gaza	Total
a. Yes	56.3%	51.9%	54.8%
b. To some extent	18.7%	22.7%	20.1%
c. No	21.3%	23.5%	22.1%
d. Don't know	3.7%	1.9%	3.1%

FRONTLINE STATES

JORDAN

Jordan played a mediating role in regional affairs this quarter, largely in response to the

U.S. call for moderate Arab allies to support Abbas and efforts for peace. On 12/19, King Abdallah received Israeli PM Olmert, who briefed him regarding possibilities of reviving negotiations with the Palestinians (no details were released). Within days, Abdallah sent messages to Abbas and Haniyeh, offering to broker national unity talks between them; Haniyeh quickly accepted (12/25), but Abbas reportedly did not respond, and nothing came of the effort. Abbas did, however, hold talks with the king in Amman on the peace process and Palestinian domestic issues on 1/13 and 2/12. Rice also consulted (1/14) with Abdallah during her tour of the region. In his address (1/25) to the WEF session in Davos, Abdallah warned the international community that "if you don't fix the Israeli-Palestinian conflict, you can't have stability in the region."

The Jordanian government continued to be concerned that regional developments could unleash significant popular backlash at home. Jordanian PM Maruf al-Bakhit, reportedly concerned by the Jordanian Islamist movement's increasingly active and vocal role since Hamas took power in the occupied territories in 3/06, reshuffled (11/22) his government to secure control over the governing coalition. The Islamist movement holds 17 of parliament's 110 seats.

Also of note: At a tripartite meeting with the World Bank, Israel, Jordan, and the PA agreed (12/12) to proceed with a feasibility study for a \$2 b.-\$4 b. project to build a canal between Jordan and Israel to raise the level of the Dead Sea, which has dropped 82 ft. in the past century. France, Japan, the Netherlands, and the U.S. have expressed willingness to fund the study.

LEBANON

Lebanon continued to suffer the after effects of the summer 2006 Israel-Hizballah war, and internal Lebanese political dynamics continued to be of great concern to the region and the international community, particularly the U.S.

Lebanese Internal Politics

Domestic political tensions remained high, pitting Hizballah, its allies (particularly Maronite leader Michel Aoun's Free Patriotic Movement), and pro-Syrian Pres. Emile Lahoud (who sought to parlay the perceived increase in public support for Hizballah during the war into more cabinet seats) against PM Fuad Siniora and his allies, led by Sa'ad Hariri (son of slain former PM Rafiq Hariri)

and Druze leader Walid Junblatt (supported by the Bush and Chirac administrations). At the end of last quarter, national dialogue talks had failed to reach a new power-sharing agreement (see Quarterly Update in *JPS* 142), prompting six cabinet members allied with Hizballah to resign, threatening a collapse of Siniora's government.

On 11/19, Hizballah leader Shaykh Hasan Nasrallah called on his supporters to prepare to hold mass nonviolent protests aimed at forcing the government to resign in favor of a new national unity government or to call new parliamentary elections. These plans were delayed when, on 11/21 (a day before Lebanon's independence day), unidentified gunmen assassinated anti-Syrian Maronite Christian Trade and Industry M Pierre Gemayel, a member of the Phalange party and son of former pres. Amin Gemayel, in Beirut. His bodyguard was also killed. The same day, unidentified gunmen fired on the Beirut offices of Greek Catholic minister of parliamentary affairs Michel Pharoan, causing no injuries. The Lebanese government canceled independence day celebrations, ordered 7 days of mourning, and deployed troops in the streets to preserve calm.

On 11/23, an estimated 800,000 Lebanese turned out for Gemayel's funeral in Beirut, which turned into a political rally denouncing Hizballah, Syria, Lahoud, and Aoun. After dark, Hizballah members launched small counter demonstrations in s. Beirut to denounce the insults against Nasrallah, but desisted when Nasrallah ordered them to return home to reduce tensions.

Spurred by the Gemayel assassination, the UN Security Council (UNSC) approved (11/21) a res. to form an international tribunal to try those accused of carrying out the 2/05 assassination of former PM Hariri, provided the Lebanese government endorsed the idea. A day before Lebanese PM Siniora's government was to vote on the UN plan, Syria circulated (11/24) a letter at the UN warning that it might not cooperate with the tribunal since it had not been consulted. Siniora's reduced cabinet convened on 11/25 in the parliament building surrounded by army forces, and endorsed the tribunal. Hizballah denounced the session as an "unconstitutional and illegitimate meeting of an unconstitutional and illegitimate cabinet," noting that after the 11/06 cabinet resignations the government was no longer broadly representative. The decision still had to be approved by Pres. Lahoud, who was against the measure.

After the mourning period for Gemayel, Hizballah launched (12/1) its "civilized and peaceful" popular campaign to press for a new unity government. The first day, 100,000 supporters rallied in central Beirut and 1,000s heeded Nasrallah's call to set up tents and begin an open-ended sit-in outside the government headquarters at the Grand Serail to sustain popular pressure on the government. Siniora denounced the campaign as a coup attempt and holed up in the Grand Serail with his cabinet members, vowing to stay there around the clock until the threat to his government passed. While large, the demonstrations were generally nonviolent, though on 12/3, Sunni-Shi'i clashes erupted in Beirut and the Biqa' Valley, leaving 1 Hizballah supporter dead and 12 persons injured. The Lebanese government deployed additional riot police and soldiers in the streets of the capital and Nasrallah again urged nonviolence. On 12/10, Hizballah rallied the largest group of demonstrators to date, numbering in the 100,000s, to surround the government headquarters and fill central Beirut. (In Tripoli, 10,000s of Hamas supporters also demonstrated.)

Although the sit-ins outside the Grand Serail lasted through the end of the quarter, observers reported by 12/13 that the demonstrations were "reaching a lull," saying that it appeared that Hizballah had little idea what to do next. By 1/9, differences reportedly had arisen between Aoun, who wanted to escalate demonstrations dramatically, and Nasrallah, who was concerned that protests could again erupt into violence. Hizballah compromised by holding (beginning 1/9) small demonstrations at various locations across the capital to boost popular participation, but these apparently did not catch on with the public and quickly petered out.

At this stage, King Abdallah of Saudi Arabia intervened (1/3) with Hizballah to offer the kingdom's help to broker a resolution to the political crisis. Iran quickly approached (ca. 1/15) Saudi Arabia, offering to assist and backed a Saudi proposal for a compromise agreement based on two points: formation of a new unity government with 19 seats for Siniora's coalition, 10 for the Hizballah-led opposition, and 1 picked by the opposition but approved by Siniora (11 votes are needed for an automatic veto); and a pledge by Hizballah that the new government would reaffirm support for the UN tribunal after the opposition had an opportunity formally to air its objections. Hizballah rejected (1/18) the draft, reportedly because

it did not include provisions for participation in the cabinet by Aoun's party. Iran passed the proposal to Syria, which rejected (1/22) it because of its guaranteeing support of the tribunal. Iran and Saudi Arabia continued mediation efforts through the end of the quarter, with no result.

With no progress on national unity talks, Hizballah ramped up street protests again on 1/23, calling a 1-day general strike to embarrass the Siniora government before a major donor conference for reconstruction aid in Paris on 1/25 (see below). Supporters blockaded streets with burning tires and rubble (said to be from buildings destroyed by Israel), set fire to cars, and clashed with pro-government forces. The violence quickly spread to areas outside Beirut and took on a clear sectarian tone, leaving at least 3 Lebanese dead (2 in Sunni-'Alawi clashes in Tripoli; 1 in the Christian area of Batrun) and more than 100 injured (mostly in villages in the north). (Especially violent clashes between Aoun's Free Patriotic Movement and Samir Ja'ja's Lebanese Forces, allied with Siniora, were reported along the coastal highway n. of Beirut.) The Lebanese army did little to intervene.

After only 1 isolated clash in Tripoli on 1/24 that wounded 2, fighting between Sunni and Shi'i students at the Beirut Arab University erupted on 1/25, quickly escalating into broader clashes between supporters and opponents of Siniora's government, leaving 4 Lebanese dead and some 150 wounded across Beirut. Once again, the fighting had heavily sectarian overtones, and the army did not intervene.

Thereafter, violence subsided until 2/13, when 2 bombs exploded on busses in the Lebanese Christian town of Bikfaya, n. of Beirut, killing 3 Lebanese and wounding 23. No group claimed responsibility, though the attack was thought to have been meant to scare Christians away from attending events in Beirut on 2/14 marking the 2d anniversary of Hariri's assassination. (Of the several bombings since Hariri's death, this was the first to target random civilians; most targets have been prominent critics of Syria.) At the Hariri commemorations on 2/14, 10,000s of pro-government supporters rallied near 1,000s of opposition supporters who continued their sit-ins against the government. No violence was reported.

At the end of the quarter, the UN signed (2/6) an agreement with Siniora's government to set up the Hariri tribunal, based on the cabinet's 11/25 decision. The agreement

was sent to the parliament for ratification, but Lebanese speaker Nabih Birri (Amal) refused to convene a session for a vote, leaving the matter unresolved at the end of the quarter. Meanwhile, UN investigator Sergei Brammertz stated (12/12) that his ongoing inquiry had turned up "significant links" between the Hariri assassination and 14 other assassinations of anti-Syrian figures over the past 2 years.

Reconstruction Efforts

By late 1/07, reconstruction efforts had reportedly stalled, with Hizballah's construction arm, Construction Jihad, admitting that it had been overwhelmed by the destruction, stating (1/21), "Our goal initially was to work with our own hands, but we soon realized we weren't enough, so we decided to begin reimbursing people." Similarly, the Lebanese Public Works Min. reported (1/21) that government payments of up to \$40,000 had been doled out to some 40,000 households so that individuals could undertake their own reconstruction or relocation. Observers reported (*New York Times* 1/22) that the government had been avoiding initiating rebuilding projects to avoid blame for inefficiency, while Hizballah had reduced its activities, trying to shift blame to the government for not getting things done; Lebanese citizens blamed both for the slow recovery process. Officials in s. Lebanon reported (1/21) that electricity, water, and phone service had become spotty since Shi'i members of parliament resigned in 11/06, accusing Telecommunications M Marwan Hamadeh, an ally of Druze leader Walid Junblatt, in particular of discriminating against the south to punish Hizballah for the war.

With popular discontent growing, 36 donor nations and 14 international organizations held a pledging conference in Paris on 1/25 to raise funds for Lebanese government reconstruction efforts. Participants focused on how to stimulate the Lebanese economy in ways that would improve living conditions and lower government debt over the next 5 years. The success of the meeting was widely seen as crucial to the survival of the Siniora government and the undermining of Hizballah (see *New York Times* 1/25). The U.S. promised \$770 m. in grants (including \$220 m. for the Lebanese army, \$184 m. for UNIFIL, \$40 m. for internal Lebanese security services, and \$250 m. in cash transfers directly to the government) on top of the \$230 m. that it had already committed and that was awaiting

approval by Congress. (Rice had stated ca. 12/15 that, as with Abbas's forces, strengthening the Lebanese armed forces was a major U.S. priority in keeping with its aim to support "mainstream" Arabs against extremists. Asked if the money would still be given if Hizballah gained control of the government, Asst. Secy. of State David Welch said on 1/25, "We are not going to support people who launch wars and try to bring down governments with the benefit of outside assistance.") Saudi Arabia pledged \$1.1 b.; the World Bank \$1 b.; the European Investment Bank \$1.2 b.; the EU separately \$522 m.; France \$650 m.; and the Islamic Development Bank \$250 m. In total, the meeting brought in more than the \$5 b. in pledges on top of \$940 m. in aid promised at an earlier donor conference in Stockholm in 11/06 (see Quarterly Update in *JPS* 142). The outpouring of aid exceeded the hopes of the Lebanese government, which estimated war damages at \$3.6 b.

At the same time, Pres. Bush reportedly signed (ca. 1/10) a "nonlethal presidential finding" to allow the CIA and other U.S. intelligence agencies to provide financial and logistical support to Lebanon's Siniora government and to undermine Hizballah and Iran. The funding (no amounts were reported) may be used to aid anti-Hizballah groups and pro-Siniora activists. By 1/26, Bush had also authorized a widening of what is known as the "Blue Game Matrix"—a list of approved operations that can be carried out against Hizballah in effort to weaken Iran's influence in Lebanon. No further details were released.

The Status of the Truce with Israel

Militarily, Israeli-Lebanese tensions remained high this quarter. In a periodic report to the UN on 12/1, outgoing UN Secy.-Gen. Kofi Annan stated that although the 8/14 Israeli-Hizballah cease-fire was holding, Israel was conducting near daily overflights of Lebanon in violation of the agreement. He also stated that the UN had been unable to verify any reports of arms smuggling across the Syrian border into Lebanon to rearm Hizballah, as Israel and some Lebanese political figures had repeatedly claimed.

There were several incidents this quarter along the Blue Line marking the de facto Israel-Lebanon border. The most serious of these occurred on 2/7, when Lebanese army troops exchanged fire with the IDF across the Blue Line after an Israeli bulldozer crossed 20 yards into Lebanese territory to

uproot a grove of trees to improve lines of sight into Lebanon (no injuries were reported). The IDF also sent (12/14) 2 tanks and 60 troops 2 mi into Lebanese territory near Shaba' Farms and fired on shepherds, injuring several sheep; troops withdrew quickly without explanation. On 2/5, the IDF reported having found and disarmed 4 roadside bombs just inside Israeli territory and blamed Hizballah. Hizballah denied that the bombs were new, claiming that they were planted before the 2006 war. The UN promised to investigate, but no conclusions were reported by the end of the quarter. Also of note: Fatah secy. gen. in Lebanon Sultan Abu 'Aynayn said (12/29) that 4 attempted attacks by his group on IDF troops near the Israel-Lebanon border had been preempted by Hizballah, which detained the Fatah members involved and handed them over to the Lebanese authorities.

IDF cluster munitions in s. Lebanon continued to be a major issue. As of 2/15, the UN had discovered 847 sites totaling more than 13 mi² (an area greater than the District of Columbia) that were contaminated by an estimated 1 m. unexploded cluster munitions (UXO), only 95,000 of which had been dismantled. Injuries from the UXO during the quarter were at a rate of 3–4/week, bringing the total casualties from UXO since the war to 30 dead and 186 wounded. Human Rights Watch reiterated (1/29) that "we've investigated cluster munitions in Kosovo, Afghanistan, and Iraq, but we've never seen use of cluster munitions that was so extensive and dangerous to civilians." IDF Chief of Staff Dan Halutz ordered (11/20) an internal investigation into IDF's use of cluster munitions during the war, but findings were not released by the end of the quarter. Spurred by concern over Israel's use of cluster munitions in Lebanon, Norway launched (11/17) a campaign for negotiations toward an international ban on cluster bombs. Australia, Britain, China, India, Japan, Pakistan, Russia, and the U.S. rejected holding such talks.

In an unexpected move, the Israeli cabinet authorized (12/3) the IDF to withdraw from the northern half of the disputed village of Ghajjar (controlled at different times in recent decades by Lebanon, Syria, and Israel) and to turn control over to UNIFIL. When Israel withdrew from Lebanon in 5/00, it kept the southern half of the village, leaving the northern portion under Lebanese control, but retook the entire town during the 2006 war. When the IDF withdrew from Lebanon again in 10/06, it kept a presence

in the northern half of the town, building a new fence around the northern border of the village, suggesting it would remain there permanently (see Quarterly Update in *JPS* 142). IDF troops remained in Ghajjar as of 12/11.

Of special note: Dep. chief of Hizballah's politburo, Mahmud Komati, estimated (12/15) that around 250 Hizballah members were killed during the 7-8/06 war. And, on 12/6, the IDF released previously classified information that the 2 IDF soldiers captured by Hizballah on 7/12 had been seriously injured during their capture, suggesting that they may not have survived.

As of 12/31, the UN Interim Force in Lebanon (UNIFIL) had grown slightly to 11,000 troops. This was still significantly below the 15,000 troop level that UN had hoped to achieve under UN Res. 1701.

Investigations of IDF Actions

This quarter, the IDF completed 10 internal investigations into the military's handling of the war in Lebanon. The largest of these, and the only one discussed publicly (12/29), was a comprehensive assessment of the IDF leadership across the military branches led by retired gen. Dan Shomron that sharply criticized the IDF's top officials for lacking leadership and preparedness. As a result, IDF Chief of Staff Dan Halutz resigned on 1/16. Olmert's political opponents called (1/16) on him and DM Amir Peretz to resign as well, but the opposition Likud tabled (1/16) a no-confidence vote in the Knesset. The main independent commission into the government's handling of the war set up last quarter (see Quarterly Update in *JPS* 142), the Winograd commission, did not plan to release its first interim report until late 4/07.

A UN Human Rights Council (UNHRC) investigative team issued (11/21) a report concluding that Israel engaged in "a significant pattern of excessive, indiscriminate and disproportionate force" against Lebanese civilians that amounted to "collective punishment" and "a flagrant violation" of international law during the recent war on Lebanon. The UNHRC specifically condemned Israel's use of cluster munitions and some 30 attacks on UN positions that killed 4 UN personnel.

Other Events of the Quarter

An anonymous U.S. intelligence official claimed (11/27) that Hizballah was training 1,000-2,000 members of the Mahdi

Army, the Iraqi Shi'i militia led by Muqtada al-Sadr, in Lebanon. The intelligence reportedly (*New York Times* 11/28) was based on "human sources, electronic means, and interviews with detainees in Iraq."

SYRIA

Syria's actions this quarter reflected the heavy pressure brought to bear by the U.S.'s ongoing "war on terror" and its new policy of pitting Arab "moderates" against "extremists." While the Bush administration sought to force Syria to end its support of the Palestinian resistance and Hizballah, tighten its borders with Iraq, and scale back its alliance with Iran, Pres. Bashar al-Asad stood by Syria's long-standing policies even while expressing willingness to resume peace negotiations with Israel.

The Bush administration did face serious domestic opposition to its policy toward Syria. On 12/6, the bipartisan Iraq Study Group issued its recommendations for improving conditions in Iraq (see United States section below), strongly recommending that the U.S. open direct dialogues with Syria and Iran on improving regional security. Though Bush quickly rejected this recommendation, several members of Congress subsequently went to Damascus to meet with Asad. Asad received Sen. Bill Nelson (D-FL) on 12/13, Sens. John Kerry (D-MA) and Christopher Dodd (D-CT) on 12/20, and Sen. Arlen Specter (R-PA) on 12/26. Asad told each that he was willing to resume peace negotiations with Israel and to host a meeting of all Iraqi factions to seek a consensus on the country's future. In response, Olmert told (12/28) Specter that Israel was open to "any murmur of peace," but separately the Israeli FMin. released (12/28) a statement reiterating that to prove it wants peace, Syria must end "its support for Hizballah, undermining [of] stability in Lebanon, the sanctuary it provides for Hamas and Islamic Jihad leaders, and its deep ties with the Iranian president's regime."

Later in 12/06, Asad reportedly (*Washington Times* 12/27) turned down an invitation to meet with Iranian pres. Mahmoud Ahmadinejad in Tehran but went to Yemen (12/16) and UAE (late 12/06), both U.S. allies. Analysts viewed the itinerary as a possible indicator that Syria wanted to pursue closer ties with the West. Asad's efforts to broker Palestinian national unity talks between Abbas and Mishal in late 1/07 (see above) were also viewed by some experts as

an attempt to show that Syria could play a positive regional role.

Meanwhile, *Time* magazine (12/20) quoted a classified U.S. document citing ongoing U.S. efforts to "facilitate a more coherent strategy and plan of action for all anti-Assad activists." Asked whether the U.S. was actively helping Assad's opposition inside Syria and abroad, State Dept. spokesman McCormack stated (12/21) that he U.S. was "helping anyone who wants to promote freedom of expression in Syria, just like anywhere else in the world."

In the potentially most significant event of the quarter, the working draft of an Israel-Syria peace proposal drawn up by Israeli and Syrian teams led by former Israeli FMin. dir. gen. Alon Liel and Syrian insider and U.S. citizen Ibrahim Suleiman was leaked (1/16) to the Israeli daily *Ha'Aretz* by American experts involved in the process (see Doc. A1). The two-stage plan involved an eventual comprehensive peace accord including Israeli withdrawal from all of the Golan Heights to the 1967 borders over 5-15 years (the Syrian side wanted 5 years, the Israeli side 15); demilitarization (except for a small police presence) of the Israeli and Syria border areas on a 1:4 ratio in Israel's favor; creation of a "peace park" on most of the Golan Heights (Israelis would be allowed to visit without visas during daylight hours and their access would not be dependent upon Syrian approval); Israeli retention of water rights on the upper Jordan River and the Sea of Galilee; and Syria's halt to support for Hizballah and Hamas, and distancing of itself from Iran.

The initiative reportedly was drawn up in 8 meetings between 9/04 and 7/06 held in Bern under Swiss government auspices, but talks had ended when Israel refused a Syrian request to make the meetings official and to upgrade the level of representation. (Turkey reportedly helped to arrange the initial contacts.) Although Israel and Syria immediately denied that the plan had official backing, Suleiman affirmed (1/19) that Pres. Assad and former Israeli PM Ariel Sharon had given their blessings to the talks. Liel stated that he briefed high-level Israeli officials after each round of talks, that Swiss diplomat Nicholas Lang traveled to Syria and Israel to discuss their progress, and that Israeli officials had met with Suleiman in Washington. Some EU and U.S. officials reportedly were also at least aware of the discussions. Suleiman in particular was furious over the leak for potentially

torpedoing progress toward reviving Syrian-Israeli negotiations. Neither Israel nor the U.S. embraced the opening.

REGIONAL AFFAIRS

The most notable development of the quarter was the flurry of diplomacy by Saudi Arabia's King Abdallah (see above) aimed at (1) reviving discussion of the 2002 Arab peace initiative as a basis for resuming Israeli-Palestinian negotiations, possibly including direct contacts between Saudi Arabia and Israel; (2) brokering a national unity deal between Fatah and Hamas; and (3) resolving (in coordination with Iran) the political crisis between Lebanese PM Siniora's government and the Hizballah-led opposition. Analysts view the king's efforts as driven by Saudi Arabia's regional and domestic agendas (primarily concern over growing Sunni-Shi'i splits in the region) and not by U.S. pressure for "moderate" states to take action to curb "extremists." Indeed, some experts noted (*Washington Post* 3/28) that Saudi Arabia viewed the U.S. moderates-versus-extremists perception as a "silly" oversimplification that could strain U.S.-Saudi relations rather than augment them; the Bush administration, as noted above, was ultimately concerned by the 2/8 Mecca accord and by Saudi Arabia's coordination with Iran on Lebanon, which it saw as frustrating U.S. aims, particularly on the peace process.

The Arab states also sought to weigh in on the U.S.-Iran controversy over Iran's nuclear program, seeking to pressure Iran to back down while at the same time focusing parallel international pressure on Israel to halt its nuclear program. At the close of a 2-day Gulf Cooperation Council (GCC; comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE) meeting in Riyadh on 12/10, the GCC states announced plans to start a joint nuclear energy development program, saying that "the states of the region have a right to possess nuclear energy technology for peaceful purposes." They also called for a peaceful resolution to the crisis over Iran's nuclear program and urged Israel to join the nuclear nonproliferation treaty. Israel quietly welcomed (12/11) the plan, calling Sunni Arabs "allies." King Abdallah of Jordan also stated (1/19) that Jordan wanted its own peaceful nuclear program, stressing that all programs in the region (alluding to Israel) should be open to international inspection. Experts did not see Jordan's plans

as viable, doubting that it had the resources to launch a program.

Rice went (1/16) to Kuwait to meet with the GCC FMs after her 1/14-15 meetings with Abbas and Olmert. It was her fourth meeting with the GCC and the first to issue a final statement, which sent a veiled warning to Iran not to interfere in Iraq. (FMs previously have refused to issue statements because of reluctance to endorse U.S. policies; see Quarterly Update in *JPS* 142.) Separately, the Kuwaiti emir urged (1/16) the U.S. to honor the Iraq Study Group recommendations to open dialogues with Iran and Syria.

Of note: Israeli Dep. PM Shimon Peres met (1/30) in Doha with Qatari emir Shaykh Hamad bin Khalifa al-Thani, marking the highest-level meeting between the 2 countries since Peres's visit to Qatar when he was PM in 1996. Israel and Qatar do not have diplomatic relations, though Israel has a trade office in Doha.

Meanwhile, conditions for Palestinian refugees in Iraq continued to deteriorate this quarter (see Quarterly Update in *JPS* 142), prompting the UN to make repeated calls (e.g., 12/13, 12/14, 12/28, 1/23) for the international community to intervene. Attacks on Palestinians in the predominantly Palestinian neighborhood of Baladiyah in Baghdad increased steadily in 11/06 and 12/06, with reports of Shi'i militants (members of the Mahdi Army) attempting to take over apartments and force Palestinians out of what is otherwise a mainly Shi'i area. On 1/23, the UN reported that at least 2 groups of Palestinians had been kidnapped in Baghdad by Iraqis wearing police uniforms: 17 taken from a UNRWA housing complex were released, but another 13 were still missing and feared dead at the end of the quarter. Iraqi Interior Min. officials also rounded up (1/24) 10s of Palestinians for questioning and gave them 48 hours to leave the country, sparking a panic among refugees, scores of whom immediately fled for the Syrian border seeking refuge, where some 700 were stranded as of 1/30. (The Syrian government announced on 1/8 plans to build housing on a 10 d. plot of land near Damascus for some 260 Palestinian refugees who had already fled to Syria.) By 12/28, the UN estimated that there were 15,000 Palestinian refugees remaining in Iraq out of 34,000 in 2003, down from 20,000 last quarter. The PLO estimated (1/17) that 520 Palestinians in Iraq had been killed or kidnapped during the previous 3 years. (The figure represents 1 in 67 Pales-

tinians based on 2003 population figures or 1 in 29 based on 2007 figures.)

INTERNATIONAL

UNITED STATES

This quarter was marked by a shift in U.S. policy on the Palestinian-Israeli front, reportedly encouraged by Secy. of State Rice, to more active engagement. While it was too soon to determine the seriousness of U.S. efforts, Pres. Bush had hitherto sought to differentiate himself from former pres. Bill Clinton, whom he felt failed in the Middle East because he was too personally enmeshed in the peace process. The Bush shift was apparently linked to his new "surge" strategy of sending additional troops into Iraq, outlined in a major speech on 1/10, and which needed the backing of regional allies. Successful engagement on the Israeli-Palestinian peace process, it was hoped, would help secure this; the Arab states, however, wanted to see progress on the Palestinian front first before granting their imprimatur.

Meanwhile, Bush had strongly resisted fundamental policy change in Iraq and on the broader regional front, rejecting the recommendations of the bipartisan Iraq Study Group (co-chaired by former secy. of state James Baker, who organized the 1991 Madrid peace conference, and former head of House Foreign Affairs Comm. rep. Lee Hamilton) on 12/6, the same day they were released. The report (see excerpts in Doc. C3 in *JPS* 142), while focusing on Iraq, highlighted the crucial importance of resolving the Israeli-Arab conflict to improving the situation in Iraq and regional affairs in general, stressing that there was no military solution to that conflict and that UN Res. 242 and 338 and the principle of "land for peace" alone could result in a settlement. With regard to the Palestinian-Israeli conflict, the report also recommends that an international peace conference be held as soon as possible; that Israel withdraw fully from the Golan Heights if Syria ends support for Hamas and Hizballah, stops interfering in Lebanon, and meets other conditions; and that the U.S. immediately open direct talks with Iran and Syria regarding regional stability.

Israeli PM Olmert quickly dispatched (12/8) FM Livni to Washington to emphasize Israel's rejection of any linkage between Iraq and the Arab-Israeli conflict. At the same time, the American Israel Public Affairs Comm. (AIPAC) and the Anti-Defamation

League sent out (12/6) bulk emails which, besides rejecting any connection between the Israeli-Palestinian conflict and Iraq, also warned against the Iraq Study Group's recommendation to open a dialogue with Iran. (In his speech on Iraq on 1/10, Bush also called for isolating Iran and Syria.)

Bush summed up his current Middle East policy in his State of the Union speech on 1/23, stressing that the U.S. would support the region's "moderates" against "terrorists," highlighting that "Hizballah terrorists, with support from Syria and Iran, sowed conflict in the region and are seeking to undermine Lebanon's legitimately elected government" and denouncing Iran for supporting Shi'i insurgents in Iraq. He also vowed to "help bring peace to the Holy Land" and to pursue "the establishment of a democratic Palestinian state living side-by-side with Israel in peace and security."

U.S.-Israeli Bilateral Relations

The White House released (2/5) its draft budget for FY 2008 that includes \$2.4 b. in military aid for Israel. Annual recurrent economic aid falls to zero for 2008 in keeping with previous U.S.-Israel agreements to phase out economic aid over 10 years while increasing military funding, though the budget does include \$40 m. for absorption of Jewish refugees, \$500,000 for narcotics interdiction, and \$375,000 in scholarships for Israeli Palestinians to attend U.S. universities. On 2/8, the Israeli daily *Ha'Aretz* revealed that Israeli and U.S. officials had been discussing for several months whether Israel should renew requests for economic assistance, and how much total aid Israel should request per year after FY 2008, when the 10-year arrangement for eliminating economic aid, brokered by Israeli PM Benjamin Netanyahu, expires. The sides have also reportedly discussed ways of "renewing the aid in an 'orderly manner,' . . . rather than returning to the system whereby Israel has to renew its aid request every year." (Other aid provisions in the draft budget included: \$1.31 b. for Egypt; nearly \$500 m. for Jordan; and more than \$800 m. for Lebanon for reconstruction, economic support, and peacekeeping.)

The Israeli DMin. reported (12/31) that its arms sales to the U.S. reached \$1 b. in 2006, compared to \$300 m. in 1999, largely due to U.S. reliance on Israeli ammunition in its war on Iraq. Overall, Israeli arms sales reached \$4.4 b. in 2006, three-quarters of which was to foreign countries,

making Israel the world's 5th largest arms exporter.

The Israeli cabinet appointed (12/24) Public Security M Avi Dichter to coordinate with the U.S. Dept. of Homeland Security on operational matters, technological research and development, and other issues related to domestic security and the struggle against terrorism.

Congressional Action

Bush signed (12/21) into law the Palestinian Antiterrorism Act of 2006 (see Doc. D3), stressing that he considered all policy directives therein to be "advisory" only. The law essentially orders the U.S. to halt funding to and contact with the PA until it implements its requirements under the road map and meets the 1/06 Quartet demands; to press for the elimination of UN programs and agencies assisting the Palestinians; and to urge the international community to do the same. The bill passed in the Senate by unanimous consent on 6/23 and in the House by voice vote (361-37; 9 marked as present, 25 not voting) on 12/7.

The State Dept. informed (1/29) Congress that Israel may have violated agreements with the U.S. under the Arms Export Control Act when it fired U.S.-supplied cluster munitions into Lebanon during the 7-8/06 war. There was reportedly heated debate within the Bush admin. as to whether to penalize Israel if the preliminary findings of violations were confirmed. (The preliminary report is classified.) The pres. may impose sanctions at his discretion unless Congress decides to take legislative action.

Concerning Israel's use of cluster munitions during the summer 2006 war on Hizballah, Sens. Diane Feinstein (D-CA) and Patrick Leahy (D-VT) introduced (2/14) the draft Cluster Munitions Civilian Protection Act (S. 594) to limit the sale or transfer of cluster bombs "unless specified that they will be used only against clearly defined military targets and not where civilians are known to be present (or in areas normally inhabited by civilians)," and to ban the sale of cluster bombs with failure rates of 1% or higher. The bill includes a national security waiver.

Rep. Gary Ackerman (D-NY) introduced (1/30) H. R. 107 calling for the immediate release of IDF soldiers captured by Hamas and Hizballah; condemning Hamas and Hizballah and their "state sponsors," Iran and Syria; calling for the immediate implementation of UN Res. 1701 to disarm Hizballah; and

supporting Israel's character as a Jewish state.

Rep. Ileana Ros-Lehtinen (R-FL) and 9 cosponsors introduced (2/5) H. Res. 125 condemning Hizballah's use of human shields during the summer 2006 war with Israel and calling on the U.S. and the international community to take steps to prevent the use of human shields during armed conflicts.

Rep. Thomas Reynolds (R-NY) and 13 cosponsors introduced (2/7) H. R. 895, calling on the White House to "take certain steps toward recognition by the United States of Jerusalem as the capital of Israel," including placing limits on the operations of the consulate in East Jerusalem, identifying Jerusalem as the capital of Israel on official government documents (especially in noting the place of birth on U.S. passports).

Rep. Susan Davis (D-CA) and 11 cosponsors introduced (2/8) H. Res. 143 urging the pres. to appoint a special envoy to the Middle East. Lt. Gen. Keith Dayton was currently special envoy for security affairs, but there was no special envoy for political affairs.

Sen. Barbara Boxer (D-CA) rescinded (12/21) an award that her office issued in 11/06 to the Council on American-Islamic Relations (CAIR) for its bridge-building efforts between Christians, Jews, minority groups, and the FBI. Boxer took back the award after conservative radio programs accused CAIR of supporting terrorism by refusing to label Hamas and Hizballah as terrorist organizations.

Presidential hopefuls for 2008 former sen. John Edwards (D-NC), Sen. John McCain (R-AZ), and former Massachusetts gov. Mitt Romney as well as former House speaker Newt Gingrich addressed (1/23) the annual Herzliya policy conference in Israel. All stressed the strong U.S.-Israel relationship and called for containment of Iran.

Also of note: The *Forward* reported (ca. 1/26) that congressional filings show that nearly 10% of overseas trips taken by members of Congress between 2000 and 2005 were to Israel. Most were paid for by the American Israel Education Foundation, a sister organization of AIPAC.

Pro-Israel Pressure Groups

Just before the opening of the quarter, former pres. Jimmy Carter released (11/14) a new book called *Palestine Peace Not Apartheid* that was instantly attacked by the pro-Israel lobby as anti-Semitic, sparking

a controversy that lasted most of the quarter. Most of the outrage targeted Carter's use of the term "apartheid" and a single sentence of the 264-page book which stated that Palestinian groups should "make it clear that they will end the suicide bombings and other acts of terrorism when international laws and the ultimate goals of the Roadmap for Peace are accepted by Israel," which critics said was tantamount to defending terrorism as a legitimate tactic of war; for this sentence, Carter apologized (for Carter's comments on the imbroglio, see Doc. D1). Even before the book was out, Democratic National Comm. chairman Howard Dean and House Democratic leader Nancy Pelosi condemned (10/20) it and emphasized that Carter's views were not shared by the Democratic party, with Pelosi stating, "We stand with Israel now and we stand with Israel forever." On 12/5, Carter Center fellow Kenneth Stein resigned his post, accusing Carter of being anti-Israel and committing plagiarism (this claim was not substantiated as of 2/15). On 1/11, 14 members of the Carter Center's 224-member advisory board resigned as well (see Doc. D4), saying that Carter's accusations of apartheid practices and his conclusion that "Israel's continued control and colonization of Palestinian land have been the primary obstacles to a comprehensive peace" were anti-Israel, and that he had abandoned his role as honest broker to become an advocate for the Palestinians. Former U.S. Middle East envoy Dennis Ross accused (*New York Times* 1/10) Carter of attempting to "rewrite history and misrepresent" peace proposals offered by Pres. Bill Clinton in the final days of his presidency.

Rice held (2/8) a 45-minute briefing at the State Dept. for the heads of 15 major U.S. Jewish organizations, including the American Jewish Comm., American Jewish Congress, Anti-Defamation League, the United Jewish Communities, Jewish Council of Public Affairs, Americans for Peace Now, Jewish Institute for National Security Affairs, Hillel, and the Republican Jewish Coalition, as well as Agudath Israel of America, Chabad, the Orthodox Union, and representatives of the Reform and Conservative synagogue movements. Topics covered included the renewed U.S. efforts to revive the peace process, her upcoming 2/19 meeting with Abbas and Olmert, and U.S. policy on Iran.

Some 2,000 evangelical Christians attended (2/4) a "Night to Honor Israel" event sponsored by Christians United for Israel.

Legal Actions

Federal judge Bruce Einhorn dismissed (1/30) the 20-yr.-old case by the U.S. government to deport 2 Palestinian activists who supported the PFLP, calling the government's actions "an embarrassment to the rule of law." The government may appeal but had not done so by the end of the quarter. Michael Shehadeh and Khader Hamide, the last remaining defendants of the so-called LA-8, were arrested on 1/26/87 for raising funds and distributing literature for the leftist PFLP. (The U.S. originally charged the 8 with supporting "doctrines of world communism" under laws used in the McCarthy era, but revived its attack after 9/11 using newly drafted anti-terrorism legislation, even though the PFLP had not been declared a terrorist organization at the time of the arrests.) Of the other 6 LA-8 members (5 Palestinians and a Kenyan), 1 returned to the occupied territories, 4 were granted permanent legal residency in the U.S., and 1, Aiad Barakat, was granted full U.S. citizenship on 12/20.

A federal jury in Chicago acquitted (2/1) former Howard University prof. Abdelhaleem Ashqar and Chicago grocer Muhammad Salah of charges of racketeering and conspiracy to fund Hamas attacks on Israel. Ashqar was convicted of lesser charges of obstructing justice and criminal contempt for refusing to testify before a grand jury. Salah was convicted of obstruction for lying in a civil lawsuit. The decision marked a serious setback for the Justice Dept., which viewed the case as so important that the 2004 indictments were announced by Atty. Gen. John Ashcroft in a high-profile press conference. In an unprecedented move, Israel allowed 2 Shin Bet interrogators (who allegedly obtained a confession from Salah under torture in Israel) to testify on behalf of the Justice Dept. Former *New York Times* reporter Judith Miller, who witnessed the 1993 interrogation at the special invitation of Israeli PM Yitzhak Rabin, also testified for the prosecution.

U.S. District Judge Nina Gershon ruled (1/29) that Israelis and other foreign nationals can pursue claims in U.S. courts accusing the Jordan-based Arab Bank, the largest privately owned Arab bank in the world, of promoting Palestinian suicide attacks by routing Saudi money to bombers' families. The original 2004 lawsuit claimed that Arab Bank aided terrorism by administering an "insurance plan" by the Saudi Comm. in Support of the al-Aqsa Intifada, which paid \$5,300 to the families of Palestinian sui-

cide bombers killed in attacks by the AMB, Hamas, and Islamic Jihad. The ruling upheld the plaintiff's argument that U.S. law gives non-U.S. citizens access to courts in order to challenge violations of international laws or treaties. The Arab Bank argues that the plaintiffs cannot link the bank's actions to injuries to themselves or their relatives.

A U.S. federal jury issued (2/7) a default judgment in favor of a dual U.S.-Israeli citizen (a Gaza settler) wounded in an AMB attack in Gaza on 2/18/02, ordering the PLO to pay him \$48 m. The plaintiff, Moshe Saperstein, argued that the PLO and PA were complicit in the attack by dint of their failure to prevent it. The PLO did not put forward a defense. Some 10 similar lawsuits are pending in U.S. courts.

The U.S. announced (2/12) rewards of up to \$5 m. for information leading to the capture or arrest of Damascus-based Islamic Jihad head Ramadan Shallah (wanted for "a pattern of racketeering activities such as bombings, murder, extortions, and money laundering") and Hizballah member Muhammad Ali Hamdi (sentenced in abstention by a German court in 1989 to life in prison for hijacking a TWA jet in 1985, murdering an American hostage; he was paroled and released, and returned to Lebanon in 2005).

RUSSIA

Most of Russia's activity this quarter was through the Quartet, though it was more outspoken than previously in criticizing U.S. positions on the peace process and Iran. Notable were Russian FM Lavrov's break with the U.S. at the Quartet session on 2/2 to call for an end to the boycott of the PA (see above) and disagreements with the U.S. regarding UN sanctions on Iran (see Iran section below). Of note: Following the announcement of the Mecca accord, Russian pres. Vladimir Putin met (2/11) with King Abdallah of Saudi Arabia in Riyadh for consultations on Iraq and the Palestinian-Israeli conflict; no details were released.

EUROPEAN UNION

As noted above, the EU states, and Britain in particular, increasingly challenged U.S. policy on the peace process this quarter, launching their own initiatives calling for international engagement with the parties to revive serious negotiations. The EU was also increasingly concerned with the impact of the U.S.-led boycott against the PA on the Palestinian economy and humanitarian conditions in the territories.

On 11/16, during Operation Autumn Clouds, the EU parliament passed a measure denouncing Israel's actions in n. Gaza, urging the UN to send peacekeeping troops to Gaza as part of an "observation and protection mission" (though it emphasized the need for Israeli and PA approval of the mission). With Israel's rejection presumed (it did not respond formally), nothing came of the proposal.

Hoping to "build on the good will" of the 12/23 Abbas-Olmert meeting, the European Investment Bank (EIB) ended an 11-year investment freeze on Israel by announcing (12/28) that it would provide a \$263 m. loan to fund 100s of environmental projects in Israel and a nearly \$100 m. loan to Israel's Bank Hapoalim to provide small businesses loans. (The EIB halted its lending in Israel in 1995, officially because per capita income exceeded EIB criteria, but unofficially because of EU displeasure with PM Benjamin Netanyahu's policies at the time.) The EIB also urged Israel to revive stalled peace projects (that the EIB would fund) such as rebuilding Gaza's port and airport, constructing a Haifa-Irbid (Jordan) rail link, creating an electricity grid serving Israel and Gaza, and building a regional pipeline to distribute Egyptian natural gas.

EU foreign policy adviser Javier Solana toured the region in mid-1/07 to discuss ways of reviving Israeli-Palestinian negotiations and the ongoing Palestinian national unity talks.

Also of note: The British House of Commons's International Development Comm. issued (1/24) a report calling on the government to impose sanctions on Israel to punish it for its treatment of the Palestinians, noting in particular the severe economic crisis in the territories resulting from Israeli restrictions on freedom of movement. Among the sanctions proposed was a suspension of the EU-Israel free trade agreement.

In addition, more than 100 prominent British Jews (including Nobel Prize-winning playwright Harold Pinter and historian Eric Hobsbawm) launched (2/5) a new group to represent British Jews, Independent Jewish Voices (IJV). IJV's founding charter states that a new organization was necessary because "those who claim to speak on behalf of Jews in Britain and other countries consistently put support for the policies of an occupying power above the human rights of the occupied people." IJV hopes to create an opportunity for Jews to criticize Israeli policies "without being accused of disloyalty or

being dismissed as self-hating," stating that "the idea is to create a platform for critical debate about the situation in the Middle East that until now has not existed."

UNITED NATIONS

The quarter was marked by the end of Kofi Annan's term as UN secy-gen. on 12/31/06, and his replacement by South Korea's Ban Ki-Moon.

The UNGA held (11/17) an emergency session to discuss the IDF's 11/8 shelling of a residential area in Bayt Hanun at the end of Operation Autumn Clouds that killed 19 Palestinians. The UNGA voted 156-7 to approved a version of the UNSC res. vetoed by the U.S. on 11/11 (see Quarterly Update in *JPS* 142), condemning Israel's "indiscriminate and disproportionate use of force" in Gaza and ordering a fact-finding mission to Bayt Hanun to investigate the 11/8 incident. The U.S. condemned (11/17) the res. as biased, saying its passage "undermines the credibility" of the UN.

The UNHRC also ordered (11/16) a fact-finding mission to Gaza to investigate Israeli actions during Operation Autumn Clouds (11/1-8), naming (11/29) South African Nobel laureate Desmond Tutu to head the team. (The U.S. also condemned this decision, stating that the UNHRC "has quickly . . . delegitimized itself by focusing attention almost exclusively on Israel.") The UN was forced to cancel the mission on 12/11, however, because of Israel's repeated refusal to grant Tutu travel clearance to enter Gaza. An Israeli spokesman explained (12/11) that Israel did "not have a problem with the personalities, we had a problem with the institution. We saw a situation whereby the human rights mechanism of the UN was being cynically exploited to advance an anti-Israel agenda."

UN special rapporteur on the situation of for human rights in the Palestinian occupied territories John Dugard toured (12/1-8) Jerusalem, Gaza, Jericho, Jordan Valley, Jenin, and Ramallah. On 1/29, he issued his report (see Doc. A2), concluding that U.S.-led sanctions had crated a serious humanitarian crisis that had left 70% of Palestinians living below the poverty line. He had harsh words for Israel, whose military occupation he said constituted "forms of colonialism and of apartheid" and has "violated the most fundamental rules of international humanitarian law, which constitute war crimes," as well as for the international community, whose failure to end the occupation "places the future

of the international protection of human rights in jeopardy.”

In light of the dire economic situation in the occupied territories, the UN announced (12/7) that 12 of its agencies, along with 14 NGOs operating in the West Bank and Gaza, were launching a \$453.6 m. emergency appeal to help meet Palestinian humanitarian needs in 2007, marking the largest emergency appeal ever launched in the occupied territories and the third largest in the world. Separately on 12/12, UNRWA launched a \$246 m. emergency appeal for 2007, its largest since its first emergency appeal after the outbreak of the al-Aqsa intifada in 2000.

The UNGA reaffirmed (12/1) 6 resolutions that come up annually for vote: a res. on the peaceful settlement of the Palestinian-Israeli conflict, “reaffirming the United Nations’ permanent responsibility regarding the question of Palestine, until the question is resolved in all its aspects and in accordance with international law,” and calling on Israel and the Palestinians to continue observance of their 11/26 cease-fire (157-7, with 10 abstentions; Australia, Israel, Marshall Islands, Micronesia, Nauru, Palau, and the U.S. voting against); 2 resolutions calling on the Comm. on the Exercise of the Inalienable Rights of the Palestinian People and the Division for Palestinian Rights to continue efforts to support the Palestinians (both measures passing 101-7, with 62 abstentions; Australia, Canada, Israel, Marshall Islands, Palau, Micronesia, the U.S. voting against); a res. calling on the UN Dept. of Public Information to continue its special information program on Palestine for 2006-7 (157-7, with 9 abstentions; Australia, Israel, the Marshall Islands, Palau, Nauru, Micronesia, the U.S. voting against); a res. reaffirming that “that any actions taken by Israel to impose its laws, jurisdiction and administration on the Holy City of Jerusalem are illegal and therefore null and void and have no validity whatsoever” (157-6, with 10 abstentions; Israel, the Marshall Islands, Micronesia, Palau, Nauru, and the U.S. voting against); and a res. calling on Israel to withdraw fr. the Syrian Golan (107-6, with 60 abstentions; Canada, Israel, the Marshall Islands, Micronesia, Palau, and the U.S. voting against).

On 1/26, the UNGA passed by consensus (103 member states cosponsoring) resolution A/61/L.53 reaffirming its 2005 condemnation of any attempt to deny that the Holocaust was an historical event and call-

ing on all states to reject Holocaust denial of any kind.

IRAN

After 3 years of negotiation, the UNSC unanimously passed (12/23) UNSC Res. 1737 imposing sanctions on Iran if it does not halt its uranium enrichment and reprocessing of spent nuclear fuel within 60 days. Sanctions would include freezing the assets of 10 individuals and 12 institutions connected with Iran’s nuclear program, barring trade related to “nuclear missile delivery systems,” and banning import and export of materials and technology used in uranium enrichment and reprocessing and ballistic missiles. Under pressure from Russia, punishment for non-compliance was restricted to nonmilitary measures, with the stringent sanctions proposed in previous drafts dropped, including a ban on work (much of it done by Russia) at the Busheir nuclear electricity plant, asset freezes on Iran’s state missile manufacturer (which does extensive business with Russia), and explicit travel bans on Iranian students. The U.S. reportedly gave in to Russian pressure on the grounds that after 3 years, a weak res. was better than none (though the U.S. vowed to continue to press Japan, the EU, and international financial agencies to impose their own penalties on Iran). Officials involved in the negotiations said that the UN’s aim was to encourage Iran to enter negotiations concerning its program rather than to force it into compliance with threats of military action. (Meanwhile, Israel’s newly appointed strategic affairs minister, Avigdor Lieberman, who is in charge of Israel’s Iran portfolio, told Rice in a 12/7 meeting in Washington that his first task would be to convince Western countries to take a tough line with Iran, stating that “dialogue with Iran will be a 100% failure.”)

Despite domestic and international opposition to the U.S.’s hard-line position on Iran, the Bush administration stepped up its pressure on Iran in mid-1/07. When Iran had taken no steps to comply with Res. 1737, the U.S. dispatched a second air craft carrier, the *USS John C. Stennis*, to the Persian Gulf, raising anew concerns of a U.S. or Israeli strike against Iran’s nuclear facilities.

PA PM Haniyeh visited (12/7-11) Iran on the first leg of his regional tour seeking political and financial support for the Hamas-led PA. During the trip, he publicly stated (12/8) that his government would never recognize Israel’s right to exist, would fight for Jerusalem, and would resist U.S. pressure

to moderate its policies. At the end of his visit, he announced (12/11) that Iran had pledged \$250 m. in aid to the PA for 2007, lower than the \$30 m./month he had sought. It will be recalled that the \$1 b. pledged to the Palestinians by Saudi Arabia's King Abdallah was reported to have been made in exchange for Hamas forgoing Iranian aid.

Of note: Iranian nuclear scientist Ardashire Hassanpour was fatally poisoned (1/15) in mysterious circumstances. Iran accused (1/15) the Mossad, which did not confirm or deny involvement.

OTHER

Israeli PM Olmert made (2/14-15) a 2-day visit to Ankara to discuss with Turkish PM Recep Tayyip Erdogan ways of reining in Iran's nuclear activity and to encourage Turkey to support tougher economic sanctions on Iran. Olmert agreed to Erdogan's suggestion to allow a Turkish inspection of the controversial construction at the Haram al-Sharif/Temple Mount (see above) to assure Muslims that the Haram al-Sharif was not being harmed. Erdogan also pressed Israel to ease restrictions on the Palestinians.

The Israel-Vatican Bilateral Permanent Working Commission met (12/13) in Tel Aviv to continue talks (see Quarterly Update in *JPS* 139) toward an economic agreement (under discussion since 1993) to determine whether all Catholic Church properties in Israel should be exempt from property tax (as the Vatican requests) or only those used solely for religious services (as Israel would like). The sides reported progress and agreed to meet again on 1/29/07. The 1/29 talks reportedly were very positive and made "some progress," with the sides agreeing to convene their first plenary-level session since 3/12/02 at the Vatican on 3/30/07.

DONORS

Because of the ongoing U.S.-led boycott of the PA, most donor activity this quarter went through the Temporary International Mechanism (TIM), established by the EU in 6/06 to route assistance to the Palestinians while bypassing the Hamas-led PA. (On 12/11, the EU approved an extension of the TIM mandate to the end of 3/07.) By mid-12/06, all three "windows" of the TIM (funding health and social services, electricity and fuel, and social allowances; see Quarterly Update in *JPS* 141) were fully operational, reaching more than 140,000 beneficiaries. This quarter, the TIM paid

three installments (12/1, 12/15, 2/2) of social allowances, each of more than \$26 m., to over 70,000 Palestinian public sector employees, pensioners with low income, and healthcare providers, using contributions from Britain, Denmark, the European Commission, France, Germany, Greece, Ireland, Luxembourg, Malta, and Norway. (Previous payments were made in 8/06 and 10/06; see Quarterly Update in *JPS* 142.) Meanwhile, the PA paid its security forces with donations from Arab states. By early 12/06, the PA Planning Min. estimated that civil servants had received 59% of their salaries since the Hamas-led government took over in 3/06 and security forces had received around 46%.

Of note: Oxfam reported (2/7) that from 9/06 to 12/06, the EU's compliance with U.S.-led ban on direct assistance to the Hamas-led PA had resulted in \$4.2 m. in European aid to the Palestinians (or roughly \$1.4 m./mo.) being paid to HSBC Bank in banking fees. HSBC has charged a fee of more than \$10 for each monthly deposit made to some 140,000 Palestinians receiving hardship allowances through the TIM.

At the local level in the territories, the main donor working groups focused on humanitarian assistance (11/20), economics (12/14), infrastructure, and governance and reform (12/4, 2/5) continued to meet regularly, with subgroups meeting on election reform (12/12), private sector development and trade (12/15, 1/22), health (12/11), water (11/22), energy (11/17), and education (1/10). The Task Force on Project Implementation (TFPI) also held a technical-level meeting on 1/23. No details of these meetings were publicly released.

According to IMF, PA, and wire service reports issued in 12/06, the PA received roughly \$716 m. in donor aid in 2006: \$305 m. in emergency and humanitarian assistance (\$258 m. for budget support, \$19 m. in emergency support to UNRWA, \$18 m. in humanitarian aid, \$10 m. for employment generation); \$411 m. in development assistance (including \$258 m. to UNRWA's regular budget; other large amounts to infrastructure, water and sanitation, institution building, and civil society and democratization programs). Nearly \$300 m. came from the EU and was disbursed through the TIM; some \$400 m. came from Arab states and was mostly sent through Abbas's office (including \$3 m. held abroad for treatment of Palestinians sent outside the territories for medical treatment), but also including

an estimated \$66.5 m. that had been carried across the Rafah border by PA ministers and PC members. By the end of 2006, Arab states were providing the PA \$40 m.–\$50 m./month, and TIM was disbursing \$30 m.–\$40 m./month, with domestic revenues at \$15 m./month. At the close of the quarter, Israel continued to withhold at least \$500 m. in VAT taxes collected on the PA's behalf.

After complaints from donors in 12/06 that large sums of money were still crossing the border from Rafah and were still un-

accounted for (most notably, Israel barred Haniyeh from bringing some \$30 m. into Gaza when he returned from his regional tour on 12/14), Abbas's office agreed (ca. 12/17) to issue audited financial statements on the funds received in and disbursed from its accounts. The IMF recommended that as soon as a new PA government is formed, government finances should again be centralized in the Finance Min. and run through the Single Treasury Account (STA), and that the accounts under Abbas's control should be brought under the STA or eliminated.



Palestinians in Gaza City celebrate following the signing of the Mecca accord between Hamas and Fatah, 8 February 2007. (Mahmud Hams/AFP/Getty Images)