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QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

16 MAY-15 AUGUST 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

This quarter was marked by Hamas's takeover of the Gaza Strip and Palestinian Authority (PA) Pres. Mahmud Abbas's expulsion of Hamas from the government, leaving the future of the peace process and the PA uncertain. In an effort to keep the peace process and Abbas's Fatah government afloat after the crisis (and to shield his own Middle East policy from domestic criticism), U.S. Pres. George W. Bush initiated plans for an Israeli-Palestinian peace conference to be convened under U.S. auspices in late fall 2007, preparations for which dominated the remainder of the quarter.

As the quarter opened, intra-Palestinian violence in Gaza pitting Fatah against Hamas was already threatening to spin out of control, dashing Palestinian hopes that the new national unity government would heal inter-factional divisions and lead to a resumption of the peace process. Moreover, despite the formation of the new Fatah-Hamas government, the international community did not lift the boycott of the PA, as Palestinians had hoped; in fact, Israel and the U.S. continued their policy of actively encouraging Abbas to consolidate control of the PA at Hamas's expense. Last quarter, detailed U.S. plans to help Abbas and Fatah secure political power despite formation of a unity government had been revealed (see Quarterly Update in *JPS* 144). As Hamas challenged Abbas's moves to sideline it, Abbas took steps that increasingly seemed in line with the U.S. agenda, further raising Hamas concerns. Complicating matters, significant splits seemed to be appearing within Hamas between moderates in its political wing, led by PA PM Ismail Haniyeh, and elements of its military wing, the Izzeddin al-Qassam Brigades (IQB), which have been increasingly disaffected by the fruitless national unity arrangement.

On the Israeli-Palestinian front, both sides continued to pledge adherence to the 11/26/06 Gaza cease-fire that they both routinely violated, thus maintaining a constant, moderate level of violence on the Gaza front, with the Palestinian factions (largely the al-Aqsa Martyrs Brigade [AMB] and Islamic Jihad) frequently firing rockets into Israel and the Israel Defense Forces (IDF) repeatedly making cross-border incursions and firing into the Strip. In the West Bank, Israeli military actions and restrictions continued without diminution. As of 5/16, at least 5,087 Palestinians (including 46 Israeli Arabs and 17 unidentified Arab cross-border infiltrators), 1,030 Israelis (including 317 IDF soldiers and security personnel, 209 settlers, and 504 civilians), and 60 foreign nationals (including 2 British suicide bombers) had been killed since the start of the al-Aqsa intifada on 9/28/00. In addition, at least 191 Palestinians had been killed in intra-Palestinian political violence since the fighting first began to look increasingly like a civil war in 10/06.

Collusion against Hamas

On 5/16, Israeli PM Ehud Olmert unexpectedly convened his security cabinet to authorize the IDF to carry out "severe and harsh" attacks on Gaza, including assassinations, ostensibly to prevent further Palestinian rocket fire, effectively ending the 11/06 cease-fire. However, rocket fire was not on the rise (for the previous month, an average of 2-3 rockets/day had been lobbed into Israel, typically causing no damage or injuries), though 1 Israeli was moderately injured in Sederot earlier on 5/16 when a rocket hit a home. Hamas, in particular, had almost completely suspended its rocket fire for months in observance of the 11/06 cease-fire, and Haniyeh had recently confined the Interior Min.'s predominantly

Hamas Executive Support Force (ESF) to barracks in a bid to reduce Fatah-Hamas clashes. Nonetheless, the IDF immediately sharply escalated air strikes targeting Hamas and ESF, carrying out 21 strikes between 5/16 and 5/19, killing 32 Palestinians (3 of them in targeted assassinations), wounding more than 100, and damaging numerous businesses (alleged weapons factories and money exchanges) and homes (see Chronology for details). The IDF also placed (5/17) a new artillery battery on the n. Gaza border and reoccupied (5/17) a strip of prime Palestinian agricultural land between Bayt Hanun and Bayt Lahiya to expand its n. Gaza buffer zone (already 1.5 mi. deep in some areas; see map in the Quarterly Update in *JPS* 139), declaring it a closed military zone and leveling land, affecting an estimated 1,000 tons of Palestinian crops. The U.S. supported (5/17) the actions as Israel's "right to defend itself."

When Palestinians retaliated by sharply escalating rocket fire to nearly 30/day (lightly injuring at least 4 Israelis and damaging 3 buildings and 2 trucks), Olmert convened the security cabinet again on 5/20 to approve a further escalation of attacks on Hamas and Islamic Jihad. Thus, between 5/20 and 5/29, the IDF carried out another 51 air strikes on Gaza, killing 22 Palestinians (5 in targeted assassinations), wounding nearly 100, and damaging dozens of homes. Overnight on 5/23-24, the IDF staged raids across the West Bank (Jenin, Nablus, Qalqilya, Salfit, Tulkarm), arresting 33 senior Hamas or Hamas-affiliated political figures, including PA Education M Nasir al-Sha'ir, PA State M Wasfi Kabaha, at least 3 Palestinian Council (PC) members, 5 mayors, and a number of heads of educational and charitable associations for involvement in "terrorist activity."

The Israeli escalation against Hamas at a time of Hamas restraint toward Israel, combined with Abbas's show of force in Gaza, reinforced the growing perception on the ground (see Quarterly Update in *JPS* 144; *Washington Post* 5/28) that Israel, the U.S., and Abbas were coordinating to carry out a military putsch against Hamas. (A Hamas spokesman made such accusations directly on 5/18.) This perception, in turn, made it difficult for Haniyeh and Abbas to contain the interfactional violence in Gaza, which also escalated sharply on 5/16, leaving 20 Palestinians dead and dozens wounded that day (see Chronology for details). Between 5/16 and 5/19, fighters on both sides ignored at least 4 cease-fire calls issued by Abbas and Haniyeh (with support of Damascus-based

Hamas leader Khalid Mishal), exacerbating concern that the political leaderships did not have full control over their military wings. In one notable case, Fatah gunmen fired (5/16) on a group of Egyptian, Fatah, and Hamas officials who were out walking in Rafah to instill public confidence in one declared truce, wounding 1 Egyptian. Finally, on 5/20, after extensive mediation by Egyptian officials resident in Gaza, a truce was reached that largely stuck, ending a week of heavy fighting that left at least 55 Palestinians dead. By 5/31, deaths in internal Palestinian fighting since 10/06 had reached 251, while the comprehensive death toll in Israeli-Palestinian fighting had reached 5,149 Palestinians and 1,032 Israelis.

The U.S. Presses for Peace Talks

Meanwhile, the U.S. pressed Abbas and Olmert to begin discussing a "political horizon" for a peace agreement, arguing that serious progress toward peace could calm violence on all fronts. After U.S. Secy. of State Condoleezza Rice's 3/07 visit, Abbas and Olmert had agreed to meet biweekly, but had only met once (4/15) since then, without reaching any understandings (see Quarterly Update in *JPS* 144). On 5/29, both leaders announced plans to meet on 6/7. The move was applauded by the Quartet (the EU, U.S., UN, and Russia), which met in Berlin on 5/30 to discuss the escalating violence and agreed to reconvene in late 6/07 to receive a report on hoped-for progress from Olmert and Abbas and to meet separately with Arab leaders to urge support of the Arab peace initiative endorsed last quarter (see Quarterly Update in *JPS* 144). On 6/6, however, Abbas canceled the planned meeting, stating that in preparatory talks Olmert had rejected all his proposals (including recommended confidence-building steps, such as transferring VAT taxes owed the PA and agreeing to another cease-fire) and that there was no point in having merely a symbolic meeting.

Of note: From the 5/29 announcement of the Abbas-Olmert meeting until Abbas's 6/6 cancellation, Israel quietly suspended air strikes on Gaza, resuming them again on 6/6 after Abbas's announcement. The IDF, however, had continued to fire into Gaza and kept up operations in the West Bank, conducting arrest raids and house searches, sometimes clashing with Palestinian gunmen (5 Palestinians dead), and stepping up house demolitions, especially in Jerusalem (see Chronology for details). The

IDF also assassinated at least 2 Islamic Jihad members (5/29, 6/1) and an AMB member (5/29), bringing the week's death toll to 8 Palestinians.

Hamas Seizes Gaza

In early 6/07, rumors circulated (see *Ha'Aretz* 6/7) that Abbas, while exploring a resumption of talks with Olmert, had been urging U.S. security envoy Lt. Gen. Keith Dayton and Olmert to allow major arms shipments to Fatah (including rocket-propelled grenades [RPGs], antitank missiles, and armored vehicles), arguing that Fatah and the PA were seriously outgunned by Hamas and expressing frustration that Israel and the U.S., despite their pledges of support, were not doing enough to arm his men. As a result of his lobbying, some \$40 m. in U.S. aid to Fatah security forces was reportedly en route (publicly confirmed by the U.S. on 6/11) and was presumed to include arms (not confirmed). The same reports cited confidential sources as stating that Abbas's National Security Adviser Muhammad Dahlan, known for overseeing violent crackdowns on Hamas as head of the PA's security forces in Gaza in the 1990s, was forming a new militia of Fatah members personally loyal to him that already numbered around 1,000 men. Of these, 500 were reportedly Fatah fighters ordered back to Gaza from training in Egypt (possibly under U.S. auspices) on 5/15 during the last surge in Fatah-Hamas clashes (see Quarterly Update in *JPS* 144). An anonymous U.S. official confirmed (6/6) that upon receiving previous arms shipments (see Quarterly Update in *JPS* 143), Dahlan had told Dayton that he would use the weapons "as he saw fit," implying his intention to form his own force free of direct PA control. Dayton reportedly did not clarify the issue with Dahlan, understanding that the State Dept. wanted to give Dahlan broad leeway to gain the upper hand.

The rumors in the context of the 5/07 Hamas-Fatah fighting set off alarm bells within the IQB, prompting fears that a massive 2-front assault by Fatah and the IDF to eradicate the Hamas movement was imminent, if not already underway. In this environment, unprovoked Fatah gunfire on an ESF patrol in Rafah on 6/7 rapidly escalated into an hours-long exchange of fire (including RPGs) that left 1 Fatah member dead and 15 Palestinians wounded, sparking serious interfacional fighting in Gaza City (19 wounded). Despite appeals for calm by Abbas and Haniyeh (6/8), kidnappings and

localized incidents (e.g., Gaza City, Rafah) of heavy fire (including RPGs and mortars) continued on 6/8 and 6/9, leaving 2 Palestinians dead and about 40 wounded.

According to analysts, it was then that the IQB, disregarding appeals for restraint from Hamas's political echelon, decided to move to shut down Fatah in Gaza before the military balance could be changed by U.S. and Israeli aid to Fatah. Whatever the case, the nature of the fighting changed dramatically on 6/10. While Palestinian residents hunkered down in their homes, Fatah-Hamas clashes intensified and spread across the Gaza Strip, with 100s of gunmen exchanging machine gun and RPG fire, occupying roofs of tall buildings as sniping and monitoring posts, setting up roadblocks to search members of the opposing faction, and kidnapping and killing rival members, leaving at least 4 Palestinians dead and 36 wounded. (The fighting prompted Israel to close the Rafah border on 6/10, barring EU monitors from reaching their posts.) Late in the evening on 6/10, Fatah and Hamas officials ordered their fighters off the streets to observe a cease-fire, but the appeals were ignored. Thereafter, the Hamas political leadership essentially sat back and allowed the IQB to take control of the situation.

On 6/11, the IQB launched a series of major coordinated attacks on Fatah installations across Gaza, in what was seen (e.g., *Guardian* 6/13) as Hamas's first determined attempt to seize power in Gaza. Though Fatah forces outnumbered Hamas fighters 7:1, the IQB operated with military precision, and Fatah quickly collapsed in disarray, with units complaining that they had not received orders from commanders on how to respond. (Dahlan, Fatah's senior Gaza commander, was abroad in Egypt, returning to Ramallah only on 6/14.) Abbas first ordered his men to defend their positions late on 6/12, but by then Hamas gunmen and the ESF controlled most of n. Gaza, had seized Fatah's Gaza City headquarters and the PA National Security Force's (NSF) headquarters in Jabaliya refugee camp (r.c.) in major battles, and were surrounding secondary Fatah and PA security posts across the Strip. Israel sealed the Gaza borders that same day. On 6/13, Hamas rapidly expanded its control southwards, leaving only Rafah and primary PA installations in Gaza City (the presidential compound, several ministries, and the headquarters of the main PA security branches) contested by nightfall, while Fatah forces (ignoring Abbas's orders) began

abandoning, destroying, and surrendering their posts, with at least 1 NSF battalion running out of ammunition and other PA units reporting shortages.

Hamas pressed the offensive on 6/14, taking over all PA ministry offices in Gaza City, securing control of Rafah, forcing the Palestinian Security Forces (PSF) to surrender their Gaza City headquarters, seizing the NSF and General Intelligence headquarters in Gaza City, and capturing and assassinating Fatah's northern Gaza commander, Sami al-Madhun. Fearing for their lives, scores of Fatah security and administration officials (344 total between 6/14 and 6/18) began fleeing by boat for Egypt. (Egypt quickly repatriated them to the West Bank.) Midday on 6/14, with Gaza almost completely under Hamas control, Abbas declared a state of emergency, fired Haniyeh as PM, and dissolved the national unity government. He also ordered his forces to take offensive action for the first time, but near midnight, Hamas seized Abbas's Gaza City compound, the only remaining Gaza institution still in Fatah's hands.

Once Hamas was firmly in control of Gaza, violence rapidly tapered off. The IQB returned the reins to Hamas's political leadership, which immediately declared (6/15) an amnesty for Fatah leaders (except Dahlan) in a bid to keep violence from resurging, and released most of the senior Fatah security officials in its custody. Haniyeh declared (6/16) that Hamas would not seek to set up a parallel government in Gaza to rival Abbas, though it would assume day-to-day government functions until Fatah and Hamas could hold reconciliation talks. All members of the PA security services in Gaza were ordered (6/15) to report for duty as usual to provide law and order (albeit under Hamas commanders) or surrender their weapons; PA security forces loyal to Fatah did not comply. Hamas and ESF members began (ca. 6/15) going door to door collecting weapons, guided by lists seized from PA security offices indicating which Fatah-affiliated officers had been issued arms. Hamas also called (6/15) for the immediate release of kidnapped BBC correspondent Alan Johnston, held by the Army of Islam since 3/07 (see Quarterly Update in *JPS* 144), pledging to the international community that it would make securing his freedom a priority.

By 6/16, the streets of Gaza were relatively calm, though for several days Palestinian crowds looted abandoned Fatah buildings. Dahlan's home and Abbas's presiden-

tial compound in particular were targeted, though Hamas members surrounded and protected Abbas's Gaza residence and Yasir Arafat's former residence (kept largely as a museum; looters initially broke in on 6/16, but Hamas quickly secured the site the same day). Meanwhile, Egypt reinforced (6/15) its forces on the Gaza border with riot police, armored personnel carriers (APCs), and water cannons to prevent a mass Palestinian attempt to flee Gaza for Egypt, with Hamas initiating armed patrols on the Gaza side of the border for the same purpose; no such flight was attempted. Israel temporarily opened (e.g., 6/15 and 6/16) the Erez crossing to allow senior Fatah officials to escape to Ramallah, but otherwise kept crossings sealed. (Israel allowed ca. 200 Fatah loyalists to cross to the West Bank as of 6/18, while 1,000 more remained at the Erez crossing, pleading in vain for permission to cross.)

The fighting throughout the 5-day Gaza offensive was heavy and bitter. Casualty figures reported by Palestinian hospitals, human rights groups, and the International Committee of the Red Cross ranged from a minimum 106 Palestinians dead (almost all gunmen) and 270 injured to 146 dead and 640 injured. (No breakdown of Hamas versus Fatah casualties was available.) An ESF officer and a PA presidential guardsman were reportedly thrown off the roofs of high-rise buildings to their deaths; Hamas members executed at least 7 PSF officers who surrendered at the Gaza City headquarters on 6/14; and Abbas and Haniyeh's residences were repeatedly targeted, as were Haniyeh's offices in the Palestinian Council headquarters and the homes of various Hamas and Fatah officials. On 6/12, Human Rights Watch accused both sides of committing war crimes by executing prisoners and killing innocent bystanders. Rhetoric also ran high, with Hamas statements referring to Fatah as "Zionist collaborators" and the "Jew-American army," and Fatah officials calling Hamas members "Shi'as" in reference to Hamas's financial backing from Iran. Each side accused the other of attempting a coup.

The interfactional fighting quickly spread to the West Bank, where it was Fatah that had the clear upper hand. Most of the incidents that erupted between 6/11 and 6/16 were vigilante-style attacks on Hamas targets carried out by the AMB in support of Abbas but without his explicit official sanction (see Chronology for details). These included attacks on the Change and Reform party offices in various cities; raids on municipal

offices in Hebron and Nablus, ordering the elected Hamas officials to surrender control of the city governments to Fatah; the temporary takeover of the parliament building and several PA ministries in Ramallah, ordering Hamas-affiliated employees to leave and not return, and raising Fatah flags over the buildings; armed searches of the homes of several Hamas officials, especially in Bethlehem; and the kidnappings of dozens of Hamas members, including Hamas-affiliated Dep. Transportation M Fadi Shabanah. Hamas strenuously protested the moves but rarely engaged militarily, which helped keep casualties low (13 Palestinians injured by 6/16) despite the very high tensions. Abbas, meanwhile, was as slow to rally his forces in the West Bank as he was in Gaza, waiting until 6/14 to deploy PA security forces in a show of force and to launch arrest raids targeting Hamas in an attempt to cement his control of the West Bank and calm the violence. With PA forces asserting authority, attacks by AMB and Fatah militias tapered off by 6/16, though official PA arrest campaigns targeting Hamas continued.

During the intra-Palestinian crisis, the IDF toned down but did not cease its military operations (see Chronology for details). As events began to unfold in Gaza, Islamic Jihad and AMB staged (6/9) a major attack on an IDF post near Kissufim crossing, breaking through the border fence under heavy fire with the stated aim of capturing an IDF soldier. The IDF repulsed the attack, killing 1 Palestinian, while 3 other attackers escaped. The IDF made 3 retaliatory air strikes on Islamic Jihad and AMB targets in Gaza City on 6/10, wounding 7 Palestinian bystanders. The IDF also conducted (6/8-10) major arrest raids in Shuka' in southern Gaza, ordering all males ages 16-45 to surrender for ID checks (temporarily detaining 53, arresting 8), bulldozing 33 dunams (d.; 4 d. = 1 acre) of agricultural land, and exchanging fire with local Hamas members, killing 1. As soon as intra-Palestinian fighting escalated on 6/10, the IDF withdrew any troops still conducting operations in Gaza but occupied hills outside Bayt Lahiya to prevent increased rocket fire into Israel. The IDF also reduced operations in the West Bank for the duration of the intra-Palestinian fighting, though it assassinated an AMB member near Tulkarm on 6/14. Between 6/6 and 6/15, another 18 Palestinians had been killed in Israeli-Palestinian violence, bringing the Palestinian toll to 5,167; the number of Israeli deaths remained unchanged at 1,032.

Political Responses to the Hamas Takeover

In the month that followed Hamas's consolidation of control over Gaza on 6/15, Abbas concentrated on solidifying his authority in the West Bank, while the outside parties began strategizing a way forward in light of the new realities. The initial U.S., European, Israeli, and Arab steps to shore up Abbas evolved into a coordinated U.S.-led effort to make Abbas's leadership of the West Bank a model that would inspire hope for the future. Increasingly this came to be referred to as the U.S.'s "West Bank first" strategy.

Abbas Consolidates His West Bank Base

Abbas's first step to cement his control of the PA in the West Bank and secure international backing was to charge (6/15) Finance M Salam al-Fayyad (strongly supported by the U.S. and Israel) with forming a government and to swear in (6/17) a 12-member emergency cabinet. The cabinet comprised mostly independent technocrats (4 from Gaza), though veteran Fatah member 'Abd al-Raziq Yahya was put in charge of the PA security branches as interior minister. In addition, Abbas issued a number of presidential decrees aimed at sidelining the elected PC, controlled by Hamas; removing legislative and judicial oversight of the executive; and consolidating his security control (see "Intra-Palestinian Dynamics" below). He also angrily rejected (6/16) Arab League offers to mediate between him and Mishal, as well as an appeal (6/23) by Hamas through Yemeni pres. Ali Abdallah Salih to open talks on re-forming a national unity government, stating he would not hold a dialogue with "killers" and "murderous terrorists."

Western Powers Lift Their Boycott

The U.S. in particular was supportive of Abbas's moves. In fact, from the time heavy fighting in Gaza erupted on 6/11, the Bush administration reportedly (*New York Times* 6/14) had encouraged Abbas to seize the opportunity to dissolve the unity government, impose emergency powers, and call new elections. When Abbas declared a state of emergency and dissolved the government on 6/14, Rice was the first to declare (6/14) full support for the move, and the EU suspended (6/14) millions of dollars in humanitarian aid projects in Gaza to prevent the money from benefiting Hamas.

When Abbas took further steps to centralize his powers, the international response was quick and positive; the U.S. in particular

felt it necessary to demonstrate to the Palestinian people that Abbas and Fatah alone could improve their conditions, while those under Hamas rule would suffer. On 6/15, the Quartet held an emergency teleconference that pledged full support for Abbas, endorsing his dissolution of the national unity government and appointment of Fayyad. Afterward, the EU declared (6/15) Abbas the “legitimate president of all Palestinians,” and a senior Bush administration official speaking anonymously stated (6/15) that the U.S. would encourage lifting the boycott on the PA and quickly supplying Abbas, while maintaining strong sanctions on Hamas and Gaza, essentially letting Gaza “fend for itself.” On 6/16, U.S. Consul General Jacob Walles met with Abbas in Ramallah to declare that the U.S. was prepared to resume direct aid as soon as Abbas swore in a new government that did not include Hamas, even if it were in control only of the West Bank. After Fayyad’s emergency cabinet was installed the next day, Rice personally phoned (6/17) Abbas to announce an end to the U.S. sanctions on the PA; a presidential authorization lifting the bans on trade and diplomatic contact was issued on 6/20. Rice also announced that, with Congress’s approval, \$86 m. earmarked to build up Abbas’s forces in Gaza would be redirected to assist the PA in providing essential services. She also announced that \$40 m. in new aid would be given to UNRWA for humanitarian assistance to Palestinians in Gaza, since the U.S. “will not leave one and a half million Palestinians at the mercy of terrorist organizations.” The EU lifted its boycott of the PA on 6/18, saying “we support 100%, politically and financially, Abbas and his transition government”; \$30 m. was sent to the PA on 6/20.

The “West Bank First” Strategy Is Born

Meanwhile, Olmert declared (6/16, 6/17) that the new situation posed “an opportunity” for “dramatic change” in Israel’s favor. Though he pledged (6/16) that Israel would “cooperate fully” with Abbas’s new government (on 6/14 Israel announced it would consider turning over around \$700 m. in VAT taxes owed the PA to an Abbas government in the West Bank), he began immediately to lobby the U.S. to treat the West Bank and Gaza as separate entities, so that Israel could go after Hamas in Gaza. The U.S. reportedly (*NYT* 6/15) said it could only accept breaking the formal linkage set out in the 1993 Oslo Accord if Israel made major concessions to Abbas in the West Bank,

“with the goal of undermining Hamas in the eyes of Palestinians by improving life in the West Bank.” When news of the Israeli moves leaked, Abbas and Haniyeh both stressed (6/17) that the territories must continue to be considered a single administrative and political unit.

Bush pressed the issue of practical Israeli support for Abbas in a meeting with Olmert in Washington on 6/19. The U.S. had scheduled the meeting well before the events in Gaza as a demonstration of support for Olmert, whose popularity was declining at home (see Quarterly Update in *JPS* 144). After the Gaza events, however, Bush changed the agenda to focus on ways the U.S. and Israel could bolster Abbas in the West Bank, for the first time formally laying out what came to be called the U.S.’s “West Bank first” plan. At the close of the session, the two leaders announced a joint Israeli-U.S. strategy to strengthen Abbas and Fatah “to the point where they can lead the Palestinians in a different direction, with a different hope.” Plans included providing Abbas with financial support, easing Israeli travel restrictions in the West Bank, providing “moral support,” and working toward resuming peace talks. Though Israel, as a nod to the U.S. on the day of the meeting, began (6/19) allowing very limited humanitarian aid supplies for the UN into Gaza via the Kerem Shalom crossing, Olmert’s commitment to the plan was not clear. As early as the end-of-meeting press conference, he declared that “a prerequisite for any major development in the future” would be serious efforts by Abbas to “fight terror in a most effective way”—a restatement of Israel’s traditional line. Indeed, no other immediate gestures to Abbas were made, and even the promised supplies for the UN in Gaza were spotty (see below).

At the 6/19 meeting, Bush also suggested naming Tony Blair, who was to step down as British prime minister on 6/27, as Quartet special envoy, filling the post left vacant by James Wolfensohn after Israel completed its disengagement from Gaza in fall 2005. (Blair, a close ally of Bush, was seen in the Arab world as very pro-Israel, but he had strong working relations with Abbas and Fayyad.) Olmert embraced the idea on the condition that Blair’s role would be limited to mentoring Abbas on reforming PA institutions and addressing security and economic issues, leaving all political negotiations to U.S. Secy. of State Condoleezza Rice. Blair assumed his new post on 6/27, even while the details and extent of his mandate had not been finalized.

On 7/10, he appealed to UN Secy.-Gen. Ban Ki-moon to lobby Quartet colleagues to expand his role beyond "capacity building" to include a political role in the peace process, but the U.S. firmly supported Israel in limiting his purview, and Blair acquiesced.

Preliminary Coordination in Support of Abbas

While most Arab states avoided comment on Hamas's takeover of Gaza and Abbas's subsequent actions except to urge Fatah and Hamas to resume their national dialogue, Egypt and Jordan, which both feared possible domestic fallout from events in Gaza, vocally supported Abbas and worked with Israel and the U.S. to bolster him. Egypt immediately condemned (6/15) Hamas's "power takeover" in Gaza (later, on 6/23, calling it a "coup against legitimacy"), urged (6/15) Palestinians to "rally behind the legal institutions of the [PA]," and withdrew (6/20) its security delegation from Gaza and ordered its ambassador to the PA to move his residence from Gaza to Ramallah in a clear break from Hamas. Jordan, meanwhile, quickly welcomed (6/17, 6/18) and recognized as legitimate Abbas's emergency government.

Prior to events in Gaza, the Quartet had planned a 6/25 senior-level meeting in Sharm al-Shaykh with Abbas, Olmert, Egypt's Pres. Hosni Mubarak, and Jordan's King Abdallah, to press Abbas and Olmert for progress toward resuming negotiations. After the Quartet canceled the meeting, opting instead for a confidential lower-level consultation the same day in Jerusalem to discuss how to handle recent events, Mubarak, with U.S. encouragement, invited Olmert, Abbas, and Abdallah to come to Sharm al-Shaykh anyway as a demonstration of support for Abbas. The leaders reportedly discussed the impact of Fatah's ouster from Gaza and ways of moving the peace process forward, though no details were released. Olmert used the meeting publicly to announce a 6/24 cabinet decision to release to Abbas around half of the estimated \$700 m. in back VAT taxes Israel owed the PA, saying the rest of the money would be transferred gradually if Abbas showed progress in disarming militias and if his political standing demonstrably increased as a result of getting the funds. (What Olmert did not publicize was the cabinet's declaration that private Israeli firms owed some \$200 m. by the PA would have first claim to the taxes released; the largest creditor was Dor Alon, which sup-

plies fuel to Gaza.) Olmert also pledged to resume meetings with Abbas on a "political horizon" for the peace process, ease some travel restrictions in the West Bank, and request the release of 250 Fatah members (of the roughly 10,000 Palestinian prisoners overall) held by Israel, provided they signed pledges vowing not to return to violence. The PA welcomed (6/25) the statement but noted that Olmert had given no timeline for implementing his promises.

In fact, Israel was slow to make even token gestures to the Palestinians. Israeli FM Tzipi Livni met with Fayyad on 7/8 to discuss ways of improving freedom of movement for West Bank Palestinians, but no understandings were reached, and Israel took no action on the ground. The Israeli cabinet approved (7/8) the release of 256 Palestinian prisoners, but between Olmert's 6/25 request to the cabinet and its agreement, the IDF had stepped up arrest campaigns targeting the AMB and Fatah members, detaining more than 300 new prisoners, more than offsetting the release. While Israel made the first transfer of VAT taxes on 7/1 (\$120 m. went to the PA and some \$200 m. to Israeli creditors), allowing Fayyad to announce on 7/4 that the PA had made monthly salary deposits to 150,000 PA civil servants, many employees reported receiving only partial payments, and many complained about back pay they were owed. To assure Israel and the U.S. that none of the VAT money would aid Hamas in Gaza, Fayyad declared (7/1) that all 31,000 public workers hired after 12/05 (i.e., after Hamas's 1/06 election victory) would be removed from the salary rolls to prevent the ESF and Hamas political appointees from being paid and that PA security forces in Gaza would be paid on condition that they remained off the streets and in no way assisted Haniyeh's acting government in providing security.

Deteriorating Conditions in Gaza and Israeli-Palestinian Violence

Meanwhile, humanitarian conditions in Gaza deteriorated rapidly as a result of Israel's seal on Gaza's crossing points as of 6/12. While Israel agreed to allow limited emergency aid as of 6/19, the UN reported that the imports began meeting minimum basic food needs only by 7/11, with the UN's 6-week emergency stores severely depleted in the meantime. Even as of 7/11, the UN reported shortages of essential items such as baby formula, rice, and vegetable oil. Hospitals, for their part, reported that stocks of 80

items (including anesthetics and chronic disease medications) were below the 1-month threshold and that many machines were out of service because maintenance parts could not be imported. Electricity shortages in Gaza were also on the rise because the PA was unable to import a transformer from Egypt needed to maintain Gaza's main electricity generator. (Before the 6/12 closures, Gazans had already been limited to 6–8 hrs./day of electricity since Israeli air strikes heavily damaged the plant on 6/28/06 during Operation Summer Rains; see Quarterly Update in *JPS* 141.) The few imports allowed by Israel were subject to unprecedentedly severe restrictions; much-needed wheat, for example, was no longer allowed into Gaza in container trucks. Instead, a new conveyor belt shuttling the wheat had to be built at Kerem Shalom; it began functioning on 6/20.

From 6/20, the UN issued weekly warnings of impending economic crisis, reporting on 7/4 that at least 80% of Gaza's 3,900 factories had already closed or were operating at less than 20% capacity because of the Israeli closure (95% of Gaza's industries rely on raw material imports and 80% on the import of machinery or spare parts for maintenance), forcing the layoff of 10,000s of Palestinian workers. On 7/9, the UN itself suspended \$93 m. of its construction projects in Gaza (including schools, water and sewage treatment facilities, and health centers) that employed 121,000 Palestinians, citing the inability to import construction materials. Meanwhile, the Palestinian fishing industry was thrown into crisis by Israeli restrictions on exports from Gaza; the consequent glut of fish in the Gaza markets caused prices to plummet 50% by 7/4. In addition, by 6/30, some 6,000 Palestinians were stranded on the Egyptian border waiting to return to their homes in Gaza.

To alleviate the economic situation, Haniyeh stated (7/9) that Hamas was willing to allow Abbas's presidential guard to resume oversight of Gaza crossings or hire international contractors acceptable to Israel to work the Palestinian side of the border, but Israel, supported by Abbas, refused. At the time, the PLO mission to the UN was actively blocking a Qatari draft resolution to the UN Security Council (UNSC) denouncing the deteriorating humanitarian conditions in Gaza and calling for the Rafah crossing to be opened immediately. (On 7/30, Qatar pulled the res. and the UNSC presidency decided not to issue a statement, usually used to express opinion when a res. cannot be passed.

In explaining the PLO mission's position, Amb. Riyad Mansour stated that "it is unacceptable for anyone, including friends, to act on our behalf without our knowledge.") Asked directly on 7/18 if Israel and Egypt were keeping the crossings closed at Abbas's request, Olmert's spokeswoman Miri Eisin stated, "We're not doing anything Abbas opposes, and we've opposed nothing he's asked us to do."

Similar patterns of Israel and Abbas working in parallel against Hamas (and perhaps officially coordinating) could be seen in the evolving security situation on the ground (see Chronology for details). This was particularly true in the West Bank, where the IDF stepped up arrest campaigns as of 6/15 to increase pressure on Hamas and Islamic Jihad, effectively aiding Abbas. At the same time, the PA was targeting Hamas members for arrest as well, detaining around 400 by 7/14. The IDF also conducted major arrest raids detaining AMB members (e.g., Nablus 6/27–29, Jenin 7/1) to offset the planned prisoner release, as mentioned above; maintained its stringent restrictions on Palestinian movement; and continued to conduct frequent house searches and home demolitions.

In Gaza, as soon as intra-Palestinian fighting calmed as of 6/15, the IDF resumed frequent cross-border operations into Gaza to eliminate "terrorist infrastructure" (especially Hamas) and augment its security positions along the border, carrying out arrest raids, air strikes, and bulldozing operations. Once Olmert returned from the 6/25 Sharm al-Shaykh meeting, the IDF resumed major ground offensives, staging large-scale incursions into Gaza City (6/27), Khan Yunis (6/27), the Bayt Hanun environs (7/4–9), al-Maghazi r.c. (7/5), and al-Bureij r.c. (7/5, 7/11–12) that sparked major clashes with Palestinians, leaving a total of at least 24 Palestinians dead, 75 wounded, and more than 350 d. of land leveled; 1 IDF soldier was also killed (the first since 11/1/06) and 6 were wounded. Despite the mounting escalations, Hamas notably ceased rocket fire from Gaza into Israel as of 6/15, hoping this would encourage Israel to lift the economic blockade, though it fired mortars occasionally. Islamic Jihad and the popular resistance committees (PRCs), however, resumed heavy rocket fire on 6/19 (responding to IDF attacks in Jenin on 6/19 that left 1 AMB and 1 Islamic Jihad member dead) and attacks on IDF border patrols on 6/20. The IDF also assassinated 6 senior Islamic Jihad commanders in 3 air strikes on Gaza

City (6/24, 6/27) and Khan Yunis (6/30), wounding 11 bystanders. (The IDF assassinated another Islamic Jihad commander in Jenin on 7/8.) By 7/15, the comprehensive death toll had reached 5,222 Palestinians and 1,033 Israelis.

Bush Proposes a Peace Summit

In early 7/07, the Bush administration felt the time was right for the president to make a major speech launching a new effort to wrap up the peace process before the end of his term. Such a speech, also intended to bolster Rice's attempts to promote talks between Israel and a PA national unity government, had already been planned for late 6/07, but had to be shelved after 6/15 as a result of the events in Gaza, to the embarrassment of the White House, which had already begun spreading word that a significant statement was pending. There was no more mention of a presidential address until Asst. Secy. of State David Welch quietly arrived in the region on 7/11 to inform Abbas and Olmert that Secy. Rice would not be coming to the region the following week to check their progress as planned, because Bush intended to make a speech on 7/16 calling for a peace conference in the fall to jump-start the Israeli-Palestinian track. The U.S. sought assurances that the sides would not reject the call out of hand and that they would take certain steps before 7/16 that Bush could cite in his speech as progress.

On the Palestinian side, a prerequisite for serious movement was that a semi-permanent Palestinian government be in place as interlocutor, but Fayyad's emergency cabinet had only a 1-month mandate, set to expire on 7/14, which under the Palestinian Basic Law could not be renewed without the approval of the 128-member Hamas-dominated PC. Nonetheless, with 45 of the Hamas-affiliated PC members jailed by Israel and the other Hamas deputies committed to boycotting the emergency government, Abbas was able to convene (7/11) the PC, secure in the knowledge that the two-thirds quorum required by the Basic Law to take decisions would not be achieved. Being thus able to argue that the PC was incapable of functioning, Abbas dissolved (7/13) Fayyad's emergency government and immediately reappointed it, with 4 additional ministers, as a "caretaker government" to rule until early elections could be called or a PC quorum could be achieved (for the list of members, see Doc. B). On 7/14, Hamas called a PC session for 7/15 to de-

bate whether the move was constitutional, but Fatah PC members boycotted that session to prevent a quorum, leaving Hamas without legal recourse. Fayyad's first act as caretaker PM was to pledge (7/13) to expand the PA's welfare system with a massive influx of foreign aid (Western nations reportedly had pledged \$120 m. in new money for 2008) to create a network of charities targeting poverty, education, healthcare, and aid to prisoners and orphans that would rival Hamas's extensive existing networks. He also pledged to build new housing and infrastructure projects. Finally, appealing to the Fatah base, he promised to restructure Fatah's forces, replacing outmoded senior officers with "new, young faces."

Israel, meanwhile, scaled back military operations in Gaza and implemented an undeclared 5-day pause in West Bank raids beginning on 7/13 to reduce chances of a major incident before Bush's speech. Under pressure from Bush, Olmert also granted amnesty (7/15) to 178 wanted AMB members (including AMB Jenin leader Zakariyya Zubaydi) as a gesture to Abbas. Hours before Bush's speech on 7/16, Olmert received Abbas in Jerusalem for talks on economic and security issues, agreeing to resume Israeli-Palestinian security coordination through district coordination offices in the n. West Bank, Ramallah, and Jericho. After the speech, he announced that he would release the 256 Palestinian prisoners approved by his cabinet on 7/8 by the end of the week. (All but 1, a Fatah member who switched allegiances to Hamas while in jail, were released on 7/20.)

Bush's 7/16 policy speech (see Doc. C3) publicly outlined the new U.S. "West Bank first" strategy for the first time. Bush declared the Palestinians at a crossroads, needing to choose between the "chaos and suffering" guaranteed by Hamas and "the vision of a peaceful state called Palestine" offered by Abbas and Fayyad. He stated again that the U.S. would send the remainder of the previously agreed \$86 m. aid package for Abbas's security forces directly to Abbas as a show of confidence in his new government and announced \$562 m. in humanitarian and economic assistance for the remainder of 2007. (At least \$190 m. was previously allocated for humanitarian projects but suspended when Hamas won the 1/06 elections, while at least \$228 m. was new money for small business loans.) He then called for an international conference in the fall (to include Israel, the Palestinians, and "neighbors in the region" that recognized Israel's right to

exist) in the fall to discuss reviving final status talks. To assure the summit's success, the PA was urged to arrest "terrorists" and "dismantle their infrastructure," confiscate illegal weapons, stop attacks on Israel, free captured Israel soldier Gilad Shalit, and end political corruption, while Israel was asked to continue VAT transfers to the PA, halt new settlement construction, and dismantle unauthorized settlement outposts in keeping with previous unfulfilled pledges to Rice. Bush recommended convening an international donors' conference as soon as possible to support the PA, and he urged Arab states immediately to establish diplomatic relations with Israel to end "the fiction that Israel does not exist."

Prior to the speech, Bush reportedly discussed his ideas with Olmert but received no guarantees that Israel would participate in a conference. On 7/17, Olmert publicly declared that a resumption of full-fledged peace talks could not be discussed until Palestinian violence against Israel ceased. Only after the address did Bush personally phone (7/16) Abbas and the leaders of Egypt, Jordan, and Saudi Arabia to discuss the conference idea and to inform them that Rice and Defense Secy. Robert Gates would seek their support for the summit when they came to the region shortly for already scheduled meetings on Iraq. While the Arab leaders publicly welcomed (7/17) the call, they stressed that the 2002 Arab League initiative should be clearly presented as the basis for talks. Meanwhile, Syrian pres. Bashar al-Asad, Hamas leader Mishal, Hizballah leader Hassan Nasrallah, and Iranian pres. Mahmoud Ahmadinejad met (7/19) in Damascus to coordinate positions regarding Bush's call for a summit; no details were released.

The Quartet, meeting at the FM-level in Lisbon on 7/19–20, endorsed Bush's agenda, declared support for the Abbas-Fayyad caretaker government (which it said conformed to the 1/06 Quartet demands), and welcomed the resumption of Abbas-Olmert talks. Afterward, Rice, in an unusually blunt statement reacting to Olmert's 7/17 comments, said that "we need from the Israelis a recognition of—and politics based on the recognition—that the future of Israel lies in places like the Negev and the Galilee, not in the continued occupation of the West Bank."

Groundwork for a Summit

Through the end of the quarter, the major players focused on laying the groundwork for a successful fall summit, though each

party's definition of success varied. While the PA and the Arab states demanded a "substantive" conference resulting in a clear final status plan with an implementation timetable and international guarantees that deadlines would be met, Israel sought only a framework agreement laying out the "principles" on which future discussions would be held. The U.S., meanwhile, focused on keeping up the momentum of the 7/16 Abbas-Olmert meeting, pressing the sides to draft a serious document outlining a way forward for the peace process that could be endorsed by the summit attendees, ideally including a broad array of Arab states.

Olmert, realizing that the fall conference was a personal priority for Bush, no longer questioned it *per se* but quickly acted to limit its scope. On 7/25, he proposed that he and Abbas open negotiations for an "agreement in principle" to establish a Palestinian state in Gaza and "most of the West Bank" as an interim step toward renewing final status talks, noting that holding general talks on "relatively easy" issues would benefit both Abbas and himself in upcoming elections. He envisioned the discussion covering "the characteristics of the Palestinian state, its official institutions, its economy, and the customs arrangement it will have with Israel"; only after agreements on these issues were reached would Israel consider discussing final status. Abbas's PA did not comment on the fact that all these issues had been agreed to previously by Israel and the PLO in the similarly titled 1993 Declaration of Principles (the Oslo Accord), which also set the original timetable for final status talks.

Similarly, the Arab League, feeling pressure from the U.S. and determined to signal its expectations early, sent its first-ever official delegation to Israel on 7/25. Significantly, the delegation comprised only Egyptian FM Ahmad Abu al-Ghayt and Jordanian FM 'Abd al-Ilah Khatib, as co-chairs of the Arab League follow-up committee on the 2002 Arab peace initiative, to emphasize that the other Arab states would not extend, as Bush had sought, formal recognition to Israel before the conclusion of a final status agreement. Meeting with Olmert and Livni, the delegation welcomed the idea of a summit but emphasized the need for a precise, quick timetable for achieving final status agreements. Olmert responded that Israel did not see the need for timetables.

Meanwhile Rice and Gates arrived in the region on 7/30 and met with the FMs of Egypt, Jordan, and the Gulf states in Sharm

al-Shaykh on 7/31 as part of the U.S.'s wider "regional diplomacy" to drum up support for Bush's initiative to restart the peace process. At the meeting, the Arab states stressed once again that a conference should be aimed at concluding a broad, specific peace agreement. During the 7/31 Sharm al-Shaykh meeting and in a meeting in Jeddah on 8/1 between Rice, Gates, and Saudi Arabia's King Abdallah, the U.S. pressed Saudi Arabia in particular to open diplomatic relations with Israel. The king demurred and gave "heavily conditioned" pledges to attend the fall summit, requiring that substantive issues be addressed and that the meeting not just be a "photo opportunity." Israel's Livni, meeting with Rice later on 8/1, said that Israel believed that "it's not wise to put the most sensitive issues out first" and that it was better merely to explore options and ideas.

Rice ended her visit to the region on 8/2 with a meeting with Abbas, who formally accepted Olmert's 7/25 offer to discuss an agreement in principle, announcing that he and Olmert would begin discussions on 8/6 in Jericho. Rice, reportedly disappointed that she could not secure pledges to attend the summit, stated that she anticipated making at least 2 more trips to the region to flesh out understandings on what the fall conference, now tentatively slated for 11/07, would aim to achieve. Rice also defended the U.S.'s support of Abbas's caretaker government and his refusal to deal with the elected Hamas government, stating that "We believe strongly in the right of people to express themselves and their desires in elections," even while adding that "you have the obligation to govern responsibly." She stated that it was up to the Palestinians to decide when they wanted to hold new elections, but cautioned that the U.S. and Israel would not accept another unity government with Hamas. Abbas vowed not to consider dealing with Hamas until they "reverse everything they did" and "apologize to the Palestinian people."

Abbas and Olmert met in Jericho as planned on 8/6 for 3 hours of 1-on-1 talks that both sides described as "positive." Though they stated that no breakthroughs had been achieved, over the next week the Israeli press (e.g., *Ha'Aretz* 8/17) cited anonymous Israeli government sources as stating that the leaders had in fact reached "several understandings" and had begun work on a 1-page document outlining "the core issues of forming a Palestinian state" such as permanent borders, jurisdiction over holy sites

in Jerusalem, and Palestinian refugees. Israeli DM Ehud Barak (who replaced Amir Peretz as DM after his election as Labor party head on 6/12) dismissed (8/10) the rumors, stating that peace with the Palestinians in the near term was a "fantasy" and that Olmert had no plans to turn over security control of any West Bank areas to Abbas. He also declared that Israel would not withdraw from significant areas of the West Bank until a "technical solution" was found to combat Palestinian rocket fire, which he expected to take at least 3-5 years.

Meanwhile, Blair made (7/23-24) his first visit to the region as Quartet special envoy to gather information necessary to form his strategy for rebuilding and reforming the PA into an institution that could serve as a strong and legitimate peace partner with Israel. To this end, he met with Jordanian, Israeli, and PA officials, including Abbas, Fayyad, and Olmert. (He did not meet with any officials affiliated with Hamas, though he said he intended to open channels to Hamas through independent intermediaries.) He also took steps to establish a permanent office in Jerusalem, with plans to spend at least 1 week/month in the region, as his predecessor, Wolfensohn had done. (Wolfensohn meanwhile warned on 7/20 that Blair's limited mandate could torpedo the envoy's efforts from the start, noting that his own mission failed because "there was never any desire on the part of the Americans to give up control of the negotiations.")

While diplomatic efforts focused on the 11/07 conference, Israeli-Palestinian violence on the ground escalated once again after Israel's pause before Bush's 7/16 speech. The daily IDF arrest raids, house searches, and frequent house demolitions in the West Bank resumed on 7/16 and continued through the end of the quarter. During a major arrest raid in 'Ayn Bayt al-Ma'a r.c. on 8/5, Israeli soldiers moved from house to house by breaking through walls, as they did during Operation Defensive Shield in 2002. The IDF made several major ground incursions into Gaza: 7/22 in Bayt Hanun and Bayt Lahiya, killing 2 Islamic Jihad members; 7/25-26 near Khan Yunis, bulldozing 153 d. of agricultural land, rounding up all males aged 16-50 and arresting 60, and killing 2 Palestinians and wounding at least 6 in clashes; 7/31-8/3 near Bayt Lahiya, killing 4 armed Palestinians and bulldozing land; 8/3 into the abandoned Rafah airport site to bulldoze land; and 8/14 in Abasan, Khan Yunis, and al-Qarara, killing 10 Palestinians, wounding at

least 24, detaining 143, demolishing 1 Palestinian home, and bulldozing 80 d. of land. The IDF also frequently fired across the border into Gaza, usually to disperse Palestinians who strayed near the border fence but also occasionally exchanging fire with ESF patrols or Palestinian gunmen, killing 2 AMB members (7/28), 2 ESF officers (8/6, 8/8), 1 Islamic Jihad member (8/9), and 1 mentally handicapped Palestinian (8/8). The IDF also continued its assassinations, killing 3 Islamic Jihad members on 7/26 and making 4 other apparent assassination attempts (7/22, 7/24, 7/30, 8/4) targeting predominantly Islamic Jihad members in Gaza City and Rafah, killing 2 bystanders and wounding 17. Another killing of an Islamic Jihad member in Balata r.c. on 8/2 may have been an assassination. Palestinians continued to fire rockets from Gaza into Israel at a rate of about 21/week, lightly injuring 1 Israeli on 7/22 but causing no other damage.

On a positive note: Israel, Hamas, and Egypt reached an agreement in late 7/07 to allow 6,374 Palestinians stranded on the Egyptian side of the Rafah border reentry into Gaza via the al-Oja cargo crossing s. of Rafah, where they were then bussed to Erez in n. Gaza for formal entry there. The transfers began on 7/29 and were completed on 8/12. Some stranded Palestinians, however, reported being told that they had to register with PLO authorities in Egypt in order to be allowed to enter, only to be denied permission to register because of their alleged affiliation with Hamas; it was unclear how many Palestinians were barred reentry in this way. The World Health Organization reported (7/31) that at least 35 Palestinians had died in Egypt while waiting to reenter Gaza.

Overall economic conditions in Gaza continued to deteriorate. The UN regularly pressed (e.g., 7/18, 8/9) Israel and Abbas to regularize the opening of the Gaza crossings for imports and exports, stating that the boycott was punishing all Gazans, not just Hamas, and that the Gazan economy would collapse, making Gaza a completely aid-dependent society if exports were not allowed. The UNRWA also warned (7/18) that if the private sector went bankrupt, the UNRWA would not be able to meet demands for its services. At the end of the quarter in Gaza, shortages of food and medicine persisted, only 10% of Gaza industries remained partially functioning, and 95% of construction projects had been halted. The UN estimated (7/31) the total cumulative and direct losses

since the closure began on 6/12 to be \$23 m., increasing at a rate of \$500,000/day. On 8/15, Israel for the first time since the 6/07 crisis cut off fuel imports into Gaza through the Nahal Oz pipeline, citing "specific terror warnings," placing Gaza's electricity and water supplies in jeopardy.

Intifada Data and Trends

During the quarter, at least 173 Palestinians and 3 Israelis were killed in Israeli-Palestinian violence (compared to 60 Palestinians and 1 Israeli last quarter), bringing the toll at 8/15 to at least 5,260 Palestinians (including 49 Israeli Arabs and 17 unidentified Arab cross-border infiltrators), 1,033 Israelis (including 318 IDF soldiers and security personnel, 209 settlers, 506 civilians), and 60 foreign nationals (including 2 British suicide bombers). An additional 152 Palestinians were killed this quarter in interfactional violence, up from around 44 last quarter (see "Intra-Palestinian Dynamics" below). The Palestine Center for Human Rights reported (6/19) that from the outbreak of the intifada in 9/00 until 5/31, at least 31,426 Palestinians had been wounded by the IDF (25.8% by live ammunition, 22.6% by rubber bullets, 21.5% by tear gas, and 30.1% by other causes, including beatings).

Overall, major attacks by Israelis (assassinations, air strikes, cross-border incursions, etc.) were significantly higher this quarter, while major Palestinian attacks (e.g., suicide bombings, rocket strikes, cross-border attacks) averaged the same as last quarter, though incidents subsided over the course of the quarter. Meanwhile, the economic isolation of Gaza, tight restrictions on Palestinian movement, and daily incidents of IDF arrest raids, house searches, house demolitions, closures, and the like, as well as significant settler harassment, all took a heavy toll. Trends are outlined below; for details see the Chronology.

Assassinations, Suicide Attacks, and Heavy Attacks

This quarter, at least 23 deaths were clear assassinations (up from 10 last quarter) during which 31 bystanders were wounded. Among the assassinated this quarter: the AMB's Omar 'Abd al-Halim (5/29) and Muhammad Twair (6/14); Hamas's Raed Habib (5/18), Munir al-Jamal (5/18), Muhiya al-Din al-Sirhi (5/19), Samih Farwanah (5/19), and Imad Shabanah (targeted on 5/17, died 5/26); and Islamic Jihad's Muhammad Abu Nima (5/21), Mahmud Awad (5/21),

Majid al-Batash (5/21), 'Abd al-'Aziz al-Hilu (5/21), 'Id Hisham Khalid (5/29), Fadi Abu Mustafa (6/1), Hussam Harb (6/24), Raed Fanuna (6/27), Zakariyya al-Tartar (targeted 6/24, died 6/27), Raed Ghannam (6/30), Ziyad Ghannam (6/30), Muhammad al-Ra'i (6/30), Mahmud Nazzal (7/8), Omar al-Khatib (7/26), Ahmad al-Balawi (7/26), and Khalid al-Duayf (7/26). Deaths of the head of the newly declared Martyr Abu Ammar Brigades (5/29) and an Islamic Jihad member (8/2) may have been assassinations (no bystanders were injured). Attacks targeting 5 Hamas members (2 on 5/17, 5/19, 5/20, 5/23), at least 5 Islamic Jihad members (7/22, 7/30, 3 on 8/4), 1 AMB member (7/30), and a man without known affiliation (7/24) were clear failed assassination attempts that killed 5 bystanders and wounded 21.

There were no Palestinian suicide bombings or other suicide attacks this quarter, for the second quarter in a row. The last Palestinian suicide attack was carried out on 1/29/07.

Palestinian use of mortars and rockets overall was high this quarter, averaging about 140/week in late 5/07, as Palestinians retaliated for a heavy round of Israeli air strikes on Gaza (averaging 31/week during the same period) and assassinations that marked Israel's official end (declared 5/16) to the 11/06 truce. Palestinian fire decreased to an average of 40/week during the first half of 6/07, and decreased further, to 21/week, after Hamas took control of Gaza on 6/15. After 6/15, Israeli air strikes on Gaza also diminished to no more than 6/week. In total, 2 Israelis were killed (5/21, 5/27) and around 20 were lightly injured (5/16, several on 5/17, 2 on 5/18, 2 on 5/21, 2 on 5/22, 2 on 5/25, 5/26, 5/27, 5/28, 6/12, 6/20, 6/30, 7/22) by Palestinian rockets. The dramatic increase in the number of Israeli casualties may be due to the fact that after observing the truce for 6 months, Hamas resumed rocket fire, its weaponry typically being more sophisticated than that of the AMB and Islamic Jihad, who were responsible for most rocket fire during the truce. Hamas, however, reinstated its halt to rocket fire after securing control of Gaza on 6/15.

Palestinian Prisoners

By the end of the quarter, nearly 11,000 Palestinian prisoners were being held by Israel. The PA Prisoner's Affairs Min. reported (7/29) that 68 Palestinians, 4 Syrians, and 1 Lebanese had been held prisoner by Israel for more than 20 years. Of the 68 Palestini-

ans, 32 were from the West Bank, 13 from Jerusalem, 12 from inside Israel, and 11 from Gaza. The longest-held prisoner was a Palestinian from Nablus arrested in 7/77.

Restrictions on Palestinian Movement

The IDF continued to impose severe restrictions on Palestinian movement this quarter. Gaza was sealed off almost completely as of 6/12, when Hamas-Fatah fighting exploded. From then until the end of the quarter, Israel permitted only limited imports of basic goods into Gaza, denying all exports and the transit of individuals except medical emergencies and senior Fatah officials fleeing to the West Bank. Gaza's Rafah crossing, the main exit and entry point abroad for individuals, was partially open for a total of 7 out of 92 days: Rafah, ordered closed by Abbas on 5/14 because of Fatah-Hamas fighting last quarter (see Quarterly Update in *JPS* 143), was allowed to reopen on 5/25 by Israel, which closed it again on 6/9, when heavy Fatah-Hamas fighting resumed, and kept it closed for the rest of the quarter. With the upsurge in fighting, Israel closed (6/12) Erez crossing to all but dire medical cases (it had been open only to select VIPs and medical cases since 3/12/06), but allowed select VIPs to resume transit as of 7/4. Qarni, the main industrial transport point, was partially open for 19 days at the beginning of the quarter for limited imports and very restricted exports but was shut down completely on 6/12. When the UN began warning of severe food shortages in Gaza, Israel began allowing (6/20) emergency wheat imports through the crossing (2 days/week on average) on a specially built conveyor belt to prevent trucks from entering Gaza. Sufa crossing (the sole import point for construction materials) was closed by PA request on 5/15 and was kept closed by Israel until 6/24; from 6/24 through 8/15 it opened daily, except Saturdays, for limited imports of humanitarian aid. Kerem Shalom, the other entry point for import of humanitarian goods, which was virtually closed all last quarter, was open 1 day between 5/15 and 6/20, when Israel allowed the crossing to open 3-5 days a week for limited import of humanitarian aid. Fuel shipments to Gaza through the Nahal Oz pipeline were uninterrupted until 8/14, when Israel shut the pipeline, citing specific terrorist threats.

At the end of the quarter, the IDF still maintained its n. Gaza buffer zone running from the coast to the Erez crossing and extending up to 1.5 miles into Gaza in the Bayt

Hanun–Bayt Lahiya area, denying Palestinian farmers access to new areas seized on 5/17 near Erez industrial zone, in the Saifa area northwest of Bayt Lahiya, and east of Bayt Hanun. UN observers noted (5/30) that the IDF was undertaking “extensive land leveling” of the new land seized, but could not estimate how much crop area was affected because they too were denied access. On 7/11, the UN reported that the IDF had expanded the closed military zone by another mile in some areas in recent days.

In the West Bank, IDF restrictions on movement remained tight. The IDF continued to bar all Palestinian males aged 16–30 from Jenin, Nablus, and Tulkarm (some 106,000 men in total) from traveling south of Nablus without special permission. On 7/3, the IDF imposed new restrictions barring Palestinians aged 16–25 from traveling southward through 8 major northern checkpoints (Anabta-Kifriyat tunnel and al-Ras in Tulkarm; Awarta, Hawara, and Yitzhar in Nablus; Jit in Qalqilya; Dayr Ballut and Za’atara in Salfit). Access to the Jordan Valley for nonresidents remained virtually nil, as it has since 10/11/06. The UN released (6/5) a new map of Israeli positions in the West Bank, based on its own extensive on-the-ground and satellite imagery analysis. According to the UN, the map presents a more comprehensive picture than the IDF maps and shows roughly 40% of the West Bank to be off limits to Palestinians, with the remaining area “cantonized” by some 450 roadblocks and 70 manned checkpoints.

House Demolitions and De-Arabization

For the second quarter in a row, there were relatively few house demolitions (29 this quarter compared to 32 last quarter), nearly half of them in and around East Jerusalem. In total, at least 29 homes were demolished. Of the 29, 25 were in the West Bank (14 in East Jerusalem, 3 in Qalqilya, 2 each in Hebron and Nablus, and 1 each in Bethlehem, Jericho, Qabatya, and Tulkarm). In Gaza, 2 were in the north and 2 were in the south. In addition, the IDF bulldozed tents housing 40 bedouin in al-Hadidiyya in the Jordan Valley on 8/13.

Settlers and Settlements

Reports of Jewish settler violence were down slightly this quarter but still constituted near-daily events. Incidents included settlers beating or otherwise attacking Palestinians and international peace activists (5/19, 5/21, 5/31, 6/9, 6/26, 7/2, 7/14, 2

on 7/16, 7/20, 7/24, 8/1, 8/3, with an incident on 5/20 involving a trained attack dog); uprooting or burning trees and crops (5/19, 5/20, 5/31, 6/10, 6/14, 4 on 6/22, 7/7, 7/8, 7/19, 7/20, 7/22, 7/23, 7/29); setting fire to homes, offices, and a mosque (8/5, 4 on 8/6); and vandalizing property (5/22, 6/8, 7/8, 7/14, 8/1, 8/5, 2 on 8/6). There were also 3 reports of deliberate hit-and-runs by Jewish settlers that killed 1 Palestinian (7/3) and injured 2 (7/24, 8/5), and 1 case of settlers opening fire on Palestinian homes (5/16), causing damage but no injuries. Jewish settlers in Hebron also attacked (8/2) a UN vehicle carrying several Israeli journalists, injuring 1 UN employee. Of 40 confirmed incidents (down from 57 last quarter), most continued to occur in Hebron (19), with a significant number taking place in Nablus (11) and a handful reported in Bethlehem (3), Tulkarm (3), East Jerusalem (2), Qalqilya (1), and Salfit (1).

In addition, thousands of settlers tried once again to reoccupy the Homesh settlement site in the West Bank, vacated under the 2005 disengagement (see Quarterly Update in *JPS* 143 for previous incidents). On 6/12, the IDF escorted thousands of settlers to Homesh, allowing them to stage a 1-day sit-in to protest the government’s evacuation of the site and vow its rebuilding; though the IDF closed the area and surrounding roads to Palestinian access, no violence was reported. On 7/17, however, thousands of settlers began returning to the site with construction materials, damaging Palestinian crops, uprooting Palestinian olive and fruit trees, and vandalizing Palestinian property in the surrounding area. The move was not coordinated with the IDF, which forcibly removed the settlers on 7/27. Settlers also moved new caravans to the unauthorized outpost of Avigail nr. Hebron (7/8), occupied and leveled Palestinian crop land near Hebron for a new settlement outpost (7/14–16), and attempted to take over 1,000 d. of Palestinian land near Artas outside Bethlehem for a new outpost (7/25–26). Acting on an Israeli High Court order, the IDF removed (8/7) 2 settler families (and thousands of settler activists who had come to support them) from several vacant Palestinian shops they had occupied in Hebron’s central market. Near Nablus, the Israeli Housing Min. issued (5/30) tenders for 20 new housing units in Karnei Shomron.

Using government data, Peace Now determined (7/6) that Jewish settlements occupy 12% of the West Bank. Of that

amount, one-third falls outside official planning boundaries. More than 10% of the land within the official settlement boundaries and 70% of that used outside is private Palestinian land. The report (see Settlement Monitor) concludes that settlers seized private lands to create buffers around settlements and to prevent Palestinian construction nearby and that the IDF's repeated failure to enforce the law on the settlers "isn't an accident. It became another tool to achieve the military goals of the occupation, which is to allocate the land [to Israeli Jews] and hold it."

Separation Wall

This quarter, most construction of the West Bank separation wall took place around Bethlehem (between al-Khadir and al-Nashashah), Hebron (w. of Askhelot settlement), Jerusalem, Qalqilya, and Ramallah (near Rantis and on the "Ariel finger"). Work began on a new segment outside Ramallah between Abud and Ofarim and Bayt Arye settlements (ca. 5/30). Completed this quarter were a fence encircling Ateret settlement near Ramallah and segments of the wall between Ateret and Dahiyat al-Barid near Jerusalem; between Bayt Sira and Makkabim settlement near Ramallah; and between Bayt Nuba and Rantis near Ramallah. As of 6/29, 59% of the planned wall route had been completed and an additional 7% was under construction.

Palestinians of Israel

The Knesset approved (7/18) the first reading of a bill that would require lands controlled by the Jewish National Fund (JNF) to be allocated to Jews only. The bill was meant to bypass a 2004 Israeli High Court ruling that deemed illegal and racist the Israel Land Administration's (ILA) policy of barring Israeli Palestinians from leasing land owned by the JNF, which holds 13% of Israel's state land. (By law, the JNF can offer only long-term leases, not sell land.)

Israel's Education Min. approved (7/22) a new third-grade textbook for use in Israel's Palestinian schools that acknowledges that the creation of Israel in 1948 was a "catastrophe" for the Arab population, that "some of the Palestinians . . . were expelled," and that "many Arab-owned lands were confiscated" by the new Israeli government. Right-wing MKs denounced the book as "anti-Zionist and . . . against the very existence of Israel as a Jewish state." The Hebrew version of the text does not include the Palestinian

perspective because, officials argue, Jewish third graders are "too young to cope with the conflicting narratives."

INTRA-PALESTINIAN DYNAMICS

Intra-Palestinian relations reached a nadir this quarter with the outbreak of what amounted to a full civil war between Fatah and Hamas in 5/07 and 6/07, resulting in Hamas's takeover of Gaza on 6/15. This quarter, nearly as many Palestinians were killed in internal political violence (153) as in clashes with Israel (173), nearly doubling the total number of deaths in intra-Palestinian violence since 10/06 to at least 344. (This figure includes only those killed in intrafactional fighting and does not include felony deaths, which also escalated dramatically in the past year due to deteriorating internal security; see the weekly reports compiled by the Jerusalem-based UN Office for the Coordination of Humanitarian Affairs at www.ochaopt.org.)

Trends of Post-6/15 Fighting

Factional fighting calmed significantly as of 6/16, though isolated incidents continued equally in the West Bank and Gaza through the end of the quarter, leaving 10 Palestinians dead (see Chronology for details). The violent AMB-led attacks on Hamas targets in the West Bank that began during the fighting in Gaza (see "Hamas Seizes Gaza" above) tapered off by late 6/07, and by 7/8, elected Hamas municipal officials reportedly were slowly and cautiously returning to work, though some (particularly in Nablus) continued to receive death threats and demands that they step down in favor of Fatah replacements. The PA continued to round up scores of West Bank Hamas members (400 by 7/14), with the stated goal (7/1) of "dismantling the Hamas infrastructure in the West Bank." By 7/28, the PA reportedly was supplying Israel's Shin Bet with intelligence on Hamas targets in the West Bank, and the Shin Bet was acting on the information. In the West Bank and Gaza, Hamas and Fatah supporters continued to hold demonstrations and strikes against their rival parties through 8/15 (see Chronology for details).

By mid-7/07, Fatah members and supporters in Gaza had overcome their initial shock of defeat and were beginning to organize their opposition to Hamas. Beginning ca. 7/12, Fatah supporters began intentionally attempting to provoke confrontations

with the ESF by firing in the air at weddings (violating Haniyeh's 6/15 weapons ban) or throwing stones at ESF members monitoring pro-Abbas rallies. As this became a pattern (see Chronology for details), frustrated ESF members took increasingly violent action to disperse crowds, beating protesters, raiding celebrations, detaining Fatah members, and engaging in exchanges of gunfire. When Fatah planned a major "freedom of expression" rally for 8/13 to protest the arrest of Fatah members for firing during a wedding, Haniyeh banned (8/12) all demonstrations and public gatherings that did not have official permission; 300 Fatah members went ahead with the rally, which was violently broken up by ESF officers, who seized cameras from journalists and later raided media outlets to confiscate negative footage. The ESF also began (ca. 7/30) firing on Palestinians militants (predominantly Islamic Jihad and PRC) trying to fire rockets into Israel, sparking occasionally heavy exchanges of gunfire. By the end of the quarter, Israeli sources reported (e.g., *Yedi'ot Abaronot* 8/11) that armed Fatah cells had reentered Gaza with Israeli help to destabilize the Hamas leadership, raising concerns of how long the security situation in Gaza would remain relatively calm.

Abbas's PA Emergency Powers

Following the bitter fighting of 6/07, Abbas rejected (e.g., 6/16, 6/23, 8/2) any suggestion of rapprochement with Hamas, dissolving the national unity government, suspending the national dialogue, and concentrating on rebuilding Fatah and securing his power base in the West Bank. Though Fatah and Abbas agreed (6/17) that the West Bank and Gaza should remain a single territorial unit, and Hamas stated (6/6) that it did not intend to form a parallel government in Gaza, Abbas's refusal to deal with Hamas effectively separated the West Bank and Gaza. Abbas actively supported Israel's sealing of the Gaza crossings to encourage Hamas's failure in Gaza, despite the toll on the Palestinian population.

In perhaps the most worrisome development for legal and human rights groups, Abbas also issued a number of presidential decrees between 6/15 and 8/15 that suspended articles 65–67 and 79 of the Basic Law (the interim Palestinian constitution), removing crucial legislative checks over the executive, including those requiring a new government to obtain a vote of confidence from the PC

and swear allegiance to the Basic Law; requiring all ministerial appointments to be endorsed by the PC; and allowing the PC to oust the government in a no-confidence vote. A separate 7/6 decree, denounced by Palestinian human rights groups as illegally bypassing the judiciary and paving the way for a "military dictatorship," suspended article 2 of the Basic Law restricting the jurisdiction of PA military courts to military affairs. New orders extended the powers of the military courts to cover any infractions targeting PA security forces or deemed to violate "public safety" or "public security"; instructed the military atty. gen. to take over the duties of the atty. gen.; granted all PA security officers the status of "judicial warranty authorities," typically reserved for civil law enforcement; and reinstated laws proscribed by the PLO in 1979 that had been purposely superseded by the Basic Law because they essentially provide for state security courts. (Although Abbas "temporarily" suspended this 7/6 decree regarding the military courts system on 7/12 under intense pressure from human rights groups, his intention to centralize his authority remained clear.) By the end of the quarter, Abbas was also reportedly drafting a decree that would amend the PA election law to require all presidential and legislative council candidates "to respect the political program of the PLO" and all previous agreements signed by the PA and PLO, and would change the voting system so that all legislative candidates would be chosen from party lists through proportional representation, which would favor Fatah over Hamas. Other decrees outlawed any armed group linked to Hamas (including explicitly the ESF and IQB); invalidated all Palestinian passports and travel documents issued in Gaza—requiring Gazans to make the virtually impossible journey to Ramallah to secure new ones—in a bid to keep Hamas members and supporters from leaving or returning to Gaza; ordered references to "resistance" removed from the existing government platform (see Doc. B2 in *JPS* 144) to fulfill 1/06 Quartet demands; and changed the official weekend from Thursday–Friday to Friday–Saturday. This last was seen as a jab at Hamas's Islamism and was rejected by Hamas in Gaza, leading pro-Fatah workers to stage frequent Saturday work strikes that were turned into pro-Fatah rallies, and prompting the ESF to force the closure of government offices on Thursdays, leading to pro-Fatah rallies outside

government buildings (see Chronology for details).

Soon after Abbas transformed the Fayyad emergency cabinet into an open-ended caretaker government on 7/14 (see "Bush Proposes a Peace Summit" above), Abbas convened (7/18-19) the PLO Central Committee in Ramallah to endorse (7/19) two requests: (a) to call early presidential and legislative elections for late 2007 or early 2008; and (b) to do away with the regional balloting system, which cost Fatah a number of seats in the 2006 elections, and return to 100% proportional representation, under which voters cast ballots for parties rather than individual candidates (for background on the balloting system, see Quarterly Updates in *JPS* 136 and 137). (At Abbas's request, Israel gave special permission for several exiled PLO officials, including DFLP head Nayif Hawatmah, to enter the West Bank to attend.) The move was clearly illegal under the Basic Law, which states that only the PC can mandate early elections.

The Future of Fatah

Abbas also focused on rebuilding and strengthening Fatah and his security forces after the defeat in Gaza. As PA pres., Abbas first purged the PA security forces of senior Fatah-affiliated officers who had failed to fulfill their duties during the fight, issuing at least 3 presidential decrees (2 on 6/22, 6/23) dissolving the PA national security council and dismissing more than a dozen senior officers, including PA internal security head Rashid Abu Shibak. (Although Dahlan technically retained his position as Abbas's national security adviser, he resigned under pressure on 7/26.) A PA investigatory committee (appointed 6/23) charged with determining how Fatah lost control of Gaza recommended (7/26) that another 60 PA security officers be court-martialed. The implementation of Abbas's 7/1 decision to cut from the PA's salary rolls 31,000 public workers hired after 12/05, targeting Hamas appointees, inadvertently resulted in the elimination from the payroll of around 19,000 late hires to Fatah-affiliated security forces. With the error uncorrected by the end of the quarter, rumors circulated that Abbas had fired the men because they had failed to defend Gaza. In his role as head of Fatah, Abbas appointed (6/19) Zakariyya al-Agha to form a Higher Leadership Committee to reorganize and oversee Fatah political, organizational, and financial activities in Gaza.

The Gaza defeat reinforced old divisions within Fatah, pitting Abbas, Dahlan, PA General Intelligence chief Tawfiq al-Tirawi, and senior aides Ahmad 'Abd al-Rahim, Tayib 'Abd al-Rahim, and Nabil 'Amr on the one hand against jailed Fatah leader Marwan Barghouti, veteran Fatah leader Hani al-Hassan, Fatah secy.-gen. in Gaza Ahmad Hillis, former Gaza security chief Jibril al-Rajub, and PLO External Affairs head Faruq al-Qaddumi on the other. Most notably, Hassan publicly charged (6/27) in an interview with al-Jazeera that the fighting in Gaza had been a confrontation not between Fatah and Hamas, but between Hamas and Dahlan's faction supported by the U.S. and Israel (which he called the "Dayton group"). Hassan criticized Abbas and Dahlan's irresponsibility and accused Dahlan of planning to murder him. (The day the interview was aired, unidentified gunmen fired on Hassan's home, and hours later, in a possible retaliatory attack, unidentified gunmen fired on Tirawi's Hebron home; neither incident caused injuries.) Dahlan's faction immediately pressured Abbas to fire Hassan from the Fatah Executive Committee, which Abbas did by 7/8. In another mark of dissonance, the Fatah-linked AMB rejected (7/5) an Abbas decree ordering all armed groups outside the PA security forces to disband and turn in their weapons, stating (7/5) that it would never disarm while the occupation continued. (This decree was separate from an earlier one banning armed groups tied to Hamas.)

At a rally of 3,000 supporters outside the PC headquarters in Gaza City on 7/7, Khalid Abu Hilal, a former Fatah member and spokesman for ousted Hamas-affiliated Interior M Said Siyam, announced the formation of Fatah al-Yasir-Higher Military Command, a new group aimed at rallying disaffected Fatah members who oppose the Oslo process and Abbas for having "sold out" the Palestinian cause. Abu Hilal claimed the group would revive Fatah and take it back to its roots, and in so doing would work with Hamas. Mainstream Fatah officials denounced and disavowed (7/7) ties to Abu Hilal. The group took its first action on 7/23, raiding the Rafah office of Fatah PC member Ashraf Jum'a, beating him and 11 of his bodyguards, alleging that Jum'a had removed the names of Fatah al-Yasir members from PA payroll rosters; local PRC members intervened to bring the situation under control. On 7/30, 3 Fatah al-Yasir members abducted and killed a PA intelligence officer and were

arrested by the ESF Fatah al-Yasir offices in Gaza City were bombed by unidentified assailants on 8/9.

Haniyeh Struggles in Gaza

Meanwhile, Haniyeh's de facto government in Gaza continued to operate as best it could. Fatah-affiliated security forces and civil servants refused to work. On 7/21, Haniyeh installed an emergency legal committee comprising an Islamic law expert, a military court lawyer, and the head of Gaza's main prison to temporarily replace Gaza's court system, which had ceased to function since Abbas had ordered judges, prosecutors, and police not to cooperate with Hamas officials; Hamas stressed that the committee would not try to impose Islamic law on Gaza. On 7/28, Hamas began paying the salaries of some 10,000 PA employees cut from the rolls by Abbas on 7/1, predominantly the ESF but also including individuals who had kept working despite Abbas's orders to stop cooperating with Hamas. By 8/14, Hamas was giving \$100/mo. stipends to 20,000 of Gaza's poorest families. Starting in mid-7/07, Hamas reportedly appointed new mayors in several Gaza locales (e.g., Bayt Lahiya and al-Bureij r.c.), but it was unclear whether the motivation was pragmatic (to keep the municipalities functioning given Fatah's work strike) or political. Hamas clearly ousted Fatah-affiliated officials from 3 Khan Yunis education facilities (7/23), a Bayt Lahiya kindergarten (8/1), and Gaza City's al-Shifa hospital (8/9), installing Hamas supporters in their place. (Gaza medical unions observed a 3-day strike 8/12-14 to protest the al-Shifa firings.) Hamas claimed the Fatah supporters were removed because they were corrupt, but Fatah and the affected individuals strenuously denied the allegations.

Of note, security on the streets of Gaza dramatically improved and daily social life resumed after the takeover as the ESF stepped up patrols, unchallenged by Fatah.

Gaza shop owners reported (8/14) that they no longer had to pay protection money to local clans since Hamas took over the Strip. Egypt also reported on 7/29 that in the previous 6 weeks it had found 75% fewer smugglers tunnels than normal along the Rafah border, indicating that Hamas, which had set up new watchtowers and security posts along the border, was having greater success than the PA in curbing smuggling.

Haniyeh had pledged on 6/15 to make the release of BBC reporter Alan Johnston a pri-

ority. On 7/2, the ESF arrested 3 senior Army of Islam members who provided solid information that Johnston was being held in Gaza City's Sabra neighborhood. The ESF rounded up some 20 members of the Daghmash clan and deployed heavily in Sabra on 7/3, finally freeing Johnston in a major overnight raid on 7/4. Britain "fully acknowledge[d] the crucial role" played by Hamas and Haniyeh in securing Johnston's release but did not lift its boycott of Hamas. The ESF kept up the arrest campaign against the Daghmash clan through the end of the quarter, hoping to disarm them and thereby neutralize the Army of Islam.

Another small, relatively unknown group, Swords of Truth, raised concerns by sending (ca. 6/1) threatening messages to female TV anchors, accusing them of "destroying Islamic culture" by appearing on broadcasts unveiled and wearing makeup. Some 50 PA TV employees staged (6/4) a demonstration in Gaza City, denouncing the Salafi group, which in previous months had also taken responsibility for bombing some 35 Internet cafes, music stores, other symbols of Western culture, causing damage but no injuries. PA security officials believe Swords of Truth was formed in 2006 and has fewer than 100 members.

PALESTINIAN OPINION

The following data are excerpted from a poll conducted by the Jerusalem Media and Communications Center (JMCC) between 16 and 20 August 2007. Results are based on a survey of 1,199 men and women from the West Bank (including East Jerusalem) and Gaza. The poll, the 62nd in a series, was taken from JMCC's Web site at jmcc.org.

1. Are you satisfied or dissatisfied with the way Abbas is performing his job as president of the PA?

	West Bank	Gaza	Total
a. Very satisfied	16.9%	22.5%	18.9%
b. Somewhat satisfied	26.4%	26.6%	26.4%
c. Somewhat dissatisfied	18.2%	14.3%	16.8%
d. Very dissatisfied	34.5%	34.8%	34.6%
e. No answer	4.0%	1.8%	3.3%

2. Following the internal fighting in Gaza, [how] would you say that you are feeling about your security?

	West Bank	Gaza	Total
a. Is better now	17.4%	43.6%	27.0%
b. Has not changed	42.8%	25.0%	36.3%
c. Has become worse	36.5%	31.4%	34.6%
d. Don't know/ no answer	3.3%	0.0%	2.1%

3. The internal fighting in Gaza led to a split between the West Bank and Gaza with the presence of two governments; what in your opinion is the best solution for this problem?

	West Bank	Gaza	Total
a. Dialogue between the factions	29.4%	25.2%	27.9%
b. Return to the national unity government	21.3%	34.3%	26.1%
c. Hold early elections	24.4%	22.0%	23.5%
d. Enforce the rule of Fayyad's government	17.7%	15.7%	16.9%
e. Call on international troops to assume responsibility for Gaza	3.3%	2.5%	3.0%
f. Other/Don't know	3.9%	0.3%	2.6%

4. Which political faction do you trust most? [Compare with earlier responses in the Quarterly Updates in JPS 139 and 141—Ed.]

	West Bank	Gaza	Total
a. Fatah	32.7%	37.5%	34.4%
b. Hamas	17.7%	28.4%	21.6%
c. PFLP	3.2%	2.3%	2.8%
d. Islamic Jihad	1.3%	3.4%	2.1%
e. Palestinian National Initiative	2.2%	0.9%	1.8%
f. Other Islamist parties	3.2%	0.7%	2.3%

g. Other non-Islamist parties	2.5%	1.6%	2.2%
b. Don't trust anyone	32.8%	22.7%	29.1%
c. No answer	4.4%	2.5%	3.7%

FRONTLINE STATES

JORDAN

Jordan, deeply concerned by Hamas's takeover of Gaza and the potential implications for the kingdom, immediately recognized (6/17) the legitimacy of Abbas's emergency government. One possible implication was suggested soon after the Hamas move by Israeli opposition leader (and likely contender for PM) Benjamin Netanyahu, who urged (6/26) that the two-state solution be dropped as a goal in favor of Gaza's confederation with Egypt and the West Bank's with Jordan. With East Bankers already rumored to be a minority in the kingdom, the Israeli internal debate concerning a Jordanian-West Bank confederation was viewed with alarm, prompting King Abdallah to state several times (e.g., 7/1) that the idea "is a conspiracy against the Palestinian cause, and Jordan will not involve itself in it . . . The Jordanians refuse any settlement of the Palestinian issue at their expense." On 7/11, Olmert made a secret trip to Jordan to meet with King Abdallah, reportedly at U.S. insistence, to allay Jordanian concerns.

Meanwhile, Jordan continued actively to support U.S. efforts on the peace process, as well as its efforts begun last quarter (see Quarterly Update in *JPS* 144) to support the Arab League initiative. In addition to taking part in the Arab League mission to Israel on 7/25 (see "Groundwork for a Summit" above), Jordanian PM 'Abd al-Salam al-Majali hosted (5/16-17) a meeting in Aqaba of 200 Israeli, Palestinian, and Jordanian peace activists to discuss ways to promote the Arab League peace initiative and revive the peace process. According to participants who spoke on condition of confidentiality, talks touched on the possibility of a West Bank-Jordanian confederation, sparking rumors that Jordan was reconsidering its position on the issue. Majali, however, denied the government was considering any change.

Also of note: King Abdallah held talks with Bush at the White House on 7/24,

during which he urged the U.S. to take an active role in pushing the peace process forward. The leaders also reportedly discussed Iraq and U.S. aid to Jordan; no details were released.

LEBANON

Events in Lebanon this quarter highlighted the country's internal political divisions in advance of potentially divisive presidential elections set to begin on 9/07. In addition to the continuing fallout of the 2006 Israeli war on Lebanon, the 2005 assassination of former PM Rafiq Hariri, and ongoing power-sharing disputes pitting Lebanese PM Fuad Siniora's governing coalition against the Hizballah-led opposition (see Quarterly Update in *JPS* 144), this quarter was marked by the growing insecurity and suffering of Palestinian refugees in Lebanon.

Fatah al-Islam Clashes

The most dramatic event of the quarter was the violent confrontation in the Nahr al-Barid refugee camp outside the northern coastal city of Tripoli between the Lebanese army and Fatah al-Islam (FI), a radical group of some 150–300 members, only some 10% of whom were believed to be Palestinian and whose presence in the camp had previously been protested by camp residents (see Quarterly Update in *JPS* 144). The conflict was precipitated on 5/20, when Lebanese police and soldiers raided apartments in Tripoli to capture several FI members suspected of robbing a bank on 5/19. The raid sparked gun battles that quickly spread through the city and to the outskirts of Nahr al-Barid (pop. 40,000). When FI forces from the camp seized (5/20) nearby army positions, the army fired tank shells and mortars into the camp. Massive clashes continued throughout the day, with Nahr al-Barid residents hunkering down in their homes. By nightfall, the army had regained control of areas around the camp, imposed a blockade to prevent gunmen from escaping, and cut the camp's water and electricity to force a surrender. Heavy exchanges between soldiers surrounding the camp and fighters inside continued through mid-afternoon on 5/22, when the army halted fire in response to an apparent (undeclared) truce by FI and when the death toll had reached at least 79 dead (32 soldiers, 20 Fatah al-Islam, and 27 civilians). During the 3 days of fighting, the army was reportedly stunned by the militant's heavy weaponry (including anti-aircraft guns, RPG, mortar, automatic

and heavy weapons fire), accurate sniping, and apparent use of night-vision equipment, which the army itself did not have. (Siniora requested on 5/21 that the U.S. expedite delivery of a \$280 m. military aid package so that the army could fight more effectively; on 5/25–26, the U.S. responded by sending 8 transport planes with repositioning equipment including munitions, night-vision gear, and body armor intended for U.S. troops in Iraq from Jordan, Kuwait, and the UAE.)

During the first 24 hours of the army cease-fire that began on 5/22, some 20,000 Palestinian refugees (mostly women and children) fled the camp, and the UN entered to provide emergency food and medicine. (Most of those escaping Nahr al-Barid took shelter in the overcrowded Badawi camp nearby, sleeping in empty schools and mosques.) By 5/30, at least 75% of the camp residents were reported to have been evacuated. Over the next week, sporadic exchanges took place, but the truce generally held while the army maintained its siege, with snipers and machine gunners positioned on buildings surrounding the camp. On 5/31, with the troops fortified by the U.S. military transfer and the FI refusing to surrender, the Lebanese cabinet voted (5/31) to give the military a *carte blanche* to take whatever action it deemed necessary to subdue the group. On 6/1, the army, with PLO permission, entered Nahr al-Barid for the first time under cover of heavy shelling and helicopter air strikes and by 6/2 had taken control of about a third of the camp. On 6/9, the army intensified operations, sending special forces and armored personnel carriers (APCs) into areas of the camp and stepping up shelling, meeting heavy resistance. Exchanges, heavy at times, continued into early 7/07 (see Chronology for details). During early lulls in the fighting (e.g., 6/4, 6/10), UNRWA was able to bring in more food and water and evacuate more refugees and to assess humanitarian conditions in the camp, which the agency warned (e.g., 6/4) were rapidly deteriorating. The truce periods also allowed the Red Crescent to evacuate more residents of the camp who wanted to leave.

Meanwhile, though the fighting was largely confined to Nahr al-Barid, there were concerns that the violence could spread. Early in the crisis the army had surrounded (5/21) 'Ayn al-Hilwa r.c. in the south, where Jund al-Sham (JS), a radical group thought to be allied to FI, had a presence. On 6/3, after a senior member of the JS fighting alongside

FI was killed in Nahr al-Barid, JS members in 'Ayn al-Hilwa r.c. engaged Lebanese troops; 3 soldiers and 4 JS members were killed before Palestinian officials were able to negotiate a cease-fire on 6/4, persuading JS to turn over its positions in the camp to other factions to ease tensions. Later, on 6/18, 2 JS members were killed and 3 were injured in 'Ayn al-Hilwa when explosives they were handling detonated prematurely.

[Of note: a number of bombing incidents in Lebanon by unidentified assailants during the crisis were thought to be connected to FI. These included car bombs detonated in the Beirut Christian neighborhood of Achrafiyya (5/20) and the West Beirut area of Verdun (8/21), killing 1 Lebanese and wounding 18; unclaimed bombings in the Druze village of Aley (5/23) and Beirut's Barbir neighborhood (5/27), wounding 20; two more unclaimed bombings in Christian neighborhoods of Beirut (6/4, 6/7), killing 1 Lebanese and injuring 10; a car bomb near a UNIFIL convoy in Metula on 6/24, killing 6 UNIFIL soldiers and wounding 2. Finally, the army raided (6/7) a building in the Biqa' Valley, confiscating 3 sophisticated car bombs and detaining 1 Saudi and 2 Syrians allegedly connected to FI.]

With some 50–60 FI fighters still believed to be in the camp and refusing to surrender, the army launched a major assault on 7/12, shelling the camp from land and sea and sending troops deep into the camp, where they reportedly encountered booby-trapped buildings and heavy sniping and engaged in the heaviest clashes since the fighting broke out. The heavy assaults and deep penetrations into the camp continued through the end of the quarter without any obvious progress toward resolution, despite the army's repeated statements (e.g., 7/26, 7/28) that it was pressing its final assault to liberate the near-empty camp. By 8/15, more than 120 soldiers, 80 FI fighters, and 41 civilians were believed to have died.

From the start of the crisis, the Palestinian leadership in Lebanon was quick to cooperate with the Lebanese government and military to secure the surrender or capture of FI members and to prevent the violence from exacerbating the already tense Lebanese-Palestinian relations and from precipitating a definitive end to the camps' relative autonomy. (Though the 1969 Cairo agreements that, *inter alia*, barred the Lebanese army from entering the camps were rescinded in 1987, the Lebanese authorities for the most part avoid interference in them.) As early as

5/23, the PLO stated that it would not object to the Lebanese army sending troops into Nahr al-Barid, and PLO factions offered to send in fighters to extract the FI. Meanwhile, among Palestinian refugees themselves, the reaction to the army's actions was generally muted, though large demonstrations against the shelling of Nahr al-Barid were held in 'Ayn al-Hilwa and Rashidiyya camps on 5/22. Despite Palestinian official efforts, the fighting did stir up long-standing tensions between the Palestinian refugee community and the Lebanese. In the opening days of the fighting, the Lebanese army had almost as much trouble restraining armed Lebanese civilians who wanted enter the camp to fight as it did containing FI. When, on 6/29, Nahr al-Barid residents who had fled the camp staged a march back to the camp calling on the Lebanese government to withdraw the military cordon and allow them to return to their homes, they were attacked by local Lebanese and then fired upon by the army, which sought to break up the scuffles, leaving 3 Palestinians dead and as many as 50 wounded. While Siniora vowed (6/2) that Palestinians who fled Nahr al-Barid would be allowed to return and that the camp would be rebuilt, many local Lebanese openly hoped the camp would never be repopulated.

On a broader diplomatic level, Siniora from the start accused (5/21) Syria of being behind FI to stir up trouble in the country. Syria denied (5/21) the accusations, charging Siniora with using the 5/19 bank robbery as pretext to create a security incident days before UN voting on an international tribunal to try suspects in the Hariri case (see "Lebanese Internal Politics" below). The U.S. declared (8/10) FI a "terrorist organization," imposing financial and travel restrictions on the group's members and making it illegal for anyone subject to U.S. law to provide support to the group. Abbas pledged (6/7) that the PLO would pay \$200 to each Nahr al-Barid family that fled the camp and \$1,000 to the family of each Palestinian bystander killed in the fighting.

Lebanese Internal Politics

As Lebanese presidential elections set for 9/07 approached, international actors, including France, the U.S., and the UN, made open attempts to influence Lebanon's internal politics, exacerbating internal tensions. On 6/8, newly installed French pres. Nicholas Sarkozy invited reps. of 14 Lebanese political parties (including

Hizballah) to reopen their national dialogue talks (suspended in 11/06; see Quarterly Update in *JPS* 142) near Paris under French auspices. (The U.S. and Iran endorsed the meeting.) Shortly before the 7/14 talks opened, Sarkozy referred to Hizballah as a "terrorist" group, prompting threats by Hizballah to boycott the talks. Paris quickly reassured Hizballah that it had no intention to list it officially as a terrorist group, and the summit went ahead as planned. The talks reached no agreements, but all sides thought they were positive and agreed to continue discussions in Lebanon 7/27-30. This session too was described as positive, although no agreements emerged. No further meetings were held this quarter.

The U.S., meanwhile, continued its efforts to buttress the Siniora government. In addition to arming Siniora's forces to fight Fatah al-Islam, Bush issued (6/28) a presidential decree barring entry to the U.S. to "those who have contributed to the breakdown of the rule of law in Lebanon," including at least 2 senior Syrian intelligence officials and 6 Lebanese parliamentarians allied with Hizballah who resigned their cabinet posts in 11/06 to protest Siniora's handling of the national dialogue (see Quarterly Update in *JPS* 142). On 8/2, Bush signed another executive order authorizing the Treasury Dept. to freeze the financial assets of anyone "undermining Lebanon's democratic processes or institutions or contributing to the breakdown of the rule of law in Lebanon, supporting the reassertion of Syrian control or contributing to Syrian interference in Lebanon, or infringing upon or undermining Lebanese sovereignty." (At the close of the quarter, the Treasury Dept. had not yet issued a list of targeted individuals and organizations.) The order deemed instability in Lebanon an "extraordinary threat to the national security and foreign policy of the United States."

On 6/13, unidentified assailants detonated a car bomb in Beirut, killing anti-Syrian lawmaker Walid Eido and 9 others in what was thought to be the latest in a string of assassinations meant to influence power-sharing arrangements in the government as well as the outcome of the upcoming presidential elections. On 8/5, Lebanon held interim elections to fill Eido's seat and another seat left vacant by the 11/06 assassination of Pierre Gemayel. While Muhammad al-Amin Itani won an unsurprising race for the Sunni seat previously held by Eido, Kamil Khoury, a virtually unknown Christian candidate sup-

ported by Christian opposition leader Michel Aoun and Hizballah, narrowly beat (by 418 of 75,000 votes) former Lebanese pres. Amin Gemayel (supported by the March 14 coalition) for control of his son Pierre's seat representing Metn in what was seen as a dramatic setback for Siniora's pro-western government. Regional analysts (*NYT* 8/10) believed that Gemayel's defeat had been guaranteed "by his support from the Bush administration and the implied agendas behind its backing," equated by many with supporting Israeli occupation and violence in Iraq.

Meanwhile, the UN moved forward with plans to create an international tribunal to try suspects in the 2/05 assassination of former Lebanese PM Rafiq Hariri. The Lebanese parliament was evenly divided over whether to support the tribunal, with the U.S.-backed Siniora and the March 14 coalition supporting it and Pres. Emile Lahoud, Speaker Nabih Birri, and the Hizballah-led opposition opposing it. As a result, the proposal had not been sent to the parliament for official endorsement (see Quarterly Update in *JPS* 144). On 5/16, UN Secy-Gen. Ban Ki-moon stated that he supported the tribunal's creation whether or not it had the approval of the Lebanese government. On 5/17, the U.S., at Siniora's request, submitted a draft res. to the UNSC, which on 5/30 approved (10-0, with 5 abstentions) binding Res. 1757, ordering creation of the special court. China, Indonesia, Qatar, Russia, and South Africa abstained, arguing that because the Lebanese parliament did not ratify Siniora's request for the tribunal in keeping with its constitutional role, the res. could be "seen to be taking sides in internal Lebanese politics" and might undermine "the political stability of an already fragile Lebanese state." They also noted that there was "no legal ground for the Security Council to take over an issue which is primarily domestic in nature." Hizballah denounced (5/31) the vote as a "trespass upon the Lebanese state and a violation of its internal affairs" that also "violates legal principles as well as the charter of the United Nations." The measure gave the Lebanese parliament until 6/10 to vote expressly against creation of a tribunal; otherwise the UN would proceed with its plans. No vote was held.

The Status of the Truce with Israel

As the first anniversary of the 2006 Lebanon war approached, UN Secy-Gen. Ban issued (7/6) his first annual assessment

of the augmented UNIFIL program and the implementation of UN Res. 1701 that ended the war, expressing concern that Lebanon was still facing attacks aimed at undermining its sovereignty. The report also highlighted an increase in the daily Israeli overflights of Lebanese territory, which the UN considers a truce violation, to an average of 15–20/day and reaching as high as 32/day. This annual assessment was preceded by two lower-level assessments. On 6/11, UN special envoy Terje Larsen briefed the UNSC on the implementation of UN Res. 1701 to date. Citing information he received from “Israel and other states,” he told of an “alarming and deeply disturbing picture” of “a steady flow of weapons and armed elements across the border from Syria” into Lebanon, but he did not give specific examples. He also deplored Israel’s daily surveillance overflights of Lebanon. On 6/26, a UN team sent to Lebanon for 3 weeks to observe UNIFIL’s progress reported that the current level of patrolling of the Lebanon-Syria border was insufficient to prevent arms smuggling into Lebanon. According to the team itself, the determination was based on the fact that no arms were interdicted along the border during its 5/25–6/15 visit, as opposed to evidence of actual arms infiltration.

UN Secy.-Gen. Ban privately informed (6/17) Olmert that UN cartographers assessing Lebanon’s borders had definitively concluded that the occupied Shaba’ Farms area should be considered Lebanon’s territory and that the UN therefore believed that Israel should withdraw immediately and turn the area over to UNIFIL. France and the U.S. reportedly supported the assessment, believing it would strengthen Siniora’s government. Olmert, however, rejected (6/17) withdrawal, arguing that UN Res. 1701 states that the border issue would be resolved in talks between Lebanon and Syria and that withdrawal would be seen as a victory for Hizballah. Ban reportedly decided not to discuss the UN determination publicly so as not to raise Israeli-Lebanese military tensions.

Meanwhile, Israel’s comptroller gen. issued (7/18) a report charging Olmert and his government with failing to protect Israel’s civilian population during the 2006 war on Lebanon, stating that the government “failed severely in the decision-making process, preparedness, and implementation of their treatment and care of the civilian population.” Meanwhile, the Winograd commission, charged with examining broader

war management, postponed its final report due out in late 7/07 until 2008 to give individuals time to respond to charges against them. (For previous government and independent reports on Israel and Hizballah’s conduct in the war, see Quarterly Updates in *JPS* 142–44.)

A previously unknown group calling itself the Jihad Badr Brigade Lebanon Branch claimed responsibility for firing 4 crude rockets from s. Lebanon toward n. Israel on 6/17, marking the first cross-border fire since the summer 2006 Lebanon war. Two of the missiles landed in Kiryat Shimona in n. Israel, causing damage but no injuries; the other 2 landed in Lebanon, causing no damage. Hizballah denied (6/17) involvement.

SYRIA

Israeli-Syrian interactions this quarter were marked both by flexing of their military muscles and exchanges of messages regarding possibly resuming peace talks, with both types of action seen primarily as posturing.

Militarily, Syria, responding to several company-, battalion-, and brigade-level IDF maneuvers on the Golan Heights between 12/06 and 2/07, augmented troop levels and held major military exercises in the Golan region in late 5/07 that involved all branches of the military, simulating a defense against an Israeli armor attack. The IDF viewed Syria’s new military alignment as defensive but nonetheless conducted several large-scale military exercises on the Golan in 6/07, including simulated offensives in which F-16s bombed mock-Syrian positions close to the border. In early 6/07, the IDF also conducted war games in the Negev, simulating air and ground attacks on Syrian villages, and broadcast portions on Israeli TV in an apparent message to Syria. Israel notified Damascus of the Golan drills in advance, however, assuring Syria that it had no intention of attacking. On 6/6, Olmert convened his security cabinet to discuss concerns regarding the build-up of Syrian forces on the Golan and a recent delivery to Syria of Russian military hardware and to appoint a ministerial committee to review IDF operational plans against Syria. After the meeting, Olmert reassured the media that Israel was not planning an assault and said that Israel was sending Syria “calming messages” through third parties. Defense analysts concluded that neither Israel nor Syria was interested in or would benefit from initiating a military confrontation.

At the same time, following news last quarter that Israel and Syria had exchanged indirect messages exploring a possible resumption of peace talks (see Quarterly Update in *JPS* 144), there was growing discussion among Israeli officials about abandoning the Palestinian track for a time in favor of reviving talks with Syria. (On 5/29, Rice warned Israel that there was “no substitute” for creating a viable Palestinian state.) In early 6/07, various Israeli officials (including DM Amir Peretz, Transportation M Shaul Mofaz, and officials in Olmert’s office) confirmed that Israel had received new messages from Syria indicating willingness to open discrete contacts to discuss resuming peace talks but that Israel had replied via Germany and Turkey that it held to its long-standing demand that Syria first cut ties with Iran, Hizballah, and Palestinian militant groups. In an interview with the Saudi satellite channel al-Arabiyya on 7/9, Olmert publicly invited Syrian pres. Bashar al-Asad to Jerusalem to reopen bilateral peace talks directly with Israel. Syria dismissed (7/9) the offer as not serious, noting that no formal invitation had been sent and that Damascus has always refused to hold direct negotiations with Israel, since this would constitute official recognition before a peace agreement.

Toward the end of the quarter, Israeli officials stated (7/18) that they had recently begun sending messages to Syria through UN special envoy Michael Williams, calling for a resumption of direct peace talks and seeking assurances that Damascus would cut off ties with Hamas, Hizballah, and Iran, but had received no response, concluding that Syria was not serious about peace. Williams stated (ca. 7/18) that Syrian officials had given him “the impression . . . that if there was progress in terms of establishing a peace track, then we would see some changes in Syrian behavior on . . . Iran, Hizballah, and Hamas.” The Israeli officials said (7/18), however, that Syrian hints that it would reevaluate its positions were not enough; Israel wanted a direct message from Damascus outlining its positions.

For information on U.S. attempts this quarter to curb Syrian influence in Lebanon, see “Lebanese Internal Politics” above.

REGIONAL AFFAIRS

As noted above, except for Egypt and Jordan, which openly supported Abbas, the Arab states tried to steer clear of commenting

on events except to appeal for calm and reconciliation.

The Arab League continued to promote its 2002 peace initiative (reendorsed last quarter; see Quarterly Update in *JPS* 144) as a basis for reopening negotiations with Israel, offering full Arab normalization with Israel in exchange for a return to 1967 borders, including East Jerusalem and an agreed solution to the Palestinian refugee issue. In an unprecedented move, the Arab League announced (7/8) plans to send envoys (the FMs of Egypt and Jordan) on a historic first mission to Israel to discuss the initiative. Two days later, however, the Arab League postponed (7/10) the visit, stating that it did so at the request of Olmert, who had cited “private reasons.” The mission was relaunched after Bush’s 7/16 speech calling for a peace summit in the fall, but nothing came of the 7/25 visit (see “Groundwork for a Summit” above).

The fate of Palestinian refugees from Iraq continued to be an issue this quarter. Jordan and Syria, which together host 2 million Iraqis, have refused to take in more Palestinians from Iraq, even as they continue to allow entry to Iraqis fleeing the war. (Syria takes in about 2,000/day, about half of whom intend to stay.) Those Palestinians who did obtain entry have been restricted to camps: al-Ruwayshid r.c. in Jordan has a population of around 800, while as of 7/8, 1,874 Palestinians from Iraq were in camps along the Syrian border (1,124 in al-Walid r.c. inside Iraq, 420 in al-Hul r.c. inside Syria, 330 in Tanaf r.c. in the no-man’s-land between the Syrian and Iraqi checkpoints). This quarter, Brazil agreed (in 6/07) to take 117 Palestinians from Iraq who were stranded in al-Ruwayshid r.c. In a gesture to Abbas, Israel agreed (7/30) to allow 41 Palestinian refugees fleeing Iraq to enter the West Bank but stressed that they would have to undergo stringent security checks and that the terms of entry would not set a precedent for other 1948 refugees to claim their right of return. (Palestinian refugees in Iraq are not registered with the UNRWA and would not be officially listed as refugees once they are in the West Bank but would be granted permanent residency there.)

Meanwhile, the Israeli government, concerned about the increase in the number of Sudanese refugees crossing into Israel from Egypt, announced (7/12) controversial plans to move some 1,200 Sudanese illegals (ca. 400 from Darfur) captured over the

previous 2 years to a "hospitality facility" inside Ketziot prison pending deportation to Egypt, which reportedly agreed to receive them. Many Israelis, citing Holocaust experience, were outraged by the decision involving refugees fleeing genocidal conflict. On 7/15, 10s of Sudanese refugees protested outside Olmert's Jerusalem offices demanding that the decision be reversed. The plans had not been implemented at the close of the quarter, though 63 MKs presented (8/3) Olmert with a petition backing the expulsions.

On the sidelines of meetings with French officials in Paris, Israeli FM Livni briefed (7/4) Moroccan FM Mohamed Benaissa on Israeli intelligence that 11 suspected al-Qa'ida members had recently entered Morocco with plans to stage terrorist attacks. (EU intelligence sources corroborated the evidence.) The Livni-Benaissa talks marked the first publicly acknowledged diplomatic meeting between Israeli and Moroccan officials since 2003. (Rabat cut off existing low-level diplomatic ties when the al-Aqsa intifada began in 2000, though unofficial contacts continued.)

Two spy cases involving Egypt and Israel made news this quarter. On 6/25, an Egyptian court convicted Egyptian nuclear engineer Muhammad Sayyid Sabir Ali of spying for Israel and sentenced him to life in prison. On 6/27, Ashraf Marwan, a son-in-law of Egypt's late pres. Gamal 'Abd al-Nasser who had long been rumored to have spied for Mossad, died when he fell from the balcony of his London apartment in an incident ruled by London police as an "unexplained death." Marwan had never been charged in Egypt, with reports that he had given Israel the wrong date for the launch of the 1973 war supporting claims that he was actually a double agent. At the time of his death, he had planned to meet with an Israeli journalist to be interviewed on the subject. He was given a state funeral in Egypt.

INTERNATIONAL

UNITED STATES

The Bush administration shifted policy priorities this quarter, making the strategic decision around 7/1 to scale back diplomatic efforts globally to focus on Iraq and the broader Middle East during the last 18 months of Pres. George W. Bush's term, with Bush, Rice, and Gates canceling plans to make tours of and attend summits in Africa,

Asia, and Latin America. The primary purpose of clearing the slate was to focus on improving stability in Iraq in the run-up to the White House's 9/07 interim report to Congress on its temporary troop surge. Promoting greater regional calm in the Middle East, including pressing for a halt to violence on the Palestinian front and a quick revival of the Abbas-Olmert negotiations, was seen as aiding the administration's case to Congress that Bush's Middle East policy was on track. Of note: Bush stated in an address to the U.S. Naval War College on 6/28 that Israel, as "a government that can protect its people, deliver basic services . . . , and function as a democracy," was the model for success in Iraq.

U.S.-Israeli Bilateral Relations

The future of U.S. military and economic aid to Israel and maintenance of the U.S.-Israeli strategic relationship dominated discussions between the countries this quarter. Rice and other senior U.S. officials received (6/4-7) an Israeli security delegation in Washington for talks on aid issues, the peace process (especially the situation in Gaza), and Iran. The regular U.S. strategic dialogue session (attended by Undersecy. of State Nicholas Burns, National Security Adviser to the VP John Hannah, U.S. Amb. to Israel Richard Jones, Dep. National Security Advisor Elliott Abrams, Asst. Secy. of State David Welch, and Asst. Treasury Secy. Patrick O'Brien) held during the visit (6/7) discussed concerns about Iran and Syria and the situations in Iraq and Lebanon. Though the Bush administration played up the visit to bolster Olmert, a U.S. participant in the sessions reported off the record that the visit was a "touch-base" meeting and "not a serious trip," with nothing new discussed or decided. (The fact that the Israeli delegation was led by Israel's transportation minister, Shaul Mofaz, was seen as indicative of this.)

Serious discussion of a new U.S. aid package was saved for Olmert's visit to Washington on 6/19, when Bush made the high-profile announcement that the U.S. intended to conclude a new 10-year agreement to provide Israel with increased military assistance. (The U.S. reportedly hoped that the announcement by Bush himself would boost Olmert's declining popularity at home.) The new package, negotiated for months (see Quarterly Update in *JPS* 144), was finalized during a visit to Israel by Undersecy. Burns in 7/07 and publicly outlined by the

White House on 7/30. Under the new deal, Israel will receive an annual \$3 b. in military aid for 10 years (a 25% increase from the current \$2.4 b/year). The package reportedly was meant to offset important new U.S. military aid packages for Saudi Arabia and the Gulf Cooperation Council states of Bahrain, Kuwait, Oman, Qatar, and the UAE. At the same time, the U.S. renewed for another decade Egypt's expiring military aid package of \$13 b./10 years. The U.S. said that the new aid was aimed at strengthening pro-Western nations against Iran and Syria and was part of a broader U.S. strategy to maintain a strong presence in the region.

Legal Actions

The Bush administration took an unusual number of bilateral legal actions this quarter aimed at supporting its allies in the Middle East and undermining its adversaries. In addition to executive orders (6/28, 8/2) freezing the assets of individuals and companies "undermining Lebanon's democratic processes" and banning their entry to the U.S. (see "Lebanese Internal Politics" above) and stealth presidential orders authorizing covert operations to destabilize Iran (see "Iran" below), the Treasury Dept. issued two directives targeting groups that allegedly support Hamas, Hizballah, and Islamic Jihad. The first directive, issued on 7/24, banned any American contact with the Goodwill Charitable Organization (GCO) of Dearborn, MI, which the government accused of funding terrorism by directing donations to the Martyrs Foundation in Lebanon, which in turn allegedly funneled donations from Iran to Hizballah, Hamas, and Islamic Jihad. The same day, Treasury officers raided the group's offices and those of al-Mabarrat Charitable Organization nearby (not mentioned in the directive), confiscating computers but making no arrests. The second directive, issued on 8/7, blacklisted the al-Salah Society, a charitable foundation operating in the West Bank and Gaza, as a "key support node for Hamas." The dept. accused the society, which openly acknowledged being part of Hamas's welfare system, of funding terrorist operations and "recruiting and indoctrinating" youths to support Hamas. The PA froze the society's accounts in 8/03.

The U.S. Commerce Dept. fined (5/14) the Delaware-based Cooper Tools Industrial Ltd. \$27,000 for complying with the Arab boycott against Israel by furnishing "prohibited information about business relationships with Israel to persons in Kuwait and

the United Arab Emirates." Arab states often ask companies to certify that they do no business with Israel, manufacture their products in Israel, or use Israeli-made components. Responding to these queries, which Cooper Tools allegedly did on 15 occasions, is against U.S. law.

Lobbying Efforts

After Hamas's takeover of Gaza, Bush held (6/16) an unannounced, off-the-record meeting at his Texas ranch with about 50 heads of American Jewish organizations, representing the full spectrum of the American Jewish leadership community, to discuss U.S. policy in light of events in Gaza. The discussion also touched on Iran and Syria; no details were released. Also attending were Rice, NSA Stephen Hadley, White House Chief of Staff Joshua Bolton, and political adviser Karl Rove. Within weeks, AIPAC circulated (early 7/07) a new policy memo to members of Congress, encouraging support for Abbas's government, praising Abbas for "taking important steps needed for peace" and breaking ties with Hamas, and stating that AIPAC did not oppose the White House's new request for congressional approval to increase the \$86 m. aid package to Abbas.

Christians United for Israel (CUFI) held (7/16-18) its second annual conference in Washington. Some 4,250 attendees took part in 3 days of rallies and panels culminating in a day of lobbying in support of Israel on Capitol Hill. The delegations' talking points focused on halting Iran's nuclear program, curbing Hizballah, increasing military aid to Israel, and (in light of Bush's 7/16 speech) urging Congress to press the White House not to pressure Israel to give up land to the Palestinians as part of a peace deal. Among those to address the conference were Sen. John McCain (R-AZ), Sen. Joseph Lieberman (I-CT), Rep. Steny Hoyer (R-MD), Clifford May (former Republican National Committee communications dir. and current adviser to Secy. of State Rice), and Washington Institute for Near East Policy exec. dir. Robert Satloff.

Meanwhile, 34 evangelical Christian leaders sent (7/27) a letter to Bush stating that pro-Israel lobbying by conservative evangelical groups (referred to as Christian Zionists) did not represent their views and had been extremely damaging to the peace process in recent years. Instead, they stressed that both Israelis and Palestinians have "legitimate rights stretching back for millennia to the lands of Israel/Palestine," called for the

creation of a Palestinian state on the “vast majority of the West Bank,” and emphasized that support for Israel should “not mean withholding criticism [of Israel] when it is warranted.”

The American Jewish Committee (AJC) sponsored a tour (7/3–10) of Israel for presidents and chancellors of 11 U.S. universities as part of a new program to combat recent calls on academic institutions to boycott Israel, with the aim of explaining Israel’s policies, building student exchanges and scientific collaboration between academic institutions, and giving participants “the knowledge they need to counter common prejudices.” Participants represented Rice University; University of California–San Diego; and the Universities of Texas, Illinois, Minnesota, South Carolina, and Virginia. Soon after, 8 university presidents (including those of Berkeley, Brandeis, Columbia, Northwestern, Princeton, and Tufts) signed onto a letter circulated by AJC expressing solidarity with Israeli academics in light of recent British boycott announcements (see “European Union” below). The letter (titled “Boycott Israeli Universities? Boycott Ours, Too!”) had gained 286 signatures by 8/8, when it was run as a full-page ad in the *New York Times*, paid for by the AJC. After the ad ran, 60 educational institutions signed on as organizational supporters. Prominent institutions that did not lend their names included Brown, Harvard, and Yale.

In early 6/07, Israeli experts held a series of briefings for members of Congress and American Jewish organizations urging them to support U.S. legislation that would place tough limits on greenhouse gas emissions, arguing that global warming could lead to instability in the Middle East and endanger Israel’s security. The experts stated that decreased rainfall and depletion of water resources could cause moderate Arab regimes to collapse and lead to water wars between Arab states and Israel.

Positioning for the 2008 Presidential Race

Republican presidential hopeful and former New York City mayor Rudy Giuliani announced (7/10) formation of his 8-member presidential advisory panel, which includes several leading neoconservatives and figures with strong pro-Israel ties, including former *Commentary* editor Norman Podhoretz (a strong supporter of a U.S. strike on Iran), Washington Institute for Near East Policy senior fellow Martin Kramer (a strong

critic of Bush’s policy of promoting democracy in the Middle East), and Charles Hill, former senior aide to Secy. of State George Shultz under Pres. Ronald Reagan and political counselor to the U.S. emb. in Tel Aviv, who has been named chief foreign policy adviser. According to insider Ben Chouake, head of the pro-Israel political action committee Norpac, the choices were intended to show that Giuliani is “very serious about his approach to ensuring the security and safety of Israel.”

RUSSIA

Following Hamas’s takeover of Gaza, Russian pres. Vladimir Putin received (7/31) Abbas in Moscow. At the meeting, Putin announced new Russian military aid (50 APCs) to Abbas’s PA, pledging to “support you as the legitimate leader of the Palestinian people,” and the downgrading of Moscow’s relations with Hamas. Future Russian contacts with Hamas, he said, would be more “pragmatic” and focused on pressing the group to accept Abbas’s authority. Separately, Russian FM Sergei Lavrov reiterated (7/30) Russian support for Abbas as the “lawful leader of the entire Palestinian people” but encouraged Fatah to renew its dialogue with Hamas. Russia otherwise maintained a low profile on the Israeli-Arab front this quarter, largely limiting its efforts to its role in the Quartet. It did, however, clash with the U.S. and France in the UN over the establishment of an international tribunal in the Hariri assassination case (see “Lebanese Internal Politics” above).

EUROPEAN UNION

Following the U.S. lead, the EU quickly resumed normal relations with the PA on 6/18 after Abbas ejected Hamas from the national unity government and imposed an emergency cabinet. On 7/12, the EU issued a policy statement in light of the Gaza events that denounced Hamas’s actions; expressed its “understanding and support for President Abbas’s extraordinary decisions, given the serious circumstances”; pledged immediate support to the PA to improve humanitarian conditions; called for an immediate resumption of substantive negotiations toward a final status agreement; and supported the Arab peace initiative. The statement also stressed the importance of ensuring political stability in Lebanon and welcomed the UN’s creation of an international tribunal to try suspects in the 2005 Hariri assassination.

Meanwhile, Israel took steps to strengthen relations with the EU, hosting (6/3-7) a week-long series of events, including a roundtable discussion by Israeli and EU officials and experts on the future of Israeli-EU relations, closed-door meetings of officials to discuss bilateral issues (including the EU monitoring mission at the Rafah border, which the EU agreed to extend through 5/25/08 on 5/22), and the inaugural session of the new Israeli-EU Chamber of Commerce to improve trade relations. Israeli and EU business leaders held additional talks on the sidelines.

Of note this quarter: British PM Tony Blair and French pres. Jacques Chirac stepped down after long tenures and were replaced by Gordon Brown (6/27) and Nicholas Sarkozy (5/16) respectively. Blair, as noted in the section on the Israeli-Palestinian conflict above, assumed the new position of Quartet special envoy overseeing Palestinian institution-building. Sarkozy, whose Middle East policy was seen as more closely aligned with Bush's (particularly on Iran) than Chirac's, hosted a conference in Paris in 6/07 on securing stability in Lebanon to which he invited reps. of all the Lebanese factions, including Hizballah (see "Lebanon" above). Meanwhile, a day after Brown was sworn in, the Jewish National Fund-United Kingdom (JNF-UK) sent him a letter of congratulations inviting him to become a JNF-UK patron; Brown replied (ca. 7/27) that he was "delighted" to accept the offer. One of Brown's first acts was to name (8/2) Michel Williams as his own special envoy to the Middle East. (Williams stepped down as UN special rep. for the peace process, a position he had held for 3 months, to take the job.)

There was considerable activity inside Britain this quarter related to the Arab-Israeli conflict, timed with the government transition. Within the government, the British House of Commons Select Committee on Foreign Affairs issued (7/25) its eighth periodic report on policy toward the Middle East (see excerpts in Doc. A3), which was sharply critical of the government's past boycott of Hamas, calling for an immediate engagement with Hamas in Gaza to ease the humanitarian crisis. It was also critical of Blair's conduct during Israel's summer 2006 war in Lebanon and recommended that the new Brown government engage with moderate elements within Hizballah and keep diplomatic contacts with Damascus open. Among the committee's conclusions was that the use of "phrases such as 'war on ter-

ror' and 'arc of extremism' is unhelpful and that such oversimplifications may lead to dangerous policy implications." In addition, 20 British parliamentarians from across the political spectrum submitted (7/5) a motion calling on the international community to open a dialogue with Hamas, citing Hamas's "pivotal role" in securing the 7/4 release of BBC reporter Johnston as "a sign that Hamas should be part of Palestinian reconciliation efforts."

The quarter was marked by several British boycott initiatives targeting Israel. On 5/30, delegates at the first meeting of the new British Union of Colleges and Universities (BUCU) voted (158-99) to recommend that union branches nationwide consider a draft measure to boycott Israeli academics to protest Israel's 40-year occupation of Palestinian land and to condemn the "complicity" of Israeli academics. Branches would advise their union reps. whether to pass the measure at the union's next session in 2008. In light of the BUCU recommendation, Britain's largest civil servants union, Unison (representing 1.6 m. public workers), approved (by a 4 to 1 margin) its own boycott measure at its annual meeting on 6/20, calling for "an economic, cultural, academic, and sporting boycott" of Israel to pressure it to withdraw from the occupied Palestinian territories and advocating creation of a Palestinian state in the West Bank and Gaza, with its capital in Jerusalem. On 7/9, Britain's Transport and General Workers Union (TGWU), one of Britain's largest unions, with some 800,000 members, voted to launch a consumer boycott on all products made in Israel to protest "Israel's treatment of the Palestinian people." Israel's Histadrut labor federation announced that it will cut all ties with the TGWU.

Although similar academic boycott calls issued by British university professors in 2002 were quickly repealed under public pressure, and although the government union officials noted that their moves were largely symbolic since the government employees could not dictate official policy, Israel reacted strongly to the measures. Israeli FM Livni appointed (6/10) a government task force to launch an international political and PR campaign against the British boycott calls, mobilizing Internet resources, British-Israeli friendship societies, and Britain's Jewish student groups, Jewish community, churches, and labor unions, and warning (6/10) that "whoever supports a boycott of this type should know that

there will be a price to pay.” Israeli Trade M. Eli Yishai similarly threatened (6/6) that Israel would consider a reciprocal boycott of British products if the calls were implemented. The British embassy in Tel Aviv acknowledged (6/6) that the union calls had “strained” bilateral relations, saying the ambassador had assured Israel that the initiatives did not reflect government policy.

UNITED NATIONS

At the diplomatic level, the UN was notably inactive with regard to events in the occupied Palestinian territories this quarter, which is especially surprising considering the worsening humanitarian crisis there, particularly in Gaza. Whereas the UN in such circumstances would normally be expected to pass resolutions or issue statements deploring the crisis and criticizing Israel’s siege as a contributing factor, it refrained from doing so, largely under pressure from the PLO, which actively lobbied against any UN statement that could benefit Hamas (see “Intra-Palestinian Dynamics” above). Instead, it was largely left to UN officials on the ground to issue warnings of economic collapse. Prior to the upswing of interfacial violence in Gaza, UNICEF launched (6/5) a \$25.8 m. emergency appeal to cover the immediate needs of Palestinian women and children; no UN emergency appeals were made, however, after Hamas’s Gaza takeover to alleviate economic conditions stemming from Israel’s sealing of the Gaza Strip on 6/12. Instead, incoming UN Secy.-Gen. Ban Ki-moon focused his Middle East-related efforts on securing an international tribunal for Lebanon to prosecute suspects in the 2005 Hariri assassination, which was largely seen as supporting Lebanon’s pro-Western Siniora government against the Hizballah-led opposition (see “Lebanese Internal Politics” above).

The UN’s virtual silence on the Palestinian situation this quarter contrasted sharply with the exceptionally frank confidential final mission report by Alvaro de Soto, UN special coordinator for the Middle East peace process and special envoy to the PLO and PA since May 2005 (see excerpts in Doc. A1). Submitted on 5/5 but leaked on 6/13, the report condemned Israel for setting unachievable preconditions on the Palestinians to halt violence in order to resume peace talks, called Israel’s position “essentially rejectionist”; blamed the U.S. for having “pummeled [the UN] into submission” to make it adhere to the U.S. policy line; criticized the

Israeli- and U.S.-led sanctions on the PA as “short-sighted” and “devastating”; accused former UN Secy.-Gen. Kofi Annan of “hampering” the peace process by prohibiting contact with Hamas leaders; and urged incoming Secy.-Gen. Ban to reconsider the UN’s participation in the Quartet, which he said provided a political “shield” for U.S. and EU efforts to bankrupt the PA.

UN Special Rapporteur on Human Rights in the Occupied Territories John Dugard echoed (5/29) some of de Soto’s sentiments in a statement he issued before the 5/30 Quartet meeting in Berlin, calling on the Quartet to accept the Hamas-Fatah national unity government at the time as legitimate, to deal with all Palestinian officials whether or not they are affiliated with Hamas, and to compel both Israel and the Palestinians to address their problems seriously. The statement also condemned Palestinian rocket fire into Israel and Israeli military actions in Gaza and the West Bank as violations of international humanitarian law.

On 6/19, the UN Human Rights Council (UNHRC) voted (46-1, with Canada voting against) to keep the monitoring of Israel’s treatment of the Palestinians as a permanent item on its agenda, maintaining Dugard’s special envoy position. Canada and the U.S. (which is not a UNHRC member) denounced (6/19) the decision as discriminatory, noting that the UNHRC simultaneously decided to halt monitoring of Belarus and Cuba. Israel protested (6/18) “being represented by the council as a violator of human rights.”

This quarter, Israel was for the first time selected (6/18) to chair a UN committee: the UN Committee on Program and Coordination, which examines and approves the work agendas of all UN bodies. On 5/18, however, the UN Economic and Social Council narrowly rejected (7-8, with 3 abstentions) the application of the U.S. branch of the Jewish National Fund (JNF-US) for UN consultative status as a nongovernmental organization, with the majority deciding that JNF-US cannot be considered separate from the Israeli parastatal JNF and that the group is “too politicized.” Britain, Colombia, Israel, Peru, Romania, Turkey, and the U.S. voted for the measure; Burundi, China, Cuba, Egypt, Guinea, Russia, Qatar, and Sudan voted against; Angola, India, and Pakistan abstained.

IRAN

The U.S. continued to prioritize efforts to curb Iran’s regional influence, which it

blamed for destabilizing its allies in the PA, Lebanon, and Iraq and viewed as a growing threat to Israel. Unable to achieve the tougher UN sanctions it had sought last quarter, the U.S. increased bilateral pressures on Tehran. Current and former U.S. intelligence sources, speaking anonymously, confirmed (ABC News 5/22) that Bush had recently signed a nonlethal presidential finding authorizing covert operations to destabilize the Iranian government that included "a coordinated campaign of propaganda, disinformation, and manipulation of Iran's currency and international financial transactions." The sources interpreted the move as meaning that the administration had decided against taking military action against Iran for the time being. The CIA and National Security Council refused to comment.

On 5/23, the UN's International Atomic Energy Agency (IAEA) reported that in the 60 days since UNSC Res. 1747 ordered Iran to halt its nuclear program or face additional sanctions (see Quarterly Update in *JPS* 144), Iran had accelerated its uranium enrichment program and the IAEA's ability to monitor Iran's nuclear program had declined. The U.S. called (5/23) on the UN to "ratchet up the pressure" on Tehran in response. (The same day, the Comprehensive Test Ban Treaty Organization warned that it could not complete a global network of stations to monitor nuclear testing unless the U.S. paid the \$38 m. in arrears withheld by the Bush administration since 2002 on the grounds that the U.S. should have the unrestricted right to test its nuclear weapons.) The U.S. immediately began a dialogue with its UNSC partners on possible new sanctions on Iran, but no draft res. had been submitted by the end of the quarter.

The U.S. nonetheless continued the direct dialogue with Iran begun last quarter (see Quarterly Update in *JPS* 144) in the interests of stability in Iraq. On 5/28, Iranian envoy to Iraq Hassan Kazemi Qomi and U.S. Amb. to Iraq Ryan Crocker met in Baghdad to discuss U.S. concerns about Iran's support for the Iraqi insurgency, marking the highest-profile diplomatic exchange between the two nations since the 1979 Iranian revolution. They did not discuss Iran's nuclear program, and no specific agreements were reached, though Qomi gave vague assurances that Iran is committed to stabilizing Iraq. Crocker and Qomi held a 7-hour follow-up meeting in Baghdad on 7/24, which once again focused solely on Iraqi security issues, with no discussion of Iran's nuclear

program. The U.S. described the talks as "difficult," with several "heated exchanges" involving strong U.S. complaints that Iranian behavior since 5/28 was unchanged and Iran's repeated denials of funding Iraqi Shi'i groups. Nonetheless, the parties agreed that the U.S., Iran, and Iraq would form a committee to discuss ways of improving Iraqi security.

Israel, meanwhile, launched (6/11) its Ofek-7 spy satellite to replace the deteriorating Ofek-5, which monitors Iran. The Israeli Foreign Min. launched (7/9) a Farsi Web site to educate Iranians on Israel and Israeli society. (The FMin. already broadcasts Voice of Israel radio in Farsi, which by Israeli government estimates has 2 m.-6 m. listeners/day.)

Also of note: The Society of Iranian Jews publicly rejected (7/12) an offer from a special fund (created by expatriate Iranian Jews) to give Iranian Jews more than \$10,000/person or \$60,000/family if they emigrated to Israel. In refusing the offer, the society noted that Iranian Jews are historically among the oldest residents of Iran and that their nationality was not for sale. (Iran's Jewish population numbers around 20,000, down from 80,000 before the 1979 revolution.) The Jewish fund had recently doubled its cash offers after receiving no takers at \$5,000/person.

OTHER

Israel, along with Chile, Estonia, Russia, and Slovenia, was invited (ca. 5/16) to open negotiations to join the **Organization for Economic Cooperation and Development (OECD)**, an organization of the world's 30 most developed nations. Most countries invited to open negotiations are made members within 2 years. To gain entry, Israel would have to pass legislation, enact reforms, and take other steps to meet the OECD's economic operating standards.

In testimony before Congress, Asst. Secy. of State for European and Eurasian Affairs Daniel Freid reported (6/22) that Israel and **NATO** were building "routine and working-level contacts and operational contacts." To this end, Israel had concluded an individual cooperation plan with NATO and was in the process of placing liaison officers at various subcommands at NATO's joint force command at Naples.

At the close of its annual conference on Middle East peace, held 6/18-20 in Amman, the **World Council of Churches (WCC)** marked the 40th anniversary of the 1967 occupation of the West Bank, Gaza, and East

Jerusalem by launching the Palestine Israel Ecumenical Forum to “catalyze and coordinate new and existing church advocacy” aimed at “ending [Israel’s] illegal occupation in accordance with UN resolutions” and encouraging inter-religious dialogue. The WCC’s closing statement, titled the Amman Call, also laid out the churches’ expectations for a just peace. The WCC, founded in 1948, groups 347 Protestant, Orthodox, Anglican, and other churches representing over 560 million Christians in more than 110 countries.

DONORS

The donor’s Local Aid Coordination Secretariat (LACS; the donor coordination and oversight body) reported on 6/1 that the internal donor-body restructuring initiated in 12/05 to streamline donor processes (see Quarterly Update in *JPS* 139) had been completed and that the new organizational and administrative system was now fully operational. On 7/24, the donors’ Local Development Forum (the central body overseeing donor activities from within the territories) announced that, in response to Bush’s 7/16 call to convene an international donors conference as soon as possible to support the PA, the donor’s Ad Hoc Liaison Committee (AHLC; the main donor body responsible for forming broad policy for development assistance to the Palestinians, comprising senior donors, the PA, and Israel) would meet on 9/12/07 on the sidelines of the UNGA opening session to formulate donor strategies in light of Hamas’s takeover of Gaza. (The AHLC last met in London in 12/05 to discuss the postdisengagement rehabilitation of Gaza; see Quarterly Update in *JPS* 139.) A donor official speaking anonymously stated that the main issues for donors following the Gaza events were “how to isolate Hamas while not hurting the Palestinian population in the Gaza Strip” and how to undertake reconstruction in Gaza if Israel did not improve access and movement of goods. Most donors, while supporting the Fayyad caretaker government, were also “clearly aware of its questionable legal status” and the political difficulties involved.

This quarter, the main donor strategy groups dealing with humanitarian assistance (5/31), economics (6/6), infrastructure, and governance and reform (7/15) continued to meet regularly. Smaller sector working group (SWG) meetings were also held on

private sector development and trade (5/30, 7/12), social protection (a new SWG focused on poverty monitoring and logistics of transferring humanitarian aid that held its first meeting on 6/6), health (6/5, 7/26), water and sanitation (7/26), and education (6/13, 7/25). In addition, the World Bank sponsored a 5-day (7/9–13) electricity sector review to discuss priorities and aims in that sector. One of the common themes among the various SWGs was concern (expressed by the World Bank at the Private Sector Trade and Development task force meeting on 7/12) that Israel’s continued closure of Gaza’s borders could lead to an “irreversible” economic collapse.

At its meeting in Berlin on 5/30, the Quartet endorsed the EU’s extension of the Temporary International Mechanism (TIM) through 9/30/07. (The TIM was created by the EU in 6/06 as a mechanism for donors to route assistance to the Palestinians while bypassing the Hamas-led PA.) Since the TIM began functioning on 6/26/06, it had received (by mid-8/07) about \$695 m. in contributions from the 15 EU states, Canada, Norway, and Switzerland: \$71 m. for “window 1” (\$23 m. disbursed through the World Bank’s Emergency Services Support Program) for essential supplies and operating costs for health, education, and social services; \$164 m. for “window 2” (\$110 m. disbursed) for emergency fuel distribution to ensure a minimum necessary supply of electricity for hospitals, sanitation works, and homes; \$461 m. for “window 3” (\$339 m. disbursed) for direct emergency support cash payments to 1 m. vulnerable and poor Palestinians. The EU had also directed an additional \$16 m. in technical assistance to Abbas’s office through the TIM.

After the national unity government was installed last quarter, Fayyad, in his role as finance minister, pressed hard for the TIM to be disbanded and for donors to resume routing money through the PA’s original unified treasury account so as to restore transparency and proper fiscal oversight of donations received (see Quarterly Update in *JPS* 144). On 5/29, Fayyad confirmed that he had begun receiving donor aid through a new account held by the PLO, untouchable by Hamas. He still hoped eventually to revive the PA’s unified treasury account for this purpose. By 6/3, the new account had begun disbursing \$184 m. in budget support aid from Arab countries (including \$80 m. from the UAE) and Norway.