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QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

16 NOVEMBER 2007–15 FEBRUARY 2008

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

The main focus of this quarter was the U.S.-sponsored Annapolis peace conference in 11/07, followed by a 12/07 Paris donors conference and a 1/08 visit to the region by U.S. Pres. George W. Bush, all meant to revive Palestinian-Israeli final status negotiations in the aim of completing an agreement by the end of 2008. Hopes generated by the Annapolis summit were overtaken, however, by intensifying violence on the ground, particularly by Israel's declaration (1/17) of "economic warfare" on Gaza, ostensibly to halt rocket fire into Israel and to precipitate the overthrow of the Hamas-led government there. Israel's decision to seal Gaza's borders entirely (even to humanitarian aid) and to reduce fuel and electricity imports led Hamas to breach (1/23) the Rafah border with Egypt in a desperate but failed attempt to halt Gaza's economic decline and alleviate the humanitarian crisis.

As the quarter opened, the West Bank and Gaza had been effectively severed from one another following Hamas's takeover of Gaza in 6/07, with Hamas in control of Gaza and Fatah, the West Bank (see Quarterly Update in *JPS* 145). Israel maintained the tight restrictions on Gaza's borders imposed during the 6/07 fighting, including on fuel imports. Virtually no exports were allowed out of the Strip, and only limited imports of basic goods were permitted in. Israel had permanently closed Gaza's Sufa crossing, the primary crossing for commercial imports, in 10/07, leaving the Israeli-controlled Kerem Shalom crossing as the only import point for goods. Select VIPs and extreme medical emergencies were allowed to leave Gaza through the Erez crossing into Israel with prior coordination with the Israel Defense Forces (IDF), but otherwise no Palestinian transit was permitted; the Rafah crossing to Egypt had been closed since 6/12/07. Tight

restrictions on Palestinian movement in the West Bank also continued, with the territory divided into 3 cantons and Palestinian access to the Jordan Valley limited. Routine IDF cross-border operations into Gaza and arrest raids, house searches, and demolitions in the West Bank continued, along with Israel's construction of the separation wall (see Chronology for details). As of 11/16, at least 5,392 Palestinians (including 49 Israeli Arabs and 17 unidentified Arab cross-border infiltrators), 1,037 Israelis (including 322 IDF soldiers and security personnel, 209 settlers, 506 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.

The Road to Annapolis

At the opening of the quarter, it was unclear whether the Annapolis summit, proposed by Pres. Bush in 7/07 (see Doc. C3 in *JPS* 145), would take place because of serious differences between Israeli PM Ehud Olmert and Palestinian Authority (PA) Pres. Mahmud Abbas regarding the conference agenda and their joint statement to be issued by the summit. The summit was tentatively scheduled for 11/26–27, but as of 11/16, the U.S. had not sent out formal invitations or finalized a guest list, and a back-up date of 12/10–11 was reportedly being discussed. A fundamental disagreement divided Israel and the Palestinians about the scope and aims of the summit: The Palestinians sought a detailed plan and timetable for concluding and implementing a final status agreement, while Israel wanted a statement limited to general principles guiding final status talks, without any deadline commitment. The U.S., which deemed Arab backing of the summit essential to its success, was pressing Israel to agree up front to open final status talks immediately after the Annapolis summit, with the goal of completing a treaty

within a year so as to give the Palestinians and Arab states a clear sense of the summit's endgame. To show commitment to final status talks, which all parties agreed last quarter would be held on the basis of the 2003 road map (see Quarterly Update in *JPS* 146), the U.S. pledged (ca. 11/19) to "choose a senior official with a background in security to monitor progress" on implementing road map obligations.

By 11/19, Abbas and Olmert still could not agree on the text of their joint statement. Olmert pressed for the phrase "two states for two peoples" and demanded Palestinian recognition of Israel as a Jewish state as a precondition for post-Annapolis negotiations. Abbas insisted that the traditional "two-state solution" formulation be preserved, arguing that formal recognition of Israel's right to exist as a Jewish state at this stage would forfeit Palestinian refugees' right of return before negotiations began. Abbas also pressed Olmert to make a significant presummit gesture by announcing a full freeze on all settlement activity, including a halt to "natural growth" and to construction of the separation wall, as a step toward fulfilling Israel's road map obligations. Olmert said he would agree only to suspend new construction in those West Bank settlements that Israel did not intend to keep under the final settlement, and instead announced Israeli cabinet approval (11/19) of the release of 431 Palestinian prisoners (all Fatah members; 429 were freed on 12/3). The PA criticized (11/19) the proposed measures as inadequate to build popular Palestinian confidence, noting that Abbas had requested the release of 2,000 prisoners as a meaningful gesture. The U.S., which had privately urged Israel to halt all settlement construction, did not challenge Israel publicly, stating (11/19) that "our view is that the steps that the Israeli government has announced are positive confidence-building measures in the run-up to Annapolis."

With all parties still aiming for an 11/26-27 conference, Abbas and Olmert agreed (11/19) to send their chief negotiators to Washington to (in Abbas's words) "try to narrow differences . . . and ensure wide Arab participation" at Annapolis. Meanwhile, the U.S. and Israel began (11/19) to lower expectations, publicly stating that the goal of Annapolis was to announce the resumption of final status negotiations and that a joint statement setting the parameters and goals was not crucial. Olmert also made (11/20) an unscheduled trip to Sharm al-Shaykh to

brief Egyptian pres. Husni Mubarak on Annapolis preparations and encourage him to lobby for broad Arab participation when the Arab League states convened in Cairo on 11/22-23 to discuss whether to attend. In the joint press conference afterward, Mubarak strongly endorsed the summit. In a nod to the Arab states, Olmert pointedly stated that Israel placed "great importance" on the 2002 Arab League initiative (offering full recognition of Israel in exchange for full peace) in helping to achieve a comprehensive accord.

In light of Egypt's positive response, the U.S. issued formal invitations on the evening of 11/20 to representatives of 40 countries and international organizations to attend the Annapolis summit on 11/26-27 as planned. At the recommendation of U.S. Secy. of State Condoleezza Rice, the invitation list included the entire Arab League follow-up comm. on the Arab initiative, which included Syria among a dozen countries (for background on the internal Bush administration debate on whether to invite Syria, see Quarterly Update in *JPS* 146). (To encourage Syrian attendance, the White House sent letters to individual FMs of the member states on the comm., including Syrian FM Walid al-Mouallem, instead of sending one invitation to the follow-up comm. as a whole.) Invitees essentially included everyone who had expressed interest to the U.S. in supporting the process: Olmert and his chief negotiator FM Tzipi Livni; Abbas and his senior advisers; UN Secy.-Gen. Ban Ki-moon, EU foreign policy dir. Javier Solana, and Russian FM Sergey Lavrov as senior reps. of the Quartet; Quartet special envoy Tony Blair; Arab League secy.-gen. 'Amr Musa; reps. of the International Monetary Fund, World Bank, and Organization of the Islamic Conference as senior donors; and the FMs of Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, the UAE, Yemen, Australia, Brazil, Britain, Canada, China, Denmark, France, Germany, Greece, India, Indonesia, Italy, Japan, Malaysia, Mexico, the Netherlands, Norway, Pakistan, Poland, Senegal, Slovenia, South Africa, Spain, Sweden, Turkey, and the Vatican. King Abdallah of Saudi Arabia had been the most outspoken last quarter in stating that the Arab states would not support Annapolis unless it was significantly more than a photo opportunity (see Quarterly Update in *JPS* 146). To overcome his resistance,

Bush called him on 11/20 to urge him to send his FM, rather than a lower-level rep., and gave personal assurances that the U.S. would make strong efforts to promote serious talks after Annapolis and would offer its own proposed compromises should the sides become deadlocked.

Over the next week, diplomacy worked on two tracks, one between the Israelis and Palestinians in Washington and the other involving the Arab states in the region. In Washington, Israeli and Palestinian negotiators continued efforts to hammer out a joint statement, with both sides stating on 11/22 that it would be a "miracle" if a text were finalized before 11/26. The Palestinians hinted on 11/22 that a text could conceivably be agreed to if the international community, especially the U.S., helped the sides bridge differences. Though the Bush administration stuck by its position that the sides should work out differences themselves (see *Quarterly Update in JPS* 146), Rice reportedly did convince Israel to drop demands that the first phase of the road map (which Israel alone interprets as requiring a halt to all Palestinian violence before Israel must take any steps) be completed before final status talks begin. Among the differences remaining at this stage: Palestinians rejected a new Israeli formulation referring to Israel as the "homeland of the Jewish people" and Palestine as the "homeland of the Palestinians" and to references to Palestinian "terrorism," and Israel rejected any mention of a timeline for implementation of a peace agreement and unqualified endorsement of the Arab League initiative (which calls for an "agreed solution" to the refugee issue). In a last-ditch push, Rice met with Livni and PA chief negotiator Ahmad Qurai' on 11/25, but no agreement was reached.

In the region, Quartet envoy Blair urged Mubarak in Cairo (11/21) and King Abdallah in Riyadh (11/22), as the leaders of the "Arab moderates," to give full support to Abbas and the Annapolis summit. After 2 days of debate (11/22-23), the Arab League endorsed sending delegations to the summit but warned (in a nod to Syria) that it would not support an agreement that did not meet the 2002 Arab peace initiative's call for a return of all lands occupied by Israel, even if Abbas were to agree to a separate Palestinian peace. Immediately, 11 of the 12 countries (Algeria, Bahrain, Egypt, Jordan, Lebanon, Morocco, Qatar, Saudi Arabia, Sudan, Tunisia, Yemen) making up the Arab League follow-up comm. accepted Washington's invitation. The only

country still on the fence was Syria, which said (11/23) it would not agree to come unless the Golan Heights was a specific item on the agenda. (On 11/23 and 11/24, the U.S. restated its position that it would not oppose discussion of the Golan under the general agenda item "comprehensive peace" but would not include it as a separate item.) Syria eventually agreed (11/25) to attend, sending a dep. FM rather than Muallem. Saudi Arabia stated that it would send FM Prince Saud al-Faisal, who stressed (11/23) that Saudi Arabia was attending not under U.S. pressure but because of PA and Arab support for the session and its own desire that substantive final status talks be resumed. He also warned that he would not take part in any "theatrical show" at Annapolis, such as shaking hands with Israeli officials for the cameras. Iraq, Kuwait, and Libya were the only Arab states to decline invitations.

Meanwhile, Israel took some small steps that it billed as confidence-building gestures to the PA, such as allowing limited exports of strawberries and flowers from Gaza during the peak harvest period (11/21), a one-time shipment of lamb into Gaza (11/22), and the delivery of ammunition and 25 old armored vehicles from Russia to Abbas's security forces in Nablus (previously approved by Israel but put on hold when Hamas took over Gaza in 6/07). These small gestures, however, were overshadowed by major political moves at the same time: The Knesset authorized (ca. 11/21) the Israeli government to garnish VAT taxes owed the PA to pay Israelis compensation for damages caused by Palestinian rocket fire from Gaza. (It was unclear whether any money was actually withheld this quarter.) Israeli mayor of Jerusalem Uri Lupolianski announced (11/21) \$51 m. in "rehabilitation projects" in occupied East Jerusalem focusing on building parks, hotels, businesses, and housing to create "closer links with Jewish areas of West Jerusalem" and to "strengthen and unify Jerusalem" as Israel's "eternal capital." Moreover, days after Israel approved delivery of the Russian armored vehicles to PA security forces, it suspended delivery when the PA announced plans to outfit the vehicles with machine guns, which Israel deemed a grave security threat. (The PA dropped the plans; Israel finally allowed the shipment on 12/27.)

On the ground, Israel's crippling siege of Gaza continued, as did Israeli military actions, albeit at a reduced scale prior to the Annapolis summit (see *Chronology* for details). Between 11/16 and 11/25, the IDF

assassinated 1 al-Aqsa Martyrs Brigade (AMB) member in Tulkarm r.c. and attempted to assassinate several Islamic Jihad members on 11/17 in Khan Yunis. The IDF conducted occasional air strikes on and land-leveling operations along the border inside Gaza (in 2 incidents firing on nearby residential areas [11/23, 11/24], killing 2 Palestinians and wounding 1); and made incursions into Khan Yunis (11/19, 11/21), killing 2 Palestinian civilians and wounding 1 civilian and 5 gunmen in clashes with local gunmen. Hamas continued to observe a self-imposed moratorium on rocket fire from Gaza into Israel, as it had done since the takeover of Gaza in 6/07. Other factions, however, continued low-grade rocket fire (around 4/day), causing damage in 2 incidents but no injuries. In the West Bank, IDF restrictions on Palestinian movement remained tight, and daily arrest raids and house searches into Palestinian areas continued. Meanwhile, the AMB staged 2 operations on 11/19: 2 AMB members were fatally shot attempting to infiltrate the Israeli border near Bayt Lahiya, and AMB gunmen ambushed and fatally shot a Jewish settler driving near Qalqilya. As of 11/25, the death toll had reached 5,401 Palestinians and 1,038 Israelis.

The Annapolis Summit

Participants in the Annapolis summit arrived in Washington on 11/26. The only item on the day's agenda was a State Dept. dinner hosted by the U.S. pres., who stressed his "personal commitment" to a two-state solution. During the day, Bush met separately at the White House with Abbas (in his capacity as head of the PLO) and Olmert, reportedly narrowing some differences over the still-undecided joint statement. Later in the day, Olmert met with select members of Congress, telling them that Bush clearly understood Israel's nonnegotiable positions that (a) the Palestinians would have to "rein in terrorism" before Israel would take steps to dismantle settlements and that (b) the Arab states would have to "step up to the plate and start recognizing Israel." Following the State Dept. dinner, Israeli and Palestinian negotiating teams resumed talks on the joint statement, finally breaking at 4:00 A.M. on 11/27 without agreement.

Hours later in Annapolis, just before Bush's opening address, Abbas and Olmert handed the president a document entitled "joint understanding" to be read on their behalf. The agreement was so last-minute that aides did not have time to retype the

text for the teleprompter, forcing Bush to don his glasses and read the original copy cold, mispronouncing Abbas and Olmert's names, and generally giving an unpolished reading. Afterward, when a flustered Bush, still standing behind the podium, pulled in both men to shake hands, Olmert suggested that they move so the cameras could catch the exchange—a statement caught on mike and broadcast live. The bungled presentation was widely noted by the press, as was Bush's mere 3-hour stay at the talks. (The morning plenary session was open to the press, but the working lunch and 3 afternoon plenaries on specific topics were closed.)

The joint PLO-Israeli understanding was by turns specific and vague (see Doc. A in the special document section in this issue). It included a general timeline stating that final status negotiations would resume on 12/12 and would aim to complete an accord by the end of 2008. A steering committee (the same one headed by Livni and Qurai' that was formed in 9/07 to draft the joint statement) would meet "continuously," and Abbas and Olmert would meet biweekly; in order to maximize the chance of success, these talks would be closed to the media, and the governments would not comment on them. The ultimate goal would be the creation of "two states, Israel and Palestine, living side by side in peace and security" (the wording used by Bush in his 4/04 letter of assurances to Israeli PM Ariel Sharon; see Doc. B of the Special Documents in *JPS* 132). In a major concession to Israel, the PLO agreed to Israeli wording that "Unless otherwise agreed by the parties, implementation of the future peace treaty will be subject to the implementation of the road map," without clarifying differences between Israel and the Palestinians on how the road map is to be implemented, creating an opening for Israel to demand a halt to all Palestinian violence before implementing any provisions of any future agreement. The sides pledged to begin fulfilling their 2003 road map obligations immediately, with the U.S. agreeing to "follow up on the implementation," but the U.S. reportedly had not yet decided how to do this. (Former asst. secy. of state John Wolf, charged in 2003 with such monitoring, was never allowed by the White House to release his confidential reports for fear of offending Israel—a primary factor in the failure of the road map to date.) Also important to Israel, the entire statement was prefaced by recognition of the need above all to

provide security and “to confront terrorism and incitement,” albeit “both Palestinian and Israeli.”

Bush’s reading of the statement and speech was followed by formal addresses by Abbas, Olmert, Livni, Rice, Saudi Arabia’s FM Prince Saud al-Faisal (as current rotating head of the Arab League), and UN Secy.-Gen. Ban (see excerpts of selected speeches in the special document section in this issue). Olmert and Abbas’s statements were addressed as much to their domestic constituencies as to the other participants, with reassurances that they would make minimal concessions in final status talks. (Back in the region, large Israeli and Palestinian protests against the Annapolis summit were held just before and during the summit, and several groups issued statements warning against concessions, underscoring the difficulties for Abbas and Olmert that lay ahead; see Chronology for details.)

Olmert stressed that even if a final status accord were reached by the end of 2008, Israel would take no steps to implement it until all Palestinian violence ceased and Palestinian institutions capable of guaranteeing Israeli security were in place. While acknowledging the suffering of Palestinian refugees, he emphasized that any return of refugees would be to a Palestinian state, and pointedly mentioned Bush’s 4/04 letter to Sharon recognizing the need for changes in the 1967 borders to accommodate major Israeli settlements, especially in Jerusalem. Olmert and Livni both stressed that immediate Arab normalization with Israel was necessary for the success of the peace process.

Abbas focused on Palestinians’ inherent right to freedom and justice and appealed to the international community for support, stressing that the credibility of his regime, Israel, the U.S., and the Quartet was at stake: For the Annapolis process to succeed, Palestinians in the West Bank, Gaza, Jerusalem, and the diaspora would need to see immediate, substantive improvements on the ground—especially the easing of restrictions on Palestinian movement and a halt to construction of settlements and the separation wall.

Bush pledged that “America will do everything in our power” to support Israel and the Palestinians in achieving a comprehensive accord, but “we cannot achieve it for them” (alluding to the U.S. refusal to pressure Israel). He stressed the need for the PA to rein in militant groups and for Israel to halt set-

tlement expansion and help Abbas expand his authority, though he did not call specifically for easing restrictions on Palestinian movement.

Prince Saud once again endorsed the 2002 Arab initiative and made clear that the next necessary steps to advance peace were not Arab offers of normalization, but rather (a) the immediate relaunching of the Israeli-Syrian and Israeli-Lebanese tracks; (b) the establishment of international mechanisms to follow up on Annapolis and monitor progress in the final status negotiations and road map implementation; and (c) immediate Israeli steps to freeze settlement activities, dismantle settlement outposts, release Palestinian prisoners, halt construction of the separation wall, remove checkpoints across the West Bank, and lift the siege on Gaza.

Following the open plenary speeches, Rice hosted a private working lunch for all participants, followed by 3 90-min. closed-door plenaries on Israeli-Palestinian issues, economic support to the PA, and “comprehensive Arab-Israeli peace.” During the off-the-record sessions, Livni and Rice made what attendees said were emotional, riveting speeches. Livni again challenged Arab states to open relations with Israel, demanding to know: “Why doesn’t anyone want to shake my hand? Why doesn’t anyone want to be seen with me?” (At Saudi insistence, there were even separate entrances to the conference venue for Israeli and Arab officials to avoid any semblance of Arab recognition of the Jewish state.) Rice drew parallels to her youth in the segregated South, recounting the bombing of a local church that killed a classmate and the humiliation of not being allowed in White-only areas, stating: “Like the Israelis, I know what it is like to go to sleep at night not knowing if you will be bombed, of being afraid to be in your own neighborhood, of being afraid to go to your church,” but that “I know what it is like to hear too that you cannot go on a road or through a checkpoint because you are Palestinian,” concluding that the “pain on both sides . . . has gone on too long.”

In Washington on 11/28, Bush held separate meetings with Abbas and Olmert to assess the 11/27 summit and discuss bilateral issues, but no details were released. Afterward, the 3 leaders held a joint press conference in which they praised the talks as a hopeful new beginning in the quest for peace.

Maintaining Momentum

The U.S.'s first priority following the summit was to keep up momentum to support final status talks. As an immediate boost, the U.S. and Russia announced (11/28) tentative plans to convene a second international conference in Moscow in early 2008 to follow up on Annapolis. France confirmed (11/28) that it would host a major donor pledging conference for the Palestinians in Paris on 12/17. The White House announced (12/4) that Bush would make his first presidential visit to Israel and the occupied territories in 1/08 to check on Abbas and Olmert's progress.

On a bilateral level, the U.S. also quickly named (11/28) former NATO commander Gen. James Jones as U.S. special envoy for Middle East security, with the vague mandate of helping the PA and Israel address security concerns, "engag[ing] with key countries to support Middle East security," and designing and implementing a new U.S. plan for security assistance to the PA; Jones was also charged with providing "full support . . . to the partners as they work to meet their responsibilities," though no specific mention was made of overseeing road map compliance. (Jones's mission was meant to parallel the existing missions of U.S. Security Coordinator Lt. Gen. Keith Dayton, responsible for overseeing the reform and restructuring of the PA security forces, and Quartet special envoy Blair, involved in the reform and restructuring of nonsecurity-related PA institutions and economic affairs. Unlike Dayton, Jones would be based in Washington and make periodic visits to the region.) In addition, Bush inaugurated (12/3) the U.S.-Palestinian Public-Private Partnership, a group of Palestinian and American officials charged with formulating a strategy to ensure that U.S. aid distributed through USAID and the Overseas Private Investment Corporation would foster development of a Palestinian civil society that promotes Bush's "vision of two states living side by side in peace." Among the main projects agreed upon was the promotion of youth centers to provide young Palestinians with leadership training and mentoring in "good governance and good citizenship," aimed, in Bush's words, "at saying there is a hopeful future . . . where radicalism is not in your sights."

Early on, there were signs of Israeli foot-dragging. On 11/29, Israel successfully intervened with the White House to force U.S. Amb. to the UN Zalmay Khalilzad to with-

draw a U.S. draft for a UN Security Council (UNSC) res. endorsing the PLO-Israeli joint understanding reached at Annapolis on the grounds that the peace talks were a "bilateral process" that should not involve the UN. In briefings to the Israeli cabinet on 12/2 (see special document section), Olmert and Livni stressed that Israel was not bound by the 12/08 target date for achieving a peace agreement; that progress would depend on the PA's ability to halt violence against Israel; that Israel would allow no direct international involvement in negotiations; and that negotiations would not limit Israel's "freedom to act on security issues." Separately, Olmert added (ca. 12/11) a new prerequisite for implementation of any final status agreement: that Hamas return control of Gaza to Abbas. Meanwhile, the Israeli Housing Min. issued (12/4) bids for 307 new housing units in the Jewish settlement of Har Homa in the East Jerusalem neighborhood of Jabal Abu Ghunaym (see this issue's Settlement Monitor) that would complete the ring of settlements cutting off Arab East Jerusalem from the West Bank, making any division of Jerusalem all but impossible. (Neither Olmert nor Livni was advised in advance about the tenders, and Olmert's office issued a 12/4 statement downplaying their importance. He did not, however, rescind them.) The move brought rare public criticism (however mild) from Rice, who, after discussing the issue with Livni on the sidelines of a NATO conference in Brussels, stated (12/7) that the planned construction "doesn't help to build confidence" and undermines U.S. peace efforts, stressing that "there should not be anything which might prejudice final status negotiations."

At the same time, Israel did move forward with plans to hold the first round of renewed final status talks on 12/12. By 12/3, the Livni-Qurai' negotiations steering committee had revived discussions begun in 9/07 (see Quarterly Update in *JPS* 146) to form 7-9 subcommittees to address individual core issues related to final status. Israel and the PA received U.S. Asst. Secy. of State David Welch (ca. 12/12) for consultations on reviving the U.S.-Israeli-PA trilateral security comm. to address Israeli-PA security concerns, presumably to be overseen by Gen. Jones (who would make his first visit to the region ca. 2/7 to prepare a confidential assessment of the security situation for Rice). Under pressure to show a serious commitment to peace before the 12/17 donor conference (where skeptical Arab states would need

encouragement to make large pledges), Israel also undertook more minor confidence-building gestures, including releasing (12/3) another 429 Palestinian prisoners (overwhelmingly Fatah, but including some members of the Democratic and Popular Fronts for the Liberation of Palestine [DFLP and PFLP]); reaching an agreement (ca. 12/3) with Abbas and Jordan to allow 2,000 Gazans to travel to Saudi Arabia for the Hajj via the Erez crossing, the West Bank, and Jordan; and agreeing to allow (beginning 12/2) some 600 Palestinian students with valid foreign student visas to leave Gaza for Egypt via the Erez crossing to resume their studies abroad. (Hamas, meanwhile, successfully pressed for an arrangement with Egypt and Saudi Arabia for some 2,000 Gaza pilgrims to leave through the Rafah crossing on 12/5 for the Hajj, angering Israel, the PA, and the U.S., which wanted to maintain the seal on the Rafah border.)

In parallel with these gestures, Israel tightened the siege on Gaza. The day after the Annapolis summit, Israel announced (11/28) a further reduction in fuel supplies to Gaza, where 70% of commercial fuel stations were reportedly already closed. The Israeli High Court ruled (11/29) that the fuel cuts were legal but ordered the government to delay implementation pending further study of the planned electricity cuts to areas of Gaza as punishment for local rocket fire (as ordered by Israeli DM Barak on 10/24; see Quarterly Update in *JPS* 146). By 12/11, the UN reported that daily fuel imports had been cut by 20%; 400,000 Gazans had either lost or had only limited access to safe drinking water because of lack of fuel to run pumps, water treatment facilities, and generators; vaccinations and medicines had spoiled at some hospitals and clinics because of inconsistent power to run refrigerators; and most fuel stations had closed, affecting private businesses. The United Nations Development Program (UNDP) reported (1/9) that as of 12/9, private sector production in Gaza had fallen from 46% to 11% of capacity since the siege was imposed on 6/12/07. (Before Israel and the U.S. had imposed sanctions following Hamas's 1/06 election win, businesses in the Gaza Strip functioned at 76% of their production capacity.) Some 65% of private sector businesses had scaled back their activities; 27% had closed; and 3% had shifted to a different line of work, while only 5% remained unaffected by the ongoing siege. Of the 65% of businesses still operating at a reduced level, 33% said they would have

to close within 3 months if the siege was not lifted. Israel did, however, allow "exceptional" openings of Gaza's Sufa commercial crossing to allow entry of gravel (12/2) for an emergency sewage rehabilitation project in n. Gaza (where 5 Palestinians had been killed and more than 300 left homeless in 3/07 when a wastewater reservoir collapsed in disrepair; see Quarterly Update in *JPS* 144) and livestock (12/15) for the Id al-Adha holidays, as well as the import (12/12) through the Karnei Shomron crossing of a 20 mW generator to repair Gaza's electricity plant.

Israel, which generally reduces military operations in the occupied territories when major diplomatic efforts are underway, did not significantly alter its patterns of incursions and strikes during or immediately after the Annapolis summit, a signal that talks would not affect its "war on terror." As the Annapolis talks opened on 11/26-27, the IDF launched an incursion into al-Shuka in s. Gaza, killing 1 Palestinian civilian; made an air strike on a Hamas training camp in Khan Yunis, causing no injuries; and fired across the border at armed Palestinians and residential areas, killing at least 4 armed Palestinians. From 11/28 (after Annapolis) until 12/11 (the eve of the first final status meeting), the IDF increased military operations against Gaza slightly, stepping up air strikes, incursions to level land, and cross-border fire, killing 25 Palestinians (including at least 21 armed individuals and 2 civilians), wounding 37 (including at least 23 armed men, 6 civilians), demolishing 2 Palestinian homes, and bulldozing more than 133 dunams (d.; 4 d. = 1 acre) of Palestinian land (see Chronology for details). Palestinians significantly increased mortar fire response but caused injuries in only 1 instance, lightly wounding 4 IDF soldiers when they targeted an IDF base on the Gaza border on 12/2. In the West Bank, the IDF continued arrest raids and house searches and maintained restrictions on Palestinian movement. (An AMB member who was among those given amnesty by Israel in 7/07 was arrested on 12/10; see Quarterly Update in *JPS* 145.) On 12/5, IDF undercover units clashed with PA police in Bethlehem who were unaware of their identity, leaving 1 PA policeman dead. The IDF also fired on a Palestinian family picnicking near Ramallah on 12/2, killing 1. By the close of 12/11, the death toll since the start of the al-Aqsa intifada had reached 5,440 Palestinians and 1,038 Israelis.

***Final Status Teams Convene,
Donors Meet***

Israeli and Palestinian negotiators met for their first session on final status on 12/12 in Jerusalem as planned, but talks served mainly to air grievances regarding the situation on the ground. The Palestinians demanded that Israel revoke its plans for new settlement construction in Har Homa and suspend ongoing attacks on Gaza, saying that such actions undermined the PA's credibility with the public and that negotiations could not be a cover for continued Israeli road map violations and violence. The Israelis reiterated that Abbas must first "address urgently the issue of security" in the West Bank and Gaza. The only point of agreement was to meet again after Id al-Adha, to begin on 12/19.

The meeting's bitter tone and failure to address final status issues soured the mood in the run-up to the 12/17 Paris donors conference. On 12/13, Egyptian amb. to Washington Nabil Fahmy convened a press briefing to warn that the Annapolis process would quickly fail unless the U.S. held the sides to their commitments (he singled out Israeli settlement activity) and immediately set a timetable and benchmarks for progress. Expressing the consensus among the Arab states that the summit had been poorly thought out and their pessimism about its prospects, he declared that Egypt's pledge to the Palestinians at the Paris conference would be "symbolic" only, because "economic programs will fail if you don't have a political process" that is results-driven. The World Bank echoed Fahmy's concerns, warning (ca. 12/13) that even if the pledging target of \$5.6 b. was reached, the money would be wasted unless Israel significantly eased restrictions on Palestinian movement in the territories.

A Quartet (U.S., EU, Russian, UN) meeting in Paris on 12/16 was dominated by criticism of Israel's Har Homa construction and concerns about the deteriorating humanitarian conditions in Gaza, where rolling blackouts were becoming longer and hospitals reported running out of essential medicines and suspending dialysis treatments even for the most seriously ill because of lack of spare parts to maintain equipment. Efforts to reach agreement on a statement reprimanding Israel failed, with the U.S., represented by Rice, pressing for a "balanced" statement that would also criticize ongoing Palestinian violence. Rice again publicly called (12/16) Israel's settlement plans "unhelpful" but separately stated (12/16) that despite U.S.

concern about the Gaza situation, "let's put the blame where it should be, and that's on Hamas."

Thus unrestrained, Livni, meeting with Abbas in Paris on 12/16, stressed that while Israel supported development of the Palestinian economy, the PA's primary concern should be with halting Palestinian violence, without which Israel could not make progress toward peace. Back in Israel, Olmert similarly told (12/16) his cabinet that the "main issue" for Israel, even in the donor context, was the PA's "ability to properly deal with the security issue, defeat the terrorist organizations, and assure that there will be no terrorism directed at Israel."

Meanwhile, Meretz MK Yossi Beilin (12/16) attempted to put a break on the Olmert-Livni portrayal of rampant Hamas-led terrorism by informing the press that Hamas had, in fact, just reiterated through a third party an offer (made twice in previous months) for a cease-fire in Gaza in exchange for Israel's lifting the siege. Olmert's spokesman denied (12/16) that Israel had received any such message and focused attention instead on 3 Israelis who had been lightly injured by Palestinian rocket fire on 12/12, 12/13, and 12/16, for which the IDF retaliated with air strikes on Gaza on 12/13 and 12/17 (as the Paris conference was underway), assassinating 7 Islamic Jihad members and 1 AMB member, killing 1 bystander, and wounding 5 Palestinian children. Separately, the IDF conducted large-scale arrest raids in Nablus on 12/15, detaining 25 Palestinians affiliated with Hamas, including Reform and Change Palestinian Council (PC) member Ahmad al-Hajj Ali Mutair, 2 members of the Nablus municipal council, an al-Najah University dean, and 2 professors. Another senior Reform and Change official was arrested in Hebron on 12/17. (Already, more than 40 Hamas-affiliated legislators had been in Israeli detention since summer 2006; see Quarterly Updates in *JPS* 141, 142.) The PA was particularly angered by the raid on Nablus, where Abbas last quarter inaugurated a new Western-trained security force as part of a new campaign (coordinated with U.S. security envoy Dayton; see Quarterly Update in *JPS* 146) to expand the PA's security control in the West Bank in keeping with the PA's road map requirements.

While the Paris donors conference on 12/17 exceeded expectations in terms of money pledged (see "Donors" section below for details), there was a severe disconnect between the positive focus of the meeting

itself, in which the international community (largely the U.S. and Europeans, and not the Arab states, as the U.S. had hoped) sought to demonstrate strong support for Abbas's government and the serious reform initiatives of his PM Salam Fayyad, and ongoing concerns regarding the deteriorating Israeli-Palestinian relations. In his speech, Abbas pointedly criticized Israel's post-Annapolis actions, stating "I shall not go to another meeting to engage in a talkfest. . . . I shall not deceive my people." Livni gave a bland, apolitical address that acknowledged agreements in principle to renew the Israeli-PA Joint Economic Committee (an initiative of Blair) and related to the terms of reference for further EU training of PA police forces as part of PA economic and security reform efforts. On the sidelines, the U.S. joined its Quartet counterparts in issuing (12/17) a joint statement formally expressing "concern" over Israel's Har Homa plans and calling on "both parties to make progress on their Phase One road map obligations, including an Israeli freeze on settlements, removal of unauthorized outposts, and opening of [Palestinian] East Jerusalem institutions," while urging the PA to take serious "steps to end violence, terrorism, and incitement."

Tensions Increase

Israeli actions in the wake of the donors conference and before Bush's visit (set to begin on 1/9) could only be described as provocative and at odds with efforts to foster peace. On 12/19, Hamas's acting PM in Gaza, Ismail Haniyeh, granted an Id al-Adha television interview to an Israeli reporter in which he publicly appealed for a mutual cease-fire between Israel and the Palestinian factions in Gaza. Olmert immediately rejected (12/19) the offer, stating that there could be no deals with Hamas until it renounced violence, recognized Israel's right to exist, and agreed to abide by all existing peace agreements. Israel's Dep. PM Haim Ramon declared (12/19) that Haniyeh's appeal was proof that Israel's harsh policy against Gaza was working and should not be eased. Haniyeh formally reiterated his cease-fire plea to Olmert through Egyptian pres. Mubarak on 12/20; Olmert formally rejected this on 12/23, with Ramon stating that Israel's strategic goal was to overthrow the Hamas government in Gaza through military and economic pressure. Following suit, the Israeli High Court ruled (1/3) that Israel's fuel cuts to Gaza did not cause humanitarian harm and that "reducing fuel supplies

hits the terror infrastructure and hinders its ability to attack Israeli citizens." (see Doc. C3) (In a nod to donors, Israel agreed on 12/23 to allow the Sufa crossing, which it had declared permanently closed on 10/28, to reopen for humanitarian imports [up to 30 trucks/day]. As of 1/8, however, the UN reported that on average, only 18 trucks/day were entering Gaza through all crossings combined.)

At the same time, in an affront to the international community, particularly in light of the 12/17 Quartet statement, Israel's Housing Min. announced (12/19) that plans were under consideration to build a new Jewish settlement with 10,000 apartments in Atarot in East Jerusalem to ease Jerusalem's housing shortage. Once again, neither Olmert nor Livni was informed of the plans in advance, and Housing M Ze'ev Boim retracted them under pressure on 12/20, citing "the sensitive nature of the peace talks." But on 12/23, Olmert himself sought budget approval for \$25 m. to construct 500 new settlement housing units in Jerusalem's Har Homa (it was unclear whether these included the 307 units announced on 12/4) and 240 new units in the Ma'ale Adumim settlement outside of Jerusalem. Palestinian negotiator Qurai' stated (12/23) that peace talks would have no meaning so long as Israel continued settlement growth. Olmert spokesman Mark Regev replied (12/23) that Israel hoped that "it will be possible to advance negotiations" despite differences over the settlement issue. Israel's Internal Security Min. also banned (1/1) the Palestinian National Commission Against Social Problems in East Jerusalem from holding its annual meeting, claiming that the group was affiliated with the PLO and therefore operating illegally in the city.

The PA agreed to continue talks before Bush's visit but focused discussion on the settlement issue during the second meeting of the negotiations steering committee on 12/24 and during the first Abbas-Olmert meeting since Annapolis on 12/27, both of which were held to discuss final status. In both cases, Israel rejected PA demands for a full halt to settlement activity, with Olmert stating (12/27) that he would not freeze tenders for housing construction that had already been approved, halt construction in built-up areas of settlements, or freeze natural growth. On 12/28, Olmert ordered the Israeli Housing Min. not to issue any more building permits for new settlement construction without his and DM Ehud Barak's

approval, specifying that the orders did not apply to construction in East Jerusalem. The U.S. had no comment.

Meanwhile, between 12/18 (the day after the donor conference) and 12/28, the IDF assassinated another 7 Islamic Jihad members in Gaza (4 on 12/18, targeted in an air strike as they left a Jabaliya mosque, wounding 5 bystanders; 3 on 12/27 in airstrikes on central Gaza and al-Bureij r.c., wounding 10); assassinated an AMB member (also a member of Abbas's presidential guard) on 12/27 in Beitunia; fatally shot (12/28) PA chief negotiator Qurai's bodyguard in a raid on the bodyguard's Ramallah home, claiming he had supplied weapons to Palestinian factions; targeted (12/18) a Hamas-affiliated police post in Gaza, killing 2 policemen; and made major incursions into Gaza's al-Musaddar village on 12/20 (shelling residential areas and engaging in heavy clashes with Palestinians, killing 8 armed Palestinians and wounding 21 [mostly civilians, including 2 journalists], detaining 50 for questioning, heavily damaging 10 Palestinian homes, and bulldozing 73 d. of land) and Abasan village on 12/27 (clashing with local gunmen, killing 3 armed Palestinians, wounding 4 bystanders, demolishing 1 home, heavily damaging a second, and bulldozing 160 d. of land). In East Jerusalem, Israeli authorities demolished (12/25) a Palestinian home, fueling Palestinian anger over Israel's settlement construction plans in the city.

On 12/28, armed Palestinians retaliated, ambushing 2 armed, off-duty IDF soldiers (both settlers from the ultraright-wing Kiryat Arba settlement) hiking near Hebron. Though both soldiers were fatally shot, they managed to fire back, killing 1 Palestinian gunman and wounding 1 (2 others reportedly fled unharmed). Separate statements claimed the attack as a joint operation by Islamic Jihad and the AMB and by Islamic Jihad and Hamas. Fayyad expressed (12/29) the PA's "heartfelt condolences" to Israel at an economic conference in Tel Aviv, stating that "in spite of our best efforts, from time to time our relations get tested with an unfortunate incident like this," vowing that the PA would keep up efforts to halt violence. PA security forces quickly detained (12/30) 2 suspects who possessed the murdered Israelis' weapons and confessed to staging the attack for criminal purposes, claiming they were unaffiliated with any faction; the PA turned the weapons over to the IDF. While Israeli pres. Shimon Peres, attending the same conference as Fayyad, praised (12/29)

the PA's reaction as "encouraging for us," Olmert blasted the PA, warning (12/30) that there would be no changes to Israel's military presence on the ground and no peace until the PA cracked down on armed groups. The Israeli FMin. followed with a statement on 1/2 alleging that the suspects in PA custody were tied both to Fatah and to the PA security services and had turned themselves in only when they feared capture by the IDF, declaring that the PA was both incompetent and responsible for the "terrorist attack," indicating again that PA security reforms were necessary before a comprehensive peace could be agreed.

A week before Bush's visit, Israel and the PA took further steps on the negotiating front to be able to claim movement forward, but the efforts were transparently hollow. Livni and Qurai convened (1/7) a third session of the negotiations steering committee, where they agreed to discuss the most contentious final status issues regarding Jerusalem, refugees, and borders in their steering committee, while other core issues would be handled by subcommittees. Abbas and Olmert met again on 1/8 to endorse this proposal and to authorize the various teams to begin "direct and ongoing" negotiations as soon as possible. The pledges were virtually identical to those made in 9/07 (see Quarterly Update in *JPS* 146).

Olmert gave a high-profile New Year's interview to the *Jerusalem Post* (excerpted by the paper on 1/1, released in full on 1/4; see Doc. C1) to the effect that he was "preparing the ground for peace" with the Israeli public, as the U.S. had frequently demanded of Israel and the PA. In the interview, Olmert admitted that ongoing settlement construction in the West Bank (not including Jerusalem) was a violation of Israel's road map commitments, stating that "There is a certain contradiction in this between what we're actually seeing and what we ourselves promised. . . . Obligations are not only to be demanded of others, but they must also be honored by ourselves." He also hinted that Israel might have to share Jerusalem in a final status agreement. Acknowledging these statements, anonymous Israeli officials revealed (1/4) that the government planned to take steps after Bush's visit to remove unauthorized West Bank settlement outposts. Right-wing parties in Olmert's coalition immediately threatened (1/4) to leave the government if Olmert evacuated outposts or divided Jerusalem. Separately, DM Barak issued a statement (1/1) assuring the Israeli

public that the IDF would not remove any West Bank barriers to Palestinian travel while negotiations were ongoing.

Meanwhile, Israel continued to escalate military operations. Most notably, the IDF launched a major 3-day raid (1/3–5) into Nablus and neighboring 'Ayn Bayt al-Ma' r.c., imposing a round-the-clock curfew, sending in at least 70 armored vehicles and bulldozers, occupying homes as observation posts, sparking clashes with local Palestinians, leaving 1 Palestinian dead, 38 injured (including 19 children), at least 50 arrested (mostly Fatah and AMB members, but including 1 paramedic and a child), 1 store demolished, and 123 homes and businesses heavily damaged. The PA denounced (1/4, 1/5) the raid as deliberately aimed at “destroying all the common efforts by our security forces and the assistance of the United States in the security field in the past few months.” The IDF countered (1/5) that the PA security forces were “not yet ready to meet the challenge” and had not been “willing to take on the entrenched terrorist infrastructure,” leaving Israel with no option. The U.S. consulate in East Jerusalem confirmed (1/5) that the PA had formally complained about the incursion, but otherwise did not comment.

Meanwhile in Gaza, the IDF launched major raids into Gaza City on 1/2 (killing 7 Palestinian gunmen, wounding 4 bystanders), Khan Yunis on 1/3 (killing 2 Hamas members and 5 bystanders, wounding 22 Palestinians, demolishing 1 home, and bulldozing 29 d. of land), and al-Bureij r.c. on 1/6 (killing 3 Palestinian civilians and 1 gunman, wounding at least 40, detaining 60, demolishing 1 home, heavily damaging 10, and bulldozing 90 d. of land); made air strikes demolishing the homes of 2 senior Islamic Jihad members (killed previously by the IDF); and bulldozed 120 d. of land on the n. Gaza border near Bayt Hanun. The IDF also made an assassination attempt on a senior member of the Popular Resistance Committees (PRC) in Nussayrat on 1/2, injuring 3 PRC members. Cross-border exchanges also continued, leaving at least 10 armed Palestinians and 2 civilians dead and 2 armed Palestinians and 3 civilians wounded. Palestinian rocket fire continued but did not increase, causing damage in 3 instances but no injuries. Of note, however, Palestinians on 1/3 fired a large Grad rocket into Israel (only a few had been fired previously), striking deep inside Israel near Ashqelon, causing no damage or injuries but raising tensions considerably. Israel denounced the attack as

a serious escalation. By the eve of Bush's visit on 1/8, the toll had reached 5,515 Palestinians and 1,040 Israelis. In the 6 weeks since the Annapolis conference, the IDF had killed at least 109 Palestinians, at least half of them civilians.

Bush Elaborates His Vision of Peace

As Bush prepared to depart for his first extended tour of the Middle East (8 days, with stops in Israel, Ramallah, Bahrain, Kuwait, Saudi Arabia, the UAE, and Egypt), the White House toned down (1/6, 1/8) expectations for his meetings with Abbas and Olmert, emphasizing that the three leaders would not hold a joint meeting and that the U.S. was “not looking for headline announcements.” National Security Adviser Stephen Hadley stressed (1/5) that “jump-starting” the peace process would be secondary and that the main focus of Bush's trip would be on building international support for pressuring Iran and correcting any “confusion” raised by the recent National Intelligence Estimate (NIE; see Iran section below), which had played down the Iranian threat. The most important stop on the tour was billed as Riyadh, where Bush would meet with King Abdallah to discuss their differing policies on Iran and Iraq. En route to the region on 1/8, Bush stated that, in light of discouraging events post-Annapolis, it might only be possible to set the “definition” of a Palestinian state by the time he left office in 1/09. Further dampening expectations for the visit, Israel released (1/7) its 2008 intelligence assessment, which concluded that the Bush administration would not be able to advance any of its regional policy objectives in its final year, including pressing through progress on the peace process, and predicted that talks with the Palestinians would stagnate during the year.

Bush's visit to Israel and the West Bank lasted from 1/9 to 1/11 and marked the first U.S. presidential visit to Ramallah. The schedule included meetings with Olmert on 1/9 and 1/10 (dealing equally with the peace process and Iran) and with Abbas on 1/10; private meetings (1/10) with Fayyad, Blair, and Ariel Sharon's family; a dinner with Israeli cabinet members hosted by Olmert, during which Bush personally appealed to Olmert's coalition partners to support the negotiation process and preserve the government; and a wreath-laying (1/11) at Yad Vashem to honor Holocaust victims. (Bush refused a PA request to make a parallel visit to Yasir Arafat's memorial in Ramallah on 1/10.)

In meetings with Abbas and Olmert and in press conferences, Bush urged both leaders to fulfill their road map obligations, especially calling on Israel to remove unauthorized settlement outposts and on the Palestinians to take greater steps to crack down on extremist groups such as Hamas and to halt rocket fire from Gaza into Israel. In Ramallah, he reiterated support for creation of an independent Palestinian state, stating that Israel should “help, not hinder” creation of a modern, effective Palestinian security force (alluding to recent IDF raids on Nablus). Asked by the press about enforcing Israel’s previous pledges to ease restrictions on Palestinian movement in the West Bank, Bush did not reiterate the call, stating instead that “checkpoints reflect the reality” and that the aim of negotiations was to change that reality (echoing Barak’s 1/1 statement that Israel would not ease restrictions while negotiations were ongoing). Asked by an Arab reporter why he did not urge Israel to implement UN resolutions on Palestine, Bush stated, “look, the UN deal didn’t work in the past. . . . We can stay stuck in the past, which will yield nothing good for the Palestinians . . . [or we] can chart a hopeful future” by allowing Israel and the PLO to negotiate an agreed solution between themselves (echoing Barak and Livni’s post-Annapolis statements rejecting international participation in negotiations).

In a significant gesture to Abbas, Bush announced in Ramallah the appointment of a third U.S. general, Air Force Lt. Gen. William Fraser (an assistant to the Joint Chiefs of Staff), as a special envoy to oversee road map compliance with agreements reached at Annapolis. Separately, however, an anonymous U.S. official stressed (1/13) that Fraser would not judge road map fulfillment as stated in the Annapolis joint understanding, clarifying: “The judging . . . would be done at a higher level,” perhaps publicly but most often privately. (Fraser, like Jones, would be based in Washington and make only periodic visits to the region.) To further demonstrate to Palestinians his commitment to the peace process, Bush stated that he planned to return to the region at least once before the end of his term, leaving the impression that he would personally follow-up on the final status talks. (He did not mention that he had already accepted Israel’s invitation to take part in celebrations marking its 60th anniversary in 5/08.)

After concluding his main meetings with Abbas and Olmert, Bush read a formal decla-

ration in Jerusalem marking perhaps his most comprehensive statement to date on his vision of a final peace agreement (see Doc. D2), notably stating that Palestinian refugees should receive compensation for the homes and property lost in 1948 and that “there should be an end to the occupation that began in 1967,” while reiterating the position laid out in his 4/04 letter to PM Sharon that adjustments should be made to the 1967 borders so that Israel would keep major settlement blocs. (Bush had previously described the Israeli presence as “occupation” in a 6/24/02 speech, but had not previously mentioned refugee compensation. In 4/04, Bush refused King Abdallah of Jordan’s request for a letter stating that Palestinians should receive compensation to balance his letter to Sharon; Abdallah canceled a visit to Washington in protest.) An anonymous senior White House official later clarified (1/10) that Bush intended to refer only to the occupation of Palestinian territories, not to Syria’s Golan Heights. Significantly, Bush stated that a peace process “must establish Palestine as a homeland for Palestinians, just as Israel is a homeland for the Jewish people,” a wording he had carefully avoided at Annapolis because it implicitly supported Israel’s demand that Palestinian refugees not be allowed their right of return to their homes in what is now Israel. He emphasized that for negotiations to succeed, 4 parallel tracks would need to operate simultaneously: road map implementation, final status talks, improvement of Palestinian economic and security capabilities (as opposed to conditions on the ground, which would place the onus on Israel), and Arab normalization of relations with Israel. (At times during the visit, Bush mentioned only 3 tracks, omitting normalization.)

Of note: Bush closed his 1/10 Jerusalem declaration by stating that a final status peace agreement could and should be finalized before he left office. This contradicted his 1/8 statements made en route to the region and sharply contradicted statements he made after his 1/9 meeting with Olmert to the effect that he and his advisers no longer thought it possible to achieve a Palestinian state before he left office. Separately on 1/9, U.S. officials traveling with the president said that the U.S. did not believe that the PA presently had the necessary security forces or other infrastructure to function as a state.

Immediately after Bush’s departure, Olmert, as officials had hinted after his *Jerusalem Post* interview (see above), made

(1/13) a public statement calling it a “disgrace” that unauthorized settlement outposts were still standing more than 4 years after Israel agreed to remove them under the 2003 road map. (More than 100 settlement outposts had been erected since 3/01 without Israeli government authorization, but with the tacit and active cooperation of Israeli authorities, especially PM Sharon, to break up West Bank land claimed by Palestinians under final status. Olmert himself had not taken action on the outposts since ordering the IDF to dismantle 9 homes in Atzmona outpost in 2/06.) Olmert said that discussions were underway with the Israeli DMin. to remove 18–26 outposts, though no time frame was given and no steps were taken before the close of the quarter.

Olmert also authorized Livni to meet with Qurai’ on 1/14 to begin discussions on core issues. The negotiating team leaders met alone for 2 hours and did not release details of the session. To protest the opening of what (at least in theory) were substantive talks, MK Avigdor Lieberman, head of the right-wing Yisrael Beitenu, pulled (1/16) his party (11 MKs) out of the governing coalition, stating that “any negotiation on the basis of land for peace is a fatal mistake.” Olmert was left in control of 67 of 120 Knesset seats. Kadima’s remaining coalition partner, the hawkish religious Shas party, previously threatened to pull its 12 MKs from the coalition if Olmert compromised on core issues. Meanwhile, Olmert told (1/14) the Knesset Foreign Affairs and Defense Comm. that he did not think a peace agreement could be finalized, much less implemented, within a year.

Breaking Out of Gaza

More significant than Olmert’s token moves on final status were Israel’s military moves on the ground. Israel had sharply reduced IDF operations in the territories during Bush’s visit but resumed them immediately upon his 1/11 departure (see Chronology for details). In less than a week (1/12–17), the IDF assassinated 6 Palestinians (2 AMB members in Shati’ r.c. on 1/13, an Islamic Jihad member in Qabatya on 1/15, 2 PRC members in al-Bureij r.c. on 1/16, and a PRC member in Bayt Lahiya on 1/17), also killing 1 Palestinian bystander and injuring 3. Failed assassination attempts on PRC members in Gaza City on 1/16 and in Bayt Lahiya on 1/17 killed another 5 bystanders, including a woman and 2 young children. Air strikes on Hamas targets in

Gaza on 1/12 and 1/17 killed 4 Hamas members and wounded 4. The IDF also launched a major incursion into Gaza City on 1/15, killing at least 13 Hamas members (including the son of senior Hamas official Mahmud Zahar) and 5 civilians wounding 55 Palestinians; and made more raids into Nablus (1/15) and neighboring Balata r.c. (1/17), challenging Abbas’s new security unit there, killing 1 wanted Palestinian, wounding 1, and arresting 5. In total, between 1/12 and 1/17, the IDF killed 35 Palestinians, 34 of them in Gaza.

In response to the 1/15 raid on Gaza City, Hamas ended (1/15) its self-imposed moratorium on rocket fire observed since its 6/07 takeover of Gaza, while other Palestinian factions increased rocket and mortar fire from Gaza into Israel as of 1/14 in response to the assassinations. Between 1/14 and 1/17, Palestinians fired about 150 rockets and mortars toward Israel (half of which landed in Gaza), leaving 8 Israelis (an uncommonly high number) with light to moderate injuries by 1/17. Hamas gunfire across the Gaza border on 1/15 also killed an Ecuadorian laborer working on an Israeli farm.

On 1/17, Olmert convened his security cabinet and secured approval to wage “war” on Gaza to stop the rocket attacks, ordering Gaza’s crossings sealed completely (even to humanitarian aid) for several days to punish Gazans for the rocket fire. As of 1/18, the IDF barred all imports, including fuel, food, and medicine, into Gaza. The IDF also made (1/18) a symbolic air strike on the vacant and already heavily damaged PA Interior Min. building in downtown Gaza City as a warning to Hamas, killing 1 bystander and wounding 46 (including 3 women and 19 children playing soccer nearby), while continuing air strikes and cross-border raids into Gaza, killing 4 Hamas members. On 1/20, the IDF assassinated another AMB member in Gaza City and raided al-Shuka in s. Gaza, temporarily detaining 100 Palestinians. Hamas quickly clamped down on Palestinian rocket fire, bringing it to near zero by 1/19. At the weekly cabinet session on 1/20, Olmert praised IDF actions of the previous week as “an outstanding expression of our unwillingness to compromise with terrorists and of our desire to strike them with full force,” commending DM Barak and the Shin Bet for their “accomplishments,” and vowing that the harsh measures imposed on 1/17 would continue.

The effect of the total closure on Gaza was immediate. On 1/20, Gaza’s power plant,

which supplies at least 30% (and as much as 43%) of Gaza's power, ceased operations after running out of fuel. At least 12 hospitals and 52 clinics were left running on generators, endangering the operation of ventilators, incubators, and other life-sustaining equipment and leaving some wards without heat. Electricity and fuel cuts prevented Gaza municipal authorities from treating wastewater, forcing them to begin dumping 40 m. liters/day of untreated sewage into the Mediterranean as of 1/20. By 1/21, the United Nations Office for the Coordination of Humanitarian Affairs reported regular rolling blackouts across Gaza of 8–12 hours' duration and estimated that the lack of fuel supplies had left 40% of Gazans without running water. The United Nations Relief and Works Agency (UNRWA) and World Food Program warned (1/19, 1/21) that they had only 2 weeks of food stocks to supply the 887,000 Gazans dependent on food aid, though food deliveries would likely cease by 1/25 for lack of fuel for delivery trucks. Bakeries were expected to run out of flour within days, while meat prices doubled for fear of shortages. Israel dismissed the dire reports, alleging on 1/20 and 1/21 that Hamas was shutting off the power unnecessarily to "fabricate a crisis." The PA, meanwhile, stated (1/20): "We hope the residents of the Gaza Strip will now realize that Hamas has only brought disaster upon themselves" and that "the only way to resolve the crisis is by getting rid of Hamas."

The international community responded sternly to Israel's actions: UN special rapporteur for human rights John Dugard denounced (1/19) the total closure of Gaza as "collective punishment" and "serious war crimes," and called the air strike on the Interior Min. a "cowardly action". UNRWA Dir. John Ging stated (1/21) in a press conference that while there might be "sincere intent by Israel not to create a humanitarian crisis [in Gaza] . . . that is precisely what is happening. To suggest there are reserves here or that there is an exaggeration [of the crisis] is ridiculous," calling Israeli actions entirely "unjustified and illegal." U.S. Amb. to the UN Khalilzad publicly appealed (1/21) to Israel to consider the consequence of its actions for innocent Palestinians and the peace process, while Rice expressed (ca. 1/21) her concerns privately. France accused (1/21) Israel of collective punishment, while Britain warned (1/21) that "Israeli security and justice for the Palestinians will not be achieved by cutting off fuel or by firing rockets." The

Arab League convened (1/21) an emergency session to call on the UN to investigate Israel's actions. The UNSC agreed (1/21) to open its own emergency session on 1/22 to debate a resolution.

From the start of the closure on 1/17, the Hamas leadership in Gaza appealed to Egypt to open the Rafah crossing to ease the siege. With no response from Egypt and with Israel threatening (1/20) to prolong the closure indefinitely, reps. of the military wings of Hamas, Islamic Jihad, and the PRCs held a joint press conference in Rafah on 1/21 and threatened to use explosives to destroy the Rafah border wall if Egypt did not reopen the crossing within 24 hours; they also resumed rocket fire into Israel, causing no damage or injuries. Thousands of Gazans also began (1/20) near-daily nonviolent demonstrations across Gaza, appealing for an opening of the borders (these lasted until 2/2; see Chronology for details). After a further appeal from Haniyeh on 1/21, Egyptian pres. Husni Mubarak phoned (1/21) Olmert and Barak to urge an easing of the closure. Pressure from Mubarak, combined with concerns about the UNSC debate set to open on 1/22, led Israel to authorize (early on 1/22) the entry into Gaza of a week's supply of cooking gas, diesel fuel for hospital generators, and industrial fuel for power plants, plus a mere 50 truckloads of food and other humanitarian aid (i.e., roughly 1 truckload of goods per 30,000 Gazans). UNRWA head Karen Koning AbuZayd warned the international community (in an open letter written on 1/22 and published on 1/23) that Israel's slight concession had "spared [Gazans] from reaching new depths of anguish—but only for the moment."

Before dawn on 1/23, Hamas members detonated explosives at 17 points along the 7-mi.-long Rafah border wall, and 10,000s of Palestinians streamed into Egyptian Rafah to buy food, fuel, medicine, cement, livestock, and other goods that had been banned by Israel since 6/07. Overwhelmed by the influx, Mubarak authorized his border police to stand down, saying that Egypt would not be party to starving the Palestinians, but made clear that he expected Gazans to return home and not stay in Egypt. Egyptian authorities set up vehicle checks in al-Arish, an hour from the border and the closest significant population center, in an effort to restrict Palestinian movement deeper into Egypt. Egyptian taxis quickly began to charge exorbitant prices, keeping the overwhelming majority of Gazans within walking

distance of Rafah, though some Egyptians volunteered their personal cars to transport urgent medical cases to Egyptian hospitals. Meanwhile, Palestinians who had been stranded on the Egyptian side of the border since 6/07 reentered Gaza.

The Gaza breach inspired a festive mood among most Palestinians, but it also raised concerns, especially as the Israeli government seemed quietly to welcome it. A senior Israeli official speaking anonymously on 1/23 stated that the porous border “may be a blessing in disguise: On the level of smuggling, weapons, and so on, it makes no difference. But if it continues like this, it will ease tremendously the pressure on Israel on the humanitarian level. The humanitarian organizations will get off our backs, there won’t be any shortages. . . . We don’t care if people buy food in Egypt. And terrorists come in anyway.” Another anonymous Israeli official confirmed (1/23), “Some people in the Defense Ministry, Foreign Ministry, and Prime Minister’s Office are very happy with this. They are saying, ‘At last, the disengagement is beginning to work.’” Israeli instincts that the breach would ease diplomatic pressure were correct: UNSC members who opened debate on 1/22 on Israel’s escalated attacks on Gaza failed to agree on a resolution, with the U.S. blocking condemnation of Israel without equal blame on Hamas for the chaotic, deteriorating situation; the UNSC settled on issuing (1/24) a nonbinding UNSC presidential statement expressing “deep concern” about unfolding events. As a result, Israel halted (1/24) the week of emergency shipments begun on 1/22, arguing that Gazans could now get fuel and other supplies via Egypt. Meanwhile, Cairo stressed (e.g., 1/24) that there was “no possibility” that Egypt would take responsibility for Gaza, and the PA began to worry about the instant rise in Hamas’s popularity; Gazans interviewed at the border almost all heralded the breach as “the best thing Hamas has ever done.”

Hamas was determined from the outset not to let the breach undermine its delicate relations with Egypt. Within hours of the border action, Haniyeh called (1/23) for an urgent meeting with Egyptian officials to work out shared arrangements for controlling the border, stating that Hamas was prepared to cede some border control to Abbas to keep the passage open. Mubarak invited (1/24) Damascus-based Hamas leader Khalid Mishal and Abbas to come to Cairo to discuss the issue, but while Mishal accepted (1/24),

Abbas refused (1/25), demanding that Hamas first apologize for its 6/07 “coup” and hand back control of Gaza to his PA.

Meanwhile, the flood of Palestinian consumers into Egyptian Rafah and al-Arish quickly drove up Egyptian prices, created shortages, and began to cause tensions with local residents, while in Cairo, Muslim Brotherhood supporters sponsored (1/25) a massive rally in solidarity with the Gazans (and by extension, Hamas). Alert to the growing domestic discontent, Egyptian authorities made a brief attempt on 1/25 to herd Palestinians back across the Rafah border into Gaza, firing in the air and using batons, water cannons, tear gas, and dogs, but were overwhelmed by the sheer numbers of Palestinians (an estimated 120,000), some of whom threw stones at the police in response, injuring 38 policemen. Over the next few days, Egyptian authorities switched gears, blocking (1/27) the resupply of goods to al-Arish and Rafah (hoping that Palestinians would return to Gaza if there was nothing to buy) and at the same time appealing to Hamas for assistance in controlling the situation. (Saudi Arabia’s King Abdallah summoned Mishal to Riyadh on 1/27 to demand that the situation be brought under control.) Hamas immediately began (1/27) stopping vehicular traffic out of Rafah. On 1/28, Egyptian border police and Hamas members began coordinating monitoring of border-crossing operations (e.g., searching travelers, checking IDs) and together began stringing bales of razor wire across breaches in the wall.

Between 1/28 and 2/2, Egyptian pres. Mubarak and FM Ahmad Abu al-Ghayt held a series of separate talks in Cairo with Hamas officials (including Mishal, Zahar, and Gaza security chief and former PA interior minister Said Siyam), PA officials (including Abbas), and EU foreign policy chief Javier Solana (the EU monitored the Rafah crossing until the 6/07 fighting), and consulted with Israeli officials by phone. (During talks on 1/30, Abbas again rejected a personal appeal by Mubarak to meet with Mishal.) Egypt’s preference was to have PA security forces, in cooperation with EU monitors, retake control of the Rafah crossing—a solution that Hamas had recommended since the 6/07 fighting but that Abbas had rejected in order to increase pressure on the acting Hamas government in Gaza. Israel, however, was uninterested in facilitating Egyptian-PA border coordination, leaving the EU reluctant to assume a role. Moreover, by this time, Hamas, increasingly viewing the Rafah breach as a

victory, demanded some say in Rafah border operations—an option rejected by Abbas. Unable to agree on a solution that would ease pressure on Gaza, Egypt and Hamas were left to reach bilateral understandings.

On 2/2, Hamas announced that Egypt had made it clear that 2/3 would be the final day for unimpeded crossing of the Rafah border. Egypt and Hamas would step up efforts to reseal the border as quickly as possible. Egypt would continue to allow entry to Palestinians with valid foreign student visas and/or dire medical emergencies. Hamas also publicly apologized (2/2) to Egypt for the injury of 38 border policemen on 1/25. On 2/3, the final openings in the border wall were closed, and Egypt stopped allowing entry to Gazans. Some clashes (involving both Palestinians trying to leave Gaza and Egyptians trying to enter Gaza) were reported on 2/4, leaving 20 wounded (mostly Egyptians), but individuals seemed to resign themselves to the closure quickly. Over the next week, Egypt allowed 100s of Palestinians still in Egypt to return to Gaza and 100s of Egyptians still in Gaza to repatriate, with no violence reported.

All told, the Rafah border opening lasted 12 days. An estimated 750,000 Gazans crossed into Egypt during that time (it is unclear whether this includes multiple crossing by single individuals, which certainly occurred), and for that period Palestinian actions against Israel from Gaza ceased almost entirely (see Chronology). Israeli operations in Gaza, however, did not: The IDF made air strikes (1/24, 1/25) on Rafah, assassinating 4 senior Hamas members, including Rafah commander Muhammad al-Harb (who reportedly orchestrated the 1/23 breach); continued cross-border fire, killing 1 Palestinian farmer (1/23); leveled 350 d. of olive and citrus groves on the n. Gaza border (1/23); and made a raid into an area e. of Rafah on 1/24 (arresting and taking back to Israel 25 Palestinians possibly connected to the initial 1/23 border breach). With the resealing of the border on 2/3, Gaza's dire humanitarian decline seemed sure to resume. Pledging that it would not allow a humanitarian catastrophe, Israel began on 1/30 to allow a handful of trucks carrying humanitarian aid through the Sufa crossing and resumed limited imports of wheat through Qarni's conveyor belt.

Meanwhile, in the West Bank, 2 Palestinians from Bayt Umar near Hebron infiltrated (1/24) Kefar Etzion settlement and stabbed and wounded 3 Jewish settlers

before being shot dead; no group took responsibility. The IDF raided (1/24, 1/25) Bayt Umar in response, clashing with local Palestinians, killing 1 armed Palestinian and 1 stone-throwing teenager and wounding 2 unarmed Palestinians. A Palestinian gunman, also apparently acting independently, fired on an Israeli border patrol outside Jerusalem, killing 1 border policeman. The IDF assassinated 2 Islamic Jihad members in Qabatya (2/2) and fatally shot a Palestinian teenager during an arrest raid in Bethlehem (1/28). As of 2/3, the death toll had climbed to 5,584 Palestinians and 1,041 Israelis.

Wither Annapolis?

Amazingly, as the Gaza chaos unfolded, Abbas insisted (e.g., 1/22) that negotiations with Israel continue, rejecting calls made by the PFLP (1/21) and echoed by Hamas and Islamic Jihad (1/25) to halt talks. Events in Gaza did not spur Israel to any concessions to shore up Abbas in the face of Hamas's rising popularity. On 1/27, Abbas and Olmert met for 2 hours privately to discuss Gaza and the peace talks and then opened the meeting to include negotiating chiefs Qurai' and Livni. During the session, Olmert informed the PA team that he had decided to step up "economic warfare" on Gaza with the aim of ousting Hamas: Israel would begin cutting electricity service to Gaza by 5% on 2/7 and would continue restricting fuel shipments, though it would allow weekly EU-funded deliveries of industrial fuel to keep Gaza's power plant operating at a level to meet "minimum humanitarian criteria." (Before the 1/17 sealing of Gaza, electricity production was already 30% below demand. The new cuts and fuel restrictions were expected to reduce electricity to Gazans by another 20%.) The Israeli High Court endorsed the plan on 1/30 (see Doc. C3) rejecting arguments that cutting fuel and electricity was a form of collective punishment illegal under international law, stating, "We emphasize that the Gaza Strip is controlled by a murderous terror group that operates incessantly to strike the State of Israel and its citizens, and violates every precept of international law with its violent actions." At the same time, an Israeli nonprofit group, Yemin Yehuda, began (1/30) construction of 200 settler housing units in the Shimon Hatzadik compound, in East Jerusalem's Shaykh Jarrah neighborhood. The construction was part of a bigger plan to create an unbroken Jewish ring surrounding the Old City by declaring open areas to be national parks

and placing state property back-to-back with lands under Jewish ownership, also demolishing the homes of dozens of Palestinian families who live in the area. The PA did not publicly comment on the plans, and Abbas went forward with another meeting of the Livni-Qurai' negotiations steering committee on 2/4; no progress was reported.

On 2/4, a Palestinian suicide bomber detonated a device in a mall in Dimona, in s. Israel, killing 1 Israeli and wounding 11. An off-duty Israeli policeman fatally shot a second bomber who allegedly planned to set off his device as rescue workers arrived. Responsibility for the attack was unclear (see "Data and Trends" below) but Israel ultimately blamed Hamas's Izzeddin al-Qassam Brigades, saying the bombers came from the Hebron area. The IDF immediately made (2/5) an air strike on a Hamas-affiliated police post in Khan Yunis, killing 7 Hamas members, and made (2/5) arrest raids in Hebron, detaining 30 Palestinians. Hamas stepped up (2/6) rocket fire into Israel in response, injuring 2 Israeli girls. Over the next several days, the IDF and armed factions in Gaza engaged in tit-for-tat exchanges. As of 2/10, Palestinian rocket fire had wounded another 4 Israelis (including 2 young brothers who were seriously injured), and IDF air strikes on targets across Gaza had killed another 10 resistance members (at least 8 from Hamas and 1 from Islamic Jihad) and wounded at least 3 Hamas members and 1 bystander. Meanwhile, Israel began reducing supplies of electricity to Gaza on 2/7 as planned, bringing a warning (2/8) from the U.S. not to "worsen the humanitarian situation" in Gaza.

This upswing in violence and the failure of the Rafah breach to alter the deteriorating situation in Gaza put the Annapolis process in deep freeze. At the Israeli cabinet session on 2/10, some cabinet members (including Kadima Transportation M Shaul Mofaz), outraged over the injury of 2 boys in Sederot on 2/10, called for the assassination of Hamas leaders and a major military incursion into Gaza. Kadima MK Meir Shetrit called on the IDF to "make an example, to take a neighborhood in Gaza and erase it" after warning residents to leave. Olmert ruled out (2/10) a major military operation but indicated that assassinations of senior Hamas officials were possible. On 2/11, Vice PM Ramon publicly stated that Israel had no plans to achieve a detailed peace agreement with the Palestinians by the end of 2008 and aimed only to conclude agreement on a

"declaration of principles" that would lead to a Palestinian state "after 2008—2 to 3 years after." On 2/13, FM Livni and senior IDF generals hosted a briefing for foreign ambassadors and members of the diplomatic corps serving in Israel in which they stressed the growing threat from Gaza and Israel's need to continue to act against "terrorists" there, stating that "the situation in Gaza will affect our ability to implement the outcome of . . . negotiations" with "moderate Palestinians." Livni also reiterated that, while Israel agreed at Annapolis to negotiate with the Palestinians, "the negotiations are subject to the full implementation of the road map," meaning a halt to all Palestinian violence. Meanwhile, the Shas party threatened (2/11) to collapse the coalition if Olmert resumed final status talks while rocket fire from Gaza continued. On 2/12, the Israeli Housing Min. announced that new tenders would soon be offered for construction of an additional 370 new settler housing units in Har Homa and 750 in Pisgat Ze'ev, aimed at securing Israel's permanent hold over occupied East Jerusalem.

The PA could no longer ignore the threats and continued settlement expansion by Israel. On a 3-day visit to Washington (2/11-13) meant to promote private foreign investment in Palestine, PA PM Fayyad publicly denounced Israel for the lack of progress in negotiations more than 2 months after Annapolis. He warned (2/11) that "unless there is tangible progress in the period immediately ahead" toward fulfilling Israel's road map obligations, especially halting settlement construction and easing restrictions on Palestinian movement, there was little hope that negotiations would succeed. He reiterated his concerns privately in meetings with Bush (2/12), Rice (2/11), and National Security Advisor (NSA) Hadley (2/12), who had no public comment. In a 2/15 address in Ankara to PLO ambs. serving in European capitals, Palestinian FM and Information M Riyad al-Malki similarly accused Israel of failing to meet commitments made at Annapolis, calling on ambs. to urge international pressure on Israel, stating, "Israel has maintained its policies and actions on the ground as if nothing really happened. . . . We cannot allow Israel to behave the way it behaves, action has to be taken and international intervention has to be made."

Meanwhile, Israel's campaign against Hamas continued. In Gaza, the IDF made an assassination attempt on several Hamas members in Gaza on 2/11; made

incursions into Wadi al-Silqa (2/11) and Gaza City (2/12), wounding 9 Palestinians; and shelled areas n. of Bayt Hanun (2/14), damaging 10 homes but causing no serious injuries. A mysterious explosion on 2/15 leveled the 3-story home of a senior Islamic Jihad military commander in al-Bureij r.c., killing him, his wife and 3 children, and 3 neighbors; wounding at least 50 bystanders (12 critically); and heavily damaging 10 nearby homes. Israel denied responsibility, claiming an arms cache in the home had exploded accidentally, and Hamas-affiliated police were unable to determine a cause, but many Palestinians assumed an assassination, raising tensions further. In the West Bank, the IDF and Shin Bet raided (2/11) 14 money exchanges in Hebron, Jenin, Nablus, Ramallah, and Tulkarm for allegedly funneling money to "terror operations," seizing millions of dollars. The IDF also barred (2/14) an ambulance from transporting an ailing 65-year-old Palestinian to a hospital near Tulkarm (she subsequently died) and randomly fired (2/14) on residential areas of Qabatya, killing a 58-year-old Palestinian. As of 2/15, at least 204 Palestinians had been killed and more than 500 wounded since the Annapolis summit, marking the highest rate of Palestinian casualties since the IDF's Operation Autumn Clouds in 11/06 (see Quarterly Updates in *JPS* 142, 143).

Intifada Data and Trends

During the quarter, at least 216 Palestinians and 5 Israelis were killed in Israeli-Palestinian violence (compared to 132 Palestinians and 4 Israeli last quarter), bringing the toll at 2/15 to at least 5,608 Palestinians (including 49 Israeli Arabs and 17 unidentified Arab cross-border infiltrators), 1,042 Israelis (including 323 IDF soldiers and security personnel, 212 settlers, 507 civilians), and 61 foreign nationals (including 2 British suicide bombers). An additional 12 Palestinians were killed this quarter in interfactional violence, down from around 28 last quarter (see Intra-Palestinian section below). Toward the end of the quarter, the Palestinian Red Crescent Society recorded (1/31) just over 32,000 Palestinians injured by the IDF since the start of the al-Aqsa intifada in 9/00.

Intifada statistics released at year's end included 13 Israelis killed by Palestinians in 2007—the lowest number since the al-Aqsa intifada erupted in 2000. By comparison, at least 484 Palestinians were killed by Israelis in 2007, a 35% decrease from 2006

(when 749 Palestinians were killed). The Israeli human rights group B'Tselem reported (12/30) that of the nearly 11,000 Palestinians in Israeli custody at the end of 2007, 830 were administrative detainees (a 13% increase from 2006).

Also of note: By the end of the quarter, Israeli and Palestinian groups (most notably the Israeli human rights group B'Tselem) estimated that as many as 38 Palestinians had died since 6/15/07 because of increased Israeli restrictions on allowing ailing Palestinians to be transferred out of Gaza for medical treatment. Because several factors are involved in these fatalities, and because it is extremely difficult to determine and corroborate to what extent delays or denial of transportation directly caused these deaths, most of these cases are not included in *JPS's* comprehensive tolls.

Overall this quarter, Israel significantly escalated military attacks on Gaza, while in the West Bank, daily incidents of IDF arrest raids, house searches, house demolitions, closures, and the like, as well as significant settler harassment, continued to take a heavy toll. Palestinian attacks, particularly rocket and mortar fire, also increased significantly, leading to a proportional increase in Israeli casualties, though overall Israeli casualties remained relatively low. Trends are outlined below; for details see the Chronology.

Assassinations, Suicide Attacks, and Heavy Attacks

This quarter, at least 31 deaths (all but 4 occurred in Gaza) were clear assassinations (up from 18 last quarter) during which 5 bystanders were killed and at least 25 were wounded. Those assassinated this quarter were the **AMB's** Muhammad Qawzah (11/25), Mu'tassim al-Sharif (12/27), Nidal al-Amoudi (1/13), Mahir al-Mabhuh (1/13), and Ibrahim Ghuti (1/20); **Hamas's** Zayid 'Abd al-'Aal (1/24), Ibrahim al-'Absi (1/24), Muhammad Harb (1/25), Sami al-Hamayda (1/25), and Muhammad Abu Mtair (2/9); **Islamic Jihad's** Sami Tafish (12/13), Majid Harazin (12/17), Jihad Dhahir (12/17), Karim Dadu (12/17), Ayman al-'Eila (12/17), Na'id Tafish (12/17), Ammar Abu Sa'id (12/17), Hussam Abu Jabal (12/18), Samir Bakir (12/18), Muhammad al-Taramsi (12/18), Usama Yasin (12/18), Muhammad Marshud (12/27), Muhammad Ahmad Abu Hassanian (12/27), Ibrahim al-Louh (wounded 12/27, died 12/29), Walid Obaydi (1/15), Ahmad Abu Zaid (2/3), Ammar Zakarna (2/3); and

the PRC's Wa'il Ahil (1/16), Muhammad Safadi (1/16), Raed Abu al-Ful (1/17), and 'Amr Qarmout (2/4). The death of senior Islamic Jihad commander Ayman Iyad on 2/15 may have been an assassination: A massive explosion destroyed his al-Bureij home, killing him, his wife and child, and 3 neighbors and wounding about 50 bystanders; Islamic Jihad claimed the explosion was a result of an Israeli air strike, but Israel denied this, alleging that the home concealed a weapons depot that accidentally ignited; the extent of the damage was such that Hamas-affiliated police could not determine the cause. Attacks targeting a group of Islamic Jihad members (11/17), several PRC members (1 on 1/2, a group 1/16), and a group of Hamas members (2/11) were clear failed assassination attempts that killed 3 bystanders and wounded at least 5; all targets were in Gaza. Of note: While Israel repeatedly stated to the press that it held Hamas responsible for all rocket fire from Gaza, it targeted Hamas members for assassination only in the immediate aftermath of the breach of the Rafah border and a 2/9 rocket attack that seriously injured 2 Israeli children. Most assassinations targeted Islamic Jihad, the AMB, and the PRCs, which were responsible for most of the rocket fire.

The Palestinian suicide bombing in Dimona on 2/4 that killed 1 Israeli and wounded 11 was the only suicide attack this quarter and marked the first Palestinian suicide attack since a bombing in the Israeli resort city of Eilat on 1/29/07, staged by the AMB and Islamic Jihad. The Dimona bombing was initially claimed (2/4) by a new group, Army of Palestine, which released a videotape of the purported bombers identifying the group as a Gaza-based unit of the AMB and suggesting that the bombers had left Gaza during the breach and sneaked into Israel from Egypt to stage the attack. On 2/5, however, representatives of Hamas's Izzeddin al-Qassam Brigades claimed responsibility, saying the bombers came from Hebron. Although the AMB reasserted (2/5) its claim and other rumors spread that a West Bank cell of Islamic Jihad might have been responsible, the IDF, having compared the bombers' remains to the Army of Palestine video, concluded that Hamas was to blame; if true, this would mark Hamas's first suicide bombing in Israel since 8/31/04. Israel hypothesized that multiple groups may have dispatched suicide bombers. The Gazans in the video had not surfaced by the end of the quarter, and their families were demanding

that the AMB tell them whether they were still alive.

Palestinian rocket and mortar fire from Gaza into Israel fluctuated greatly during the quarter, mirroring Israeli escalations, but overall was at least twice as high as last quarter. Incidents of mortar fire spiked to 106 during the week of 11/28-12/4 in response to Israeli attacks on Gaza that week that killed 25 Palestinians. Hamas ended its moratorium on rocket fire (in place since 6/07) following a major Israeli incursion into Gaza City on 12/15 that killed 7 Hamas members. Sharp increases began again the second week of 1/08, after Israel stepped up assassinations following Bush's visit, and continued to rise until Israel imposed a full closure on Gaza and declared economic warfare on 1/17. Rocket and mortar fire fell to near zero as of 1/19 and remained very low during the Rafah border breach but quickly escalated again to around 80 rockets and 44 mortars/week after Egypt resealed the border on 2/3. In total, 4 IDF soldiers and 18 Israeli civilians (including at least 2 children) were lightly wounded and 2 Israeli children were seriously injured by rocket fire. Property damage was reported in 10 incidents. These unusually high tolls were likely the result of Hamas's firing rockets during the last 2 months of this quarter, as its arsenal tends to be more sophisticated; Islamic Jihad, the AMB, and the PRCs, however, continued to be responsible for most of the fire. One of the factions also fired a Grad rocket on 1/3, causing no damage or injuries.

Also of note: The IDF weekly *Bama-baneh* reported (1/6) that the IDF had developed a new, small bulldozer for operating in narrow alleys of Palestinian towns, such as Nablus's Old City. The armored bulldozer, with a 360-degree gunner's perch, is called the Lioness.

Restrictions on Palestinian Movement

As outlined above, Israel maintained a strict siege on Gaza throughout the quarter, imposing a complete ban on imports of goods from 1/17, though it pledged not to allow a humanitarian catastrophe. From 1/30, Israel allowed in "exceptional" transports of humanitarian goods amounting to a few trucks per day. Throughout the quarter, exports from Gaza were totally banned. Even with Israel's 11/21 exception to allow limited export of flowers and strawberries, the UN reported as of 1/8 that a total of only 19 trucks carrying exports had been

allowed out of Gaza since the siege began on 6/12/07.

In the West Bank, IDF restrictions on movement remained tight. All Palestinian males aged 16–30 from Jenin, Nablus, and Tulkarm (some 106,000 men) were barred from traveling south of Nablus without special permission. Restrictions imposed in 7/07 (see Quarterly Update in *JPS* 145) 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 Zatarah in Salfit) remained in place. Access to the Jordan Valley for nonresidents remained virtually prohibited, as it has since 10/11/06. In mid-11/06, the IDF imposed new crossing restrictions between Israel and the West Bank, including tighter permit restrictions and double security checks on goods. UNRWA worried (11/21) that the new requirements could triple delivery charges and further curtail the movement of human rights workers.

House Demolitions and Land Leveling

Israeli demolitions of Palestinian homes were down to 13 this quarter from 43 last quarter: 4 in East Jerusalem, 2 in the Jordan Valley (areas over which Israel hopes to maintain control under a final status agreement), and 7 in Gaza. Of the houses destroyed in Gaza, 4 were demolished during incursions because they allegedly provided cover for gunmen (1 was leveled by tank fire, killing an innocent family of 5), 2 were destroyed in air strikes to punish the families of militants previously killed by the IDF, and 1 was demolished in a land-leveling operation on the Gaza border to improve lines of sight for IDF troops stationed at the Sufa crossing. In the West Bank, the IDF also evicted 4 groups of bedouin—60 from Mikhmas near Ramallah (1/2), 80 from land near Jericho (1/3), 29 from Jiftlik in the Jordan Valley (2/6), and 76 from al-Filik near Ramallah (2/13)—bulldozing their tents and animal pens, removing them from the sites, and declaring the areas closed military zones. The International Committee for the Red Cross provided the bedouin with new tents in areas nearby.

In addition to ongoing land-leveling operations to make way for the separation wall in the West Bank (see “Separation Wall” subsection below), the IDF also conducted extensive land-leveling operations in Gaza. Most of the bulldozing, affecting hundreds of dunams of Palestinian land, took place

along Gaza’s borders and around the crossings into the Strip to widen Israel’s buffer zone, to improve lines of sight into Gaza for troops stationed along the border, and to remove anything that could provide cover for armed Palestinians. The IDF also reentered the vacant Erez industrial zone (straddling the n. Gaza border) on 11/19 and began massive operations that continued through the end of the quarter to level buildings there, re-grade the land, and create defensive berms. The IDF also sent troops into the previously destroyed Rafah airport site in s. Gaza near the Kerem Shalom crossing on 11/28 and 11/30 to clear and level lands there. The 2 bulldozed sites could serve as primary staging areas for the Israeli army should Israel approve plans debated for months to launch a major ground offensive into Gaza to oust the Hamas government and eliminate Palestinian rocket fire. Deep inside Gaza, the IDF also bulldozed 160 d. of land in Abasan (12/29), 133 d. between Khan Yunis and Rafah (12/11), 90 d. near al-Bureij r.c., and 20 d. near al-Qarara (1/15).

Settlers and Settlements

Reports of Jewish settler violence were down significantly this quarter but remained almost daily occurrences. Incidents included settlers rampaging through Palestinian areas (11/24, 1/12, 1/19); beating or otherwise attacking Palestinians (11/24, 12/25, 1/31, 2/4); attempting to expand existing unauthorized settlement outposts (1/24) or occupy Palestinian land or property to establish new ones (12/7, 12/10, 1/1, 1/2, 3 during Bush’s 1/9–12 visit; new sites were evacuated promptly by the IDF); uprooting Palestinian trees (11/25, 12/6, 2/4); barring Palestinians access to their land or local roads (11/16, 11/29, 12/21); stoning Palestinian vehicles (11/19, 11/21, 11/24, 12/28, 12/30, 12/31, 1/16, 1/26); and vandalizing Palestinian property (11/24, 11/25, 12/14, 12/25, 12/29, 1/12, 1/15, 1/19), including setting fire to a 700-year-old mosque in al-Khadir near Bethlehem (1/1). There were also 2 reports of deliberate hit-and-runs by Jewish settlers that killed 1 Palestinian (12/29) and injured 2 (both on 1/25). Of 32 confirmed incidents (down from 51 last quarter), most continued to occur in Hebron (15), with other incidents reported in Nablus (4), Qalqilya (4), Bethlehem (3), Ramallah (3), Salfit (2), and at the former Homesh settlement site (1), evacuated as part of the 2005 disengagement. Of note: Settler attacks spiked following the fatal AMB

shooting of a Jewish settler near Qalqilya on 11/19 and the joint AMB-Islamic Jihad shooting on 12/28 that killed 2 Jewish settlers (off-duty IDF soldiers) near Hebron. There were also 2 reported incidents (11/17, 11/19) of Palestinian youths stoning Jewish settler vehicles, causing no injuries.

Israel reported (1/20) that the West Bank settler population (excluding East Jerusalem) increased 5.1% in 2007 to 282,362. Palestinian sources reported (*Palestine and Peace* 11/21) that 762 settler housing units had been completed in 2007, with another 602 units under construction at the end of the year.

Separation Wall

Israel slowed separation wall construction significantly this quarter as the Israeli DMin. shifted money allocated to the wall to other projects, as concerns about suicide bombers from the West Bank shifted to worries over Gazan rocket fire. The Israel DMin. stated on 12/19 that the new target date for completion of the wall (originally set for 2005) was 2010.

Separation wall work this quarter was reported around Jerusalem, between Azun and Kafr Thulth and Azun and Kafr Laqif near Qalqilya, and around Bethlehem, al-Khadir, and Har Gilo settlement. As of mid-11/07, the Israeli DMin. had stopped work in the Ramallah district, including on the Ariel finger, for "technical reasons." The wall was not completed by the end of 2007, the target date given by Israel to the UN last quarter (see Quarterly Update in *JPS* 146).

As of 11/21, Palestinians residing in villages entirely cut off from the rest of the West Bank by the separation wall reported increased permit restrictions allowing them to cross the wall into the West Bank. As of this quarter, only about 18% of Palestinians with land trapped between the wall and the Green Line had received IDF permission to continue farming their lands.

Discrimination against Palestinians

The Israeli human rights group Yesh Din published (1/6) the first independent report since 1990 on the IDF military courts in the West Bank, concluding that "grave defects and lapses" have precluded due process for Palestinians, resulting in a 99.7% conviction rate in more than 9,000 cases handled. The group, funded by grants from the British and Dutch governments, employed volunteers to monitor 800 hearings, interview attorneys and judicial officials, and collect publicly available data on the military court system.

The IDF responded (ca. 1/6) in writing, questioning the report's conclusions and accuracy, use of anonymous sources, and understanding of the legal system, stating that the army's high conviction rate is a result of its trying only the most serious crimes.

Israeli atty. gen. Menachem Mazuz ruled (1/27) that there was insufficient evidence to try police officers who fatally shot 13 Israeli Palestinians during antigovernment demonstration in 10/00 in Um al-Fahm in support of the al-Aqsa intifada, upholding a 2005 Israeli High Court ruling. A 2003 government inquiry into the killings concluded that police were largely to blame for the deaths and criticized Israel's treatment of its Arab minority. On 2/1, some 20,000 Israeli Palestinians demonstrated in Sakhnin against Mazuz's decision.

Independent Initiatives

Of note this quarter, a group of Israelis and Palestinians led by Rabbi Menachem Froman of the West Bank settlement of Tekoa and Khaled Amayreh, a prominent journalist from Dura who is close to Hamas, who had for years maintained an interfaith dialogue, presented (ca. 2/1) a draft cease-fire agreement to the Israeli cabinet and the Hamas government in Gaza. The plan called on Hamas to indefinitely halt rocket attacks and all assaults "on Israeli civilians and soldiers"; "impose a cease-fire on all groups, factions, and individuals operating in the Strip"; and secure the release of Gilad Shalit. Israel was called upon to lift the siege of Gaza, open all border crossings, permit economic relations between Gaza and the outside world, and end "all hostile activities toward the Gaza Strip, including targeted assassinations, the setting of ambushes, aerial bombardments, and all penetrations into Gazan territory, in addition to ending the arrest, detention and persecution of Palestinians in the Strip." Neither Haniyeh nor Olmert acknowledged the document, but Amayreh stated (2/3) that Hamas's leadership, including Mishal, had privately given the proposal "100% approval."

On 2/14, 12 senior former IDF commanders sent a letter to Israeli DM Barak urging the army to ease restrictions on Palestinian movement in the West Bank, saying that roadblocks fueled Palestinian hatred of Israel. One of the signatories, Brig. Gen. (ret.) Ilan Paz, former head of the Israeli Civilian Administration in the West Bank, stated separately (2/14) that the IDF's checkpoint regime "creates a reality that

creates terror, and we have to remember that." Other signatories included Brig. Gen. (ret.) Shlomo Brom, former head of IDF's Strategic Planning Division.

INTRA-PALESTINIAN DYNAMICS

Though deep divisions remained between Hamas and Fatah this quarter following their 6/07 fighting, keeping tensions high, incidents of intra-Palestinian violence dropped significantly. Twelve Palestinians were killed in incidents directly related to interfactional fighting (down from 28 last quarter), bringing the total number of fatalities in intra-Palestinian violence since 10/06 to at least 384.

Overall, the unsettled political situation created by Fatah-Hamas fighting, the stagnation of the peace process, the crippling Israeli occupation, and the continued weakening of Fatah meant that Palestinian power centers in both Gaza and the West Bank were in flux. Though armed exchanges may have been few, the Hamas leadership in Gaza and the Fatah leadership in the West Bank were both faced with serious security and political legitimacy concerns in the shifting environment. Hamas tended to retrench to consolidate its control, while Abbas, as head of the PA and Fatah, looked outward, seeking a boost from the Annapolis process. With both leaderships focused on immediate concerns, Palestinians remained without a practical, long-term, strategic vision for advancing their national cause.

Haniyeh Struggles in Gaza

As Hamas's takeover of Gaza entered its fifth month with no resolution of the Fatah-Hamas split in sight, Haniyeh's acting government began to shift from its emergency footing, making slight adjustments that acknowledged that the uncertain environment in which it governed might persist indefinitely and that more long-range planning was needed. The most significant effort to revive some sort of central authority was Haniyeh's restructuring of the Gaza security forces, effectively dissolving the Hamas-led Executive Support Force (ESF) by 11/07 and reorganizing members into 4 (of approximately 9) units that previously existed under the PA Interior Min.: police (by far the largest group, responsible for general civil policing, including traffic monitoring and criminal investigations), internal security (providing protection for Hamas officials and VIPs), national security (mainly in charge of the

border with Egypt), and naval police. The total forces numbered around 13,000 men, including an estimated 1,500 members of the original PA police force who continued to work despite Abbas's 6/07 orders for them to remain off the street. Hamas also kept up efforts begun last quarter (see Quarterly Update in *JPS* 146) in cooperation with the various factions (except Fatah) to conduct border patrols along the border with Israel, making a more consistent effort to engage IDF units crossing into Gaza or patrolling the border on the Israeli side, causing no IDF injuries but losing at least 3 of its own members (see Chronology). In one instance (the first of its kind) on 1/8, the Hamas-led naval police fired toward Israeli naval vessels off the Rafah border that had fired on Palestinian fishing vessels, sinking 1. In response, the IDF called in helicopters to fire missiles at the naval police post, damaging it and a nearby mosque but causing no injuries.

Providing internal security to Gazans was Hamas's greatest domestic priority. Fatah cadres still in Gaza continued to harass the Hamas-led security force, but not with any consistency or to any great effect, despite efforts at the end of last quarter to mount a concerted resistance (see Quarterly Update in *JPS* 146). Suspected Fatah members placed bombs targeting Hamas-affiliated police officials (e.g., 12/8, 12/14, 2/5), patrols (e.g., 11/21, 12/10, 1/11), and offices (e.g., 12/7, 1/25), causing no injuries; and fired on police patrols (e.g., 12/9, 12/28, 12/30) and Hamas officials (e.g., 1/1), wounding 3 policemen and 1 official.

Hamas members and security forces on several occasions acted outside any sense of rule of law. Most significantly, on 12/14, Hamas-affiliated security forces detained without charge Omar al-Ghul, a senior Fayyad associate, prominent journalist, and frequent Hamas critic, when he entered Gaza from Ramallah, where he had fled during the 6/07 fighting, to attend a relative's funeral. Abbas denounced the "kidnapping" as a "criminal and dangerous act adding to the long list of crimes committed daily by Hamas in Gaza." Ghul was released without comment on 2/1 after mediation by Islamic Jihad, reportedly in exchange for the release of several Hamas members held by the PA in the West Bank. Ghul immediately returned to Ramallah. Hamas members also kidnapped and quickly released (12/6, 12/31) at least 2 other Fatah members.

Raising Fatah-Hamas tensions significantly, 3 Fatah supporters were killed and 35

were wounded by an explosion during the 12/14 funeral for an AMB member killed in the IDF assassination of Islamic Jihad cmdr. Sami Tafish in Gaza City on 12/13. Abbas accused (12/14) Hamas of setting off the explosion, calling it an “assault against our people,” but Hamas-affiliated police alleged that a Fatah mourner accidentally discharged a hand grenade.

More serious Fatah-Hamas clashes in Gaza occurred around Hamas’s 20th anniversary celebrations in early 12/07 and Fatah’s 47th anniversary celebrations later in 12/07. (The PA banned Hamas festivities in the West Bank.) Fatah members targeted Hamas vehicles promoting or carrying celebrants to rallies (e.g., 12/14, 12/15), wounding a total of 17 Palestinians. No violence was reported at the main Hamas rally in Gaza City on 12/15, attended by some 200,000 supporters. Hamas members and security forces clashed with Fatah members during raids to confiscate or take down banners and posters promoting Fatah’s anniversary (e.g., 12/28, 12/29), injuring 3 Palestinians and arresting 40.

With tensions around the anniversaries high, 1 major clash took place in Khan Yunis on 12/31 when Fatah members (according to Hamas) opened fire on worshipers leaving a mosque, killing a local Hamas leader and a 10-year-old boy. Clashes quickly spread to Bayt Lahiya, Dayr al-Balah, Gaza City, Jabaliya r.c., al-Maghazi r.c., Nussayrat r.c., and Rafah, continuing overnight into 1/1, leaving at least 6 more Palestinians dead (including at least 2 Hamas members and 1 Fatah member) and around 60 injured. The sides quickly contained the clashes, and no further major incidents were reported through the end of the quarter.

The Hamas-led security forces occasionally clashed with factions during routine policing operations. For example, Hamas-affiliated police fired on 3 cars that ignored checkpoints (2 on 12/10, 12/29), wounding 1 Hamas member, 1 PRC member, and 2 Islamic Jihad members. Security forces also exchanged fire with local residents and fired on stone-throwing protesters who challenged them during arrest raids (e.g., 12/28, 12/29, 2 on 12/30), leaving 6 Palestinians wounded (including 3 Fatah members and 1 policeman). Again this quarter, some clashes between Hamas-affiliated security forces and clans, or between clans, had factional overtones (e.g., 12/12, 12/15, 12/16; see the International Crisis Group report in Doc. A3 for details on the rise of clans

in Gaza.) No serious injuries were reported in these incidents. In addition, a Palestinian prisoner died in police custody in Gaza City on 12/13, but no details were reported.

There were also several incidents reported between other factions: PRC members vandalized a Fatah office and stole equipment in al-Bureij r.c. on 12/7. Unidentified people vandalized another Fatah office in Khan Yunis on 12/22. Rival PRC factions exchanged fire in Bayt Hanun on 2/7, causing no injuries.

Two alarming incidents in Gaza were apparently carried out by Islamists targeting U.S./Western/Christian interests. Palestinian gunmen looted and burned (1/12) the private American International School in Bayt Lahiya, leaving fliers claiming that the attack was staged by the previously unknown Army of Believers—al-Qa’ida Branch on the Land of Palestine. Unidentified masked men raided (2/15) the YMCA in Gaza City and blew up its 8,000-volume library; a second bomb was defused.

Fatah Challenges in the West Bank

Meanwhile in the West Bank, Abbas, preoccupied with the Annapolis process, made little effort to keep up last quarter’s campaign to undercut Hamas’s influence locally (see Quarterly Update in *JPS* 146). The only significant step in that direction this quarter was the PA’s 12/3 order closing 92 Hamas-affiliated West Bank charities. Hamas did not respond, knowing it could not challenge Fatah’s authority in the West Bank and opting to lie low to preserve its extensive networks. The PA General Intelligence Service made only 1 major raid targeting Hamas, in Kubir village near Ramallah on 2/14, arresting 8 Palestinians, including a prominent imam, on charges of possessing illegal weapons.

Improving internal security continued to be a priority for Abbas—in the context of demonstrating road map implementation. As part of ongoing efforts coordinated with U.S. envoy Dayton to expand PA security control of the West Bank, Abbas this quarter deployed a 500-member Western-trained policing unit in Tulkarm on 12/4. As with the first new unit deployed in Nablus in early 11/07 (see Quarterly Update in *JPS* 146), the new Tulkarm force was mandated to “operate in coordination with Israeli forces to fight crime and terrorism,” providing daytime security to residents while leaving night operations to the IDF. The unit’s first act was to establish checkpoints around the city to search for unlicensed guns and stolen

vehicles. The IDF did not openly challenge the Tulkarm deployment, as it had in Nablus by making provocative daytime raids, including of PA security offices, to underscore that Israel maintained overall control, but neither did it step down its operations in and around Tulkarm to give the new force opportunity to assume greater authority (see Chronology). Meanwhile, the Nablus unit angered many local residents by staging a major raid on 'Ayn Bayt al-Ma' r.c. on 11/18, surrounding several homes and detaining gunmen wanted for questioning (mostly AMB commanders who had no intention of ceding their local authority to the weak PA).

While no Fatah-Hamas clashes were reported in the West Bank, two incidents pitted Fatah against the PFLP, which urged a suspension of talks with Israel in light of events in Gaza: On 11/21, fights broke out between Fatah and PFLP student groups at Ramallah's Birzeit University, prompting the university to suspend classes until 11/26 to allow tensions to dissipate. Fatah and PFLP members also scuffled in Battir near Bethlehem on 12/31, but no serious injuries were reported.

Of note: Hizb al-Tahrir, a small, unarmed, pan-Islamic group that seeks the return of the Caliphate and has denounced Hamas for taking part in Palestinian elections and the PA, reportedly (*Ha'Aretz* 11/22, *Christian Science Monitor* 1/22) decided to try to take advantage of Hamas's decision to lower its West Bank profile following the 6/07 fighting in Gaza to increase its following by conducting more public activities. The group sponsored a nonviolent Annapolis protest on 11/27 in Hebron attended by 100s of Palestinians. PA police opened fire to disperse the crowd, killing 1 Hizb al-Tahrir supporter and wounding other demonstrators. PA police then attempted to break up the large funeral procession for the slain Hizb al-Tahrir supporter on 11/28, claiming it was a pro-Islamist rally. This sparked even larger clashes in which PA police opened fire in the air and beat unarmed Palestinians, leaving 60 injured, including 24 who required hospitalization. Hizb al-Tahrir held another small rally in Ramallah on 1/9 to protest Bush's visit; it was violently dispersed by PA security officers, who injured more than 25.

Unpopular PA Economic Steps

As part of efforts to improve the PA's economic footing to attract foreign aid and investment, the PA took 2 decisions this quarter that sparked broad Palestinian condemnation and concern. First, in late

1/08, under heavy pressure from donors to reduce the PA's massive budget deficit, PM Fayyad instituted new rules requiring Palestinians seeking basic government services (e.g., identity cards, birth certificates) to show proof that they had paid water and electricity bills and municipal taxes. Government employees who had not paid such bills and taxes would henceforth have their salaries garnisheed until their debts were erased. Since the start of the al-Aqsa intifada and especially since payment of civil servant salaries became irregular in 2006, many cash-strapped Palestinians had not paid for municipal services, and the PA had covered the payments to keep services running. Fayyad's decision sparked strikes (e.g., 1/30-31, 2/5-6) and protests by civil servants.

Second, PA Agriculture M Mahmud al-Habbash confirmed (ca. 2/15) reports that the Fayyad government had decided to allow the sale of Palestinian land to non-Palestinians with the aim of encouraging foreign investment and attracting foreign investors. Answering critics who feared that the decision would open the door for Zionists with foreign passports to buy Palestinian land "legally" and then pass it on to settler groups, Habbash stated that officials responsible for overseeing sales "have clear instructions and they know very well how to protect Palestinian land against falling into the hands of the occupation." Among those to condemn the decision was Dep. Speaker of the Palestinian Council (PC) Hasan Kharisha, who noted (2/15) that the decision violated Palestinian laws against selling Palestinian land to non-Palestinians and was taken without PC approval.

National Unity Broached

Abbas, in his address to the main Fatah anniversary rally in Ramallah on 12/31, publicly called on Hamas leaders to "open a new page" by working to reach a new national unity agreement through dialogue and considering holding early elections. The appeal came as a surprise, since Abbas had from 6/07 vowed not to talk to Hamas until it returned control of Gaza to the PA. Though it was uncertain how serious the call was, senior Hamas official Zahar stated (12/31) that Hamas "welcomes new ideas regarding dialogue without preconditions" and urged immediate national unity talks under Arab auspices. (The Arab League, Egypt, Saudi Arabia, and Yemen had previously offered to mediate new unity talks, but Abbas refused; see Quarterly Updates in *JPS* 145, 146.)

Soon after, Israel's escalation and full closure of Gaza in mid-1/07 set off an interesting albeit short-lived dynamic within the Palestinian camp. The IDF's 1/15 Gaza City raid, with its high casualties (including Zahar's son), galvanized Palestinian outrage across factions. Abbas phoned (1/18) Zahar personally to express his condolences, marking his first contact with a senior Hamas official since 6/07. Fatah members also attended the younger Zahar's funeral on 1/18. Hamas-run TV stations in Gaza began (1/18) interviewing Fatah officials regarding the unfolding events for the first time since 6/07.

These tentative efforts to revive national unity discussions were derailed by Hamas's 1/23 breach of the Gaza border. Abbas was threatened by Hamas's sudden surge of popularity and stood with Israel and the U.S. in not wanting to negotiate a resolution to the Gaza crisis for fear of further boosting Hamas's legitimacy. Abbas revived (e.g., 1/25, 1/30) his demands for Hamas to cede control of Gaza before talks, and no further mention was made of the national unity appeal during the quarter.

PALESTINIAN OPINION

The following data are excerpted from a poll conducted by al-Najab University between 26 and 28 January 2008. Results are based on a survey of 1,360 men and women from the West Bank (including East Jerusalem) and Gaza. The poll, the 32d in a series, was taken from al-Najab University's Web site at www.najab.edu.

1. Do you think that the U.S. president is sincere in his promise to help in the creation of a Palestinian state by the end of the year?

| | | West | | |
|----|---------------------------|-------|-------|-------|
| | | Bank | Gaza | Total |
| a. | Yes | 5.7% | 21.2% | 11.4% |
| b. | No | 90.5% | 62.8% | 80.3% |
| c. | No opinion/ Don't know | 3.8% | 16.0% | 8.3% |

2. Are you in favor of stopping rocket fire in return for lifting the siege imposed on the Gaza Strip?

| | | West | | |
|----|---------------------------|-------|-------|-------|
| | | Bank | Gaza | Total |
| a. | Yes | 73.6% | 63.4% | 69.9% |
| b. | No | 22.6% | 30.2% | 25.4% |
| c. | No opinion/ Don't know | 3.8% | 6.4% | 4.8% |

3. There is a proposal to hand over responsibility of the crossings in the Gaza Strip to the PA presidency. Do you support or reject this suggestion?

| | | West | | |
|----|---------------------------|-------|-------|-------|
| | | Bank | Gaza | Total |
| a. | Support | 75.6% | 71.0% | 73.9% |
| b. | Reject | 17.9% | 21.2% | 19.1% |
| c. | No opinion/ Don't know | 6.5% | 7.8% | 7.0% |

4. Do you believe that the siege would end if Hamas retreated from its domination over the Strip?

| | | West | | |
|----|---------------------------|-------|-------|-------|
| | | Bank | Gaza | Total |
| a. | Yes | 47.0% | 57.2% | 50.7% |
| b. | No | 45.6% | 31.2% | 40.3% |
| c. | No opinion/ Don't know | 7.4% | 11.6% | 9.0% |

FRONTLINE STATES

JORDAN

Jordan's King Abdallah kept in close contact with PA pres. Abbas and Israeli PM Olmert regarding the peace process this quarter, and Jordan participated in the Annapolis conference but launched no diplomatic initiatives. King Abdallah met in Cairo with Abbas and Egyptian pres. Mubarak on 11/22 to coordinate positions before Annapolis and met separately in Amman with Abbas (1/2) and Olmert (1/3) afterward to follow up on the summit. In his meeting with Olmert, the king warned Israel against expanding Jewish settlements, which he called a threat to peace. Olmert pledged not to approve new construction in West Bank settlements (excluding East Jerusalem, in keeping with his 12/28 announcement; see "Tensions Increase" above) and to avoid further land confiscations in the West Bank, but, citing a Grad rocket attack by Gazans on Israel that day, stressed that no progress could be made on the peace process until the PA clamped down on "terrorism."

Jordan held its parliamentary elections on 11/20 amid regime concerns that Hamas's 6/07 takeover of Gaza could enhance domestic support for the Islamist opposition and amid accusations by the opposition of widespread incidents of election fraud (see Quarterly Update in *JPS* 146). Final results published on 11/21 showed supporters of King Abdallah winning a majority of the 110 parliament seats and dealing the opposition

a significant defeat, reducing the Islamist bloc from 17 seats to 6. On 11/25, King Abdallah swore in the new government, led by PM Nadir Dahabi, a former air force chief and governor of the 'Aqaba free trade zone.

Jordan was similarly concerned by Hamas's Gaza breach in 1/08. Not only did the government worry that Hamas's surge in popularity would embolden its Islamist opposition (Islamists did hold major rally in Amman in solidarity with Gazans on 1/25), but it also worried that Israel would welcome and possibly encourage a similar event on Jordan's western border if conditions in the West Bank deteriorated further, reviving the idea of Egypt taking over Gaza and Jordan taking over the West Bank under a final status arrangement.

LEBANON

Lebanon, in the throes of a crisis over presidential succession that began heating up at the end of last quarter (see Quarterly Update in *JPS* 145), took no action relating to the Israeli-Palestinian conflict this quarter beyond sending acting FM Tarek Mitri to the Annapolis summit. Lebanon's increasing instability did, however, raise concerns globally about the potential impact on broader regional stability.

Lebanon's Presidential Crisis

This quarter, Lebanon entered a full-blown constitutional crisis, with pro-Syrian pres. Emile Lahoud required by law to step down on 11/24 and the main political blocs in the country—the Western-backed "March 14" governing coalition and the pro-Syrian Hizballah-led opposition—unable to agree on a consensus candidate for election by the parliament. Voting had been set to begin last quarter, on 9/25, but was postponed twice by the parliament. A new date was set for 11/21, but when no deal was struck 11/22, parliament postponed voting a third time until 11/23, a day before Lahoud's deadline. Meanwhile, the government deployed the army and police reinforcements across Beirut, fearing unrest.

Negotiations continued past midnight on 11/23 without success, but both groups pledged to continue talks and to refrain from legal steps that could spark violence: The ruling coalition, which held a narrow parliamentary majority, opted (11/24) not to exercise its right to force a vote guaranteed to approve its own candidate by simple majority, while the opposition decided against formally challenging the automatic trans-

fer of authority to the cabinet of PM Fuad Siniora, which it viewed as constitutionally illegitimate since the resignation of opposition members from the cabinet in 11/06 (see Quarterly Update in *JPS* 142). Hours before stepping down at midnight as required, Lahoud ordered (11/23) the military to take control of security in the country, giving security responsibility to army head Gen. Michel Suleiman, one of the top choices for a compromise president. No violence was reported, though some 2,000 demonstrators rallied in Beirut to celebrate Lahoud's exit.

At the time, opposition MPs expressed (11/24) hope that a compromise would be easier to reach after the 11/26-27 Annapolis summit, believing that if talks on the Golan Heights were revived, Syria would use its influence to push for a settlement of the presidential issue. Meanwhile, the factions quickly coalesced around Gen. Suleiman as the best candidate. (On 11/28, Lebanon's ruling coalition amended the Lebanese constitution to allow the head of the military to transition directly to the presidency, clearing the way for Suleiman's election as president. He was formally nominated on 12/3.) Fierce debate continued, however, over the division of cabinet posts in a new government, with Hizballah reviving demands for veto power in the cabinet and assurances on key civil service posts, leading to 5 more postponements of the voting by 12/8. With the next voting date set for 12/16, Lebanon's top general in line to replace Suleiman as army chief (strongly supported by the March 14 coalition), Brig. Gen. François al-Hajj, was assassinated in Beirut on 12/12 when a large car bomb planted in a parked BMW was detonated as he drove past, also killing his bodyguard and wounding 6 bystanders. (No group took responsibility; Iran, Syria, and Hizballah condemned the killing.)

Fearing that instability in Lebanon would continue to grow as long as the leadership issue remained unresolved, the U.S. dispatched Asst. Secy. of State David Welch to Beirut (12/15) to urge parliamentary speaker Nabih Birri to hold the vote on 12/16 even if no deal had been reached by then, effectively pressuring Siniora's government to suspend efforts to negotiate a compromise with the Hizballah-led opposition. By way of encouragement, Welch pledged that the U.S. "will stand by those who embody the legitimacy of these institutions. We will back the government of Prime Minister Fuad Siniora. . . . We will stand with the majority in parliament." (French pres.

Nicolas Sarkozy made a similar appeal to Siniora on 12/10.) Birri and Siniora thought better of this, however, and when a deal could not be reached on 12/16 they authorized (12/17) another postponement until 12/22. Two days before the deadline, Pres. Bush for the first time personally urged (12/20) Siniora to use his government's slim majority to force through his choice as president, even if it meant escalating tensions with Hizballah. Hizballah denounced (12/20) U.S. meddling in Lebanese internal affairs, and with no deal in sight, Birri postponed (12/21) voting again until 12/29 and again (on 12/28) until 1/12. France then suspended diplomatic relations with Syria on 12/30 until it had "proof of Syria's willingness to let Lebanon choose a consensus president."

In an effort to resolve the dispute, the Arab League (including Syria) on 1/6 unanimously approved a proposal and charged Secy.-Gen. 'Amr Musa to take it to Beirut. The plan called for the immediate election of Suleiman; formation of a national unity government in which a third of cabinet seats would go to the March 14 coalition and a third to the opposition, with the remaining third hand-picked by Suleiman, making him the "arbiter in any contested decisions"; and the adoption of a new electoral law. The March 14 coalition warmly welcomed (1/6) the plan, while Hizballah gave tentative approval (1/6) pending discussion of the details (one of its biggest concerns was how the deal would affect future elections). Musa presented the plan to the parties in Beirut on 1/9 and made a follow-up trip on 1/19, but the Lebanese parties did not reach agreement before the end of the quarter, forcing 3 more delays to the voting, ultimately moving the date to 2/26 and leaving the crisis unresolved.

The drawn-out dispute reportedly exacerbated the Bush administration's frustrations with Syria, which was blamed for blocking any deal not beneficial to Hizballah. During his 1/14-15 visit to Saudi Arabia (a strong supporter of former Lebanese PM Rafiq Hariri and the March 14 coalition), Bush reportedly (*Washington Post* 3/1) proposed to King Abdallah a series of joint efforts to pressure Syria to stop meddling in Lebanon. No details were released, but Saudi FM Prince Saud al-Faisal's meetings with Pres. Bush, Secy. Rice, VP Cheney, and NSA Hadley at the White House on 2/15 reportedly discussed the ideas further.

The Hariri Investigation

Also fueling Lebanese political tensions (and perhaps the presidential crisis) were the ongoing investigations into the 2/05 assassination of former Lebanese PM Hariri, allegedly by Syria. On 1/25, unidentified assailants detonated a massive car bomb concealed along a street in East Beirut, killing Lebanese police intelligence Capt. Wissam Eid, the senior police official in charge of Lebanon's internal investigations into the Hariri assassination and subsequent assassinations of anti-Syrian figures. Eid was targeted as he left a meeting on the Hariri case. His bodyguard and 2 bystanders were also killed; 38 bystanders were wounded. Syria and Hizballah denounced the attack. The bombing sparked anti-Syrian riots (1/25) in Eid's hometown of Dayr Ammar n. of Beirut.

Also this quarter, outgoing UN chief investigator into the Hariri assassination Serge Brammertz turned in (11/27) his final report to the UNSC, concluding that "operational links may exist" between those who orchestrated Hariri's killing and the perpetrators of 18 assassinations since and confirming that these links would be a priority of the new investigator. Belgian-born Brammertz, who stepped down at the end of the year, was replaced by Canadian Daniel Bellemare.

On the anniversary of Hariri's assassination on 2/14, Rice announced that the U.S. would double to \$14 m. its pledge for funds for the UN tribunal to be established to try suspects in the Hariri assassination and other high-profile killings of anti-Syrian Lebanese. No progress was reported this quarter on getting the tribunal up and running.

Aftermath of the Summer 2006 War

On 1/30, the final report of the Winograd Commission, charged by the Israeli government with investigating the government and military's handling of the 2006 Lebanon war, was issued (see Doc. C2). Though far less severe than expected, it concluded that the war was "a big and serious failure" that severely undermined Israel's deterrent capability and criticized the government for failing to decide what type of war it wanted and for its lack of an exit strategy; ground forces were criticized for failing to stop Hizballah rocket fire. Unlike the 4/07 interim report covering the first few days of the war (see Doc. C1 in *JPS* 144), however, the report did not directly criticize Olmert, stating instead that Olmert and former DM Amir Peretz "acted out of a strong and sincere perception of what they thought at the

time was Israel's interest." Regarding the last 72 hours of the war—when Olmert delayed agreement on a UN res. ending the war, launched a ground offensive, and authorized massive bombing of s. Lebanon with cluster bombs to prevent the repopulation of the area—the report concluded that Olmert's decisions gave the government "necessary military and political flexibility" and that the government did not "knowingly" violate international law by using cluster bombs.

Olmert pledged (1/30) to take steps immediately to implement the commission's recommendations for "systemic" change within the military and central command. The Israeli cabinet endorsed his call on 2/10 and appointed the National Security Council as the body to oversee implementation and keep the government apprised of progress. Israeli critics complained (1/30) that the report failed to determine individual responsibility for failures in preparedness, strategic thinking, and decision making. Amnesty International condemned (1/31) the commission for having made "no serious attempt to investigate violations of international law, including war crimes, committed by Israeli forces." Given the unexpectedly mild report (and polls indicating that that Likud MK Benjamin Netanyahu would easily win a race for PM if early elections were held), Israeli DM Barak, who in spring 2007 threatened to withdraw his Labor party from the governing coalition and force early elections if Olmert did not resign before the final Winograd report was released, stated on 2/3 that he would not take such action. The report ended the likelihood of any further political fallout for Olmert from the 2006 war.

The Winograd report was preceded on 12/24 by a ruling by Israel's military prosecutor that Israel's use of cluster bombs during the summer 2006 Lebanon war did not violate international humanitarian law and that no related cases would be prosecuted. Though cluster munitions are not explicitly outlawed internationally, the UN and international human rights groups have strongly condemned Israel for dropping an estimated 4 m. cluster bomblets on Lebanon during its 33-day war, the majority during the final 72 hours of the conflict. As many as 1 m. unexploded bomblets still pose a hazard to the Lebanese civilian population.

On 1/20, Hizballah leader Shaykh Hasan Nasrallah made his first public appearance since the 2006 war to attend Ashura celebrations in Beirut. In a public address, he stated that in addition to the 2 IDF soldiers cap-

tured at the start of the conflict, the group also held the bodies of several Israeli soldiers killed during the 2006 war. Israel, which was believed to hold at least 7 Lebanese prisoners of war, did not comment.

Tensions remained high on the Israel-Lebanon border. Overnight on 1/8-9, unidentified assailants fired 2 Katyusha rockets from s. Lebanon into w. Galilee, causing minor damage but no injuries. Israel submitted (1/9) a formal complaint against the Lebanese government to UN Secy.-Gen. Ban Ki-moon. Later the same day, unidentified assailants detonated a roadside bomb near a UNIFIL patrol outside Sidon, lightly injuring 2 Irish UNIFIL soldiers. On 1/21, the Lebanese army fired antiaircraft guns at Israeli fighter jets violating Lebanon's air space; the gunfire was symbolic only, as Lebanon's antiaircraft batteries are incapable of hitting the high-flying jets. While Israeli violations of Lebanese air space are frequent, this marked only the 2d time since the 2006 war that Lebanon had responded. On 2/3, IDF soldiers in the disputed town of Ghajjar, straddling the unofficial Israel-Lebanon border, fired into Lebanon, killing 1 Lebanese and wounding another; the IDF stated that soldiers were responding to gunfire from suspected Lebanese drug smugglers inside Lebanon, which caused no injuries.

Attacks on Mughniyah and U.S. Interests

On 2/12 in Damascus, unidentified assailants assassinated Hizballah intelligence and external operations head Imad Mughniyah with a car bomb, injuring 2 others. The attack on Mughniyah, who had been implicated in the 1983 Marine barracks bombing in Beirut and the 1985 hijacking of a TWA flight 847, came around the 25th anniversary of the barracks bombing and 2 days before the 3d anniversary of Hariri's assassination, which Hariri supporters have blamed on Syria. Hizballah accused Israel, which hailed his death and distanced itself from the attack but did not explicitly deny involvement. The U.S. "welcomed" (2/12) his assassination, stating that "the world is a better place" without him. Hizballah opted to hold a massive funeral for Mughniyah in Beirut, attended by 10,000s of Lebanese, on the 2/14 anniversary of Hariri's killing, competing with a rally commemorating Hariri, attended by 10,000s of his supporters. (Observers noted [see *Washington Post* 2/15] that compared to previous years, "the crowds appeared more dutiful than inspired")

and that a significant number of Hariri followers were wearing paramilitary outfits and talking of the prospects of renewed civil war.) Lebanese authorities, fearing possible clashes between Hizballah and March 14 supporters, deployed 1,000s of troops in the capital, but no violence was reported. At the Mughniyah funeral, Nasrallah gave a speech warning Israel that since it had struck beyond the "traditional battlefield" of Lebanon, it now risked a borderless war with Hizballah. Iranian FM Manouchehr Motaki attended the funeral and read a letter of condolence from Pres. Mahmoud Ahmadinejad, while Hamas leader Mishaal gave a eulogy. Anticipating retribution, Israel placed (2/14) its embassies on alert, reinforced the border with Lebanon, and warned citizens abroad of potential kidnappings. The U.S. issued (2/14) an alert to synagogues and other potential Jewish targets in the U.S.

Also of note: In Beirut on 1/15, unidentified assailants detonated a bomb near a U.S. embassy vehicle, injuring 2 embassy employees (both Lebanese), killing 3 bystanders, and injuring 18 bystanders. No group took responsibility. The armored SUV was scouting a stretch of road to be traveled hours later by diplomats heading to a going-away event for departing U.S. Amb. Jeremy Feltman; that event was canceled.

SYRIA

This quarter, for the first time in many months, the possibility was raised of resuming Syrian-Israeli final status talks, which collapsed in spring 2000 when Damascus rejected an Israeli offer for a partial withdraw from the Golan Heights (see Peace Monitor in *JPS* 116). In the run-up to the Annapolis summit, Syria stated that it would not participate in the international conference unless the occupation of the Golan was discussed alongside the occupation of Palestinian territory. The U.S. refused to give the Syrian track equal billing but agreed to add a panel to the discussions to address a "comprehensive Middle East peace," during which the Golan issue could be raised. On this basis, Syria agreed to attend Annapolis but not at the FM-level, sending instead Dep. FM Faisal Makdad.

In his address to the closed session on comprehensive peace at Annapolis, Makdad reportedly stated (11/27) that Syria "is sincere in seeking a comprehensive and just peace and possesses the political will to achieve it." He also stressed the Arab League position that normalization with

Israel should be "the fruit of comprehensive peace and not precede it" and should only come after "the total Israeli withdrawal from the 1967 Arab land." Makdad also emphasized that Israeli occupation of Arab land was the root of instability in the Middle East.

When the U.S. and Russia announced (11/28) that a meeting to follow up on Annapolis might be held in Moscow in early 2008, Makdad stated (11/28) that he hoped the session would revive the Israeli-Syrian negotiations. Israeli PM Olmert, however, replied (11/28) in a statement to the press that the time was not right to resume talks with Syria, saying that Damascus must first cut ties to "terrorist" groups. On 12/30, in Damascus, Syrian pres. Bashar al-Asad told visiting U.S. Sen. Arlen Specter (R-PA) that Syria was ready to make peace with Israel but needed the U.S.'s help to secure Israel's agreement to reopen talks. Afterward, Specter stated (12/30) that he believed Washington could "bridge the gap" between Israel and Syria. The U.S. did not respond.

The Bush administration was angered this quarter with Syria's alleged behind-the-scenes efforts to block any resolution of the Lebanese presidential crisis that did not benefit Hizballah (see the Lebanon section above for background). When a 1/6 Arab League proposal (officially endorsed by Syria) to resolve the crisis did not bear fruit, Bush issued (2/13) an executive order imposing new sanctions on Syria to punish it for meddling in Lebanon and not doing enough to stem the flow of foreign fighters into Iraq. The decree increased the number of Syrians whose assets could be blocked by the U.S. Treasury Dept. In response, Syria threatened (2/14) to file suit against the U.S. for supplying Israel with weapons it used to kill Syrians during its 2006 war on Lebanon.

Also of note: Syria began (1/11) rebuilding on the site bombed by Israel on 9/6/07. U.S. intelligence continued to refuse comment on satellite photos of the new construction, but nuclear experts (see *Washington Post* 1/12) said it was unlikely that the new structure would be used for nuclear purposes.

REGIONAL AFFAIRS

Early this quarter, as Palestinians in Gaza increasingly resorted to smuggling across the Rafah border to ease the impact of the Israeli siege, tensions increased between Egypt and Israel, which repeatedly complained that Egypt was not doing enough to secure

the border. By early 12/07, the U.S. had intervened at Israel's request and sent 2 officials from the State and Defense Depts. to Egypt to investigate ways to improve Egyptian security. The U.S. team recommended 3 options: (a) building a "physical barrier" from the sea to the Negev; (b) giving the Egyptians sophisticated technology to detect smuggling tunnels; or (c) digging a trench along the Gaza border that would be filled with water. (All 3 suggestions were ones that Israel for years had threatened to implement itself on the Gaza side of the border.) The U.S. followed up by sending a team from the U.S. Army Corps of Engineers (USACE) in 12/07. At the same time, Rice reportedly supported Egypt's position that Israel should agree to amend the 1978 peace treaty to allow more Egyptian soldiers to be stationed along the border. Egypt had repeatedly asked to increase its border police contingent from 750 soldiers to 1,500, but Israel opposed this. Ultimately, Egypt tentatively agreed (1/6) to spend \$23 m. of its 2008 U.S. military aid on robots and acoustic sensors to augment its monitoring capabilities; the price tag included 2 months of training and "sustained technical advice" from the USACE. It was unclear at the end of the quarter whether Hamas's 1/23 border breach would change these plans.

Israeli PM Olmert met with Egyptian pres. Mubarak in Sharm al-Shaykh on 12/26 to demand more stringent Egyptian border security. In parallel, he expressed displeasure about Egypt's coordination with Hamas in early 12/07 to allow more than 2,000 Palestinian pilgrims to exit Gaza through the Rafah crossing to travel to Saudi Arabia to perform the Hajj (see "Maintaining Momentum" section above) and demanded that the pilgrims return via the Israeli-controlled Kerem Shalom crossing to ensure that no weapons or Hamas militants be allowed to enter Gaza. Mubarak agreed, but the pilgrims (who began returning ca. 12/30) refused to return through Kerem Shalom, fearing arrest by Israel. Egyptian authorities interred the pilgrims in a makeshift camp in al-Arish, where they rioted against their conditions on 12/31. (Some 15,000 Gazans held a demonstration in solidarity with the pilgrims at the Rafah crossing that day.) Fearing a major security incident, Mubarak authorized the opening of the Rafah crossing on 1/2 to allow the pilgrims entry to Gaza, officially citing the deteriorating humanitarian conditions in the al-Arish camp as his motivation. (The Rafah opening occurred the same day

that Abbas met with Mubarak in Cairo to discuss the peace process, leading some analysts to speculate that Mubarak timed the opening so that Abbas would receive credit at home for aiding Gazans.)

Also of note this quarter: Sudan agreed (12/29) to take in all of the approximately 2,000 Palestinian refugees fleeing the war in Iraq who had been stranded for years in camps on Iraq's borders with Jordan and Syria. The Sudanese government transferred all of the refugees within days, with the assistance of the United Nations Human Rights Council (UNHRC) and the Arab League, and housed them in a compound outside of Khartoum. Another 13,000 Palestinians are still believed to be still living in Iraq.

INTERNATIONAL

UNITED STATES

The U.S.'s main focus on the Israeli-Arab front this quarter was the Annapolis summit and Bush's trip to the region in 1/09 (see main Israeli-Palestinian section above). As has been the case throughout Bush's tenure, however, the White House stressed that its regional priority was Iraq and that the Israel-Palestinian peace process was secondary. In his State of the Union address, Bush denounced (1/28) "terrorists . . . fighting to deny this [freedom of] choice to the people in Lebanon . . . and the Palestinian territories," condemned Iran's "efforts to undermine peace" by funding Hizballah and Hamas, and vowed to keep pressing democratization programs. He also stressed his personal commitment to advancing the peace process, praising Abbas as "a president who recognizes that confronting terror is essential to achieving a state where his people can live in dignity and at peace with Israel."

Perhaps most notably on the U.S. domestic front, pro-Israel lobbying and public relations efforts picked up this quarter, timed with the run-up to presidential elections, Israel's 60th anniversary celebrations, and the ostensible resumption of Israeli-Palestinian final status talks. (See "Lobbying Efforts" below for details.)

Bilateral Relations

During Bush's 1/14-15 visit to Saudi Arabia, the president announced a \$20 b. U.S. arms sale package to Riyadh, including \$120 m. in precision guided munitions. (Israel previously lobbied against the sale of satellite-guided missiles, fearing Saudi Arabia

could use them to target Israel, but the State Dept. vowed to maintain Israel's qualitative military edge.) Bush and King Abdallah also held important strategic talks on issues such as curbing Syria's role in Lebanon, the situation in Iraq, curbing Iran's nuclear program and regional influence, al-Qa'ida, and the peace process. No details were released.

Congressional Action

Congress passed 12/19 the FY 2008 foreign aid bill on 12/19. The package included \$2.42 b. for Israel (\$2.38 b. in military aid, \$40 m. for resettlement of Jews from the former Soviet Union, Eastern Europe, and Ethiopia), \$218.5 m. in indirect aid to the PA for development projects, and \$148 m. for UNRWA. The bill expressly prohibited the PA from using U.S. funds to pay the salaries of Palestinians in the Hamas-controlled Gaza Strip. For the first time, Congress placed conditions on aid to Egypt, withholding \$100 m. from its \$2 b. aid package (\$1.3 b. in military aid, \$700 m. in economic assistance) until Rice certifies that Egypt has taken sufficient action to halt smuggling into Gaza (see the Regional Affairs section above). Bush could, however, waive the restriction on national security grounds.

In advance of the Annapolis summit, Rep. Gary Ackerman (D-NY), chair of the House Foreign Affairs Subcommittee on the Middle East and a longstanding Jewish-American leader in the House, and Rep. Charles Boustany (R-LA), one of four Arab-Americans in the House, sent (11/20) a letter to Rice signed by 135 members of the House supporting the summit and urging the U.S. to take the diplomatic and financial lead to ensure the meeting's success (see Doc. D1). Signers implicitly urged the White House to submit to Congress a request for significant supplemental aid to the PA, stressing that "current levels of U.S. assistance are insufficient to leverage either real change and improvement by the Palestinian Authority, or more robust support by the international community," stating that it is of "vital importance" for the U.S. to "take the lead in organizing international assistance to the [PA]... to cover the legitimate budgetary needs of the [PA] until it is able to muster its own resources." Ackerman and Boustany began seeking cosigners for the letter on 10/19.

As the UNSC opened debate on Israel's sharp escalation of attacks on Gaza in late 1/08, presidential hopeful Sen. Barack Obama (D-IL) sent (1/22) a letter to U.S.

Amb. to the UN Khalilzad urging the UNSC not to condemn Israeli actions without "fully condemning" Palestinian rocket attacks on Israel, stating that "we have to understand why Israel is forced to do this" and that "Israel has the right to respond." He stated that if the UNSC did not "clearly and unequivocally condemn the rocket attacks," Khalilzad should ensure (presumably through threat of veto) that it does not comment at all. The next day (1/23), 11 members of Congress, led by Rep. Dennis Kucinich (D-OH), who at that time was also a presidential contender, sent a letter to Secy. of State Rice calling on the U.S. to exert its "influence to urge Israel to end its blockade of Gaza," stating that Israel's "illegal" siege constitutes "collective punishment."

Legal Actions

In 12/07 a federal judge formally asked the U.S. government if it would like to make a "statement of interest" in a case in which a jury ordered the PA to pay \$174 m. to American victims of Palestinian terrorist attacks, siding with defense assertions that the PA is officially to blame for deaths because of its failure to halt attacks by militant groups and rejecting the PA's claim to sovereign immunity on the grounds that Palestine is not a state. The PA, which faces more than \$1 b. in default judgments in various cases, appealed to the U.S. government to intervene, arguing that the cases were politically motivated to bankrupt the PA and that it made no sense for the U.S. to support the PA with millions of dollars in foreign aid if courts were going to seize the funds. The government legally could request that the ruling be set aside on the grounds that it inhibits the president's ability to conduct foreign policy. The State Dept. said (2/11) that it was considering its position and would respond by the judge's deadline of 2/29.

A federal appeals court in Chicago overturned (12/28) a 2004 jury award of \$156 m. against the now-defunct Holy Land Foundation and the American Muslim Society/Islamic Association for Palestine, ruling that prosecutors did not prove that the charities, their officers, or contributors to their programs directly funded a 5/96 Hamas attack in the West Bank that killed a 17-yr-old Jewish settler with dual American citizenship. (Of note: The U.S. did not declare Hamas a "terrorist organization" until 1997.) In her ruling, Judge Ilana Diamond Rover stated that "belief, assumption, and speculation are no substitutes for evidence in a court

of law. . . . We must resist the temptation to gloss over error, admit spurious evidence, and assume facts not adequately proved simply to side with the face of innocence." The verdict sent the case back to the lower court for possible retrial.

Career State Dept. employee Patrick Syring pleaded (1/9) guilty to a misdemeanor federal criminal charge for sending messages to the Washington-based Arab American Institute during the 2006 Lebanon war that said such things as "the only good Arab is a dead Arab," "Arabs are dogs," and "death to Lebanon and death to Arabs." The State Dept. allowed Syring, who served 20 years in the foreign service (which included a posting in Lebanon), to continue working for 7 months after he was first indicted on 8/15/07.

Lobbying Efforts

Several initiatives were launched this quarter targeting academia, the media, and Christian Zionists that were aimed at building popular American support for Israel and shaping the U.S. debate on the Arab-Israeli conflict in a way favorable to Israel. Of particular note: Israeli FM Livni hosted (1/3) a delegation of American Jewish students from the Israel on Campus Coalition, impressing upon them that they are at the forefront of Israel's public diplomacy campaign, protecting the existence of Israel by combating "anti-Semitism" and "extremism" on U.S. campuses. Meanwhile, in mid-12/07, StandWithUs, a self-described international pro-Israel education organization founded in 2001 (offices in Israel, Los Angeles, Michigan, and New York), announced that it had selected 40 student "fellows" who would be paid \$1,000/semester to promote Israel on "problem" U.S. campuses considered by the group as strongly anti-Israel (including Columbia, MIT, and the University of Michigan) by hosting pro-Israel speakers, movies, and other events. The project was funded by a donation from neocon "terrorism expert" Stephen Emerson and his wife Rita.

On 1/24, Arun Gandhi, the grandson of Mahatma Gandhi and the founder and director of the M.K. Gandhi Institute for Nonviolence at the University of Rochester, was forced to resign barely 2 weeks after he contributed (1/7) a 2-paragraph entry to an online discussion of the future of Jewish identity, sponsored by the *Washington Post's* religion blog "On Faith." In his post, titled "Jewish Identity Can't Depend on Violence," Gandhi argued that Israel is

"locked into the Holocaust experience," which Jews "overplay . . . to the point that it begins to repulse friends," also arguing that Israel is too reliant upon the use of force and should instead befriend its enemies. The Anti-Defamation League (ADL) and the American Jewish Committee, among others, immediately denounced his comments as anti-Semitic. Though he issued an apology on 1/10 for having "implied that the policies of the Israeli government are reflective of the views of all Jewish people," University of Rochester Pres. Joel Seligman (who admitted that he had not discussed the issue with Gandhi) issued a statement on 1/11 that the apology was "inadequate" and later demanded Gandhi's resignation. After accepting Gandhi's 1/24 resignation, the university issued (1/25) a statement assuring that it would not disband the Gandhi institute, which would host a forum later in 2008 "to provide Arun Gandhi, a leader of the Jewish community, and other speakers" a forum to debate the issues raised by Gandhi's statements.

The Washington-based pro-Israel group Eye on the Post, which monitors the *Washington Post*, launched (12/27) a campaign to "educate" *Washington Post* advertisers about the paper's regularly "unfair and unbalanced coverage" of Israel in light of 2 recent stories that stated that Israel's siege of Gaza had reduced Palestinians there to "beggar status" and documented how Israeli Palestinians face broad, institutionalized discrimination. The 2-pronged campaign involved direct calls to advertisers by Eye on the Post staff and an ad campaign encouraging individuals to contact *Post* advertisers and "discuss" the paper's Middle East reporting.

The Jewish Agency for Israel agreed (12/21) to appoint a Christian representative to its board of directors for the first time as part of a deal with the International Fellowship of Christians and Jews (IFCJ) aimed at increasing cooperation between their organizations. In return, the IFCJ pledged to raise more than \$46 m. among American evangelical congregations over the next three years to fund immigration and absorption programs in Israel.

Also of note: On the sidelines of the Annapolis conference, NSA Stephen Hadley held (11/26) a private meeting at the White House with reps. of Jewish and evangelical Christian groups that had expressed concerns that the administration might pressure Israel to make concessions to the

Palestinians. According to participant Nathan Diament of the Union of Orthodox Jewish Congregations of America, Hadley "was very strong on the point that what the administration is doing is supporting a decision that Prime Minister Olmert of Israel has made."

RUSSIA

Russia's main contribution this quarter was its attendance at the Annapolis summit and its offer to host a follow-up meeting in Moscow in early 2008. Otherwise, Russia maintained its involvement through its participation in the Quartet.

EUROPEAN UNION

The EU participated in the Annapolis summit as part of the Quartet but otherwise was not active on the Israeli-Arab front this quarter. EU foreign policy adviser Solana held (2/2) talks with Mubarak in Cairo regarding the resumption of EU monitoring of the Rafah border, but without assurances from Israel, no understandings were reached. The EU's only other significant action was to send a fact-finding mission to Israel and the occupied territories 2/2-7 to investigate the humanitarian crisis in Gaza and the effects of Palestinian rocket fire on Sederot. Its team expected to release its final report in late 2/08.

Of note: During Israel's sharp escalation of attacks on Gaza in 1/09, EU VP Luisa Morgantini called (1/17) on the EU and the international community to "say clearly that this Israeli policy [toward Gaza] is killing all hopes for peace and undermines the tenacious efforts by President Mahmud Abbas and PM Salam Fayyad in seeking support and unity in their exhausted, occupied, and besieged people," and to "strongly call on the Israeli government to stop this . . . collective punishment toward the civil population in Gaza Strip and in West Bank, as well as firmly reaffirm that all the settlements expansion's policy on the Palestinian land of West Bank and East Jerusalem must be immediately frozen: These are the urgent and urged steps for a just peace, as Annapolis's purposes reaffirmed." While individual EU states reprimanded Israel in much tamer terms (e.g., Britain warning against jeopardizing peace and France condemning "collective punishment," both on 1/21), no official statement was made by the EU itself.

On a bilateral level, Olmert made a 3-day visit (2/10-12) to Germany for talks focused on the need to curb Iran. French

FM Bernard Kouchner and British FM David Miliband visited Israel on 11/18 for talks with Israeli FM Livni regarding Annapolis and bilateral relations. No details were released.

French pres. Nicolas Sarkozy continued this quarter to emphasize his strong support of Israel. He was the guest of honor at the annual dinner (2/13) of the Representative Council of French Jewish Institutions (known by the acronym CRIF), which gathers the country's main Jewish political, religious, social, and diplomatic leaders. (Usually the PM represents the state at the annual dinner. Sarkozy's predecessor, Jacques Chirac, was invited several years ago but declined.) In his speech to the assembly, Sarkozy stated that he "won't shake hands with people who refuse to recognize Israel." He also announced that planned revisions to the national curriculum to begin in fall 2008 include having every fifth grader learn the life story of one of the 11,000 French children killed by the Nazis in the Holocaust. French Education M Xavier Darcos later explained (2/13) that the aim of the program was to "create an identification between a child of today and one of the same age who was deported and gassed." Mr. Sarkozy's advisers acknowledged (2/13) that he came up with the plan on his own, without consultation; many did not think it would reach fruition. Separately, the same day, Sarkozy warned that France might boycott the UN's 2009 World Conference Against Racism (WCAR; see United Nations section below), stating that "France will not allow a repetition of the excesses and abuses of 2001," when Israel and the U.S. walked out in protest of criticisms of Israeli actions against the Palestinians at the start of the al-Aqsa intifada. Also of note: On 2/6, Sarkozy sent a letter to Israeli pres. Shimon Peres expressing France's condolences over the 2/4 Dimona suicide attack and stating that "France will continue to stand firm with Israel in the fight against terrorism, and will provide any assistance necessary to eradicate terrorism and bring about peace."

Also of note: In early 2/08 there were protests and widespread debate in Italy over the Turin International Book Fair's decision to honor Israel at its annual gathering in 6/08. Protesters (mostly extreme left-wing Italian political parties and Italian and Arab intellectuals) called for a boycott of the fair, saying it was wrong to celebrate the 60th anniversary of the creation of Israel without

recognizing Israel's ongoing occupation and oppression of Palestinians.

UNITED NATIONS

Of special note this quarter: UN Secy-Gen. Ban Ki-moon appointed (12/4) Dutch diplomat Robert H. Serry as UN special coordinator for the Middle East peace process and his personal representative to the PA, PLO, and Quartet. Serry fills a post left vacant since the 5/07 resignation of Alvaro de Soto (see Quarterly Update and Doc. A1 in *JPS* 145).

The UN General Assembly (UNGA) did not pass any resolutions related to the Arab-Israel conflict. On 12/11, however, the UNGA for the first time adopted (118-0) an Israeli-sponsored res., which addressed agricultural technology. Arab states abstained, Iran was absent, and Turkey voted in favor.

As mentioned in the "Israeli-Palestinian Conflict" section above, Israel pressured the U.S. to drop a draft UNSC res. welcoming the Annapolis summit and the joint statement reached by Israel and the PLO, demanding that the international community refrain from intervening in the negotiating process. The UNSC held 3 days of debate (1/22-24) on Israel's escalation of attacks on Gaza in mid-1/08, but the U.S. blocked passage of a res. by demanding equal condemnation of Hamas. Instead, the UNSC issued (1/24) a nonbinding presidential statement expressing "concern" over developments. The same day (1/24) that the UNSC failed to pass its res., the UNHRC, of which the U.S. is not a member, passed a res. sponsored by Syria demanding that Israel lift the siege on Gaza and condemning Israel's "grave" violations of human rights. The res. did not mention Palestinian rocket fire into Israel or the Gaza breach, prompting 15 of 47 UNHRC members to abstain in criticism of the res.'s anti-Israel bias.

This quarter, the UNGA began planning for its second WCAR to be held in Durban, South Africa, in 2009. The U.S. and Israel walked out of the first WCAR in 9/01, which ended just days before the 9/11 attacks, because they viewed it as anti-Israel for criticizing Israeli actions in the occupied territories one year into the intifada (see Peace Monitor in *JPS* 122). In 12/07, the U.S. protested inclusion of \$6.7 m. of funding for the 2009 WCAR in the UN's FY 2008 budget by refusing to accept a consensus vote on the draft budget and demanding a recorded

vote. The budget passed (12/22) by 142 to 1, with the U.S. voting against. By 2/7, Canada declared it would boycott the 2009 WCAR, assuming it would be anti-Israel, and 26 U.S. senators led by Sen. Norm Coleman (R-MN) sent a letter to Rice urging the U.S. to do the same, warning that the conference would be "hijacked by member states to spew anti-Semitism." French pres. Sarkozy also warned (2/13) that France might not attend.

UNESCO for the first time marked (1/29) Holocaust Remembrance Day at its Paris headquarters, with Dir. Gen. Koichiro Matsuura inaugurating an exhibit assembled by the Yad Vashem Holocaust museum at the UNESCO complex. Attending the ceremonies, French education minister Xavier Darcos said, "It is my job to see to it that the Holocaust is taught in schools throughout France." Matsuura, previously Japan's ambassador to France, has made Holocaust education his priority since becoming the head of UNESCO in 1999. During a 4-day visit to Israel (2/4-7), Matsuura signed a memorandum of understanding (MOU) with Israeli FM Livni, pledging to work with Yad Vashem to develop education programs on the Holocaust and anti-Semitism for youth in UNESCO member states and sub-Saharan Africa. He noted that Arab states had resisted the MOU, stating, "There was a feeling among some countries that it wasn't fair to just concentrate on the Holocaust, when there were other genocides. But we think that the Holocaust must stand alone." The Ramallah-based Palestinian Campaign for the Academic and Cultural Boycott of Israel (PACBI) sent a letter to Matsuura on 2/14, condemning statements he made during the trip to Israel praising UNESCO projects to preserve Jewish sites in Israel and urging continued expansion of Israel's ties with the UN. PACBI stated that the comments "completely ignore Israel's continuous crimes against Palestinian history and heritage" and that "while preserving such sites in Israel," UNESCO needed to explain what it was doing to hold Israel "accountable for destroying ancient Palestinian buildings, irreversibly damaging Palestinian landscapes, . . . [and] systematically covering up and/or expropriating historical Islamic and Christian sites that attest to the deep-rooted Arab civilization in Palestine, especially in Jerusalem." UNESCO did not respond.

UNRWA held (12/4) a donor pledging conference at the UN headquarters in New York, where 22 nations pledged around \$160

m. to fund UNRWA's \$1.21 billion 2008–9 budget.

IRAN

Iran's nuclear enrichment activities continued to be an issue of significant regional and international concern this quarter. As the quarter opened, the U.S. administration sharply escalated its rhetoric against Iran (see Quarterly Update in *JPS* 146), calling Iran's "pursuit of nuclear weapons technologies . . . perhaps the single greatest challenge for American security interests in the Middle East, and possibly around the world" (Rice 10/26/07); increasing its bilateral sanctions against Tehran; lobbying hard, along with the other UNSC permanent members and Germany (together known as the P5+1), for new UN sanctions; and conducting war games in the Persian Gulf in a show of force. At the same time, International Atomic Energy Agency (IAEA) chief Mohammed El-Baradei and the EU were engaged in separate talks with Iran aimed at finding a diplomatic solution that would convince Iran to halt enrichment and disband its nuclear program. In response to the U.S. escalation, Iran had dismissed its chief negotiator to the EU talks, Ali Larijani (who was seen as a moderate and an experienced diplomat) and appointed Dep. FM Saeed Jalili (considered less experienced and more likely to stick to Pres. Mahmoud Ahmadinejad's hard line).

International concerns grew when Jalili arrived at a round of talks with the EU in London on 11/30 without the expected new compromise proposals. Instead, he declared that all of Iran's previous offers were off the table and that henceforth the only intermediary Iran would recognize would be the IAEA. The next day (12/1), the P5+1 convened in Paris to begin drafting a new UNSC res. increasing sanctions. (The first sanctions package [UNSC Res. 1737], imposed in 12/06, required all countries to halt transfers of materiel and technology that could aid Iran's nuclear program, and froze assets of 22 Iranian individuals and companies involved in the program. The expanded sanctions package [UNSC Res. 1747], passed in 3/07, banned Iranian arms exports and expanded the assets freeze to 25 individual and companies.) Given Jalili's defiant declarations, the Bush administration seemed finally to be in a position after months of talks with allies to press for unanimous approval of tough, mandatory measures to curb Tehran. (China

and Russia, which have close economic ties with Iran, had been reluctant.)

Then, on 12/3, the U.S. intelligence community released to the press excerpts the U.S.'s main annual intelligence review, the National Intelligence Estimate (NIE), prepared by the government's 16 intelligence agencies, that concluded with "high confidence" that Iran had suspended its nuclear weapons program, including research on warhead design and delivery systems, more than 4 years previously, in fall 2003, when the IAEA first began researching allegations that such a program existed. The report also concluded that it was doubtful that Iran "currently intends to develop nuclear weapons" and that even if it were to resume efforts immediately, it probably would not be able to produce enough fissile material for a single bomb before about 2015. Intelligence officials said that the NIE had been completed in 7/07, that senior Bush administration officials had been briefed on the conclusions regarding Iran in 8/07 or 9/07, and that intelligence officers had spent the following months trying to "punch holes" in the mounting evidence that Iran had suspended activity. (This was done to allay administration concerns that Tehran might be staging an elaborate ruse to hide its weapons program.) The White House had been given the final report, confirming the original NIE conclusions, on 11/28.

The release of the NIE came as an unexpected blow to the Bush administration, which was suddenly faced with questions as to whether sanctions were relevant and whether Iran really posed any nuclear threat. (Some analysts saw the release of the NIE as a preemptive strike against Bush by the intelligence community, which still smarted from accusations that shoddy intelligence or the failure to release intelligence contributed to the U.S. decision to go to war in Iraq.) Bush immediately held (12/4) a press conference to stress his firm belief that Iran still posed a grave threat and could not be trusted with a civilian nuclear energy program despite the NIE assessment. Israel discounted (12/4) the NIE as well, stating its conviction that Iran had restarted its weapons program, actively sought nuclear weapons, and would be able to build its own weapon within 3 years, and urged the international community to continue efforts to isolate and punish Iran. (On 1/17, in what was considered a warning to Iran, Israel tested a large missile capable of carrying a nuclear payload.)

Bush dispatched (12/10) the chairman of the Joint Chiefs of Staff, Adm. Michael Mullen, to Israel with assurances that the administration concurred with its position, and charged State Dept. officials to emphasize with allies the administration's firm conviction that Iran still posed a grave threat. He himself made Iran the central issue of his 1/9–16 regional tour, stressing not only the nuclear threat but Iran's role as the "world leader" in funding "terrorist" groups based in Iraq, Lebanon, the Palestinian territories, and Syria.

During the Middle East tour, however, Bush suffered another embarrassing diplomatic setback when the General Accounting Office (GAO), the investigative arm of Congress, issued (1/16) a sanctions report, concluding that 20 years of sanctions against Iran have had little impact because of Iran's global trade ties and position as a major player in global energy. The Treasury Dept. disputed (1/16) the findings, claiming that some 25,000 transactions with Iran worth more than \$5 b. had been rejected since 1997 because of U.S. and UN sanctions, and that many financial institutions had stopped doing business with Iran. Nonetheless, the report made it harder for the U.S. to press for sanctions.

The intelligence revelations were a diplomatic boon for Iran. In the weeks following the NIE release, Iranian pres. Ahmadinejad for the first time was invited to attend (12/3) the Gulf Cooperation Council (GCC) summit in Qatar (particularly interesting since the GCC had been formed in large part to counter Iran's influence) for talks on the nuclear issue. In mid-12/07, Ahmadinejad went to Mecca at the invitation of Saudi King Abdallah to become the first Iranian leader to perform the Hajj. On 12/25, he sent envoy Ali Larijani to Egypt, which had frozen relations with Tehran following the 1979 Iranian revolution, for talks on resuming diplomatic relations and helping Egypt develop nuclear energy.

The revelations also made Iran more defiant on the nuclear issue and toward the U.S. generally. Notably, Iran missed a 12/31 deadline to provide the IAEA's Baradei with answers to important questions regarding its past nuclear program, under an agreement brokered by Baradei in 8/07 (see Quarterly Update in *JPS* 146) aimed at reaching a diplomatic agreement to halt Iranian uranium enrichment. Baradei traveled to Tehran on 1/12 to press for information, and Ahmadinejad pledged a complete response within a month. In a challenge to the U.S. on the eve

of Bush's visit to the region, 5 Iranian patrol boats manned by the Republican Guard buzzed (1/7) the *USS Port Royal* and 2 accompanying U.S. ships crossing the Strait of Hormuz into the Gulf and allegedly radioed a threat to attack. The U.S. ships took evasive action and prepared to fire in self-defense, but the boats turned away. The U.S. condemned (1/7) the act, warned (1/9) of "serious consequences" if U.S. vessels in the Gulf were challenged again, and announced (1/9) new bilateral economic sanctions under Executive Order 13438 against a top Iranian general, 3 exiled Iraqis based in Iran and Syria, and the anti-American al-Zawra TV station in Syria, accusing Iran and Syria of "fueling violence and destruction in Iraq."

Meanwhile, despite the intelligence setbacks, Undersecy. of State Nicholas Burns kept up near-daily phone conversations with P5+1 allies aimed at securing a new sanctions package, reaching agreement on a draft on 1/22. Details were not publicly released pending the document's circulation among the nonpermanent UNSC members, but an anonymous senior EU official reported (1/16) that the substance of the new sanctions had gotten "smaller and smaller" over time, as a result of the NIE and GAO assessments.

Also of note: On 12/25, 40 Iranian Jews covertly immigrated to Israel through a Jewish Agency program funded by the Christian Zionist group International Fellowship of Christians and Jews, which gave each immigrant a \$10,000 stipend. The Jewish Agency stated (12/25) that 200 Iranian Jews had come to Israel in 2007.

NATO

Israeli FM Livni attended (12/7) a NATO summit in Brussels, where she gave an address welcoming developing ties between Israel and NATO and calling for continued growth in cooperation. She also urged NATO states to make a strong effort to contain Iran despite the U.S.'s recent intelligence assessment (see Iran section above). In reference to the Annapolis summit, she emphasized that the international community's role should be to help build the capacity of moderate Palestinians (i.e., Abbas) against extremists (i.e., Hamas) and that the negotiations must be bilateral, suggesting Israel sees no diplomatic role for the international community in negotiations.

Among Israel's growing ties to NATO mentioned by Livni was an MOU signed on

12/3 with the NATO Maintenance and Supply Agency (NAMSA) on logistic support cooperation, which will give NATO countries quick access to Israeli spare parts and maintenance services for various weapons systems in NATO inventories. NAMSA signed another MOU with Jordan the same day (12/3) under which NATO will provide training and equipment to help the Jordanian army to locate unexploded ordnance from past wars for eventual removal and to decommission its own outdated ammunition stockpiles. Jordan and Israel are among the 7 nations taking part in the NATO Mediterranean Dialogue, launched in 1994 with the aim of contributing to regional security and stability.

OTHER

Israeli DM Barak made (2/12-13) an official visit to **Turkey** to discuss improving strategic cooperation and possible military deals (including the sale of an Israeli-made spy satellite to Ankara). (Israel and Turkey signed a military cooperation pact in 1996.) He met with PM Tayyip Erdogan, Pres. Abdullah Gul, DM Vecdi Gonul, and Gen. Yasar Buyukanit (head of Turkey's powerful military General Staff). Barak also briefed Turkish officials on Israel's position regarding threats from Iran and Syria, while Turkish officials raised concerns about the humanitarian situation in Gaza.

Costa Rica agreed (2/5) to establish full diplomatic ties with the "State of Palestine," in a move meant to encourage Israeli-Palestinian peace talks. Israel summoned (2/5) Costa Rica's chargé d'affaires to protest and postponed an official visit to Costa Rica scheduled for 2/27. Costa Rica (along with El Salvador) had moved its embassy from Jerusalem to Tel Aviv in 8/06 (see Quarterly Update in *JPS* 142).

Monsignor Pietro Sambi, papal nuncio to the U.S. and former **Vatican** envoy to Jerusalem, raised (11/16) Vatican tensions with Israel by commenting in an interview (see Doc. A1) that relations between the Holy See and Tel Aviv are at a lower point than when diplomatic relations were first established in 1993, citing in particular Israel's "absence of political will" to finalize an economic accord under negotiations for a decade and its failure to implement signed agreements. Vatican spokesman Federico Lombardi stated on 11/17 that Sambi's statements reflected his own views and not those of the Vatican.

After 2 years of negotiations, Israel signed (12/18) a preliminary free trade agreement with **Mercosur** (the South American trade bloc comprising Argentina, Brazil, Paraguay, and Uruguay; Venezuela's membership is pending), marking Mercosur's first pact with a non-Latin American country and Israel's first free trade accord in Latin America. Negotiations on what products or services would be included in the agreement were still underway at the end of the quarter. The final treaty was expected to be signed in early 2008. Israel hoped to complete the deal before Venezuela's membership was finalized, since an agreement involving Venezuela could raise tensions with the U.S. Israel currently does around \$1.6 b./year of trade with Mercosur countries. Mercosur has been holding free-trade talks with the Gulf Cooperation Council since 2005.

After a formal protest from Tel Aviv, **Canada** removed (1/19) Israel from its watch list of countries where prisoners are "at risk of being tortured." The list was included in a training-course manual on torture awareness given to Canadian diplomats, which the government emphasized "is neither a policy document nor a statement of policy. As such, it does not convey the government's views or positions." Canada also announced in this quarter that it would boycott the 2009 UN World Conference Against Racism, which it expected to be anti-Israel (see United Nations section above).

The Israeli embassy in Nouakchott, **Mauritania**, was hit by gunfire at 2:20 A.M. local time on 2/1, causing no injuries. Local security forces guarding the embassy returned fire, injuring 3 bystanders outside an illegal nightclub nearby; the assailants escaped. Police were uncertain whether the incident targeted the embassy or was a criminal act related to the nearby club. Political pressure had been growing in Mauritania since the siege of Gaza began in 6/07 for the government to cut off diplomatic ties with Israel, established in 1999.

DONORS

The main donor event of the quarter was the 12/17 meeting in Paris of the Ad Hoc Liaison Comm. (AHLC), the main donor body responsible for forming broad policy for development assistance to the Palestinians, comprising senior donors, the PA, and Israel, with the World Bank serving as secretariat. (The AHLC last met in London in 12/05.) The purpose of the conference

was to seek \$5.6 b. in pledges to fund the PA's 3-year Palestinian Reform and Development Plan (PRDP) for 2008-10 (released on 12/13; see Doc. A2), covering security, economic, and political reforms. Around 70% of the amount pledged would fund recurring budget expenses (including \$120 m./month for wages); 30% would go to development projects. Most of the money was earmarked for the West Bank, as the PA would provide only humanitarian aid and basic services to Gaza (e.g., paying for fuel imports and electricity) until the Hamas government is ousted. To build donor confidence, PA PM Fayyad reactivated the PA's single treasury account before the meeting to ensure that all donations would be funneled through a single department to be audited by an independent international auditing firm as a guarantee against corruption. Responding to the initiative, 87 countries and international organizations pledged \$7.4 b. toward the 3-year plan, with the total pledged for 2008 alone at \$3.4 b., including \$555 m. from the U.S. (up from \$75 m. in 2007), \$650 m. from the EU, \$500 m. from Britain, \$420 m. from Norway, \$300 m. each from France and Sweden, \$360 m. from Spain, and \$200 m. from Germany. Although Quartet envoy Blair toured (ca. 12/12) the Gulf states in advance of the meeting to urge leaders to spend more of their oil wealth to support the Palestinians, Saudi Arabia was the only Arab state to make a significant pledge: \$500 m. over 3 years.

Before heading to Paris, Bush administration officials appealed directly (12/12) to the House Foreign Relations Committee to support new aid for the Palestinians as outlined in Bush's proposed FY 2008 budget, which requested \$410 m. in direct aid to the PA. Addressing complaints from House reps. regarding the PA's past reluctance (for domestic political reasons) to highlight U.S.-financed projects with major PR campaigns, USAID Senior Dep. Asst. Administrator Mark Ward assured them that "we've insisted now that all of our projects feature our flag and the symbol of the Palestinian Authority, so that the people know this is us working together, so that the United States gets some credit." Ignoring the impact of such requirements on Abbas's legitimacy and perceived independence, committee chair Rep. Gary Ackerman (D-NY) insisted that the U.S. demand that Abbas personally appear at the launch of each U.S.-funded project and "that we make insistence that if it's not him, that's it's high-profile people wearing his

team shirt that are there taking credit for the team for doing these things." On 12/19, Congress appropriated \$218.5 m. in indirect aid to the PA for development projects out of the \$555 m. the U.S. pledged in Paris; an additional \$148 m. was allocated for UNRWA (not part of the PRDP funded in Paris); no direct aid was approved. During a visit to the U.S. on 2/13, Fayyad met with reps. of the House and Senate appropriations and foreign affairs committees to urge approval of the remainder of the \$555 m. pledged.

After the donor conference, the World Bank announced (1/14) formation of a new multidonor trust fund, called the PRDP Trust Fund (PRDP-TF), specifically to channel aid to fund the PA's recurrent budget expense. The fund would have a 3-year mandate for 2008-10, matching the period of the PRDP. At the close of the quarter, the World Bank expected to have the administration in place to begin accepting unearmarked donations through the PRDP-TF by the end of 3/07.

Similarly, the EU decided (early 2/08) to disband its Temporary International Mechanism (TIM; set up in 6/06 for donors to route assistance to the Palestinians while bypassing the Hamas-led PA) and create a new mechanism, PEGASE (i.e., Pegasus; French acronym for Palestinian-European Management and Socioeconomic Aid Mechanism), to channel EU support for the PA's PRDP. As such, PEGASE, which would also have a 2008-10 mandate, would aim to shift from emergency financing (TIM's purview) to financing sustained development, targeting 4 "priority sectors" (like the TIM windows) corresponding to the 4 target areas identified by the PRDP: (1) governance (including fiscal reform, rule of law, justice, accountability, security); (2) social development (including social protection, health, education, employment schemes, provision of basic supplies like fuel); (3) economic and private sector development (including trade facilitation, financing for small and medium enterprises); and (4) public infrastructure development (including water, environment, energy). PEGASE formally began operations on 2/1 (the EU made its first transfer of \$34 m. on 2/6 to help cover the support payments to 74,000 Palestinian public service providers and pensioners) and was expected to be phased in over 3 months, while TIM is phased out. As was the case with TIM, the EU will open PEGASE to other donors who want the same fiscal guarantees provided by

PEGASE (which will funnel all money into the PA's single trust account, which will be audited by independent auditors).

Other donor meetings this quarter included the regular monthly meetings of the Local Development Forum's (LDF; the central body overseeing donor activities from within the territories) on 11/22, 12/11, and 1/17, focused primarily on supporting the Annapolis summit and finalizing the PRDP (see above). Three of the 4 main donor strategy groups also met: social development and humanitarian assistance (12/5), economic policy (11/28), and infrastructure development (12/6, 2/7); the governance and reform group did not meet. Co-chairs of strategy groups held a coordination meeting in Ramallah on 2/7. Smaller sector working group also met on private sector development and trade (1/14), "social protection" (addresses the Social Safety Net Reform Project funded through the TIM; 12/6, 1/30), agriculture (1/16, 2/6), and education (11/28, 2/14);

no details of these meetings were publicly released.

Also of note this quarter: Israel suspended (12/20) discussions with BG Group regarding purchasing much needed natural gas from a natural gas field off the Gaza coast that was designated as PA territory under the Oslo Accord. BG Group purchased the rights to exploit the field in 2000 under a deal that would give the PA much-needed income and Gazans first right to natural gas extracted. BG Group needed to secure a contract with a secondary buyer to make the project financially viable. Israel had been interested but came to fear after 6/07 that proceeds could benefit the Hamas government in Gaza, despite assurances from the World Bank that financial checks were in place to guarantee that earnings would go directly to Abbas's control. The Israeli decision was a blow to PA hopes for greater financial independence as well as to Gazan energy independence and economic revival.



A controlled explosion takes down a building in the former Erez industrial zone, where the Israeli army leveled land to create a buffer zone and staging area for incursions into Gaza, 14 February 2008. (Menahem Kahana/AFP/Getty Images)