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Quarterly Update on Conflict and Diplomacy: 16 August–15 November 2008

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Source: *Journal of Palestine Studies*, Vol. 38, No. 2 (Winter 2009), pp. 128-159

Published by: [University of California Press](#) on behalf of the [Institute for Palestine Studies](#)

Stable URL: <http://www.jstor.org/stable/10.1525/jps.2009.38.2.128>

Accessed: 25/03/2015 16:04

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# QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

16 AUGUST–15 NOVEMBER 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. More than 100 print, wire, television, and online sources providing U.S., Israeli, Arab, and international independent and government coverage of unfolding events are surveyed to compile the Quarterly Update. The most relevant sources are cited in JPS's Chronology section, which tracks events day by day.*

## THE PALESTINIAN-ISRAELI CONFLICT

This quarter marked the lowest level of Israeli-Palestinian violence since the start of the al-Aqsa intifada in 9/00, in large part because of the 6-month Israel-Hamas cease-fire in Gaza that began on 6/19/08 (see Quarterly Update in *JPS* 149), which was largely observed almost to the end of the quarter. Israel, however, maintained its tight siege of the Strip, imposed in 1/08, worsening the already dire humanitarian and economic situation for Gazan civilians. Meanwhile, with the Israeli and U.S. governments both in transition—U.S. presidential elections were set for 11/4 and Israeli elections set for 2/10/09 after the collapse of the Kadima party's attempt to form a coalition government in the wake of PM Ehud Olmert's 7/30/08 decision to resign—hopes for any sort of a signed and agreed statement on the peace process in the near term faded.

As the quarter opened, Olmert, Palestinian Authority (PA) pres. Mahmud Abbas, and their negotiating teams (led by Israeli FM Tzipi Livni and the PA's Ahmad Qurai', respectively) continued to meet regularly behind closed doors, as pledged at the 11/07 Annapolis summit, to discuss core issues (e.g., Jerusalem, borders, refugees, settlements), but little if any progress had been made. There was no expectation that a comprehensive peace agreement would be signed by the end of U.S. Pres. George W. Bush's term in 1/09, as envisioned at the Annapolis summit, but the U.S. held out hope that some sort of signed statement setting the baselines of further negotiations could be achieved before the end of 2008.

On the ground, Hamas, which had ousted Fatah forces from the Gaza Strip and assumed control of government functions there in 6/07 (see Quarterly Update in *JPS* 145) was just wrapping up a major crackdown on remaining Fatah elements there as the quarter opened. Hamas had initiated the crackdown following a series of anonymous bombings of Hamas targets in 7/08 for which it blamed Fatah (see Quarterly Update in *JPS* 149). Meanwhile, Palestinian suffering in Gaza was extreme. Though Israel had suspended regular ground incursions and cross-border fire into Gaza, and Palestinian rocket and mortar fire from Gaza into Israel had ceased almost completely, Israel continued its ban on all exports, allowed only select VIPs and medical cases to leave, and permitted only minimal humanitarian imports at levels insufficient to meet Gazans' basic daily food, fuel, electricity, and healthcare needs. In the West Bank, Israel Defense Forces (IDF) arrest raids and house searches occurred nightly, and violence against Palestinians by Jewish settlers was high. As of 8/15, at least 5,994 Palestinians (including 49 Israeli Arabs and 19 unidentified Arab cross-border infiltrators), 1,070 Israelis (including 334 IDF soldiers and security personnel, 212 settlers, 524 civilians), and 61 foreign nationals (including 2 British suicide bombers) had been killed since the start of the al-Aqsa intifada on 9/28/00.

### ***The U.S. Fails to Secure a Joint Statement on Negotiations***

As the quarter opened, U.S. Secy. of State Condoleezza Rice was spearheading a U.S. effort to mediate Israeli-Palestinian agreement on a signed statement outlining

the understandings that had been reached to date in the closed-door talks between the Livni-Qur'ay' negotiating teams. Even as Israeli-Palestinian talks continued, the proposed document was intended to serve as an agreement on the baselines of future negotiations so as to ensure their continuity once the new Israeli and U.S. administrations were in place. Israeli and Palestinian teams had held a preliminary meeting under Rice's auspices in Washington on 7/30/08 to discuss a draft (no details were released; see Quarterly Update in *JPS* 149) and further talks were planned for 9/08 in New York on the sidelines of the UN General Assembly (UNGA) opening session.

In the interim between the U.S. meetings, Rice planned to visit the region in late 8/08 to press the parties forward, and the Israeli cabinet endorsed (8/17) an 8/6 proposal by Israeli PM Olmert to release 200 Palestinian prisoners as a gesture to Abbas to improve the climate of negotiations. (Israel emphasized on 8/6 and 8/17 that this proposed prisoner release was not linked to ongoing talks with Hamas via Egypt, as part of the Gaza cease-fire deal, regarding a staged Palestinian prisoner release in exchange for the release of captured IDF soldier Gilad Shalit, held by Hamas; see Quarterly Update in *JPS* 149 for background.) Israel also took minor steps as pledged under its unwritten cease-fire agreement with Hamas to ease the siege of the Gaza Strip. On 8/18, it opened the Kerem Shalom crossing for the first time since 4/08, allowing 15 trucks carrying humanitarian aid to enter the Strip and pledging to allow approximately 80 more trucks over the next few days as a "trial run" before reopening the crossing for regular service. In fact, regular though limited service of some 70-85 trucks/day, 5 days/week, via the Kerem Shalom crossing was restored through 9/13. At the same time, however, Israel quietly closed Gaza's Sufa crossing, seeming to keep only one of the crossings at a time open to humanitarian imports during the quarter, so the overall benefit to the Gaza population was debatable.

Notwithstanding these steps seemingly aimed at demonstrating positive Israeli action before Rice's visit, Israeli FM Livni publicly warned (8/21) outside parties against pressing Israel to reach a peace deal by the end of the year, saying that rushed agreements could lead to misunderstandings and violence. In particular, she emphasized once again that Palestinian refugees must return to a Palestinian state, declaring that "what

the Palestinians call the right of return is not an option. Without this understanding there is no agreement." She also stated that no peace deal could be implemented as long as Hamas remained in control of Gaza. PA negotiations adviser Saeb Erakat publicly urged (8/21) Livni "to confine the negotiations to the negotiating room." In indirect response to Livni, Rice stated (8/25) while en route to the region that the U.S. viewed it as "extremely important to just keep making forward progress rather than prematurely to come to some set of conclusions." (In fact, no substantive achievements had been reported by the parties since Annapolis, and "forward progress" seemed to connote continuing the process of holding regular meetings.)

Hours before Rice arrived in Israel on 8/25, Israel released 198 Palestinian prisoners, including 3 women (one of whom gave birth while in prison) and 2 long-held men issued life sentences for killing Israelis: Said al-Atba (a Democratic Front for the Liberation of Palestine [DFLP] member convicted in 1977) and Muhammad Abu Ali (convicted in 1980 and elected to the Palestinian Council on Fatah's slate while jailed). Nearly half of those freed were scheduled to be released within a year, and none was linked to Hamas. The release brought to nearly 1,000 the number of Fatah members freed since Hamas took control of Gaza in 6/07. Though Israel called (8/25) the action a bid "to strengthen the moderate and pragmatic Palestinian leadership," the fact of staggering the releases in small batches of no more than 200 over more than a year, often timed with Israeli aggression, diluted their positive impact on Palestinians: unlike in previous years, there were no massive rallies celebrating the prisoner release.

Also timed with Rice's visit, the Israeli group Peace Now issued (8/26) a report showing that Israel had begun construction of at least 443 new structures in West Bank settlements in 2008, up from 240 starts during the same period in 2007. More than 1,000 buildings with more than 2,600 housing units were currently under construction in the Israeli settlements, with nearly half of the construction in occupied East Jerusalem. In addition, 125 new structures, including 30 permanent homes, had been built in unauthorized settlement outposts that Israel had pledged to remove. Rice commented directly on the report in a press conference after meeting with Livni on 8/26, urging Israel not to take steps that undermined peace talks. Livni responded that she

understood Palestinian negotiators' occasional frustration regarding settlements, but stated that they must "not to let any kind of 'noise' that relates to the situation on the ground enter the negotiating room" and called the 2008 construction "small activities" that should not be used by the Palestinians as an "excuse" not to negotiate.

The same day (8/26) that Rice met one-on-one with Livni, she also had a 3-way meeting with the Palestinian and Israeli negotiating teams, met privately with Abbas and PA PM Salam al-Fayyad in Ramallah, and addressed the Palestinian cabinet. Rice transmitted a message from Olmert to Abbas and his cabinet that Israel was "ready to discuss the fundamental issues that will lead to negotiations soon for the creation of a Palestinian state," and Abbas publicly stated that he was ready to work with Israel on a "declaration of principles" as a step toward a final status agreement. After Rice's departure, however, Livni stated (8/27) that Israel was not yet ready to negotiate on such key issues as the status of Jerusalem, the right of return for Palestinian refugees, and Israel's future borders, declaring that "sometimes it is not wise to put the most sensitive issues first."

Livni's statements caused strain with Abbas, whose public standing among Palestinians was undermined by the hard-line Israeli position on final status she conveyed. Responding via an interview with *al-Arabiyya* newspaper (published on 8/30), he declared that Israel and the Palestinians had discussed the symbolic return to Israel of a set number of Palestinian refugees, but had not agreed on a number. He also stated that the sides had agreed to the 1967 lines as the basis for the discussion on borders, but were discussing land swaps in which Israel would cede control of areas around the Dead Sea and the Jordan Valley in exchange for Palestinian concessions around Jerusalem and Bethlehem. Olmert's spokesman commented (8/30) only that "the gaps [between the sides] are large, and no agreements have been reached on any issue yet." The next bi-weekly Abbas-Olmert meeting in Jerusalem on 8/31 was tense and abbreviated, lasting less than an hour. Afterward, Olmert's spokesman again referred to "considerable gaps" between the sides and said that it was "unrealistic" to expect resolution of all outstanding issues in the near term.

Between 8/31 and the next Abbas-Olmert meeting on 9/10, the Palestinian negotiating team presented Israel with drafts (not publicly released) outlining the Palestinian

positions on all final status issues for consideration in advance of the 9/10 meeting, which was slated to resume discussion of the joint statement envisioned by Rice. The 9/10 meeting was described by participants as exceptionally tense, with Olmert berating the Palestinians for making "maximalist demands." No progress was made. Abbas subsequently gave an interview to the Israeli daily *Ha'Aretz* (published on 9/14) in which he said that he saw no chance of reaching any understandings by the end of the year and that even if Olmert were not in political trouble, Israel was not serious about resolving the conflict.

In the *Ha'Aretz* interview, Abbas discussed at some length the Palestinians' current official position on the Palestinian refugee right of return, conceding that the return of 5 m. refugees would "destroy Israel," but adding that some refugees must be allowed to return. "We have to talk about Israeli recognition of its responsibility for the refugee problem," he said, "and then discuss the right of return in practice. The Palestinians who don't return to Israel can return to Palestine. If they decide to remain in the countries where they are living, they will receive compensation, as will the countries that absorb them." He indicated that Israel's tendency to ignore the assets lost by the refugees when considering compensation was a major obstacle to the negotiations. On 9/16, Abbas and Olmert held another closed-door meeting in Jerusalem that was not part of their regular schedule, but no details were released.

Also of note: Israel reported (9/22) that the Israeli-Palestinian Joint Economic Committee (a body created under the original Oslo process) had been revived and was meeting "frequently" to discuss economic issues of mutual interest, including planning of joint industrial parks, labor issues (such as increasing work permits), and facilitating tourism. This type of diplomacy was eagerly supported by Likud chairman and MK Benjamin Netanyahu, a strong contender to replace Olmert as PM. Netanyahu vowed last quarter that if elected PM he would halt final status talks with the Palestinians in favor of negotiations toward an economic partnership between Israel and the PA. On 11/7, Netanyahu clarified his vision of an "economic peace" between Israel and the Palestinians, specifying that the West Bank would be divided into disconnected "economic zones," each with a business project that would create needed

Palestinian jobs (such as religious tourism to Jericho). Palestinians would have control over their population centers but not more sparsely populated areas such as the Jordan Valley. Turning over the occupied territories to the Palestinians, he argued, would only strengthen "radical Islam" against the Western world.

Meanwhile, between 8/15 and 9/16, Israeli-Palestinian violence remained low. In the West Bank, Israel released (9/4, 9/7) another 169 Fatah-affiliated prisoners to the West Bank as a good-will gesture to Abbas to mark the start of Ramadan. In similar vein, on 9/11 it announced with considerable fanfare its removal of dozens of fixed and flying checkpoints in recent weeks to improve Palestinian movement and reduce friction points, including the elimination of 10 significant checkpoints around Hebron. It is important to note, however, that according to a UN report (9/19), the IDF's use of flying checkpoints in the West Bank had sharply increased last quarter, including a 190% increase in Hebron in 7/08 alone. Overall, the UN reported, IDF barriers in the West Bank were up 3.3% for the period 4/30/08-9/11/08 compared to the previous 3-month period.

Most West Bank clashes during the 8/15-9/16 period were initiated by settlers against Palestinians (see "Settlers and Settlements" below and Chronology for details). The IDF's regular late-night arrest raids and house searches declined significantly. IDF clashes with Palestinians were largely confined to putting down nonviolent demonstrations against the separation wall. The only significant incidents were: an IDF raid (9/7) on Ni'lin to demolish 32 bedouin structures, which left 7 Palestinians wounded; a botched 9/10 arrest raid targeting al-Aqsa Martyrs Brigade (AMB) members in Nablus, during which soldiers fatally shot a Palestinian bystander; and the 9/13 stabbing and wounding of a 9-year-old Jewish settler boy by a lone Palestinian (who escaped), precipitating IDF arrest raids and stone-throwing clashes in which 1 Palestinian teen was killed. A third Palestinian was killed when he accidentally triggered (8/29) unexploded IDF ordnance in a field near Jenin.

In Gaza, Israeli-Palestinian cross-border attacks remained low. Between 8/15 and 9/16, Palestinians (most suspected to be Islamic Jihad members) fired at least 33 rockets and mortars into Israel (starting at a rate of about 3/day in mid- to late-8/08 and ta-

pering to less than 1/day by 9/16), causing no damage or injuries. Israel occasionally sealed all Gaza's crossings completely for a day or two as punishment (e.g., 8/26-28, 9/14-16). The Israeli navy fired on Palestinian fishermen on 3 occasions (8/16, 8/30, 9/1), wounding 2 fishermen and detaining 9. Significantly, no cross-border gunfire or IDF incursions into Gaza were reported for nearly a month, between 8/15 and 9/12. On 9/12, IDF soldiers fired into s. Gaza near Shuka, seriously wounding a Palestinian who strayed near the border fence, marking the first cross-border fire incident since 7/23. On 9/16, Israeli soldiers entered c. Gaza to bulldoze land along the border fence; it was the first such operation since 6/14, right before the cease-fire began. However, neither of these incidents seriously jeopardized the truce. During the first month of the quarter, until 9/16, only 3 Palestinians and no Israelis were killed, bringing the comprehensive Palestinian death toll to 5,997 since 9/00, while the Israeli toll was unchanged at 1,070. Nonetheless, Israel maintained the siege of Gaza, allowing in minimal fuel, food, and humanitarian goods, but not enough to meet Gazans' basic needs. Palestinians with valid foreign student visas were denied permission to travel abroad to start their school year.

#### ***Livni Wins Kadima Elections***

On 9/17, Israeli FM Livni narrowly won Kadima party elections to replace Olmert as party head, taking 43.1% of the vote to Transportation M Shaul Mofaz's 42%, with 55% of eligible voters participating. (In 7/08, amid serious new allegations of financial impropriety, Olmert had bowed to party pressures to step down as party head, call the internal elections, and state his intention to resign as PM; see Quarterly Update in *JPS* 149.) Olmert formally resigned as PM on 9/21, and Israeli pres. Shimon Peres charged Livni with forming a new coalition government on 9/22. Legally, Livni had 42 days to form a government, failing which national elections would likely be held 3 months later.

As Livni set about forming a coalition, Israeli-Palestinian contacts continued uninterrupted, although neither side had any expectations of progress toward any sort of agreement or joint statement before a new government was in place and Israel's negotiating team received formal reauthorization. In her first policy speech after election as Kadima head, Livni stressed (10/5) her

commitment to pursuing peace talks with the Palestinians. (PA FM Riad al-Malki, the FMs of France and Germany representing the EU, and a host of ambassadors to Israel attended her address, which was given at what Israel hoped would be the first annual policy conference bringing together Israeli officials, foreign leaders, and academics to weigh in on Israeli economic, political, and security positions affecting Israel's foreign policy and to discuss how Israel and the international community could work together to achieve common goals.)

Abbas used the lull in effective negotiations to visit Washington on 9/25 for a final meeting with Pres. Bush before his term ended. Abbas thanked Bush and the United States "for the help and the support and the aid that you have given us," particularly to advance PA economic and security reform. He also pledged to continue peace efforts with the new U.S. and Israeli governments.

Meanwhile, Olmert, now caretaker PM, began to express his opinions regarding peace with the Palestinians more freely, sometimes diverging significantly from Israel's official positions. For example, in an interview with *Yedi'ot Abaronot* (see Doc. C3) published on 9/29 to mark the Jewish new year, Olmert stated that Israel must withdraw from East Jerusalem as well as "almost all" of the West Bank if it were to make peace with the Palestinians, and that any occupied territory retained by Israel under a peace agreement would have to be exchanged for a "more or less one-to-one" amount of Israeli territory. Around 10/2, Olmert told an audience of Jewish settlers that the only way to prevent attacks in Jerusalem like the 2 bulldozer attacks by Palestinians in West Jerusalem last quarter (see Quarterly Update in *JPS* 149) would be to separate the Arab and Jewish neighborhoods of the city, alluding again to turning over East Jerusalem to the Palestinians under final status. In a declared response to Olmert's comments, the YESHA settlers' council on 10/5 launched a 3-year, \$1.5-m. campaign to promote Israeli tourism to the West Bank, portraying the territory as safe and important to Jewish heritage.

Israel's Pres. Shimon Peres, likewise taking advantage of the transition to a new government, also departed somewhat from Israel's official stance in his 9/24 address to the UNGA opening session. In that speech, he called on Israel to unify all its negotiating tracks and open a single track for com-

prehensive final status talks with the Arab states based on the 2002 Arab League initiative sponsored by Saudi Arabia, urging Saudi Arabia's King Abdallah to join him in pressing for the initiative. From the UNGA session through 10/08, Peres talked up the idea with Israeli, Arab, and Western officials. Labor candidate for PM (and acting DM) Ehud Barak stated (10/19) that the idea was worth considering in light of the lack of significant progress in ongoing peace talks. Given Peres's ceremonial position and Olmert's lame-duck status, however, neither initiative was considered of tremendous significance. Nonetheless, the Israeli FMin. reportedly held internal discussions (ca. 10/22) that stressed the importance of keeping the various peace tracks separate (see Lebanon section below), possibly leaking word of the meeting to the press itself to forestall Peres's initiative. Not surprisingly, the right-wing Likud party dismissed (10/19) the talk as "an empty political gesture" in advance of elections.

The only hint that there could be something to all the talk was a 3-day seminar held (ca. 10/12) at Oxford University entitled "Activating the Arab Peace Initiative." The seminar, which was attended by former Saudi intelligence chief Prince Turki al-Faisal, PA negotiator Nabil Shaath, former Israel FMin. dir. gen. Alon Leil, and Matti Steinberg, an adviser to the Israeli intelligence services and to Olmert, was viewed by some observers (see *Sunday Times* [London] 10/12, *Financial Times* 11/27) as "exploratory talks" aimed at jump starting the peace process. The seminar's final report, released in 11/08, urged the EU and U.S. to make the 2002 Arab League initiative the centerpiece of their peace efforts.

On 10/13, Livni initialed a draft coalition agreement with the Labor party promising current DM and Labor party head Ehud Barak a major role in a future Kadima-led government, including as a "full partner" in peace talks with the Palestinians and Syrians. The deal was a significant step but did not give Livni control of a majority of Knesset seats, so discussions with smaller parties continued. She suffered a serious setback on 10/24, when the religious Shas party definitively decided against joining her government, citing Kadima's willingness to share Jerusalem with the Palestinians under a peace accord and its rejection of Shas demands to increase the budget for welfare programs that largely benefit Orthodox

Jews (Shas's voter base). Though an agreement in principle had been reached with the left-leaning Meretz and talks were underway with the ultra-Orthodox Yehadut Hatorah party (which together could have made up the shortfall of seats unfulfilled by Shas), Livni abruptly halted coalition talks on 10/25. The following day, on 10/26, she informed Peres that she was unable to form a government, stating that she would not compromise her principles by bowing to the parties' unreasonable political and economic demands to join a coalition. The move was highly unusual and unexpected, as Livni had another full week to try and reach a coalition deal. On 10/28, Peres set 2/10 as the date for Israeli parliamentary elections, until which time Olmert would continue as caretaker PM.

### *Quiet on the Ground*

Meanwhile, Israeli-Palestinian violence across the territories dropped to its lowest point since the start of the al-Aqsa intifada in 9/00. Incidents were particularly infrequent between 9/29 and 10/21, as Israel scaled back military operations during the Rosh Hashanah (9/29–10/1), Yom Kippur (10/8–9), and Sukkoth (10/13–21) holidays. On 9/25, perhaps for the first time since 9/00, no incidents of Israeli-Palestinian violence were reported. A second day without violence passed on 9/30.

In Gaza, Palestinian rocket fire declined and then ceased. Between 9/17 and 10/7, the UN reported 3 rockets and 2 mortars fired toward Israel (the Israeli FMin. logged only 2 rockets), but all landed in Gaza, causing no damage or injuries. From 10/8 to 11/3, no rocket or mortar fire was reported at all. The change was so pronounced that U.S. Secy. of State Rice passed (ca. 10/28) a verbal message to Hamas through a third party in the Gulf acknowledging Hamas's efforts and stating that the U.S. was pleased that the Gaza cease-fire was holding.

Israeli cross-border attacks were also near zero. After more than 2 weeks of no incidents on the Gaza border, the IDF fired (10/3) on 2 unarmed Palestinians near the border fence e. of al-Qarara, sending troops into the Strip to arrest the Palestinians and take them to Israel. On 10/27, IDF soldiers fired into Gaza for a second time for no apparent reason, breaking a window of a girls' school in Khuza in s. Gaza, lightly injuring 1 girl. On 10/19, the IDF sent bulldozers across the border for the first time since 9/16 to level land near the Bayt Hanun border fence. The Israeli

navy fired on Palestinian fishing boats off the Gaza coast, which it had not done since 9/1, 4 times (10/4, 10/5, 10/6, 10/31), wounding 2 fishermen, 1 of them seriously.

Despite the pronounced decrease in violence, Israel continued to maintain a tight siege of Gaza, refusing to increase imports of food, medicines, or basic goods as it had pledged to do when it agreed to a cease-fire with Hamas. The total ban on Palestinian travel into and out of Gaza, except in extreme medical cases, remained in place. In the days preceding each of the 3 Jewish holidays, the UN reported spikes in the amount of fuel that Israel allowed into Gaza (except for cooking gas, which was cut by 42%), with Israel transferring more industrial gas than necessary to run Gaza's electricity plant. These generally increased fuel supplies, however, were in anticipation of Israel reducing the number of hours that Gaza crossing would be open during the holidays themselves. Before the weeklong Sukkoth holiday, the IDF similarly allowed into Gaza a higher number of trucks carrying food and goods to give Gazans a chance to stockpile before import reductions ahead. Overall, the UN reported (10/15, 10/21) that while the weekly average of food and goods allowed into Gaza was slightly higher during this period than before the cease-fire went into effect on 6/19, overall it had declined significantly since that date (from around 85 trucks/day right after the truce took hold in early 7/08 to 65 trucks/day by mid-10/08). The UN Special Coordinator's Office (UNSCO) put it succinctly in a report to donors on 9/23: "Although the cease-fire has afforded the populations in southern Israel and Gaza greater security, there has been no corresponding improvement in living conditions for the population in Gaza. Imports . . . are not sufficient to meet basic needs, and the lack of exports continues to gridlock Gaza's economy." As such, humanitarian and economic conditions in Gaza continued to deteriorate dangerously, with observers speculating that Israel's aim was to increase popular discontent with Hamas by showing it to be incapable of meeting the population's basic needs. At the same time, Abbas's PA was also taking steps to destabilize the acting Hamas government by undermining basic services in Gaza by supporting strikes by PA-salaried teachers and healthcare workers in Gaza and refusing to pay for fuel for Gaza's Water Utility, creating severe water shortages in Rafah (see "Intra-Palestinian Dynamics" below).

In the West Bank, even with the relative quiet between 9/17 and 11/3, some IDF arrest raids and house searches were reported, and there were several significant incidents of violence involving Israeli security forces (see Chronology for details). In total during this period, the IDF killed 6 West Bank Palestinians during routine military operations: 2 teenagers and a man allegedly holding Molotov cocktails (9/20, 10/14, 10/16) and a stone-thrower (10/15) shot dead, an elderly woman pushed down the stairs during an arrest raid (9/20), and a 67-year-old shepherd shot during a predawn incursion (10/29). A seventh Palestinian, also a shepherd, was killed (9/27) when he accidentally triggered unexploded IDF ordnance near Nablus. There were also 3 incidents of Palestinian violence by individuals with no known connection to any faction: A Palestinian man fatally stabbed (10/23) a Jewish settler and wounded an Israeli police officer in Gilo settlement; a Palestinian woman sprayed (9/22) an acid-like substance at an IDF soldiers checking IDs at the Hawara checkpoint near Nablus, blinding him and injuring 3 other Palestinians in the line; and, in what may have been simply a traffic accident, a Palestinian teenager drove (9/22) into a group of IDF soldiers in the Old City of Jerusalem, injuring 19 before being shot dead by 1 of the soldiers (see "Data and Trends" below). Aside from these incidents, the overwhelming majority of violence reported in the West Bank during this period was instigated by Jewish settlers against Palestinians and even against Israeli security forces (see "Settlers and Settlement" below and Chronology for details). In Gaza, the 8 conflict-related deaths reported during this period (5 on 9/23 and 3 on 10/25) were all Palestinians killed in tunnel collapses on the Rafah border. As of 11/3, the comprehensive death toll reached 6,013 Palestinians and 1,071 Israelis.

### ***Israel Breaks the Gaza Truce***

In a dramatic reversal on 11/4, the day Democrat Barack Obama was elected U.S. president, Israel made a major raid into a residential area e. of Dayr al-Balah in central Gaza, allegedly to destroy a tunnel near the border. The sizeable IDF force occupied 2 Palestinian homes (1 covering the tunnel) and wounded 1 Palestinian woman. Hamas gunmen arrived on the scene and clashed with the IDF troops, marking the first armed exchange since the cease-fire went into ef-

fect nearly 5 months before. A senior Hamas commander was killed, and 2 other Hamas members and 4 IDF soldiers were wounded. Publicly, Israel accused (11/4) Hamas of plotting to dig under the border fence to capture soldiers and abduct them to Gaza, but separately Israeli defense officials acknowledged (see *Washington Times* 11/20) that Israel simply wanted to send Hamas a message not to operate near the border. Hamas fired 10 mortars from Gaza toward Israel in retaliation (its choice of mortars over rockets arguably underscoring the perfunctory nature of the response), several of which landed inside Israel, causing no damage or injuries.

Later the same day (11/4), Israel launched air strikes on Khan Yunis and al-Qarara in s. Gaza, killing 5 Hamas members and wounding several others. Characterizing the attacks as "pinpoint operations" against specific threats, Israel said it still intended to adhere to the cease-fire. The IDF continued operations near Dayr al-Balah overnight on 11/4-5, demolishing the home that allegedly hid the tunnel, bulldozing 2.5 dunams (d.; 4 d. = 1 acre) of surrounding land, and arresting 4 Palestinian women. During the day of 11/5, Hamas and Islamic Jihad fired about 35 rockets from Gaza into Israel, causing no damage or injuries, and the IDF struck a rocket-launching site in Jabaliya r.c. in n. Gaza, killing 1 Islamic Jihad member and wounding 2 others (including senior commander Issam Ba'lusha) and 2 bystanders. Meanwhile, Hamas officials enlisted (11/5) Egypt's help to restore calm and pledged to observe the cease-fire if Israel halted its attacks. Israel reiterated (11/5) that it intended to uphold the truce but at the same time cut off all fuel shipments to Gaza and sealed all crossings into the Strip indefinitely as punishment for the rocket fire. Significantly, Israel also stopped allowing foreign journalists to enter Gaza. Though no public ban declaring this unprecedented move was issued, by 11/13 foreign correspondents already in Israel complained that the DMin. had not granted any journalists permission to enter the Strip for approximately a week.

Over the next several days, no major clashes were reported, but daily cross-border exchanges (involving not only Hamas but Islamic Jihad and DFLP), Palestinian rocket and mortar fire (averaging around 10/day, much of it landing inside Gaza), incidents of IDF bulldozing inside the Gaza border, and 2 IDF air strikes were reported. Israel



also maintained the complete seal on Gaza's crossings, allowing nothing to enter or exit. Between 11/6 and 11/9, 1 Palestinian was injured and 2 died (a woman wounded by the IDF on 11/4 and ailing 7-year-old boy denied exit to Egypt for medical treatment); there were no Israeli casualties. Both Israel and Hamas made repeated statements about their desire to restore the cease-fire if the other side would halt military actions, but the tit-for-tat continued (see Chronology for details).

Prior to this sudden deterioration of the situation, Secy. of State Rice, highly encouraged by the Gaza cease-fire, had announced (10/30) plans for a regional tour beginning on 11/5, immediately after the presidential elections, to promote efforts to achieve a "lasting peace in the region consistent with the goal of a two-state solution" and to press for agreement on an Israeli-Palestinian joint statement on negotiations. In preparation for her visit, U.S. Asst. Secy. of State for Near East Affairs David Welch traveled to Israel to confer with Livni and, in a meeting following the Dayr al-Balah incursion on 11/4, she warned him against pressing Israel for any last-minute concessions to secure a peace deal with the Palestinians before the end of Bush's term. As Rice began her meetings in Israel on 11/6, the White House issued a statement declaring its intention to leave Israeli-Arab peace-making to the Obama administration, as it no longer believed any Israeli-Palestinian understandings could be reached during Bush's term. Unable to point to specific progress in the confidential Israeli-Palestinian bilateral talks, after her 11/6 meeting with Livni, Rice emphasized the recent improvement of conditions on the ground and the reforms in the PA since Bush took office in 2001, stating that the sides needed to work together to ensure that improvements continued. The remainder of Rice's 4-day trip was exceptionally low-key. The highlight of her West Bank stop (11/8) was to join Abbas and Fayyad in inaugurating a USAID-funded hospital wing in Jenin; no public mention was made of the peace process. She then traveled (11/9) to Sharm al-Shaykh for the final Quartet meeting of her tenure.

The senior-level Quartet meeting, ideally envisioned as a signing ceremony for an Israeli-Palestinian joint statement, was pro forma. Abbas and Livni privately briefed the Quartet on the progress they had made since the 11/07 Annapolis summit and pub-

licly reaffirmed their commitment to fulfill their road map obligations, pledged to continue negotiations despite the political uncertainty in Israel, and assured their publics once again that they would consider "nothing . . . agreed until everything is agreed." The Quartet reaffirmed its support for continued negotiations, praised the PA's security reforms, and urged the international community to fulfill their aid pledges to the PA to ease the economic crisis in the territories. Closed-door discussions addressed ways of keeping the peace process alive during the Israeli and U.S. government transitions, with Quartet FMs reviving the idea of Russia hosting an international conference in spring 2009 to relaunch the Annapolis process (see Russia section below).

On the ground, conditions in Gaza deteriorated precipitously as of 11/10. After a week of Israel's total seal on crossings into Gaza, humanitarian conditions reached a tipping point. Industrial fuel supplies ran dry, forcing (11/10) Gaza municipal authorities to shut down Gaza's power plant, cutting electricity to most of Gaza City. Israel agreed (11/11) to a request by Quartet envoy Tony Blair to resume fuel shipments to aid hospitals in particular, but allowed fuel to flow for only 4 hours before closing the taps; the power plant shut down again for lack of fuel on 11/13. By 11/15, fuel shortages left Gazan households without daily running water (20% of households received 6 hours of water/5 days, 40% received 6 hours of water/4 days, and 40% received 6 hours of water/3 days); rolling blackouts were reported across the Strip; bread was being rationed for lack of grain imports, which also affected farmers' ability to feed livestock; and shortages of milk, red meat, and fresh produce were widespread. Unable to replenish its stocks, UNRWA was forced to halt (11/13) food distribution to 750,000 refugees—half of Gaza's population. The UN's World Food Program warned (11/13) that it, too, was delving into its emergency supplies to feed Gaza's 130,000 nonrefugee poor. UNICEF reported (11/15) that Israel had embargoed 2 shipments of childhood vaccines to Gaza at Ben-Gurion airport. The World Health Organization (WHO) warned (11/15) that the stock 95 of 473 drugs classified as essential for hospitals and clinics to have on hand (as well as 174 other medical supplies) were at zero levels in the Strip because of the PA's failure to transfer the stocks from the PA central pharmacy in Ramallah.

UNRWA Gaza dir. John Ging denounced (11/14) the siege, stating that "it is unprecedented that the UN is unable to get its supplies in to a population under such obvious distress." The EU (11/14) and UN Secy.-Gen. Ban Ki-moon (11/15) appealed for Israel's immediate lifting of the siege. The U.S. said nothing.

Meanwhile, low-level cross-border exchanges in Gaza continued, leaving 4 Hamas members dead and 1 IDF soldier wounded (see Chronology). Facing moderate but sustained Palestinian rocket fire, the Israeli cabinet debated a proposal by Justice M Daniel Friedmann (ind.) and Vice PM Haim Ramon (Kadima) to reintroduce heavy artillery fire on Gaza (unilaterally suspended 2 years earlier in 11/06, after an internationally condemned IDF artillery strike on Bayt Hanun killed 21 Palestinians and wounded around 80; see Quarterly Update in *JPS* 143). Friedmann and Ramon recommended that the IDF, as policy, notify civilians to evacuate villages from which Palestinian rockets have been fired and then "raze the villages with artillery" (*Jerusalem Post* 11/11); no decision was taken.

On 11/14, Hamas upped the ante, stating that Israel apparently was not interested in restoring the truce and would therefore face consequences. That same day, it fired 11 Grad-type rockets toward Israel, 4 of which landed inside Israel but caused no damage or injuries. Hamas members also fired 3 rockets and a barrage of mortars, 1 of which (unclear whether a rocket or mortar) hit an Israeli house in Sederot, lightly injuring 1 Israeli. The IDF hit back with air strikes on n. Gaza, wounding 2 armed Palestinians. By 11/15, Palestinian factions had fired some 140 rockets and mortars since 11/4, at least half of which landed inside Israel. Though neither Israel nor Hamas formally declared an end to the cease-fire, the truce was clearly in free fall.

### ***Intifada Data and Trends***

During the quarter, at least 32 Palestinians and 1 Israeli were killed in Israeli-Palestinian violence (compared to 77 Palestinians and 5 Israeli last quarter), bringing the toll at 11/15 to at least 6,026 Palestinians (including 49 Israeli Arabs and 19 unidentified Arab cross-border infiltrators), 1,071 Israelis (including 334 IDF soldiers and security personnel, 213 settlers, 524 civilians), and 61 foreign nationals (including 2 British suicide bombers) since 9/00. An additional 13

Palestinians were killed this quarter in inter-factional violence, down from around 25 last quarter (see "Intra-Palestinian Dynamics" below).

This quarter also marked the eighth anniversary of the outbreak of the al-Aqsa intifada. As of the close of 9/27/08, *JPS* had recorded 6,006 Palestinians, 1,070 Israelis, and 61 foreign nationals killed—increases of 674 Palestinians, 36 Israelis, and 1 foreigner since the seventh anniversary. The Palestinian and Israeli increases were marginally higher than those of the preceding 3 years, while figures for foreigners were steady. Based on statistics from the Israeli rights group B'Tselem (11/30) and the Gaza- and Ramallah-based Palestinian Center for Human Rights (PCHR; 9/25), 55–60% of Palestinian fatalities were in Gaza and 40–45% were in the West Bank. PCHR estimated (9/25, 10/22) that at least 3,724 Palestinians killed were unarmed civilians (2,051 in Gaza and 1,673 in the West Bank and East Jerusalem), including at least 850 children under age 18 not participating in hostilities (23% of total casualties), 163 women (4% of total casualties), 26 medical personnel, and 11 journalists. According to *JPS* statistics, at least 545 Palestinian dead had been targeted for assassination in incidents that also left 233 bystanders dead and 1,031 wounded. No groups updated the 2007 estimates of over 45,000 Palestinians and 1,500 Israelis injured (see Quarterly Update in *JPS* 146). (Israeli figures exclude cases of shock; for methodology on estimating casualties see Doc. A6 in *JPS* 138). PCHR also estimated that the IDF had razed 40,405 d. of land in Gaza. The Applied Research Institute in Jerusalem (cited by PCHR 9/25) put West Bank home demolitions at 1,606 for 2001–7.

Overall this quarter, Israeli-Palestinian violence, as noted, was exceptionally low, especially on the Gaza front, as a result of the 6-month cease-fire agreed by Israel and Hamas. Between 9/16 and 11/3, Palestinian rocket fire ceased and only 13 IDF cross-border incidents were reported, mostly involving the Israeli navy firing on Palestinian fishermen to keep them close to shore (see Chronology for details). After Israel's incursion near Dayr al-Balah on 11/4 precipitated an exchange of fire with Hamas, the IDF stepped up cross-border fire, bulldozing inside the Gaza border, and air strikes. In the West Bank, there was also a significant reduction in incidents of IDF arrest raids, house

searches, house demolitions, and closures, in part attributable to growing security coordination between Israel and the PA (see "PA Security Reform" below). Settler violence and provocations steadily increased, however (see "Settlers and Settlements" below).

*Assassinations, Suicide Attacks, and Heavily Attacks*

For the first time since Israel initiated a policy of targeted assassinations in 11/00, there were no reported assassinations or assassination attempts by Israel during the quarter. (At least 8 Palestinians were assassinated last quarter, the last clear assassination being on 7/9/08 in Jenin; the last Israeli assassination in Gaza took place on 6/17/08, just before the cease-fire went into effect.)

Only 1 possible suicide attack took place this quarter (down from 3 last quarter): On 9/22, a 19-year-old Palestinian from Jabal Mukabir in East Jerusalem drove into a group of IDF soldiers touring Jerusalem's Old City, injuring 19. The teenager, who was shot dead by 1 of the soldiers, was unaffiliated to any political party. Israeli authorities believed he acted alone but intentionally, possibly despondent over a rejected marriage proposal and inspired by 2 deliberate hit-and-run attacks by Palestinians in Jerusalem last quarter (see Quarterly Update in *JPS* 149). His family believed that the teen, who did not have a driver's license, crashed accidentally.

Palestinian rocket fire from Gaza into Israel, which had dropped to near zero by the end of last quarter, ceased entirely by 10/7, until an IDF incursion into Dayr al-Balah and a series of air strikes on Khan Yunis and al-Qarara on 11/4, which left 5 Hamas members dead and several Hamas members and 1 civilian seriously wounded. Thereafter, low-level Palestinian rocket and mortar fire continued through the end of the quarter, averaging 14 rockets and mortars/day between 11/5 and 11/15. This included 1 major barrage of 35 rockets on 11/5 (after the 5 Hamas members were killed), and Hamas's firing of 11 longer-range Grad rockets on 11/14, bringing to at least 15 the number of Grads fired by the Palestinians since the first one was fired by Islamic Jihad in 3/06. (Israel alleges that at least another 27 have been fired, mostly by Hamas; while not unlikely, this has not been independently corroborated.) Of an estimated 140 rocket and mortar launches during the 11/4–15 period, only 1 resulted in damage and lightly injured 1 Israeli, marking the only instance

of damage or injury from Palestinian missiles reported this quarter.

*Restrictions on Palestinian Movement*

Israel maintained its strict siege on Gaza (first imposed in 6/07 and tightened significantly in 1/08), barring all exports and allowing in only enough food, medicine, and other essential goods to avoid a humanitarian catastrophe. As noted above, the UN reported no significant change, and indeed a continued decline, in living conditions in Gaza following the 6/19 cease-fire.

In the West Bank, too, IDF restrictions on movement remained tight, with the UN reporting (9/25, 10/18, 11/23) a steady overall increase in barriers to movement over the course of the quarter, "making life ever more difficult for Palestinians." 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 Balut and Za'atara in Salfit) remained in place. Access to the Jordan Valley for non-residents remained virtually prohibited, as it has since 10/11/06. IDF restrictions on travel between Israel and the West Bank imposed in 11/06, including tighter permit restrictions and double security checks on goods, also remained in place. On 11/2, Israel imposed new restrictions requiring Palestinian medical personnel from the West Bank employed in Jerusalem to enter the city through the Qalandia checkpoint, the most crowded crossing, causing significant delays.

*House Demolition, Land-Leveling, and Judaization of Jerusalem*

Israel demolished few houses this quarter, in keeping with the overall reduction in violence. In total, 7 Palestinian homes were demolished (down from 28 houses and 1 apartment building last quarter). As was the case last quarter, the majority of demolitions (5 of the 7) were in East Jerusalem, which Israel intends to retain under final status. One was near Gaza's Dayr al-Balah—the house that allegedly hid the entrance to the tunnel destroyed by the IDF on 11/4—while the seventh and last house demolished this quarter (on 11/12) was in Israeli-controlled area C in Ramallah district, possibly

marking an end to Israel's 4/08 pledge to suspend demolitions of homes built without permits in West Bank area C. Of note: 2 of the Palestinian homes demolished (11/5) in Silwan in East Jerusalem were the first of 88 slated to be razed to make way for Israel's "national archaeological park." The demolitions sparked stone-throwing clashes between Palestinian residents and Israeli border police that left 8 Palestinians injured and 20 under arrest.

Two other significant Israeli seizure and demolition projects in Jerusalem also moved forward. First, Israeli authorities formally opened (10/12) a synagogue in the Old City of Jerusalem near al-Aqsa Mosque that was built on Palestinian property seized from the Islamic Waqf. The ceremony was attended by a number of senior Israeli officials, rabbis, and right-wing Israeli MKs. Israel warned the PA and the Palestinian mufti of Jerusalem in advance to prevent any Palestinian demonstrations, while the PA warned Israel to prevent extremists Jews from trying to enter al-Aqsa Mosque during the ceremonies. When the synagogue opened to Jewish worshippers on 10/13, the IDF cordoned off the area and Palestinians were denied passage, sparking unarmed clashes; no serious injuries were reported. In a second development, Israel's High Court approved (10/29) the demolition of the historic Ma'man Allah Muslim cemetery (4,000 tombs) in West Jerusalem to make way for the construction of the Center for Human Dignity-Museum of Tolerance (designed by Frank Gehry).

Also with regard to Jerusalem: Israeli police raided (11/13) an event hosted by the Jerusalemite Association for Community Development in Wadi al-Juz in East Jerusalem (attended by, among others, the Egyptian amb. to Israel and a Spanish embassy official), halting the gathering on the grounds that it constituted illegal Palestinian political activity in Jerusalem.

Israel for a second quarter targeted an unusual number of long-standing bedouin encampments for destruction (cf. Quarterly Update in *JPS* 149). Outside Ramallah, the IDF bulldozed 32 bedouin structures on 9/9 and another 36 on 10/30, displacing a total of 157 Palestinians (including 87 children). Near Hebron, 6 bedouin structures were demolished on 10/29, displacing 45 Palestinians (including a week-old infant). The 3 encampments were located near Jewish settlements or bypass roads, though Israel did not expressly state this as the rea-

son for their removal. The official reason was that they were located in closed military zones.

With the Gaza cease-fire observed until early 11/08, there were very few incidents of Israeli bulldozing in Gaza this quarter. The IDF crossed into Gaza briefly on 9/16 (c. Gaza) and 10/16 (n. Gaza) to level areas along the border fence, but withdrew within hours. After Israel initiated the Dayr al-Balah incursion on 11/4, it stepped up bulldozing incursions once again (11/4, 11/8, 2 on 11/8). No major West Bank bulldozing operations were reported.

#### *Settlers and Settlements*

This quarter, Jewish settlers stepped up implementation of their "price-tag doctrine," launched in 6/08, urging settlers to take the law into their own hands "wherever, whenever, and however" they wished to retaliate against acts of Palestinian violence, as well as against any attempt by the Israeli army or police to challenge their free rein in the West Bank (see Quarterly Update in *JPS* 149). Indeed, an increasing number of settler attacks were directed at the IDF. For example, on 9/10, Jewish settlers attacked an IDF contingent that entered an unauthorized settlement outpost near Ramallah to confiscate construction equipment being used to expand the enclave; no serious injuries were reported. Late that evening, Jewish settlers from a nearby outpost raided the local IDF base and damaged a water supply to punish the soldiers.

Tensions between settlers and Palestinians escalated sharply on 9/13, when a lone Palestinian slipped into a settler outpost near Yitzhar settlement outside Nablus to set fire to a vacant building and stabbed and wounded a 9-year-old settler boy who raised an alarm. (The Palestinian fled and was not caught.) In retaliation, Yitzhar settlers raided and opened fire (9/13) on residential areas of the nearby Palestinian village of 'Asira al-Qibliyya in an assault that lasted several hours. IDF soldiers observed but did not intervene to halt the rampage, during which settlers caused extensive property damage and wounded 4 Palestinians. Palestinians angry over the incident stoned (9/13) a bus with Israeli license plates traveling on a bypass road near Bethlehem, lightly injuring 2 American tourists, prompting an IDF raid (9/13) on the nearby Palestinian village of Tuqu' in search of the assailants. Soldiers opened fire on stone-throwing Palestinians who confronted them, killing a teenager.

The day's events, particularly the magnitude and suddenness of the 'Asira al-Qibliyya rampage and the ripple effect of outrage it triggered among West Bank Palestinians, appeared qualitatively different from previous settler incidents, indicating that the mood between settlers and Palestinians was becoming dangerously explosive.

Over the next month, Yitzhar settlers routinely harassed 'Asira al-Qibliyya, stating (10/14) that if the IDF would not defend the settlers, they would defend themselves. In Hebron, Jewish settlers attacked an IDF officer who tried to stop settler children from throwing stones at Palestinians. Elsewhere, settlers set a dog on an IDF reserve commander, broke the arm of an IDF dep. battalion commander, and slashed tires of IDF vehicles. On 10/14, IDF Maj. Gen. Gadi Shamni, citing these incidents, warned the Israeli cabinet that until recently "only a few dozen [settlers] were implicated in this. Today we're talking about several hundred people—a very significant change. . . . An extreme incident could happen at any time."

Meanwhile, pro-settlement activists inside Israel were becoming equally aggressive. On 9/24, Hebrew University professor Ze'ev Sternhell, a prominent critic of Jewish settlements and the siege of Gaza, was lightly injured when suspected hardcore right-wing settlers threw a pipe bomb at him outside his Jerusalem home. Police found posters in his neighborhood offering a reward of \$320,000 to anyone who killed a member of Peace Now, an Israeli group that campaigns against settlements and of which Sternhell was a member. Several weeks later, Jewish extremists vandalized (ca. 10/19) buildings in Tel Aviv with graffiti threatening Peace Now secy. gen. Yariv Oppenheimer. The attacks were viewed as possible escalations of the settlers' price-tag doctrine.

On 10/26, an overnight operation by Israeli security forces to remove Jewish settlers from the tiny unauthorized outpost of Federman Farm in Hebron sparked violent clashes with the settlers that seriously injured 1 Israeli policeman. During the fray, 2 Jewish settler girls attempted to burn police vehicles, and settlers rampaged through adjacent Palestinian neighborhoods, slashing the tires of 22 cars and vandalizing a Muslim cemetery. During the day on 10/26, settlers in Hebron attacked, vandalized, and attempted to seize a Palestinian home and land for a new outpost near Harsina settlement, and 10 masked Jewish settlers as-

saulted IDF soldiers guarding Palestinians harvesting olives near Hebron's Otniel settlement, injuring 1 soldier. Outraged Hebron settlers also threatened to stage a massive demonstration to block an upcoming speech by IDF district commander Noam Tivon at a yeshiva in Efrat settlement near Bethlehem, calling him an "expulsion criminal" for ordering the Federman Farm eviction. (Fearing for his safety, Tivon canceled the visit to Efrat on 11/2.) At the regular cabinet session the same day (10/26), Olmert warned that the government "will show no tolerance toward such expressions and actions" by settlers, while DM Ehud Barak and Shin Bet security chief Yuval Diskin expressed grave concern over "the extreme right in the territories," warning that right-wing settlers might attempt to assassinate propeace politicians.

Settler violence against Israeli security forces, however, continued. On 10/30, 3 Jewish settler girls (aged 12, 15, and 17) stoned an Israeli border police unit demolishing an "illegal structure" in Harsina, injuring 2 officers. The girls were arrested and indicted (11/2) by the Jerusalem District Juvenile Court on charges of reckless endangerment, aggravated assault of security forces, and obstruction of a police officer. On 10/31, settlers from Kiryat Arba attacked Israeli border police who were demolishing another outpost dwelling in Hebron, injuring 3 policemen, and then attacking nearby Palestinian areas and media covering the incident, injuring 3 AP and Reuters cameramen. On 11/1, settlers who had reoccupied the Federman Farm outpost in defiance of the government attacked another border police unit believed to be planning to evacuate them again, injuring 2. The UN reported at least 1 other Israeli security officer injured by Hebron settlers during the week, without giving details.

Concerned by the escalating settler violence directed at Israeli security forces, the Israeli cabinet voted (11/2) to suspend all direct and indirect government funding that supports unauthorized settlement outposts (especially citing infrastructure such as roads, garbage collection, and school buses), marking the first de facto admission that public funds have advanced illegal settlement. Olmert also proposed (11/2, 11/10) to increase arrests and administrative detention of Jewish settlers who break the law. To demonstrate the government's resolve, the IDF tore down (11/3) several shacks at the Migron outpost north of Jerusalem,

though it continued to guard the site, which remained connected to Israel's electricity grid with paved access roads. Government support for authorized settlements (also illegal under international law) continued to be strong, however. On 11/9, Israeli police evicted a Palestinian family (7 adults, 7 children) from their home in Shaykh Jarrah, East Jerusalem, turning the property over to Jewish settlers who claimed to have purchased the land from relatives of the Ottoman-era owners. An Israeli court ruled in 2006 that the settlers' claim was based on forged documents, but the settlers appealed. In 7/08, Israel's High Court reversed the decision and authorized the eviction. The IDF also issued (9/18) 2 military orders confiscating 140 d. of Palestinian land in Bardala village in the Jordan Valley and 22 d. nr. Yatta outside Hebron, reportedly for "settlement activities."

Overall, Jewish settler violence seemed to be up sharply this quarter, though precise tracking became more difficult following the UN Office for the Coordination of Humanitarian Affairs' (OCHA) decision toward the end of last quarter (7/08) to cease distribution of its highly detailed weekly reports, one of the key sources for tracking incidents of settler violence. The impression seemed to hold, however, given that even with the loss of OCHA reporting, the overall reports of Jewish settler violence against Palestinians remained steady and high, at 65 for this quarter compared to 70 last quarter. Also of note: B'Tselem reported in mid-10/08 that settler attacks on Palestinians had increased 75% in 2008 to date, compared to the same period in 2007. Two trends could be noted in the attacks this quarter: (1) a higher number of serious incidents (e.g., rampages through Palestinian villages, firing on Palestinians, attempts to seize Palestinian land), reflecting the price-tag policy; and (2) attacks targeting Palestinians harvesting olives (the olive harvest ran this quarter from early 10/08 through 11/15), including beatings or blocking access to land, stealing or destroying crops, and burning or otherwise damaging groves. By category, incidents included settlers marching (9/2, 10/24) or rampaging through Palestinian areas (9/27, 10/2, 10/26) in shows of force; attempting to occupy or reoccupy Palestinian property to establish new or expand existing settlement outposts (8/22, 10/7, 10/16, 10/24, 10/26, 10/31, 11/7, 11/9); beating or otherwise attacking Palestinians (8/16, 8/17, 8/24, 8/27, 8/29, 9/2, 9/4, 9/5, 9/9, 9/10, 2 on 9/18,

10/2, 10/3, 10/7, 2 on 10/10, 2 on 10/11, 10/14, 4 on 10/18, 10/19, 10/21, 2 on 10/24, 10/31, 11/2, 11/8); vandalizing Palestinian property (8/16, 8/24, 8/29, 9/4, 9/5, 9/9, 2 on 9/18, 9/20, 9/27, 10/1, 2 on 10/2, 10/4, 10/16, 10/24, 2 on 10/26, 11/7), including a Muslim cemetery (8/22, 10/26); burning (8/24, 9/17, 10/1, 10/16, 10/24), stealing (8/25, 2 on 10/2, 10/13), or otherwise damaging (2 on 10/10, 10/13, 10/18) crops; and blocking roads (9/18, 10/2, 10/20) and access to lands (9/16). Incidents of settlers opening fire (8/22, 9/13, 9/20, 9/27) left 1 Palestinian dead and 4 wounded. An accidental hit and run (9/12) by a Jewish settler in Hebron seriously injured a 6-year-old boy. As in previous quarters, most incidents of Jewish settler violence occurred in Hebron (28) and Nablus (14), the areas of greatest settler support for the price-tag doctrine. The remaining incidents took place in Qalqilya (7), East Jerusalem (6), Ramallah (4), and near the vacated Homesh settlement site (2), with 1 incident each reported in Bethlehem, Jenin, the Jordan Valley, and Salfit.

Also of note this quarter: Israeli residents of Jerusalem elected (11/11) as mayor multi-millionaire and city councilman Nir Barakat, who ran on a campaign to revitalize the city by building 1,000s of new settlement housing units in occupied East Jerusalem for young Israeli Jews. Barakat's main opponent in the race was ultra-Orthodox Rabbi Meir Porush, who campaigned on his record of having built 1,000s of homes in West Bank settlements while serving as housing minister and dep. mayor of Jerusalem, and on pledges to bring another 100,000 young Jews to Jerusalem by providing affordable housing. Voter turnout among Palestinian residents of Jerusalem was very low.

On 11/13, Meretz MK Avshalom Vilan reported that surveys of Jewish settlers undertaken by his party in 2004 and 2007 showed that about 50% of settlers living east of the separation wall were ideologically motivated and would refuse to leave under a peace deal with the Palestinians, whereas 40% were "ready to go for a reasonable price." He stated that the Kadima-led coalition government generally supported a draft law that would budget \$6 b. to buy homes of 20,000 settlers, but that the leadership was concerned that passing such a law before a peace agreement was reached "would amount to giving away an asset without getting anything in return from the

Palestinians.” Vilan noted that some settlers who had openly supported the bill had already been targeted by their settler neighbors, being fired from their jobs and having their businesses boycotted. According to Vilan, other settlers who wanted to leave immediately but were unable to sell their homes had already abandoned them; in some cases, these houses were subsequently occupied by right-wing religious settlers.

#### *Separation Wall*

No major new construction on the separation wall was reported this quarter, and no wall segments under construction last quarter were reported as completed. Indeed, wall work—which had stalled since late 2007 when the Israeli government adjusted budget allocations away from the wall and toward other DMin. projects (see Quarterly Update in *JPS* 147 for background)—seemed to be at a near standstill. The World Bank estimated on 9/22 that 57% of the separation wall had been completed and another 9% was under construction—the same figures it issued on 7/30 (see Quarterly Update in *JPS* 149).

In early 9/08, the IDF issued a military order rerouting the separation wall near Jayyus northwest of Qalqilya. Though the change reduced the surface area of village land that would become out of reach to the villagers (eventually falling west of the wall) from 8,600 d. to around 6,200 d., the new route would require the bulldozing of 472 d. of Jayyus’s agricultural land, and it would effectively annex 200 d. of village land to the nearby Jewish settlement of Tzofim.

Also of note: The IDF barred Palestinian workers from paving a road inside the West Bank village of al-Walaja, near Bethlehem, stating that the area was under the jurisdiction of Israel’s Jerusalem municipal authority. Israel’s plans for the separation wall show the route of the wall running through al-Walaja, placing more than a quarter of the village’s land (1,680 d. of 4,417 d.) on the Israeli side of the wall.

#### *Independent Initiatives*

The U.S.-based Free Gaza Movement (FGM) organized an international grass-roots challenge to Israel’s siege of Gaza this quarter, sending 3 groups of human rights activists carrying humanitarian aid by boat from Cyprus to Gaza (8/22, 10/29, 11/7). More than 75 activists representing at least 17 countries, including Israel, took part in the initiatives. Prominent participants in-

cluded 13 members of various European parliaments (acting in their personal capacities), Quartet rep. Tony Blair’s sister-in-law Lauren Booth, prominent Israeli journalist Amira Hass, and Israeli Committee Against House Demolitions dir. Jeff Halper. Israel did not challenge the FGM boats entering Gaza, but warned (8/28) that no precedent was set, stating “if anyone expects a regular flow of ships going back and forth, this is not going to happen.”

The first 2 FGM boats that made the 8/22 voyage sailed back to Cyprus on 8/28 (unimpeded by the Israeli navy) carrying 9 Gazans (mostly students with valid visas to study abroad and a family seeking medical treatment for their 10-yr.-old son) who had been unable to get Israeli permission to leave the Strip. FGM heralded (8/28) the departure as the first time that Palestinians have been able to leave Gaza freely with exit stamps from their own government. To make space on the boats for the 9 Gazans, 9 FGM activists, including Booth and Halper, remained in Gaza. Halper returned (8/25) to Israel via the Erez crossing and was arrested, held for questioning, and released, but Israel refused entry to the other foreigners. On 9/16, 6 Palestinian fishing boats attempted to run the Israeli naval blockade to sail the remaining FGM members back to Cyprus, but the Israeli navy fired on the boats, forcing them to return to shore. Egypt granted the FGM members entry through the Rafah crossing on 9/20. For missions thereafter, participants apparently returned by boat, not taking any Gazans with them. Hass, however, was still in Gaza at the close of the quarter, at that point the only foreign reporter covering the humanitarian situation there after Israel imposed its de facto ban.

#### *Palestinians of Israel: Clashes in Acre*

In a major event this quarter, serious riots erupted between Israeli Palestinians and Jews in the mixed city of Acre from 10/8 to 10/13. In recent years, the city’s Jewish mayor had encouraged right-wing religious groups to set up yeshivas in the city as a means of securing extra revenue from the state, but the influx of nationalist religious Jews had created tensions with Arab residents. (The city is 20% Arab and 80% Jewish.) The riots were sparked when Jews observing Yom Kippur (when all traffic in Israel’s Jewish population centers halts) attacked an Israeli Palestinian family driving through a predominantly Jewish neighborhood, believing that the driver was

deliberately breaking the sanctity of the holy day. (Of note: Israeli police refused a 10/7 request by Israeli Palestinian MKs to post additional police at friction points in Acre during the holiday to prevent such incidents.) Though the family was only lightly injured, rumors quickly spread through Arab areas of Acre that someone had been killed, leading 100s of angry Palestinian youths to rampage through Jewish areas, vandalizing cars and breaking shop windows. When the Yom Kippur fast was lifted at sundown on 10/9, 100s of angry Jews poured into the streets, attacking and vandalizing Palestinian homes and shops in Arab neighborhoods, sparking fist-fights and stone-throwing exchanges. Israeli police fired tear gas, percussion grenades, and water cannons to disperse the crowds and arrested several people; no serious injuries were reported.

Clashes escalated on 10/10 and 10/11, with Jews setting fire to Palestinian properties (destroying at least 2 Arab apartment buildings and 3 Arab homes and damaging several others) and driving some Palestinian families from their homes. Israeli police deployed (10/10) 500 officers throughout the city and imposed a cordon around it to prevent troublemakers from outside from escalating the violence, but did not take strong action to halt the clashes; despite the 100s participating in the riots, only 54 were reported arrested (half Palestinians and half Jews). The riots tapered off on 10/13, after police arrested Tawfiq Jabber, the Palestinian driver who had driven through the Jewish neighborhood on 10/8, charging him with speeding, reckless endangerment, and offending "religious sentiments" (the last of which is not a criminal offense). Jabber denied the charges, stating that he drove through the neighborhood only to pick up his daughter from a class. A Haifa court suspended his license and released him to a week of house arrest on 10/15. Israeli police also arrested (10/20) 6 Jews from Tel Aviv for taking part in arson attacks on Palestinian property in Acre. In an address to a local synagogue on 10/21, Acre's mayor told worshipers that "Acre belongs to us, and will remain ours forever and ever."

Several incidents in the weeks following the Acre clashes suggested that Jewish-Palestinian tensions inside Israel remained high: On 10/19, Israeli police arrested 3 Israeli Jews for assaulting Palestinians and stoning Palestinian cars in Jerusalem. On 10/31, in an apparently racially motivated

attack, 2 Israelis stabbed and wounded 2 Palestinian workers in a bakery in Talpiot near Jerusalem. Also on 10/31, extremist Jews harassed Israeli Palestinians in Tiberias and burned 2 Palestinian-owned vehicles in what police termed a hate crime. In addition, Hebrew University student Ali Baher, an Israeli Palestinian, was detained (11/2) by campus security, questioned for 3 hours, and charged with "inappropriate conduct"; while touring the campus library and meeting with students, Pres. Shimon Peres had randomly approached Baher to shake his hand, and Baher refused on political grounds. The university evicted Baher from campus housing and ordered a disciplinary hearing (date not set) to decide whether he should be suspended.

#### *Israeli Legislation Affecting Palestinians*

In an Israeli High court hearing on 10/26, the Israeli government formally responded to 2 petitions filed on 10/24 by Israeli human rights groups Adalah and HaMoked, demanding that Palestinians from Gaza be permitted regular visits to their relatives held in Israeli prisons (around 1,000 people). The state argued that military rule of Gaza ended with the 2005 disengagement and that Israel therefore was no longer obliged to allow entry to Gaza residents, adding that it now considered Gaza to be "an enemy entity controlled by a terrorist organization, and with which Israel is in a state of war." By the end of the quarter, the High Court had not yet issued its ruling, which would be precedent-setting if it endorsed the government's position. This follows several Israeli legal precedents affecting Gaza last quarter (see Quarterly Update in *JPS* 149).

#### **INTRA-PALESTINIAN DYNAMICS**

Overall, Hamas and Fatah/PA actions this quarter served to deepen the territorial and political division of the West Bank and Gaza, cementing Fatah's control in the former and Hamas's in the latter. As the quarter opened, Fatah-Hamas tensions were especially high following some of the worst factional violence in Gaza since 6/07 at the end of last quarter, when Hamas cracked down on militant Fatah elements, especially those associated with the Hillis clan (see Quarterly Update in *JPS* 149). This quarter, 13 Palestinians were killed in incidents directly related to interfactional fighting (down from 25 killed and 159 wounded last quarter),



bringing the total number of fatalities in intra-Palestinian violence since 10/06 to at least 425.

### ***Hamas Ties Up Loose Ends in Gaza***

In an analysis of Hamas's early 8/08 crack-down on Fatah elements released on 9/11 (see Doc. A1) the International Crisis Group (ICG) reported that the Hamas campaign "largely wiped out the remains of the Palestinian Authority's security services in Gaza, brought families and smaller political factions to heel . . . and crippled Fatah's already limited political and military capacities to mobilize." Hamas continued the cleanup efforts during this quarter, including targeting the Army of Islam militia led by Gaza City's Daghmash clan. Indeed, all 13 intra-Palestinian fatalities this quarter (12 members of the Daghmash clan, including 3 young children, and 1 Hamas-affiliated police officer) took place during 2 days of violence (9/15-16) in Gaza City stemming from a Hamas arrest campaign aimed at disbanding the Army of Islam. Another 45 Palestinians (including Army of Islam head Mumtaz Daghmash; at least 15 other Daghmash members, including 2 women; and 10 Hamas-affiliated police) were wounded during the clashes. Police also confiscated 32 truckloads of weapons from the Daghmash compound.

By mid-9/08, Hamas reportedly (ICG 9/11) was purging Fatah loyalists from the lower ranks of major ministry offices (e.g., interior, education) and the staff of secondary ministry offices in Gaza, solidifying its control of the former PA bureaucracy. Significantly, Hamas did not touch the banking sector, Palestinian Monetary Authority, or PA Civil Affairs Min. so as not to jeopardize international banking contacts and to preserve an open line of communication with Israel to prevent a total collapse of Gaza's economy.

### ***The PA Undermines Hamas***

At the same time, Abbas's Fatah-led PA spearheaded a 3-pronged effort to undo Hamas in the West Bank and Gaza by (1) solidifying Fatah control over the PA bureaucracy in the West Bank; (2) manipulating the remaining Fatah and PA links to Gaza to weaken Hamas's ability to govern there; and (3) undertaking security reform efforts in coordination with Israel that largely aimed at dismantling Hamas's social, political, and military networks in the West Bank.

### ***Ruling by Decree***

Perhaps Abbas's most important tool for maintaining control of the West Bank is the presidential decree, which, in the absence of a functioning parliament (the Palestinian Council; PC), allows him to amend PA laws uncontested to secure Fatah's political dominance and maintain a veneer of legitimacy. (The PC, which normally would have the ability to override a decree, has been unable to form a quorum since 6/06, when Israel rounded up some 40 elected Hamas-affiliated PC members; see Quarterly Update in *JPS* 141.) An investigative report by Reuters (8/29) revealed that in the year that followed Hamas's 6/07 takeover of Gaza and Abbas's imposition of an emergency government, Abbas and his government issued 406 decrees covering issues ranging from budgeting and tax codes to establishing secretive military courts. In addition, PM Fayyad had reportedly drafted a 5-year (2008-12) "legislative plan" for future major changes to laws affecting the economy, civil administration, infrastructure, culture and media, judiciary, and social affairs that could radically transform Palestinian society and economy. Critics routinely denounced Abbas for lack of transparency and public oversight and accused him of eroding democracy by implementing measures without legislative endorsement as required by PA law, but PA FM and Information M Riad al-Malki called (8/29) the use of decrees a "necessity" given Hamas's control of the elected PC, arguing that "eventually" the PC (presumably after future elections return a PC with a Fatah-led majority) could revoke any or all of the measures.

In mid-10/08, the PA General Intelligence Service in the West Bank barred 100s of teachers with alleged Hamas affiliation from classrooms, claiming that they had "never formally and officially been instated as full-time teachers." The head of the Fatah-led Palestinian Teacher's Union (PTU) in Ramallah, Jamil Shehada, publicly endorsed the firings on 10/28. Asked by the media if the union would support the fired teachers if they went to court, Shehada stated "this is not a legal issue, it is a security matter that is not related to the rule of law."

### ***Targeting Gaza's Basic Services***

The PA took several steps this quarter viewed by analysts (e.g., ICG 9/11) as a sign that Fatah was no longer prepared to support Gaza's basic services and was willing

to weaken them to destabilize Hamas. In particular, the PA targeted education and health care.

As the Palestinian school year began on 8/24, the Ramallah-based, Fatah-run Palestinian Teachers' Union (PTU) called on Gaza's 10,000 teachers and administrators to strike for 1 week to protest Hamas's de facto rule, acknowledging that the strike was intended to disrupt life in Gaza and weaken support for the acting Hamas government. The PA pledged (8/24) to continue paying the educators' salaries as long as they observed the strike. Within days, the acting Hamas government, which hitherto had not made moves to weed out teachers affiliated with Fatah, began signing 4-mo. contracts with 4,000 substitute teachers and administrators to fill in for the strikers. As a result, although upward of 48% of teachers and school administrators observed the strike, which the PTU repeatedly renewed beyond the initial 1 week, eventually extending (10/21) it to the end of 2008, students did not experience a disruption of classes; weekly school attendance remained at around 90–95% throughout the quarter. On 8/29, the Ramallah-based, Fatah-led Health Workers' Union (HWU) similarly called on PA health care providers in Gaza to observe a week-long strike to protest Hamas and likewise renewed and finally extended (10/21) its strike to 12/31/08. Though no confirmed information has been received, it is assumed that the PA also guaranteed their salaries. The health workers' strike forced hospitals to postpone all elective procedures, though these were already sharply curtailed because of Israel's siege and the lack of medical supplies. Otherwise, the strike's impact was limited. The UN estimated that fewer than 50% of PA health-care workers (including administrators) in Gaza observed the strike at its peak, with the percentage of strikers falling to 25% by 10/8.

On 9/1, the WHO, which had been overseeing the PA's central pharmacy in Ramallah, including coordination of drug shipments to Gaza, turned over that responsibility to the PA's Health Ministry as part of donor efforts to wean the PA from outside administrative assistance as it develops its logistical capabilities. Thereafter and through the end of the quarter, however, the PA made no transfers of medicines and pharmaceutical supplies to Gaza. The WHO, which protested the suspension of deliveries, arranged several small shipments of its own

medical supplies to Gaza, but the last allowed into Gaza by Israel was on 10/24. As of 11/15, the WHO reported that 95 essential drugs and 174 medical supplies were out of stock in Gaza.

#### *PA Security Reform*

PA security reform efforts this quarter, overseen by U.S. security coordinator Lt. Gen. Keith Dayton and carried out in increasingly close coordination with Israel, focused on 2 tasks: First, purging the PA security forces (PASF) of old Fatah elites and regionalized clan ties seen as representing a challenge to Abbas's control of the Fatah movement continued, along with the training in Jordan of new security contingents loyal only to Abbas's PA (see Quarterly Updates in *JPS* 148, 149 and Dayton interview in Doc. D4 in *JPS* 149 for background); and second, building the capacity of pro-Abbas forces to go after Hamas's support bases in the West Bank. Pleased with the progress of security reforms to date, the U.S. approved another \$80 m. (announced by Rice during her 8/26 visit to Ramallah) to continue the Dayton-led programs.

At the opening of this quarter, PA Interior M 'Abd al-Razzaq Yahya ordered (8/18) the PASF to take over all West Bank Islamic institutions, including charities, boarding schools, orphanages, and youth and sports clubs, with the aim of eradicating Hamas's social networks. That day (8/18), PA security officials informed the privately run but allegedly Hamas-affiliated Islamic Charitable Association (ICA), targeted by Israel last quarter in a campaign launched on 7/7/08 (see Chronology and Quarterly Update in *JPS* 149), that the PA was removing the organization's governing board and replacing it with a board made up exclusively of Fatah members to run its orphanages and boarding schools across the West Bank. By 8/31, the PA had targeted around 45 Islamic charities, clinics, schools, and other associations in Hebron and Nablus (including taking over the privately owned Nablus mall raided by the IDF last quarter) considered to have links to Hamas and Islamic Jihad, replacing their boards with Fatah loyalists and placing their funding and finances under PA supervision. The PA Interior Min. similarly replaced (ca. 8/23) the governing board of Hebron's Hamas-affiliated al-Ahli Hospital. During the same period, the PASF also arrested some 200 Hamas and Islamic Jihad members.

In a briefing to the Israeli cabinet on 8/31, Shin Bet head Yuval Diskin praised PA efforts over the previous month to destroy Hamas's and Islamic Jihad's "civilian infrastructure," stating that "the Palestinians saw how we operated against Hamas's financial infrastructure in Nablus and Hebron. They understood that either they would act or we would. Since then we have seen a rise in the quality of their action against Hamas." Diskin complained, however, that the PA was not directly confronting Hamas's military wing, the Izzeddin al-Qassam Brigades. To encourage the PA in this direction, Israel allowed (late 8/08) the transfer of 900 assault weapons and ammunition to the PASF via Jordan. (The source of the weapons was not noted.)

At a senior Israeli-PA security coordination meeting held in the West Bank on 9/14, PA commanders warned their Israeli counterparts to expect violent clashes between Fatah and Hamas in the West Bank in 1/09, when Abbas's term as president expires. (Last quarter, Abbas had stated intentions, reiterated on 9/3, to extend his term to 1/10, which Hamas had threatened to challenge as illegal under PA law; see Quarterly Update in *JPS* 149 for background.) According to one observer at the meeting (*Yedi'ot Abaronot* 9/19; see Doc. C2), the Palestinians urged their Israeli counterparts "to join them in preparing a field plan and train their forces and supply them with weapons" to confront Hamas, with PASF head Diab al-Ali assuring the Israelis that "we have a common enemy," describing resistance to the IDF as "a criminal act that produces criminals and murderers." The PA team also asked for IDF permission to deploy a new PA security contingent in Hebron district to combat Hamas forces in villages s. of Hebron city, vowing that the PASF would not operate in settlement areas. PA military intelligence head Majid Faraj stressed to the Israelis the PA's successes since 8/18 in shutting Hamas-affiliated institutions in the West Bank and confiscating their funds "in accordance with your instructions" and vowed to continue such operations until the end of the year in anticipation of a 1/09 confrontation.

A new 585-member PA security unit deployed in Hebron with Israeli permission on 10/25. Even before that date (ca. 10/10), the PASF began arrest raids and house searches in Hebron targeting Hamas, arresting dozens of university students, staff members of

Islamic charities, and 1 prominent local journalist, and reportedly seizing weapons and explosives. With the new unit in place, the PASF immediately launched (10/25) what it called **Operation Dawn of the Nation** targeting Hamas members in Hebron. On 11/8, after Hamas withdrew from planned national unity talks (see "National Unity Efforts" below), the PA expanded the campaign to other areas, including Bethlehem, Jericho, and Salfit. At the close of the quarter, 100s of Hamas members and supporters had been detained, with the campaign still ongoing. Operations included a major predawn raid (11/1) on al-Burj village outside Hebron, apparently coordinated with the IDF, in which masked PASF officers arrived in 20 jeeps with dogs, searched the homes of suspected Hamas members, and arrested 25 Palestinians on charges of "carrying out anti-Israel activities" before withdrawing in the evening.

In addition to the Hebron contingent, the PASF by the close of the quarter had opened at least 17 of 20 new police stations authorized by Israel last quarter (see Quarterly Update in *JPS* 149) across the West Bank.

#### *National Unity Efforts*

As the Israeli-Hamas cease-fire solidified, Egypt turned its mediating efforts toward renewing Palestinian national unity talks. Early in the quarter, even as the PA stepped up its arrest campaigns targeting Hamas across the West Bank (see preceding section), Fatah and Hamas expressed willingness to consider new Egyptian proposals for reconciliation. On 9/23, Fatah formally announced that it would support talks with Hamas on an Egyptian proposal (details of which were not released) to create a new Palestinian government "with people accepted by all the organizations, and also by the Arabs and internationally," with the aims of restoring national unity, reforming and uniting Palestinian security services and bureaucracies, and persuading Israel to lift the siege of Gaza. Within 2 weeks, Hamas officials met with Egyptian intelligence chief Omar Sulayman and also endorsed resuming the national unity dialogue on this basis. On 10/13, Abbas and Hamas politburo chief Khalid Mishal began publicly recon discussing resuming Egyptian-mediated reconciliation talks. Soon after, Egypt announced that comprehensive national unity talks involving all Palestinian factions would open on 11/9 in

Cairo. Arab League secy. gen. 'Amr Musa and 6 Arab FMs planned to attend in a strong show of Arab support.

By 10/20, Egypt circulated a 3-page draft memorandum of understanding, which Hamas stated (10/28) was a good starting point for discussions. It reportedly called for new presidential and legislative elections; reformulating the PLO to represent all factions (including Hamas and Islamic Jihad); rebuilding the security services on a professional (not factional) basis; prioritizing an end to the siege of Gaza, unity of the occupied territories, and the need for calm and security; authorizing continued peace negotiations under PLO auspices; and reaffirming the Palestinian right to resist occupation under international law. These were all broad goals that the parties had previously endorsed (e.g., in the Cairo Agreement in 2005 [see Quarterly Update in *JPS* 136]; the National Conciliation Document in 2006 [Doc. B8 in *JPS* 140]; the Mecca agreement in 2007 [Doc. B2 in *JPS* 143]; and the Yemen talks in 2/08 [see Quarterly Update in *JPS* 148]), but serious differences on their implementation had divided the parties.

Over the next 2 weeks, Egypt worked with the factions to nail down an agenda and draft a final statement for the 11/9 talks, hoping to agree on as many issues as possible in advance to improve the chances of success in reaching a unity deal. The talks were kept very quiet, but on 11/6 Hamas publicly expressed its frustration with both Egypt and Fatah, indicating that it might boycott the talks because too few of its proposals had been included for discussion on the agenda. Moreover, the PA, during the talks, had launched (10/25) Operation Dawn of the Nation, rounding up scores of Hamas members. And while Hamas released (10/30) 17 Fatah members from detention in Gaza as a gesture to Fatah before the 11/9 talks, stating that they were the only political prisoners still being held in Gaza, the PA did not reciprocate by scaling back the operation.

On 11/8, Mishal announced in Damascus that Hamas would not go to Cairo. Among the reasons he cited were: (1) Egypt and the PA's refusal to allow discussion of topics deemed crucial by Hamas (not further specified); (2) PA failure to fulfill a pledge to release 400–500 Hamas and Islamic Jihad political prisoners held in the West Bank as a good-will gesture (the PA replied on

11/8 that it held no political prisoners); and (3) Egypt and the PA's demand that a final statement include explicit acceptance of extending Abbas's term as PA president until 1/10. Senior Gaza Hamas official Yusuf Farhat summed up (11/8) Hamas's impression that it felt it was being railroaded into a unity agreement, complaining that "the Egyptians are treating their plan as if it were a holy book. . . . They have made it clear to all parties that the plan is final and that they don't want to hear any reservations." In a speech to mark the 4th anniversary of Yasir Arafat's death on 11/11, Abbas urged Arab nations to hold Hamas solely responsible for the failure to convene national unity talks, calling the movement "divisive and unpatriotic."

### *Hamas's Internal Elections*

Around 8/20, Hamas reportedly began its closed-door elections, held every 2–3 years, for its Shura Council and Administrative Association, which determine and execute Hamas policy. By the end of the quarter, voting for the approximately 50 seats in Gaza had apparently been completed, but voting for West Bank and external branches had not. While results were secret, the *Jerusalem Post* (8/29) cited Hamas sources as indicating that the movement's "hawks" gained over the "doves," marking a shift in the movement's center of gravity, though other anonymous Hamas officials disputed this, stating (ICG 9/11) that the winning slates published by the *Jerusalem Post* were inaccurate. No top officials, including acting PM Ismail Haniyeh, acting FM Mahmud Zahhar, or acting Interior M Said Siyam, lost their spots, however. Hamas last held internal elections just prior to the 1/06 PA elections. As of 10/08, Hamas's Gaza leadership reportedly was lobbying the Damascus-based leadership to increase its share of the Shura Council seats from 34% to 51%, but there was no indication that a decision was reached.

The reports on the Hamas elections reinforced rumors of divisions between Hamas's Damascus-based leadership and its Gaza leadership regarding national unity talks. On 11/25, the Israeli daily *Ha'Aretz* reported that it had received leaked correspondence dated 10/6 between Hamas's headquarters and Gaza officials that appeared to be authentic, indicating that the Damascus-based leadership wanted to revive national unity talks and was willing not to make an

issue of Abbas staying on as PA president until 2010, but felt that the Gaza leadership was aggravating the Fatah-Hamas split and was not interested in reaching an accommodation with Abbas. (While *Ha'Aretz* believed the document was authentic, it did not reproduce it or quote from it extensively.)

**PALESTINIAN OPINION**

*The following data are excerpted from a poll conducted by al-Najab University between 20 and 23 November 2008. Results are based on a survey of 1,365 men and women from the West Bank (including East Jerusalem) and Gaza. The poll, the 36th in a series, was taken from al-Najab University's Web site at [www.najab.edu](http://www.najab.edu).*

**1. In your opinion, who among Palestinians is responsible for the failure of the reconciliation meeting of the Palestinian factions in Cairo [on 9 November]?**

	West Bank	Gaza	Total
a. Fatah	20.2%	25.6%	22.2%
b. Hamas	63.2%	59.2%	61.8%
c. Other Palestinian factions	10.5%	6.4%	9.0%
d. No opinion/Don't know	6.0%	8.8%	7.0%

**2. Do you think that there is a genuine desire among the concerned parties of the crisis to end the Palestinian division?**

	West Bank	Gaza	Total
a. Yes	59.0%	30.2%	48.4%
b. No	36.0%	56.4%	43.4%
c. No opinion/Don't know	5.1%	13.4%	8.1%

**3. Do you think the Palestinian factions in the Gaza Strip agreed willingly to the truce that Hamas declared?**

	West Bank	Gaza	Total
a. Agreed willingly	41.3%	37.4%	39.9%
b. Agreed under some pressure from Hamas	44.4%	51.4%	47.0%
c. Other	1.8%	2.8%	2.2%
d. No opinion/Don't know	12.5%	8.4%	11.0%

**4. Do you think that the negotiations that Pres. Mahmud Abbas is conducting will lead to the creation of a Palestinian state on the 1967 occupied territories?**

	West Bank	Gaza	Total
a. Yes	34.0%	40.2%	36.3%
b. No	60.1%	47.2%	55.4%
c. No opinion/Don't know	5.9%	12.6%	8.4%

**5. Do you think that the Palestinian resistance in its present form will lead to the creation of a Palestinian state on the 1967 occupied territories?**

	West Bank	Gaza	Total
a. Yes	21.6%	33.0%	32.1%
b. No	62.3%	53.8%	59.2%
c. No opinion/Don't know	6.1%	13.2%	8.7%

**6. Do you support or reject continuing negotiations under the present realities between the PA and Israel?**

	West Bank	Gaza	Total
a. Strongly support	5.1%	14.8%	8.6%
b. Support	42.1%	26.6%	36.4%
c. Reject	38.7%	25.0%	33.7%
d. Strongly reject	10.3%	25.2%	15.8%
e. No opinion/Don't know	3.8%	8.4%	5.5%

**7. Which of the following political affiliations do you support? [Compare with earlier responses in the Quarterly Updates in JPS 139, 141, and 145.]**

	West Bank	Gaza	Total
a. Fatah	36.0%	40.2%	37.5%
b. Hamas	12.9%	21.2%	16.0%
c. PFLP [Popular Front for the Liberation of Palestine]	3.1%	4.2%	3.5%
d. Islamic Jihad	1.5%	8.6%	4.1%
e. Other Islamist	3.4%	3.0%	3.2%
f. Other non-Islamist	8.3%	9.4%	8.8%
g. None of the above	34.2%	12.4%	26.2%
h. No answer	0.6%	0.6%	0.6%

## FRONTLINE STATES

## JORDAN

King Abdallah maintained open channels with Abbas and Olmert to stay apprised of the Israeli-Palestinian negotiations, and the kingdom continued to host the U.S.-led training programs for the PA security forces, but otherwise no major public actions with regard to the peace process were taken this quarter. Behind the scenes, however, 3 Israeli officials reportedly (*Washington Times* 10/23) made a secret visit (ca. 10/22) to Amman to meet with 3 Jordanian counterparts (including 2 retired army officers) to discuss the future of Jerusalem. The Israelis reportedly stated that Israel would have no objection to a Jordanian role in administering East Jerusalem for 5 years under a comprehensive peace agreement, but would categorically refuse to give the PA such an administrative role. Israel also proposed a Jerusalem oversight committee that would include 5 representatives each from the Christian, Jewish, and Muslim communities. It was unclear whether Israel was initiating a new proposal or responding to final status demands previously made by others.

More than 150 Israeli and Jordanian businessmen took part (10/27) in the fifth annual conference of the Israel-Jordan Chamber of Commerce, held this year in Beit She'an, Israel. The Israeli FMin. noted "a substantial increase in Jordanian participants" from previous years. The meetings focused on increasing Israel-Jordan qualified industrial zone (QIZ) exports to the EU and U.S. The QIZ concept was initiated by the U.S. in 1996 to encourage bilateral economic cooperation between Israel and Jordan; it was later recognized by the EU. Goods produced in the zones must be jointly made by Jordan and Israel in order to receive duty-free and quota-free entry to the EU and U.S. Currently there are 13 QIZs in Jordan hosting over 50 factories. (In 2004, Israel and the U.S. signed a QIZ protocol with Egypt, where there are now 7 QIZs.)

## LEBANON

Gen. Michel Suleiman's assumption of the Lebanese presidency in 5/08 (see Quarterly Update in *JPS* 149) brought significant calm to Lebanon's internal political scene this quarter. Suleiman made a quick visit to Washington on 9/25 to meet with Pres. Bush to thank the U.S. for supporting his govern-

ment and the Lebanese army. Bush praised Suleiman's efforts to foster national reconciliation and to combat extremism. By 10/25, the U.S. had begun to send military aid to the Lebanese army (including humvees, rifles, and grenade launchers), marking the first major U.S. military aid package to Lebanon since the 1980s. The Bush administration kept the shipments small so as not to trigger requirements that the government formally notify Congress of the transfers. (Israel, as well as some officials in the State Dept. and Pentagon, had expressed concern about arming Lebanon while Hizballah and Syria still had significant influence, and the administration did not want to risk Congress blocking the aid.) Lebanon requested, but did not receive, attack helicopters, armed coastal patrol boats, TOW antitank missiles, M60 tanks, and an air defense system, arguing that this would make Hizballah's military presence obsolete.

Though there were no formal moves on the Lebanese-Israeli peace front this quarter, the Lebanese daily *al-Safir* reported (ca. 10/22) rumors that the Israeli FMin. had held internal discussions on whether to revive the track. The internal Israeli consensus reportedly favored (a) keeping the Lebanese track separate from the Syrian peace talks (Syria had requested that the 2 tracks be melded last quarter; see Quarterly Update in *JPS* 149) and (b) working for a "nonbelligerency pact," as opposed to a full peace agreement, with Lebanon that would include "mutual arrangements for borders and severe restrictions on the armament of Hizballah." The discussions were not considered very significant given the Olmert government's lame-duck status.

*Palestinian Refugees in Lebanon*

PA Pres. Abbas made (8/28-29) a 2-day visit to Beirut for talks with Lebanese leaders and representatives of Palestinian factions in Lebanon regarding the status of Palestinian refugees in Lebanon (particularly ways of improving living conditions in the camps and access to jobs) and plans for rebuilding Nahr al-Barid r.c., largely destroyed in summer 2007 battle between the Lebanese army and elements of Fatah al-Islam (see Quarterly Updates in *JPS* 145-46). On 8/28, he met with Pres. Suleiman, who raised concerns about military activity in the camps. No formal agreements were reached. During his 2-day stay, Abbas met briefly with Samir Quntar, the former commando freed by Israel on 7/16/08 (see Quarterly Update in

*JPS* 149), to congratulate him on his release, a move that deeply angered Israel.

#### ***UN Activities in Lebanon***

On 9/11 the UNRWA launched an emergency appeal, seeking \$43 m. for humanitarian assistance to displaced Palestinians from Lebanon's Nahr al-Barid r.c. When only the U.S. had responded by 9/30 (pledging \$4.3 m.), UNRWA warned (9/30) that unless more aid was received, it would have to suspend food aid to 3,100 families and halt rental subsidies supporting 27,000 Nahr al-Barid refugees at the end of 10/08. Several European countries and organizations (including Germany, Italy, and Norway) responded by giving funds totaling \$8.9 m., allowing UNRWA operations in Nahr al-Barid to continue through the end of the quarter. On 10/29, UNRWA and the UN Development Program began rubble-clearing and demining operations in Nahr al-Barid in preparation for rebuilding the camp. As of 11/15, no Arab governments had pledged to UNRWA's long-term reconstruction of Nahr al-Barid, the largest single project in UNRWA's history.

The UN reported (8/22) that donors had failed to follow through on pledges to fund the cleanup of Israeli cluster munitions dropped on Lebanon during the summer 2006 war, meaning removal efforts might have to be suspended soon, though there was no report that this occurred this quarter. Since the end of the 2006 war, 27 civilians and 13 bomb disposal experts have been killed, and 234 civilians and 39 bomb disposal experts have been wounded by unexploded munitions.

The UN Security Council extended (8/27) the mandate of the UN Interim Forces in Lebanon through 8/09.

#### ***Hizballah's Eighth General Conference***

The Lebanese daily *al-Nabab* reported on 11/4 that Hizballah had secretly been holding its eighth general conference for several weeks to form a new leadership and to discuss issues facing the movement since Syria's withdrawal from Lebanon, recent fighting, the formation of Suleiman's national unity government, and the dramatic growth of the party since its last general conference in 2003. (Hizballah typically holds its general conference every 4 years and was scheduled to hold it in 2007 but had been unable to do so because of the political situation.) Proceedings to fill executive

posts were expected to take several more weeks, and the decisions were not expected to be made public. The movement was expected to extend Hizballah secy. gen. Hasan Nasrallah's leadership for a fifth term and to select seasoned military commander Mustafa Shehadeh as Hizballah's primary military official to replace Imad Mughniyah, who was assassinated in 2/08 (see Quarterly Update in *JPS* 147).

Also of note: Nasrallah and Future party head Saad Hariri, who had not met since 2006, met on 10/27 to reaffirm their commitment to national unity and discuss ways of defusing Shi'a-Sunni tensions in Lebanon.

#### ***Alawi-Sunni Tensions in Tripoli***

Lebanese PM Fuad Siniora attended (9/8) the signing of an agreement (known as the Tripoli memorandum) between Sunni and Alawi groups in Tripoli to end the local violence that had caused 10s of injuries since heavy clashes between the communities erupted during the 5/08 fighting between Hizballah and the March 14 coalition (see Quarterly Updates in *JPS* 148-49 for background). The sides pledged not to resort to violence and to allow the Lebanese army to deploy in tense areas. On 9/29, however, a remote-controlled car bomb exploded near an army bus in Tripoli, killing 4 soldiers and 3 bystanders and injuring around 20 people. No group took responsibility. The army arrested several suspects on 10/12, but no details were released.

The unstable situation in Tripoli raised tensions with Syria. In early 8/08, Syrian pres. Bashar al-Asad had warned that the situation in n. Lebanon was a threat to Lebanon's stability as a whole and needed to be "solved" immediately (see Quarterly Update in *JPS* 149). By late 9/09, Syria had deployed additional troops and constructed 3 bases and trenches along the common border, raising fears among some Lebanese politicians that Syria might stage a military incursion into n. Lebanon. Lebanon formally conveyed its concerns to Syria on 9/23. Syria replied (9/23) that it was merely stepping up efforts to combat smuggling across the border, but smugglers in the border area interviewed by the *Washington Post* (see WP 9/24) said that Syrian border patrols had not stepped up their harassment. Lebanese concerns spiked again in late 9/08, when Asad warned (9/29) following a bombing in Damascus (see Syria section below) that "Northern Lebanon has become a real base

for extremism and constitutes a danger for Syria." Tensions seemed to ease by the end of the quarter, though the matter remained unresolved.

### ***Other Security Concerns***

The Lebanese army confirmed (11/3) reports that several weeks earlier it detained 2 Lebanese for running a "spy ring" in the Biqa' Valley that gathered intelligence for Israel's Mossad on Lebanese and Syrian military posts and Hizballah operations. The men reportedly were relatives of Ziad Jarrah, 1 of the hijackers who staged the 9/11 attacks.

On 9/10, Druze politician Shaykh Sali Aridi of the pro-Syrian Lebanese Democratic Party was assassinated by a bomb placed under his car in e. Beirut. No group claimed responsibility.

On 8/28, gunfire from s. Lebanon hit a Lebanese army helicopter, killing 1 Lebanese soldier and forcing an emergency landing. On 8/29, Hizballah handed over a suspect to Lebanese authorities, calling the incident "very unfortunate and painful" but not directly admitting responsibility or clarifying whether the suspect was a Hizballah member.

### **SYRIA**

Syria experienced a relative diplomatic thaw with Europe and the U.S. this quarter, precipitated by its resumption of formal peace talks with Israel last quarter (see Quarterly Update in *JPS* 149). Regional instability and domestic security issues continued to be concerns, however.

### ***Peace Talks with Israel***

Last quarter, Syria and Israel held 4 rounds of indirect peace talks via Turkish mediators in Istanbul but postponed a fifth round after Olmert announced his intention to resign and called for Kadima party elections to name a new head to form a new coalition government (see Quarterly Update in *JPS* 149). Both sides had expressed intentions to resume the shuttle diplomacy as soon as possible once a new Israeli government was in place. The fifth round had initially been hoped for 8/08, with a sixth round in 9/08.

Once Kadima elections were held on 9/17, Israel formally canceled the fifth round of talks because of a legal technicality: With the change of government, Israel's negotiating team, led by Yoram Turbowicz, had to resign and await formal nomination and recertification by the new government. Olmert appealed to Israel's Atty. Gen. Menachem

Mazuz for a legal opinion on whether talks could continue. Already, by 9/4, Syrian pres. Bashar al-Asad, anticipating a quick renewal of talks, had given Israel a document (not publicly released) outlining Syria's general principles for peace "as a deposit," implying that when Israel submitted its own proposals, direct negotiations could begin. While not giving details, Asad stressed (9/4) that his proposal did not include cutting Syrian ties with Hizballah or Palestinian resistance groups. Asad also reiterated (e.g., ca. 8/27, 9/4) that Syria would be prepared to hold direct talks with Israel if the U.S. and France were to act as cosponsors. After Israel's 9/17 cancellation of the fifth round, Asad dropped public discussion of the peace talks.

On 11/1, sources close to Olmert stated (*Ha'Aretz* 11/3) that Olmert had passed word to Syria that he was willing to negotiate the borders of the Golan Heights in exchange for direct talks. The offer reportedly was a counterproposal to a demand made by Syria in the fourth round of indirect talks in Turkey that Israel reaffirm its commitment to the "Rabin deposit"—an oral pledge made in 1994 by former Israeli PM Yitzhak Rabin to U.S. Secy. of State Warren Christopher that Israel would withdraw fully from the Golan Heights in exchange for firm security guarantees from Damascus (see Patrick Seale's article in *JPS* 114). (While Israeli-Syrian talks had revived in 2000, they collapsed when Ehud Barak's government refused to adhere to the Rabin deposit, offering instead to withdraw from the Golan to a narrow strip of land along the eastern border of the Sea of Galilee, which did not meet Syrian demands for Israel's full withdrawal.) On 11/3, Israel's Mazuz ruled that there was no legal impediment to continuing peace talks with Syria in the run-up to Israeli elections in 2/09, but that any deals reached would have to be brought before the cabinet and Knesset for ratification. Likud representatives warned (11/3) that the Obama and McCain campaigns, as well as the U.S. State Dept., had already been informed that if Likud formed the next Israeli government it would suspend Israeli talks with Syria and would not honor any understandings reached between Olmert's negotiators and Syria. There was no further movement on the Syrian-Israeli front for the remainder of the quarter.

### ***Repairing Ties with the West***

Last quarter, French pres. Nicholas Sarkozy broke with the French and broader Western policy of diplomatically isolating



Syria as punishment for meddling in Lebanon and invited Syrian pres. Asad to take part in a Mediterranean roundtable in Paris (see Quarterly Update in *JPS* 149). Contrary to the U.S.'s position, Sarkozy believed that that economic and diplomatic incentives, rather than isolation, would encourage Syria to distance itself from Iran and change its regional policy. Personally pressing the rapprochement, Sarkozy initiated a state visit to Syria on 9/3-4, marking the first by a Western leader to Damascus since the 2/05 assassination of former Lebanese PM Rafiq Hariri, in which Syria has been implicated.

The 9/3 meeting with Asad focused on restoring full diplomatic relations, scaled back by France in the wake of the Hariri assassination. Emphasizing the need for Syria to rebuild Europe's trust, Sarkozy reportedly urged Syria to make efforts both with Hamas (to persuade it to release captured IDF soldier Gilad Shalit) and Iran (as a mediator to encourage it to halt its nuclear program). Asad's response was not made public. On the second day of the visit (9/4), Sarkozy, representing France, which currently held the rotating head of the EU, and Asad, in his role as the current rotating chairman of the Arab League, met with Qatari emir Shaykh Hamad Bin Khalifa al-Thani, the current Gulf Cooperation Council rotating head, and Turkish PM Tayyip Recep Erdogan, who oversaw the Israeli-Syrian talks, for a discussion of regional issues and peace; no details were released. Later in the quarter, EU foreign policy chief Javier Solana also met (10/28) with Asad in Damascus to discuss improving bilateral relations and to consult on regional and peace process issues.

On the sidelines of the UNGA session in New York on 9/26, Rice held a 10-minute meeting with Syrian PM and FM Walid Moualem, marking the highest-level political contact between Syria and the U.S. since the 2/05 Hariri assassination. No details were released. Not long after, however, U.S. military forces in Iraq made (10/26) a rare cross-border raid 6 mi. into Syria, landing ground troops that attacked a building allegedly housing an insurgent group that frequently crossed into Iraq, killing 8 persons, including at least 1 Iraqi. The attack marked the first ground operation inside Syria acknowledged by the U.S., which called (10/27) it a warning to Syria "to clean up the global threat that is in your back yard." Syria formally complained (10/26) to the Iraqi and U.S. governments, calling the strikes a "dangerous aggression" and claiming that the raid

killed 7 civilians (including a woman, 4 children). The government then closed (10/28) an American school and cultural center in Damascus. On 10/30, 10,000s of Syrians protested outside the U.S. embassy in Damascus, and within a week, the U.S. shut the embassy until further notice, citing security concerns. In response, Syria cancelled a planned 11/12 summit with Iraq to discuss regional cooperation and threatened to halt cooperation with the U.S. and Iraq regarding Iraqi border security.

Overall, Syria had welcomed the diplomatic overtures from the West, but remained cautious, as evidenced by its simultaneous reinforcement of existing alliances. Pres. Asad made a 2-day visit (8/20-21) to Moscow for talks with Russian pres. Dmitry Medvedev regarding strategic cooperation and possible arms sales, but no deals were announced. Syrian officials speaking anonymously (*Washington Post* 8/27) said the trip was intended to reinforce alternative military relationships to that with Iran out of concern that "Syria could get squeezed in any future conflict between Iran and Israel."

#### **Security Concerns**

On 9/27, a suicide car bombing killed 17 people and wounded 13 near a Syrian intelligence office in Damascus, marking the third deadly political attack directed at Syria in 2008. (A car bomb had killed Hizballah security chief Imad Mughniyah in Damascus in 2/08; Syria's Gen. Muhammad Sulayman, allegedly overseer of Syria's nuclear program and relations with Hizballah, was assassinated in Egypt in 8/08). As in the previous 2 incidents, no group claimed responsibility. On 9/29, Syrian authorities reported that the car used in the attack had entered Syria on 9/26 "from a neighboring Arab country," hinting at Lebanon. On 11/6, Syria's state-run TV aired taped confessions by several Fatah al-Islam members, mostly Syrians and Palestinian refugees (some from Lebanon, others from Syria), stating that the attack was funded by Saudi individuals and Lebanon's Future Movement, headed by Saad Hariri, and that it was staged "to rattle the Syrian regime." Both Hariri and Fatah al-Islam representatives in Beirut denied (11/10) the allegations.

Of note: On 11/10, the UN's International Atomic Energy Agency (IAEA) reported that soil samples taken from the Syrian site bombed by Israel in 9/07 showed trace amounts of what it called "manipulated" (as opposed to depleted or enriched)

uranium, meaning that the uranium had been processed but not converted for nuclear purposes. The IAEA acknowledged that the trace could have inadvertently been brought to the site from one of Syria's civilian nuclear research programs monitored by the IAEA, stating that further investigation was warranted. Syria noted (11/12) that the IAEA did not find other chemicals, such as graphite, that would be expected to be found had the site been processing uranium.

## REGIONAL AFFAIRS

Egypt's efforts to broker Palestinian national unity talks and renewal of the Gaza cease-fire (set to expire on 12/19) were the main focus of inter-Arab mediation related to the peace process this quarter. At an Arab League FM's meeting in Cairo on 9/8, PA FM Riad al-Malki, with Egypt's backing, raised the possibility of a multinational Arab force deployed by the Arab states in Gaza following the conclusion of a Fatah-Hamas national unity agreement on a new coalition government, but no understandings were reached. Egyptian pres. Hosni Mubarak also received (10/23) Israeli pres. Peres in Sharm al-Shaykh for talks on the peace process (Peres again urged combining the various peace tracks and holding comprehensive Arab-Israeli talks based on the 2002 Arab League initiative; see "Livni Wins Kadima Elections" above), possible extension of the Gaza cease-fire, and the global economic crisis. Mubarak criticized Israel's ongoing settlement expansion.

Also of special note: Lebanon and Syria established (10/14) full diplomatic relations for the first time since independence, planning to open embassies in each other's capitals by the end of the year. On 11/10, Lebanese Interior M Ziad Baroud met with his Syrian counterpart Gen. Bassam 'Abd al-Majid in Damascus for talks on security coordination. They agreed to activate a security coordination committee focused on combating terrorism and crime.

## INTERNATIONAL

### UNITED STATES

With U.S. attention focused on the presidential elections (won by Democratic Sen. Barack Obama on 11/4), the transition to a new administration set to be sworn in on 1/20/09, and the deepening financial crisis assuming global dimensions, whatever hopes may still have been entertained

for achieving an Israeli-Palestinian final status agreement by the end of 2008 (see Quarterly Update in *JPS* 149) evaporated this quarter. The Bush administration continued, however, to hold out prospects that the sides would sign a significant bridging document laying out the basis for future negotiations that could serve as a kind of capstone to a Bush peace-making legacy. In an interview with the BBC on 10/21, Rice, asked to assess the Bush administration's legacy in the Middle East, stated that she was especially proud of the situation in the Palestinian territories (where the Hamas-Israeli cease-fire was still holding) and that "democracy is finally in the vocabulary of the Middle East in a way it was not before."

### *U.S.-Israeli Bilateral Issues*

On 9/9, the Pentagon announced a planned \$77-m. sale of 1,000 GBU-39 precision-guided bunker-buster bombs to Israel. Israeli military experts noted (AP 9/15) that the missiles were unlikely to be effective in a strike against Iran (the U.S. had denied a 6/08 Israeli request to buy larger 5,000-lb. GBU-28s with that capability) but that they "could provide a powerful new weapon" against Gaza. Congress approved the sale in late 9/08, and the munitions were delivered in 11/08.

In keeping with a deal reached last quarter (see Quarterly Update in *JPS* 149), the U.S. deployed (9/21) a sophisticated radar array in the Negev, manned by U.S. troops, to give Israel early warning against a ballistic missile attack launched up to 1,200 mi. away. (Iran is about 700 mi. away.)

### *Legal Actions*

The ongoing case against former Florida university professor Sami Al-Arian, whose 2005 trial on terrorism charges for aiding Islamic Jihad had ended with a hung jury, continued this quarter (see Quarterly Update in *JPS* 149 for background). In 3/06, Al-Arian had agreed to a plea deal ending the case in exchange for 57 months jail time, including time served. He was scheduled for release and deportation in 4/08 when an activist judge filed (3/08) contempt charges citing him for failing to appear before a grand jury in an unrelated case, arguing that the plea deal did not free him from this obligation. At that time, a federal judge ordered Al-Arian released to home detention pending trial on the contempt charge, but also postponed the contempt trial indefinitely so that the

Supreme Court could consider its constitutionality. Meanwhile, to prevent his release to home detention, the Bush administration directed (4/08) Immigration and Customs Enforcement (ICE) officials to claim jurisdiction and take Al-Arian into their custody in preparation for deportation, legally allowing ICE to hold him for 90 days. When ICE did not deport or release him in 7/08 at the close of the 90-day period, a federal judge gave ICE until 9/3 either to present justification for its actions or free him. On 9/2, immigration officials released Al-Arian to home detention without comment, and on 10/6 the Supreme Court chose not to consider his case. At the close of the quarter, a date for the contempt trial had not been set.

A U.S. district court judge in Manhattan upheld (9/30) the right of victims of terrorist attacks in Israel to sue the PLO in U.S. court, rejecting the PLO's claim to sovereign immunity. The decision allows a 2004 lawsuit against the PLO on behalf of the victims of 1 such attack and their families to move forward.

#### *Lobbies and the U.S. Government*

Following the formation in 4/08 of the J Street lobby, an American Jewish group supportive of Israel though highly critical of Israel's occupation and handling of the peace process (see Quarterly Update and Doc. D1 in *JPS* 148), further developments this quarter suggested that alternative views on Israel would now be heard on Capitol Hill. On 9/24, the Israeli human rights information group B'Tselem opened its first office outside Israel in Washington, stating that it hoped that having a presence in Washington "will inform the political and public discourse in this country and ensure that human rights are a centerpiece of the bilateral [U.S.-Israel] relationship and all diplomatic efforts." The Washington office planned to conduct education and outreach activities to American decision-makers on Capitol Hill, think tanks, and the American Jewish community to raise awareness of Israeli human rights abuses against Palestinians and humanitarian conditions in the occupied territories, including East Jerusalem.

At a "Night to Honor Israel" event at his home church in San Antonio, TX, Christian fundamentalist pastor James Hagee, who founded Christians United for Israel (CUFI; see report on CUFI in *JPS* 145 for background), announced (11/2) that his John Hagee Ministries had raised \$9.5 m. for Israeli and Jewish causes, which can as-

sumed to be right-wing given CUFI's close ties with settlement groups and the Likud. CUFI portrays itself as aiding in God's work to defend an Israel "in peril," threatened by radical Muslims led by Iran and its proxies Hamas and Hizballah.

#### *The 2008 Presidential Race*

While the Arab-Israeli conflict was not an important issue in the U.S. presidential campaign, it did play a background role. Days after Republican presidential candidate John McCain named (8/29) Alaska governor Sarah Palin as his running mate, Sen. Joe Lieberman (I-CT), among those assigned by the Republican campaign to tutor the VP candidate on policy issues, escorted (9/2) her to a closed-door meeting with senior AIPAC officials. Anonymous individuals who took part in the session said Palin reassured pro-Israel lobbyists of her strong support for Israel and the U.S.-Israel special relationship, her desire to move the U.S. embassy from Tel Aviv to Jerusalem, and her opposition to Iran becoming a nuclear power.

As the election neared, the Republican party ramped up efforts it had undertaken throughout the campaign to create the false impression that Obama was a Muslim, Arab, and/or supporter of terrorism and therefore not to be trusted (particularly by stressing his middle name, Hussein, and attempting create a linkage in the minds of voters between "Barack Hussein Obama" and Iraqi pres. Saddam Hussein and al-Qa'ida head Osama Bin Laden.) The McCain campaign also launched (10/5) a TV ad entitled "Dangerous," questioning Obama's support for U.S. troops in Iraq and Afghanistan and his commitment to protecting the U.S. from terrorism.

These tactics began to backfire beginning in late 9/08 and accelerating after the "Dangerous" release on 10/5, when McCain-Palin rallies began to take on the feel of lynch mobs, with McCain supporters yelling (e.g., 9/30, 2 separate rallies on 10/6, 10/13) "kill him," "treason," "terrorist," and "Obama Bin Laden" at mention of Obama and stating (e.g., 10/10) that they were "scared" of Obama becoming president. On 10/10, McCain was forced repeatedly to interrupt his own rally to address such supporters, assuring them at one point that Obama was not an Arab but "a decent family man, citizen, that I just happen to have disagreements with on fundamental issues." Even some senior Republican party officials expressed (10/8, 10/9) alarm at the violent tone of the rallies. Nonetheless, still falling in the polls, the

party unveiled (ca. 10/27) its "October Surprise," highlighting the long-standing public connection between Obama and Columbia University professor Rashid Khalidi [also editor of *JPS—Ed.*] to question Obama's support for Israel by accusing Khalidi of being a former PLO official and strongly anti-Israel. (Obama and Khalidi had close social ties when Khalidi was professor at University of Chicago, before Obama distanced himself from Chicago's Arab community after he lost his first run for Congress in 2000.)

At the same time, in late 10/08, the Republican Jewish Coalition (RJC) launched a pro-McCain ad campaign criticizing Obama's positions on Israel, the tone of which prompted Obama to pull out of 2 RJC-sponsored debates and to urge other Democratic representatives to do likewise. At least 2 Democrats did so: former Rep. Mel Levine (D-CA) and State Rep. Josh Shapiro (D-PA). Also in late 10/08, the Republican party of Pennsylvania emailed 75,000 Pennsylvania Jews suggesting that voting for Obama could lead to a second Holocaust. After public outrage over the email, the strategists who drafted it were fired. In addition, Jewish voters in Florida and Pennsylvania reported (ca. 9/17) being targeted by individuals posing as pollsters who asked them leading questions about candidate Obama, insinuating that he had donated to the PLO, had anti-Israel foreign policy advisers, and had been endorsed by Hamas and Iranian pres. Mahmoud Ahmadinejad. It was never discovered who was behind these calls.

Israeli amb. to the U.S. Sallai Meridor requested and received (10/27) time to speak with both VP candidates, Republican Palin and Democrat Joe Biden, regarding the importance of bilateral relations with Israel and issues of mutual concern for Israel and the U.S. (especially Iran). Palin met with Meridor personally on the sidelines of a rally in Leesburg, VA, while Biden, who was campaigning outside the Washington metro area, spoke with Meridor by phone. Both candidates stressed the presidential candidates' strong commitment to Israel.

In an interview with Shalom TV (self-described as "American Jewry's national cable television network") after the 11/4 election, Harvard law professor and pro-Israel advocate Alan Dershowitz boasted (11/13) that he had pressured Obama to keep Jimmy Carter from addressing the 8/25/08 Democratic National Convention, as former presidents had automatically been asked to do by

their parties in the past. According to Dershowitz, he had forced Obama "to make a choice between his Jewish supporters and his anti-Israel supporters like Jimmy Carter, and he did not choose Jimmy Carter. [T]hat was an embarrassment for Jimmy Carter and a [deliberate] show of disrespect. . . . It was a good decision, a wise decision, a moral decision."

Of note: Obama's first decision as president-elect was to offer (11/5) the key post of chief of staff to Rep. Rahm Emanuel (D-IL), a conservative Jew who volunteered in the IDF during the first Iraq war in 1991 and as state senator and house rep. had been a staunch supporter of Israel. The same day Emanuel accepted on 11/6, his father Dr. Benjamin Emanuel, who had been a member of the Jewish extremist Irgun organization responsible for the 1946 King David hotel bombing targeting British Mandatory officials, asked by the Israeli daily *Ma'ariv* for comment, said that he was certain that his son's appointment would be good for Israel, stating: "Obviously he will influence the president to be pro-Israel. . . . Why wouldn't he be? What is he, an Arab? He's not going to clean the floors of the White House." Rahm Emanuel phoned (11/13) the pres. of the American-Arab Anti-Discrimination Comm. to apologize for and reject his father's statements.

## RUSSIA

As in previous quarters, Russia's participation in Arab-Israeli peace issues was mainly through the Quartet, which met on 9/22 on the sidelines of the donors' Ad Hoc Liaison Committee meeting (see "Donors" below) in New York and on 11/9 in Sharm al-Shaykh. At the 11/9 session, the Quartet revived Russia's proposal, offered immediately after the 11/07 Annapolis summit, to host an international follow-up summit possibly in spring 2009, but no definitive decisions were taken. (The original target date was 1/08, later moved to 9/08, but planning never got off the ground as Israeli-Palestinian peace talks stalled; see Quarterly Update in *JPS* 148.)

Russia's bilateral relations with Israel witnessed some tensions this quarter resulting from Israel's sale over the past decade of \$300 m.–\$500 m. of sophisticated weaponry to the former Soviet Republic of Georgia, arguably emboldening Georgia to attempt to reassert control over the disputed territory of S. Ossetia, triggering the violent

week-long military confrontation in 8/08. As Russia held bilateral talks successively with Iran and Syria regarding possible sale of sophisticated weaponry, Israeli amb. to the U.S. Meridor publicly urged (9/8) it not to sign new military deals with either country, stating that Israel's main reason for beginning indirect peace talks with Syria in early 2008 was to change the regional dynamic and draw Syria away from Iran. Moscow responded the same day (9/8), stating that Israel could not expect any change in Russia's military alliances and policies as long as Israeli aid to Georgia continued. On 10/6, Olmert traveled to Moscow for talks with Russian pres. Medvedev. These talks reportedly focused on Iran but likely touched on the above-mentioned topics as well; no details were released.

#### EUROPEAN UNION

European actions with regard to the Palestinian issue this quarter were generally restricted to the Quartet. However, an EU delegation visited the West Bank in late 9/08, where they observed the nonviolent protests against the separation wall in Ni'lin on 9/23. The IDF fired tear gas and percussion grenades directly at the delegation, seriously injuring their Palestinian guide, and also fired rubber-coated steel bullets and tear gas at the demonstrators, injuring a British reporter covering the delegation visit.

Two significant bilateral actions were taken in Britain this quarter: First, the British government formally urged (11/3) the EU to impose more stringent labeling requirements on goods imported from Israel to identify products that originated in Jewish settlements. Currently, many goods produced in settlements are falsely identified as coming from Israel or the West Bank, suggesting Palestinian origin. Second, Lloyds TSB, 1 of Britain's 4 clearing banks, ordered (11/12) the Islamic Bank of Britain (IBB) to cease all transactions for the accounts of the British nonprofit charity Interpal by 12/8 or face Lloyd's suspension of transactions with all 50,000 IBB customers. Lloyds gave no reason for the action. Interpal, which is registered with the government's Charity Commission, provides relief and development aid (housing, education, health, agriculture, job creation through microloans) to Palestinians in the West Bank,

Gaza, and in refugee camps in Lebanon and Jordan.

#### UNITED NATIONS

The UNGA's Fourth Comm. (Special Political and Decolonization) held (11/4) its annual discussion of Israeli practices affecting the human rights of Arabs in the occupied territories and received the report (A/63/519) of its special investigative committee, which made its 39th annual tour of the region last quarter (see Quarterly Update in *JPS* 149). The special committee highlighted the deteriorating humanitarian and human rights conditions in the occupied territories, noting particular concern about the long-term economic, social, and environmental effects of Israel's siege of Gaza, effective division of the West Bank into 3 cantons, and continued settlement expansion (including on the Golan Heights).

In his first report to UNGA, UN Human Rights Council (UNHRC) special rapporteur on human rights in the occupied territories Richard Falk gave (8/25) a critical review of the situation in the territories from 1/1/08-7/31/08, noting continued deterioration despite the launch of the Annapolis process, strongly criticizing Israel's continued settlement and separation wall construction. Israel rejected the report as in keeping with what it perceives as Falk's record of strong anti-Israel bias in his writings as an international law expert and Princeton University professor emeritus. Israel barred Falk from visiting the territories to observe the situation first hand.

A UNHRC investigative team headed by Archbishop Desmond Tutu issued (9/15) its final report on an 11/8/06 IDF artillery strike on Bayt Hanun that hit 2 Palestinian homes, killing 21 Palestinians (18 from a single family) and wounding up to 80 (see Quarterly Update in *JPS* 143). The team concluded that "in the absence of a well-founded explanation from the Israeli military—who is in sole possession of the relevant facts . . . there is a possibility that the shelling of Beit Hanun constituted a war crime," recommending that in any case, Israel pay compensation to the victims. Israel initially banned Tutu's mission from entering Gaza to investigate the attack but relented 18 months later, allowing the mission to visit Gaza in 5/08 (see Quarterly Update in *JPS* 149).

Israeli and Arab leaders took part (11/12-13) in a 2-day conference on religious

tolerance at the UN headquarters in New York, attended by some 80 heads of state. Israeli pres. Peres used the occasion to reiterate his personal support for the 2002 Arab League initiative (see "Livni Wins Kadima Elections" above), reading excerpts of the proposal that he endorsed. Marking a first, 6 Arab leaders (Saudi Arabia's King Abdallah, Jordan's King Abdallah, the PMs of Morocco and Qatar, the pres. of Lebanon, the emir of Kuwait, and PA PM Fayyad) remained in the hall for an address by an Israeli president. (Historically, Arab leaders have at best sent lower-level officials to attend addresses by Israeli presidents instead of attending themselves, as a nod to the longstanding Arab boycott.) Fayyad and Jordan's King Abdallah both issued calls for a quick resolution to the Arab-Israel conflict as a way to prevent religious extremism. King Abdallah of Saudi Arabia, who initiated the conference, restricted his remarks to religious freedom and the need to depoliticize religion. Separately, however, Saudi FM Prince Saud al-Faisal criticized (11/13) Peres for endorsing only parts of the Arab peace initiative while ignoring other key aspects, especially regarding Jerusalem and refugees, stating that the proposal was "a package deal" and that Israel could not pick and choose what parts would be implemented. The conference closed by issuing a general statement urging religious tolerance worldwide. Of note: The Muslim Brotherhood parliamentary bloc in Egypt demanded an apology from a leading al-Azhar cleric, Shaykh Muhammad Tantawi, for "provok[ing] the sentiments of the Egyptian people and harm[ing] the image of al-Azhar" by shaking hands with Peres at the conference at a time when Israel was maintaining its siege against Gaza.

On 10/4, the IAEA held its general conference in Vienna and passed a resolution calling on all Middle East nations to open their nuclear programs to international inspections and work toward establishment of a nuclear-free zone in the Middle East. A bloc of Muslim nations failed to secure wording specifically referring to Israel's nuclear program.

By 9/08, the Bush administration and some EU governments (including Belgium and France) had launched a lobbying campaign against renewing a nonbinding UNGA res. sponsored by the 57-nation Organization of the Islamic Conference entitled "Combating Defamation of Religion," claim-

ing that the measure had been used by Muslim regimes (particularly Iran) to curb freedom of speech and religion and to enact blasphemy laws. The OIC states rejected the criticism, noting that most of the language of the draft was taken from the UN Declaration of Human Rights, various conventions on cultural and civil rights, and previous UN resolutions to combat racism. The measure, which has been passed annually since 1999, was up for renewal in 12/08.

#### IRAN

This quarter, the international community, which for some 18 months had been following a two-pronged "carrot and stick" approach to pressure Iran to cut back its nuclear program to rule out the development of a weapons capability (see Quarterly Update in *JPS* 149), showed signs of shifting toward supporting efforts by the P5+1 (the 5 permanent members of the UN Security Council [UNSC] plus Germany) to sanction Iran rather than offer it incentives to cooperate.

On 9/15, the IAEA stated that it was "at a dead end" with Iran, which had been refusing for months to provide information regarding past military research suspected by the U.S. to be connected to a nuclear weapons program. Senior IAEA officials also stated (9/15) that the agency's latest assessment (publicly released at the UNGA on 9/24) showed that Iran was making "substantial gains" in its uranium enrichment efforts. The Bush admin., which by this date accepted U.S. intelligence assessments that Iran had suspended its nuclear weapons research in 2003 (see Quarterly Update in *JPS* 147 for background on this controversy), argued that even if the weapons program was not currently active, Tehran's focus on uranium enrichment research would enable it to quickly relaunch a weapons program at a later date. Meanwhile, the U.S. had unilaterally added Iran's main national shipping company, Iran Shipping Lines, to its list of sanctioned corporations linked to Iran's nuclear program on 9/10.

The following day (9/11), U.S. Amb. to the UN Zalmay Khalilzad renewed pressure on UNSC members to approve a new non-binding sanctions resolution against Iran. But Russia, still angry over U.S. diplomatic support for Georgia against Russia during the 8/08 fighting over S. Ossetia, blocked (9/11) the resolution. Russia also boycotted (9/23)

a P5+1 ministerial meeting called by the U.S. to be held on the sidelines of the UNGA opening session to press for new sanctions on Iran, forcing the meeting to be cancelled. Russian FM Sergei Lavrov noted (9/24) that the U.S. had recently forced the cancellation of a Group of 8 meeting to impress upon Moscow, as Secy. of State Rice had stated, that "the transatlantic community is not going to accept Russia's recognition of South Ossetia and Abkhazia" or its continued military presence in Georgia. The U.S., Lavrov stated, "cannot really have it both ways, punishing Russia by canceling the forums that are very important for the entire world [and] at the same time demanding Russia's cooperation on the issues that are of importance to you."

Nonetheless, the UNSC did pass (9/27) a new resolution urging Iran to comply with IAEA efforts to monitor its nuclear program following diplomatic interventions on the sidelines of the UNGA session to soothe U.S.-Russian tensions. The measure offered nothing new, merely reaffirming earlier sanctions and restating offers to deal with the issue diplomatically, but was seen as necessary to counter the impression that international resolve to confront Iran was waning. Iran called (9/27) the resolution "unwarranted" and "unconstructive," vowing to pursue its rights to a peaceful nuclear program. Iran's chief negotiator Saeed Jalili followed up (10/6) with a formal letter to EU foreign policy chief Javier Solana and the FMs of the P5+1 stating that foreign pressure on Iran would not resolve disputes over its nuclear program.

On 10/9, the IAEA announced that it was investigating a newly received document, apparently authentic, indicating that a Russian nuclear scientist acting independently had helped Iran conduct experiments on detonators specifically used in nuclear weapons. (The IAEA did not disclose the source of the document or clarify when the alleged experiments took place.) The scientist named reportedly was not one of those who has been involved in long-standing Russian efforts to help Iran construct a civilian nuclear energy plant in Bushehr. On 10/27, the IAEA complained again that Iran was blocking its efforts to verify Tehran's nuclear ambitions and urged Tehran to ensure more "transparency." At the same time, it gave assurances that the IAEA "does not in any way seek to pry into Iran's conventional or missile-related activities."

Meanwhile, 5 former U.S. secys. of state (Colin Powell, Madeleine Albright, Warren Christopher, James Baker, and Henry Kissinger), speaking at a forum at George Washington University, unanimously called (9/15) on the next U.S. admin. to engage in direct diplomatic talks with Iran aimed at halting its nuclear program, rather than continuing diplomatic isolation.

#### OTHER

The Vatican official in charge of beatification efforts, Rev. Peter Gumpel, announced (10/18) that Pope Benedict XVI had halted the beatification of Pius XII, who had been pope during World War II, out of fear of "repercussions" from Jewish groups. Gumpel stated, however, that the pope would refuse to visit Israel until a plaque criticizing Pius XII was removed from the Yad Vashem Holocaust museum. In 2000, Benedict's predecessor John Paul II became the first pope to visit Israel.

#### DONORS

The main donor event this quarter was the Ad Hoc Liaison Comm. (AHLIC) meeting, held 9/22 on the sidelines of the opening of the UNGA session in New York, to discuss the PA's financial crisis and how to better direct aid to support PA security reform in keeping with the recommendations of the 6/24/08 "Berlin Conference in Support of Palestinian Civil Security and Rule of Law" (see Quarterly Update in *JPS* 149). PA PM and Finance M Fayyad noted that only \$1.36 b. of the \$7.7 b. pledged by donors at the 12/07 donor pledging conference in Paris had been received, resulting in a FY 2008 budget gap of \$320 m. and delaying the PA's payment of civil servants salaries for lack of cash. Donors pledged \$300 m. in new aid to the PA. EU foreign policy chief Javier Solana, speaking on behalf of the Quartet, urged nations to fulfill their outstanding pledges as well. (Enough pledges were quickly fulfilled that the PA could pay all salary arrearages by 11/12.) The IMF submitted a report on the PA's progress to date in implementing its 2008-10 Palestinian Reform and Development Plan (PRDP), praising PA economic reforms (particularly its successful maintenance of caps on hiring, salaries, and overall expenditures) but concluding that overall, "the economic and political environment in

the West Bank and Gaza has been less favorable than hoped for," noting especially that increased Israeli restrictions on Palestinian movement in the West Bank, the ongoing siege of Gaza, and the global financial crisis had undermined the Palestinian economy as a whole. Inflation and devaluation of the dollar relative to the Israeli shekel in particular meant that donor pledges for 2009-10 were no longer sufficient to meet PA budget needs. The World Bank issued its own economic monitoring report to the AHLC (see Doc. A2) that largely echoed the IMF's conclusions, stressing that donors' slow and inconsistent fulfillment of their pledges made it hard for the PA to plan ahead more than 2 months at a time. The World Bank also criticized donors for continuing to fund pet projects that fell outside the PA's PRDP plan, urging them instead to fund projects (even if less glamorous) prioritized by the PA in the aim of coordinating and centralizing donor efforts and creating PA-led rather than donor-led development that would be based on Palestinian needs.

The World Bank also briefed the AHLC on dire economic trends in the occupied territories: Unemployment among Palestinians actively seeking work in the West Bank rose from 17.7% in 2007 to 19% in the first quarter of 2008, while unemployment in Gaza had increased from 29.7% to 29.8%. If the number of Palestinians who were so discouraged by their job prospects that they had stopped looking for work were added, the unemployment rates would approach 26% in the West Bank and 36% in Gaza. The World Bank put the official poverty rate for Gaza for 2007 at 51.8%, compared to 47.9% in 2006. The West Bank poverty rate declined slightly from 22% in 2006 to just over 19% in 2007. However, if remittances from family members working abroad and food aid were excluded and poverty based only on domestic household income considered, the poverty rate in Gaza and the West Bank would soar to 79.4% and 45.7%, respectively, and the "deep poverty" rate (defined as having a budget only for minimal food, clothing, and housing, not including other necessities, such as health care, education, transportation, personal care, and housekeeping supplies) would increase to 69.9% and 34.1%, respectively. The World Bank also criticized Israel's decision to impose a new levy on Israeli recruiters of Palestinian workers in Israel that basically

eliminated the comparative advantage of hiring West Bank Palestinians instead of more expensive Israeli workers, undoing the benefits of issuing 5,000 new permits last quarter for West Bank Palestinian to work in Israel.

Other donor events this quarter included 2 reported meetings of the Local Development Forum (LDF) on 8/16 and 9/16 to discuss the PA's progress in implementing the PRDP and specific budget issues in preparation for the AHLC meeting; the LDF normally meets monthly. Of the 4 main donor "strategy groups" (SGs), only 3 met this quarter, each of them once to prepare for the AHLC: the social development and humanitarian assistance SG met on 8/21, and the infrastructure SG and the governance and reform SG met on 9/9; the economic policy SG did not meet. Various SG subcommittees held regular follow-up meetings to address specific areas of concern. These included the economic SG's private sector development and trade sector working group (SWG; 8/20) and agriculture SWG (8/25); the governance SG's judicial reform SWG (10/6, 11/10) and security SWG (11/3); the infrastructure SG's water and sanitation SWG (10/16), municipal development and local governance SWG (9/3), and Solid Waste Thematic Subgroup (10/28); and the social and humanitarian assistance SG's health SWG (9/15, 10/16), education SWG (9/10, 10/29), and "social protection" SWG (which addresses the Social Safety Net Reform Project funded by the EU through PEGASE; 9/9, 10/16). Donors also launched a drought emergency appeal on 8/25.

As a follow-up to the PA-sponsored Palestinian investment conference in Bethlehem last quarter (see Quarterly Update in *JPS* 149), the U.S. Chamber of Commerce and the U.S.-Palestinian Public-Private Partnership hosted (10/14) a Palestinian business and investment forum in Washington to encourage U.S. private sector investment in the West Bank. (Projects might qualify for risk insurance provided by the U.S. Overseas Private Investment Organization). PM Fayyad represented the PA, and Secy. of State Rice represented the U.S. The partnership was launched by Pres. Bush, Secy. of State Rice, and U.S. business leaders on 12/3/07, after the Annapolis summit, with the aim of creating economic opportunity for Palestinians and preparing Palestinian youth "for the responsibilities of citizenship and good governance" (see Quarterly Update in



*JPS* 147). It is a self-described “public-private partnership... to increase support for a Palestinian leadership committed to peace and willing to negotiate the political compromises required to reach this important goal.”

In early 11/08, the Palestine Investment Fund (PIF) and the Saudi Arabian Land Holding real estate company announced a \$250-m., 50-50 joint venture

called Arduna (“our land” in Arabic) for the mixed-use development of al-Irsal Street in Ramallah, marking the first major foreign investment deal secured by the PA. Over 5 years, the partners intend to construct about 250,000 sq. m. of commercial, retail, and residential space, creating 100s, if not 1,000s, of jobs. The project was among those presented at the Bethlehem investment conference in 5/08.



Settlers’ graffiti marks the home of a Palestinian family in ‘Asira al-Qibliyya, where settler attacks have become routine, 13 October 2008. (Ilene R. Prusher/*Christian Science Monitor*/Getty Images)