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# QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

16 MAY–15 AUGUST 2012

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*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. JPS Chronologies are archived on the JPS website at [www.palestine-studies.org](http://www.palestine-studies.org).*

**Highlights of the Quarter:** *Tentative efforts to revive Israeli-Palestinian peace talks and Fatah-Hamas unity efforts falter, Abbas prepares to revive the Palestinian statehood bid at the UN, the PA financial crisis deepens, Palestinian local elections are called, Israel makes major decisions on unauthorized settlement outposts, Republican presidential candidates hit Obama's handling of Israel and the Iran nuclear issue, Netanyahu demands red lines for Iran and threatens military action, Mitt Romney visits Israel, Egypt elects a Muslim Brotherhood president, the Syrian civil war destabilizes the region.*

## THE PALESTINIAN-ISRAELI CONFLICT

This quarter, Israel and the Palestinian Authority (PA) made their first moves toward reviving peace talks since 1/2012, while Fatah and Hamas made their first moves to revive their national reconciliation process since 2/2012. Ultimately, neither undertaking showed serious progress. Israel's more concerted effort was to solidify control over East Jerusalem and the West Bank areas it intended to keep under final status. Meanwhile, the PA faced a serious financial crisis that gravely undermined its ability to function. To compensate for its diminished credibility and legitimacy, the PA took steps to organize new Palestinian elections, even in absence of coordination with Hamas. The security situation in the West Bank and Gaza remained relatively calm overall, notwithstanding 2 spates of serious violence in Gaza.

### ***Mofaz's Brief Tenure as Israeli Peace Coordinator***

As part of the Israeli coalition agreement reached late last quarter that brought Shaul Mofaz's Kadima party

into PM Benjamin Netanyahu's government (see QU in *JPS* 164), Mofaz assumed (5/7) the role of vice PM in charge of Israel's peace process. This quarter, within weeks of the new agreement's implementation, there were signs that the Israeli and Palestinian sides were exploring behind-the-scenes possibilities for reviving the peace track, though there was no indication of substantive progress. On 6/19, Israeli pres. Shimon Peres stated that he had met with Palestinian pres. Mahmud Abbas and other Palestinian officials several times recently to discuss peace talks. The Palestinians declined to comment.

Peres's unsolicited revelation came just before Mofaz traveled (6/20–31) to Washington for his first official visit as vice PM. In meetings with U.S. secy. of state Hillary Clinton and U.S. security officials (including National Security Adviser [NSA] Thomas Donilon), he urged the U.S. to support efforts to revive peace talks, stating that the greatest threat to Israel was not Iran (see "Iran" below) but a Palestinian demographic majority. He presented his own peace plan first unveiled in 2009 but not endorsed by Netanyahu, which called for

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the creation of an interim Palestinian state with temporary borders on 60% of the West Bank, land swaps making up for the other 40%, and Israel's permanent control over most settlement areas. U.S. pres. Barack Obama unexpectedly joined Mofaz's 6/21 meeting with Donilon and spoke with Mofaz for 35 minutes about his calls to resume negotiations. No details were released.

On 6/28, while Mofaz was still in Washington, the PA announced that Abbas would receive Mofaz in Ramallah on 7/1 to discuss relaunching peace talks. Mofaz's office acknowledged (6/28) that discussions about a meeting were underway, but did not confirm that a date had been set. On 6/30, the PA postponed the meeting indefinitely, without giving a reason. Insiders said (WP 7/1) that Abbas had come under strong pressure from other Palestinians not to meet.

Immediately upon returning to Israel, Mofaz clashed with Netanyahu over (1) the pending expiration on 7/31 (ordered by Israel's High Court in 2/2012) of the 2002 Tal Law exempting ultra-Orthodox yeshiva students from military service and (2) the growing public debate over a universal draft. (By 6/2012, ultra-Orthodox groups, angry over calls to remove their exemption, had raised the issue of service waivers for Palestinian citizens of Israel, escalating the public debate.) Mofaz, who joined the coalition based on Netanyahu's pledge to move toward a universal draft, strongly opposed the PM's decision (7/2) to disband the committee charged with forming a new policy on national military service (see QU in *JPS* 164) and his decision (7/9) to assign 2 Knesset members representing Kadima and Likud to draft the policy proposal instead. Netanyahu reportedly hoped (NYT 7/3) that a policy representing a consensus by the rival parties would prevent coalition defections, but warned that if no agreement could be reached by 7/31, he would instruct the IDF to draft the policy "according to its needs," while taking "into consideration the various publics so as to prevent a rift in the nation"—a statement interpreted to mean that the IDF would have the right to implement a universal draft but urging it to maintain the status quo in practice.

Meanwhile, U.S. secy. of state Hillary Clinton traveled to the region and

met (7/16) with Israeli leaders (including PM Netanyahu, Pres. Peres, DM Ehud Barak, FM Avigdor Lieberman) and Quartet special envoy Tony Blair in Jerusalem, and with PA PM Salam Fayyad in Ramallah. The main purpose of her visit was to discuss Iran, Syria, and other regional changes (and to a lesser extent issues relating to the U.S. presidential campaign), but she also urged both sides to resume peace talks soon and avoid all unilateral actions, emphasizing that while the international community was ready to offer ample support for a return to negotiations, the hard work must be done by the parties themselves. The next day (7/17), however, Mofaz pulled Kadima out of the governing coalition after 2 weeks of unsuccessful efforts to draft a plan to integrate ultra-Orthodox Jews and Palestinian citizens of Israel into the military. With Mofaz no longer involved in the peace process and renewed concerns that Netanyahu might call early elections to solidify his control (see QU in *JPS* 164), there was no further talk of reviving peace talks during the quarter.

#### ***The First Israeli-Palestinian Economic Accord since 1994***

Despite failed efforts on final-status talks, the PA and Israel maintained regular coordination, particularly on maintaining security calm in the West Bank. While such talks often involve economic issues, the announcement (7/31) that PA PM Fayyad and Israeli fin. min. Yuval Steinitz had signed a new economic agreement came as a surprise. Slated to take effect on 1/1/2013, the accord would regulate taxes and bilateral trade with the aim of reducing illegal trade and tax evasion and building the PA's tax-revenue base. The new system reportedly (UPI 8/1) would rely on "advanced technologies for monitoring and exchanging information on the transfer of goods rather than calculating tax clearances on reported transfers." Though the sides noted that this marked their first major economic accord since the 1994 Paris Protocol, which sets out in detail the economic relationship between Israel and the PA, they did not outline the details or release the text before the end of the quarter.

### ***Reviving the Palestinian Statehood Bid***

By late 7/2012, PA pres. Abbas, already frustrated by the lack of movement toward peace since the last fruitless round of exploratory talks in 1/2012 (see QU in *JPS* 163) and pessimistic over peace prospects in light of Mofaz's withdrawal from the coalition, began in earnest to lay the ground to revive Palestinian statehood efforts at the upcoming UNGA opening session in 9/2012—one year after Abbas's 9/23/11 application to the UNSC seeking full recognition of Palestinian statehood. That effort had reached a dead end in 11/2011 when it became clear that only 8 of the 9 votes needed for UNSC approval could be secured (see QU in *JPS* 162). With the application effectively dead, the next step would be to ask the UNGA to grant Palestine the lesser observer-state status, which would put it on the same footing as the Vatican, with all the rights of a state (including the right to petition the International Criminal Court) except voting rights. At the time, Abbas delayed this option in light of Quartet and Jordanian efforts (begun in 11/2011), which ultimately failed, to organize exploratory talks in Amman.

Now ready to consider the move, the PA invited (late 7/2012) representatives of the Non-Aligned Movement to meet with them in Ramallah ca. 8/6 to express solidarity with the Palestinians, endorse Abbas's plans to revive the UN bid, and issue a "Ramallah Declaration" denouncing Israel's ongoing settlement expansion. On 8/5, however, the PA canceled the meeting when Israel refused to grant entry permits to the representatives of Algeria, Bangladesh, Cuba, Indonesia, and Malaysia on the grounds that they did not have diplomatic relations with Israel. (In response, Indonesia postponed an agreement reached in 7/2012 with Israel, after 5 years of negotiation, to open a consulate in Ramallah that would also serve as a diplomatic channel to Israel, stating: "We don't want to interact with Israel. . . . The problem is not Palestine.") Despite the cancellation, PLO Executive Comm. member Hanan Ashrawi addressed diplomats from Asia, the EU, Latin America, and the Middle East in East Jerusalem on 8/14, calling on them

to support a revived Palestinian statehood bid and to increase donor aid to the PA.

As of 8/6, sources close to Abbas (see NYT 8/6) said that he planned to make statehood the focus of his address to the 9/2012 UNGA session, but that he probably would not ask the UNGA to vote on a resolution until after the U.S. presidential elections. (The first likely date to request a vote would be 11/29/12, the 65th anniversary of the UN partition vote.) The PA estimated that 130 of 193 nations would support a UNGA resolution requesting observer-state status.

### ***Israeli Calls for Unilateral Action***

The ongoing stagnation of the peace process prompted new calls by senior Israelis this quarter for independent action to create the final status unilaterally. (See QU in *JPS* 164 for earlier such calls.)

At a conference sponsored (5/30) by Tel Aviv's Institute for National Security Studies (INSS), Israeli DM Ehud Barak said that his country should consider imposing final borders on the Palestinians, becoming the most senior official to propose unilateral actions in light of the stalled peace process. Unnamed conference participants reportedly (NYT 5/31) recommended less drastic "unilateral steps" that could be "phased in over many years" and designed "to give Israel a stronger hand in final status"—effectively what Israel has been doing as unstated policy for decades. Speaking at the same conference, Gen. Shlomo Brom (Ret.), who heads INSS's program on the Palestinian conflict, called "the unilateral route the only remaining course of action," and former Israeli military intelligence chief Amos Yadlin, also an INSS staff member, told the conference that unilateralism was "the best of all evils," urging Israel to take action in its own self-interest, "without conditioning it on the agreement of the Palestinians."

Similarly, former Israeli Shin Bet head Ami Ayalon, following up on his independent "Blue White Future" initiative last quarter (see QU in *JPS* 164), stated (5/27) that "the paradigm of direct negotiations that was a cornerstone of the [peace] process during the last

20 years is over. It does not work, and it will not work unless we change something.” Instead, he recommended that Israel take unilateral action to create a 2-state solution on its own terms.

### *Israel Tightens Its Grip*

While efforts to advance peace flagged, Israel took several steps to secure its permanent control of East Jerusalem and West Bank settlement areas.

#### *“Unauthorized” Settlement Outposts*

In a major decision on 7/9, an Israeli government-appointed commission headed by former Israeli high court justice Ephraim Levy issued a nonbinding legal judgment that Israel’s presence in the West Bank is not occupation and that therefore the government should grant retroactive approval to *all unauthorized settlement outposts*. The commission argued that unauthorized outposts had been established with a degree of knowledge and encouragement on the part of senior government officials that amounted to “implied agreement” by the government (see Doc. C1 and the Settlement Monitor in this issue for more details).

The decision had far-reaching implications for future settlement, as well as for ongoing battles over the outposts, most notably the outposts of Ulpana and Migron. On 6/6, before the Levy opinion was released, the Knesset voted down (69–22) a draft bill to retroactively legalize unauthorized settlement *outposts built on private Palestinian land*. The draft’s defeat cleared the way for implementation of a High Court order to demolish Ulpana outpost by 7/1/12 and Migron outpost by 8/1/12 (see QU in *JPS* 164 for background). Ironically, Netanyahu’s concern for Ulpana contributed to the draft bill’s defeat: having urged the government in 4/2012 to find a way to legalize the outpost, he became convinced (by early 6/2012) that the measure would not pass muster with Israel’s High Court and therefore urged MKs to defeat it to avoid unnecessary controversy. The day of the Knesset vote, he vowed instead to have the Ulpana buildings physically moved to neighboring Beit El settlement and to build 300 new housing units inside Beit El. Subsequently, on 6/20, the YESHA

settlers’ council announced that Ulpana settlers would evacuate the outpost peacefully in exchange for firm commitments from the government to build the 300 new housing units in Beit El but not to use the deal (peaceful evacuation for new housing units elsewhere) as a precedent for deciding the fate of other unauthorized settlement outposts. The settlers left Ulpana without incident on 6/26–27, moving into new mobile homes placed on an Israeli border police base next to Beit El.

As for Migron, on 7/21 its evacuation, previously scheduled for 8/1, was delayed until 8/21 in light of the Levy judgment to allow the High Court to hear an appeal by Migron settlers claiming to have purchased their lots from the Palestinian owners. Lawyers for Peace Now, representing the Palestinian families, won a further delay until 8/28 to prepare for the case. Meanwhile, Israel’s Fin. Comm. allocated (8/7) nearly \$1.8 m. to move some structures from Migron to the settlers’ permanent relocation site near Psagot settlement.

IDF Central Command formally reclassified (8/12) Bruchin outpost as a legal settlement, implementing a 3/2012 cabinet decision to retroactively legalize 3 unauthorized settlement *outposts located on Israeli-designated “state land”* (see QU in *JPS* 164). The formal reclassifications of Rachelim and Sansanna had not been implemented by the close of the quarter.

### *Judaization of Jerusalem and Expansion of West Bank Settlements*

The Israeli government also took significant steps this quarter to solidify control over East Jerusalem, discourage a continued Palestinian presence there, and cement control over West Bank settlement areas slated for retention under final status. Of particular note: The Knesset education committee voted (7/17) to grant full university status to an academic center in Ariel settlement, deep in the West Bank, making it the first accredited Israeli university in occupied Palestinian territory.

The decision came as Palestinian medical students from al-Quds University in Abu Dis, just outside East Jerusalem, awaited a verdict on their appeal of a 2/2012 Israeli ruling denying their

request to sit for Israeli exams that would certify them to practice medicine in East Jerusalem or Israel. The Israeli government had denied permission to sit for the exams on the grounds that al-Quds was not an accredited Israeli university and, as a Palestinian entity located in the West Bank, could never gain accreditation. When the students then sought permission to take the Israeli accreditation tests offered to foreigners, the Israeli court denied permission on the grounds that al-Quds could not be considered a foreign university since it also has a campus in East Jerusalem. There has long been a shortage of licensed doctors willing to treat Palestinians in East Jerusalem, where most Palestinian doctors are forced to work unaccredited.

On 5/20, the day Israel marked as Jerusalem "reunification" day (the anniversary of the occupation of East Jerusalem in the 1967 war), the Israeli cabinet allocated \$91 m. for the creation of "public spaces" (not identified) in Jerusalem over the next 6 years to develop tourism and infrastructure. In addition, Israel's Tourism Min. and municipal officials in Jerusalem later allocated (5/29) over \$1 m. for a new settlement project in Silwan, in East Jerusalem.

Israel's Jerusalem municipal authorities also approved construction of 2,500 new housing units in Gilo settlement (6/7); 180 new housing units in Armona Hanatsiv settlement on 67 dunams (d.; 4 d. = 1 acre) of confiscated Palestinian land in Sur Bahir (6/26); and 12 commercial and hotel towers (24–33 floors each) on East Jerusalem's Jabal Abu Ghunaym/Har Homa settlement site (8/13). Israel's Housing Min. published (6/29) tenders for the construction of 171 housing units in Gilo and Pisgat Ze'ev settlements in East Jerusalem. In addition, the Housing Min. approved (6/6) construction of 551 new settlement housing units in various West Bank settlements.

#### *Control of Area C*

Israel also took significant steps to deepen its control of and remove Palestinians from West Bank Area C. These areas are currently under Israel's full security and civilian control according to the Oslo agreements, and Israel

hopes to retain them permanently. New demolitions this quarter were clustered in the Jordan Valley, Hebron, and areas of Bethlehem closest to Jerusalem and most often affected bedouin communities.

Bedouin in the Hebron Hills in Area C were the target of a 7/22 Israeli DMin. petition to Israel's High Court to allow the demolition of 12 small enclaves (200 families, 1,500 individuals) so the area (known as Firing Zone 918) could be used for military purposes. The government had in fact been trying to get hold of these same enclaves since 1999, when Israeli forces had expelled their 700 Palestinian inhabitants, demolishing their structures and wells. In 2000, the families sued the government and were granted permission to return to the area until the case was resolved. After 5 years of mediation, the sides declared an impasse in 2005. The recent government action was prompted (according to the filing) by "an increasing trend of augmenting and strengthening the [Palestinian] population on the C Grounds." Those evicted would be relocated to Yatta village in area B.

In addition, Israel's High Court approved (6/12) a petition by a group of Jewish settlers calling for the expedited demolition of 52 Palestinian homes and facilities (including a clinic and kindergarten) in Susia village, also in Area C near Hebron. The IDF promptly served (6/12) the owners with the demolition orders, saying it would raze the structures within 3 days. However, the Israeli group Rabbis for Human Rights immediately filed (6/12) an appeal on the Susia residents' behalf, delaying the demolition until a court hearing, which did not occur before the end of the quarter.

Other scattered demolitions near Hebron (5/21, 5/23, 5/29, 7/18, 7/24) and Bethlehem (7/24, 8/7) involved clearing crop land, wells, irrigation networks, a road, and some structures specifically to expand or improve linkage between existing Jewish settlements. In one incident near Bethlehem on 6/19, 14 bedouin residential structures and 11 animal pens were destroyed, and 64 Palestinians (including 37 children) displaced.

In the Jordan Valley, at least 23 residential tents, 9 animal pens, and 11

other structures were destroyed in the context of displacing bedouin (e.g., ca. 5/29, 6/5, ca. 6/12–19, ca. 6/26).

### ***Two Rounds of Violence in Gaza***

There were 2 serious exchanges of cross-border violence in Gaza this quarter.

*The first round, from 6/1 to 6/3,* began when an armed Palestinian teenager infiltrated (6/1) the Israeli border e. of Abasan village in s. Gaza before dawn and exchanged gunfire with IDF soldiers. The IDF struck back hard overnight on 6/1–2, launching 14 air strikes from warplanes and drones (5 in Nussayrat refugee camp [r.c.], 3 each in Abasan and near Bayt Lahiya, 2 in Dayr al-Balah, and 1 near Wadi al-Silqa), in the course of which the Palestinian gunman and 1 IDF soldier were killed. In response to the strikes, Palestinians fired 2 homemade Qassam rockets from Gaza into Israel, causing no damage or injuries. Besides the Palestinian teenager, the Israeli strikes killed 2 members of a Palestinian rocket-launching team and injured at least 1. Four of the strikes in Nussayrat targeted a Palestinian home and damaged 4 others nearby, lightly injuring 10 civilians (including 7 children). The other strikes, which injured no one, targeted a farm (killing 1,000s of animals and damaging a Bayt Lahiya municipal water network), a workshop, and 2 open areas.

The harshness of the Israeli response to what began as an exchange of gunfire was probably due to an incident a week earlier (5/23), when a Palestinian sniper shot and wounded 2 IDF soldiers inside Israel near the former Kissufim crossing in c. Gaza, prompting concerns of the start of a trend. A final exchange occurred on 6/3, when unidentified Palestinians fired 1 Qassam into Israel and Israeli warplanes responded with 2 air strikes on a dairy farm and open area near Gaza City (no injuries in either incident). In total, Israel carried out more than 20 air strikes and Palestinians fired 3 rockets during the 6/1–3 cross-border violence, with 3 Palestinians (all armed) and 1 IDF soldier killed, and 11 Palestinians (10 civilians, 1 armed) injured.

*The second spate of violence, from 6/17 to 6/23,* began overnight on 6/17–18 with a relatively routine exchange.

Unidentified Palestinians fired 1 Qassam rocket from Gaza into Israel (causing no damage or injuries); Israel responded by firing 2 missiles at a Palestinian workshop in Rafah, damaging 7 homes and injuring 5 Palestinian civilians (1 seriously). In response, Palestinians stepped up attempts to fire across the Gaza border on 6/18, resulting in 2 serious Israeli preemptive air strikes that hit an Islamic Jihad sniper team (killing 2 Islamic Jihad members) and a Popular Resistance Comm. (PRC) rocket-launching team (killing a member of Hamas's armed wing, the Izzeddin al-Qassam Brigades [IQB], and a member of the al-Aqsa Martyrs Brigade). Late on 6/18, IDF troops on the Gaza border fatally shot 2 Palestinians (1 a teenager) attempting to sneak into Israel to find work. These incidents coincided with a 6/18 attack on Israel from the Egyptian Sinai that left 1 Israeli Palestinian dead (see "Egypt" below). Though Israel stated (6/18) that its Gaza strikes were not tied to the Sinai attack, the Sinai incident seemed to fuel the anger on both sides of the Gaza-Israel border, causing violence to spiral.

On 6/19, Hamas's IQB broke its cease-fire for the first time in over a year, firing at least 45 rockets (including at least 10 Grads) into Israel; 1 rocket damaged an Israeli police barracks and injured 2 police officers, but the others landed in open areas. Though the IQB said that it was deliberately aiming at open areas to minimize damage and merely "send a message" to Israel, its actions marked a serious escalation. Expecting retaliation, Hamas security officials vacated their bases.

Israel initially issued a warning to Hamas and made a single daytime air strike on a rocket-launching team near Dayr al-Balah (1 armed Palestinian wounded). During the night of 6/19–20, Israeli warplanes and drones carried out 12 air strikes across Gaza. The attacks hit mostly Hamas targets, but also 2 members of the Salafist Tawhid and Jihad (TAJ) alleged by Israel to be involved in the 6/18 attack from the Sinai (see "Egypt" below). In total, 1 TAJ member and 1 Palestinian child were killed, and 11 Palestinians (1 TAJ member, 1 IQB member, and 9 civilian bystanders) were wounded. Meanwhile,

Palestinian factions including Hamas fired at least another 55 rockets and mortars into Israel, causing damage in 1 instance but no injuries.

Late on 6/20, Hamas officials in Gaza announced that the factions would immediately implement an Egyptian-brokered cease-fire with Israel. The cease-fire generally held through 6/21, with another 7 Qassams fired from Gaza (no damage or injuries) and no Israeli response. On 6/22–23, however, unidentified Palestinians fired over 45 rockets and mortars, and Israeli warplanes and drones carried out at least 8 air strikes, including on a PA security force (PASF) compound in the Gaza City center. Palestinian rockets caused damage in 2 instances and injured 1 Israeli civilian; the Israeli strikes killed 4 Palestinians (3 armed, 1 civilian) and injured at least 32 (4 militants, 6 PASF officers, and 22 civilians, including 2 women and 1 child).

Late on 6/23, Hamas authorities announced that another cease-fire with Israel had been brokered by Egypt, effective immediately. After the announcement, Palestinians fired at least 5 more rockets (no damage or injuries); Israel did not retaliate. The tally for the 6/17–23 violence was 16 Palestinians (11 armed; 5 civilian, including 2 children) killed, and 49 Palestinians (36 civilians, 2 women and 1 child; 7 armed; 6 PASF) and 3 Israelis (2 police, 1 civilian) injured. Palestinians fired about 155 rockets and mortars (including at least 10 Grads) into Israel; Israel carried out at least 25 air strikes. In addition, the UN Office for the Coordination of Humanitarian Affairs (OCHA) reported that during the period, several Palestinian rockets fired toward Israel fell short or exploded prematurely, killing 2 Palestinian children and injuring 19 Palestinians (including 4 children). Furthermore, 2 armed Palestinians were killed and 26 were injured when a building that had been hit by the IDF collapsed while they were inspecting the damage.

Also of note: On 8/5, an Israeli warplane made an air strike on 2 TAJ members as they rode a motorcycle through Rafah, assassinating Eid Oukal and wounding Ahmad Said Isma'il. This marked the first Israeli assassination since 3/9/12. Israel accused the men of

being behind the 6/18 Sinai attack and of plotting other cross-border attacks on Israeli civilians. Unidentified Palestinians fired 2 Qassam rockets into Israel in retaliation, causing no damage or injuries; Israel directed cross-border fire at the rocket-launching area for several hours (causing no injuries), but otherwise did not respond.

Regarding Israel's assassination policy: Israel's atty. gen. decided (5/31) to prosecute former *Ha'Aretz* journalist Uri Blau for illegal possession of classified documents related to a 2008 investigative report he wrote (approved by Israel's military censor) revealing that senior IDF officers had authorized targeted killings of wanted Palestinians in the West Bank in violation of a High Court ruling banning assassinations of militants who could be apprehended. The decision made Blau the first Israeli journalist to be charged for receiving leaked documents. In 2008, he had obtained 1,800 IDF documents (100s classified) from an IDF soldier, Anat Kam, currently serving 54 months for stealing the documents. On 7/5, Blau confessed to reduced charges of possessing classified information without authorization but "with no intention to harm national security" in exchange for 4 months of community service.

### ***Regional Events and Gaza Access***

Access to Gaza became a regional issue this quarter in light of the change of government in Egypt, an 8/5 attack by suspected Egyptian Islamists near Israel's Kerem Shalom crossing on the Gaza-Egypt-Israel border intended to influence political developments inside Egypt (see "Egypt" below), and new efforts by Qatar to inject itself into the Palestinian issue. On 6/14, the 5th anniversary of Israel's sealing of Gaza's borders after Hamas's 2007 takeover, 50 international aid groups and UN agencies (including UNICEF and the WHO) signed a petition urging Israel to lift the siege. The petition read in full: "For over five years in Gaza, more than 1.6 million people have been under blockade in violation of international law. More than half of these people are children. We the undersigned say with one voice: End the blockade now."

On 7/23, a week after being sworn in, Egyptian pres. Mohamed Morsi agreed (after meeting separately with PA pres. Abbas and Hamas leader Khalid Mishal in Cairo) to ease travel restrictions, making it easier for Gazans to enter and allowing them to stay for up to 72 hours before returning or transiting through. All Palestinians still need a Palestinian national ID, passport, or proof of residency in a 3d country to obtain an entry visa.

Following the 8/5 attack, Egypt and Hamas jointly shut their Gaza border (8/5–10) and temporarily halted all smuggling through the Rafah tunnels (8/5–14) to show Israel that they were dealing seriously with the security threat. (Remarkably, the Kerem Shalom crossing remained open for transfers of goods from Israel to Gaza after the attack.) During the closure, the PA urged (8/11) Egypt to destroy the tunnels, arguing that they posed a threat to Egyptian security and undermined Palestinian national unity efforts. On 8/12, Hamas officials in Gaza offered to close tunnels permanently if Egypt opened the Rafah crossing to unrestricted trade; Egypt did not respond.

Meanwhile, in 6/2012, Qatar reached an agreement with Israel to send fuel to Gaza through the Kerem Shalom crossing (Israel's sole transit point for fuel) to help alleviate Gaza's fuel crisis (see QU in *JPS* 164) and by late 7/2012 was providing about 18% of Gaza's fuel imports. After the 8/5 attack on Kerem Shalom, Israel halted fuel supplies to Gaza, with the exception of one small shipment of Qatari fuel on 8/11. By 8/10, Gaza's power plant was forced to shut down 2 turbines for lack of fuel, causing rolling blackouts across the Strip of up to 16 hours/day through the end of the quarter.

### ***Palestinian Prisoners' Hunger Strike***

The hunger strike launched by Palestinian prisoners last quarter to denounce prison conditions and Israel's policy of administrative detention without charge or trial wound down this quarter. On 5/14 (see QU in *JPS* 164), most of the approximately 1,500 strikers had agreed to halt their fast in exchange for improved conditions, a pledge not

to extend the detention of current administrative detainees, and the return of the bodies of Palestinians killed inside Israel, mostly while carrying out attacks on Israelis. On 5/31, Israel transferred the bodies of 91 Palestinians (79 to the West Bank, 12 to Gaza), one of whom had been killed in 1975. Also under the deal, on 7/16 and 8/6 Israel allowed nearly 100 Palestinian prisoners held in its Ramon prison inside Israel to receive visits from family members from Gaza, marking the first time Israel had allowed Gazans to visit jailed relatives since Hamas seized control of the Strip in 6/2007.

As of 8/15 at least 3 administrative detainees were still on hunger strike, raising grave concerns for their health: Samer al-Barq (71 days), Hassan Safadi (41 days), and Ayman Sharawni (31 days). The longest-ever Palestinian hunger striker, Akram Rikhawi, ended his fast on 7/23 after 103 days in exchange for a pledge that Israel would release him 5 months early (in 1/2013).

West Bank Palestinians also continued to hold rallies (e.g., 6/5, 6/11, 8/9) outside Israel's Ofer military prison near Ramallah in solidarity with Palestinian prisoners held in Israeli jails. IDF troops routinely fired live ammunition, rubber-coated steel bullets, tear gas, and percussion grenades at the demonstrators, wounding at least 7 (including 1 woman and 1 child).

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

This quarter, at least 29 Palestinians and 1 Israeli were killed as a result of Israeli-Palestinian violence (compared to 36 Palestinians and no Israelis last quarter). The deaths brought the comprehensive toll as of 8/15 to at least 7,968 Palestinians (including 51 Israeli Arabs and 19 unidentified Arab cross-border infiltrators), 1,114 Israelis (including 354 IDF soldiers and security personnel, 226 settlers, and 533 civilians), and 66 foreign nationals (including 2 British suicide bombers). These numbers include individuals who died in noncombat-related situations directly resulting from Israel's occupation and the ongoing conflict (e.g., ailing Palestinians who died when denied access to medical care; Palestinians killed in smuggling tunnel accidents).

Two sets of statistics were reported this quarter: *Jerusalem Post International* (7/20), citing a pending International Crisis Group (ICG) study that was not released before the close of the quarter, reported a sharp increase in the number of Palestinian Jerusalem residents applying for full Israeli citizenship. Whereas in 2001 there were only 43 such applications, that number rose to 800–900/year in 2009–10.

The Israeli government reported (8/14) that since 2009, 8,217 men and women from abroad had opted to move to Israel and become full or dual citizens in order to serve in the IDF. Of the 8,217, 1,661 came from the U.S. and 1,685 from Russia. Most came through Garin Tzabar, a diaspora Israeli Scouts program that prepares willing scouts for immigration over a series of weekend workshops.

A special note on Israeli propaganda efforts (*hasbara*): This quarter (ca. 7/1), the IDF's spokesman's office launched a virtual soldier "game" on its blog in which users earn points and rewards by "liking" or reposting articles from the IDF website or favorable to the IDF on social media networks such as Twitter and Facebook. The aim of the public relations program was to promote a positive image of Israel and the IDF.

#### *Overview of the Violence*

[Ed. Note: For details on all Israeli-Palestinian violence, see the day-by-day JPS Chronology online at [www.palestine-studies.org/](http://www.palestine-studies.org/)]

**Gaza** violence left a total of 26 Palestinians (11 civilians and 15 militants) and 1 IDF soldier dead. In addition to the 19 Palestinian deaths and 1 IDF death attributed to the exchanges of violence discussed above (see "Two Rounds of Violence in Gaza"), 4 Palestinian civilians were killed (and 6 injured) in accidents in smuggling tunnels under the Rafah border, 1 Palestinian civilian was fatally shot (and another 5 arrested) attempting to sneak into Israel to find work, and 1 Hamas member was killed in an exchange of fire with IDF soldiers who entered Gaza to clear land along the border fence. (Hamas authorities continue to consider all Israeli security forces, particularly those entering Gaza or initiating attacks

on Gaza, as legitimate targets.) In addition, 5 Palestinian children were injured on 7/10 when they accidentally triggered unexploded IDF ordnance near al-Bureij r.c.

This quarter, Israeli warplanes and drones carried out a total of 54 air strikes on Gaza (all but 9 during the 2 rounds of violence mentioned earlier); in addition to the deaths tallied above, at least 63 Palestinians were injured in these strikes. The IDF also made at least 14 incursions into Gaza to bulldoze land and clear lines of sight along the border fence, occasionally fired artillery into Gaza (at least 8 shells), and at least twice deployed helicopter gunships to fire on border areas in response to Palestinian rocket-launching or suspicious movement. In addition, the IDF frequently fired warning shots at Palestinian farmers who strayed too near the border fence or Palestinians scavenging for construction materials in the former settlement sites along the n. Gaza border or on the Palestinian side of the demolished Erez industrial zone (at least 12 incidents wounding 4 Palestinians).

Meanwhile, Palestinians fired at least 177 rockets and mortars into Israel (all but 19 of them during the 2 spates of violence in 6/2012). Most rockets were homemade Qassams with a limited range, but at least 14 were medium-range manufactured Grads. Despite the high level of Palestinian rocket fire, damage was reported in only 6 instances; the only Israeli casualties were the 2 Israeli border police and 1 Israeli civilian wounded during the 6/17–23 round of violence. There were also 2 incidents (5/23 and 6/2, for which no one took responsibility) in which Palestinian snipers fired across the border at IDF soldiers inside Israel, killing 1 and wounding 2. (For all these incidents, see "Two Rounds of Violence in Gaza" above.)

Israel continued to limit Palestinian fishing in Gaza to 500–1,000 m off Bayt Lahiya and Rafah and 3 naut. mi. elsewhere. As in previous quarters, Israeli naval vessels routinely fired on fishing vessels to keep them close to shore. At least 27 such incidents took place this quarter, with the IDF confiscating at least 8 boats and taking at least

15 fishermen to Ashdod port for questioning before returning them to Gaza through the Erez crossing.

In the **West Bank**, a total of 3 Palestinians were killed by Israelis this quarter: 2 shot by a Jewish settler (6/17) and 1 when the IDF opened fire on a carload of Palestinians attempting to sneak into Israel to find work (7/28). Almost all Palestinian injuries by Israelis reported in the West Bank occurred during weekly nonviolent demonstrations against the separation wall and Israeli settlement expansion, mostly in Bil'in and Ni'lin near Ramallah, Nabi Salih in the north central West Bank, and Kafr Qaddum village near Qalqilya. The IDF regularly fired live ammunition (Nabi Salih only), rubber-coated steel bullets, tear gas, and stun grenades to disperse the protesters, occasionally causing moderate injuries.

There was 1 reported Palestinian attack in the West Bank this quarter: on 6/4, a knife-wielding Palestinian attempted to stab IDF soldiers posted outside the al-Ibrahimi Mosque/Cave of the Patriarchs in Hebron, but was shot and seriously wounded before he caused any harm.

The IDF conducted an average of 81 search operations/week in the West Bank this quarter, down slightly from 89/week last quarter. The IDF continued its practice of patrolling Palestinian areas during the day and conducting arrest raids and house searches overnight (even in Palestinian-controlled Area A when the PASF confined themselves to barracks per existing agreements with Israel).

#### *Movement and Access Issues*

This quarter, Palestinian freedom of movement in the **West Bank** remained relatively good (i.e., it was possible to go almost anywhere, though not necessarily by the most direct route). In general, travel between major population centers continued to be easier than travel to outlying villages, and the Jordan Valley remained separated from the rest of the West Bank by a string of IDF checkpoints and other barriers. As of 7/31, OCHA reported a total of 542 barriers to travel across the West Bank that cut off some 150 Palestinian communities from their agricultural lands.

In a positive development, the IDF removed (5/22) a major roadblock on

the main north-south road to Hebron, significantly reducing travel times between Hebron and 4 villages to the east. To mark the start of Ramadan on 7/20, the IDF removed 2 key West Bank roadblocks: 1 on the main road from Aqraba village to Nablus, and another in the Jordan Valley, opening the main north-eastern entrance to Jericho from Road 90 (closed since 2000).

Also, during Ramadan (beginning 7/20), Israel eased access restrictions for West Bank Palestinians wanting to enter **East Jerusalem**, allowing children 12 and under and adults over 40 to enter without permits. Otherwise, Palestinian access to East Jerusalem remained tight.

As has been the case in **Gaza** since 2007, Israel maintained total control of borders except at Rafah. At the Erez crossing, it continued to restrict passage to urgent medical cases, VIPs, and employees of international organizations (all on a case-by-case basis). The IDF also continued to enforce the 300-m no-go zone all along the entire Gaza border and to strictly limit Palestinian fishing off the Gaza coast.

Egypt controlled Palestinian travel at the Rafah crossing, but limited it in deference to Israel. Egypt generally opened the crossing 6 days per week, though it closed the crossing on 5/23-24 during its presidential elections and from 8/5-10 after the Egyptian attack near Kerem Shalom (see "Regional Events and Gaza Access" above). On average per day, 757 Palestinians entered Egypt from Gaza, 37 Palestinians were denied entry to Egypt despite having permits issued by Hamas, and 853 Palestinians were allowed into Gaza from Egypt. (This marked a significant increase from last quarter, when daily averages were 614 Palestinians allowed out, 34 denied entry, and 597 allowed in.)

Movement of goods remained restricted to the Israeli-controlled Kerem Shalom crossing in s. Gaza. On average, 1,178 truckloads per week entered Gaza (up from 942 last quarter, but still only 37% of the weekly average before Hamas's 6/2007 takeover of Gaza), with food items constituting 43% of imports on average (up from 39% last quarter and compared to 20% before the siege, indicating that imports were still

providing subsistence rather than economic stimulation). This quarter, Israel allowed Gazans to export 2 truckloads of garments to Jordan (6/24) and Britain (7/10). Israel also allowed 6 shipments of tomatoes to leave Gaza, 5 in 5/2012 and 1 in 8/2012. In addition, in early 7/2012, Israel allowed the Gaza authorities to import 20,000 tons of construction aggregates that had been stored at the former Sufa crossing since its permanent closure in 10/2007.

Meanwhile, to offset shortages created by Israeli import restrictions, Palestinians continued to smuggle many construction materials and other goods into Gaza via tunnels under the Rafah border. The 8/5–14 closure of the tunnels by Hamas and Egypt after the Kerem Shalom attack (see “Regional Events and Gaza Access” above) caused a 20%–30% spike in the cost of construction materials. As of 8/15, 20% of tunnels had resumed operation.

Fuel shortages in Gaza continued to be a problem. Israel’s ongoing restrictions on imports of fuel and spare parts for repairs meant that Gaza’s power plant and water purification systems could not run at full capacity. Even with Israel allowing Qatar to provide fuel to Gaza as of 6/2012 (see “Regional Events and Gaza Access” above), Gaza continued to experience rolling power cuts of up to 12 hours/day through mid-7/2012. The situation improved around 7/20 when Israel, as a gesture to mark Ramadan, eased its fuel restrictions and allowed the UN Development Program (UNDP) to import new transformers to replace those destroyed by an Israeli air strike in 2006. On 7/26, Gaza’s power plant began operating on 4 turbines for the first time since 2006, and rolling blackouts across Gaza fell to 8–10 hours/day. Barely 2 weeks later, however, Israel suspended fuel imports after the 8/5 attack near Kerem Shalom, except for 1 small shipment from Qatar. By 8/10, Gaza’s power plant was forced to shut down 2 turbines for lack of fuel, causing rolling blackouts across the Strip to increase to 16 hours/day through the end of the quarter.

#### *Settler Attacks on Palestinians*

Settler violence against Palestinians continued at a moderate pace this

quarter, with a total of 36 incidents reported (compared to 37 last quarter). The breakdown of incidents by region was as follows (see the *JPS* Chronology online for details): Hebron (10), Bethlehem and Nablus (8 each), Qalqilya and Ramallah (3 each), Jenin (2), and Salfit (1); the location of 1 incident was not reported. Settler actions included occupying plots of Palestinian land to expand or create new settlement outposts or construct settler-only bypass roads (6/23, 7/9, 2 on 7/19); destroying trees and crops (more than 400 trees destroyed in total; 5/19, 5/24, 2 on 5/25, 5/31, 6/1, 6/2, 6/5, 6/11, 6/17, 7/5, 7/19, 7/24, 7/31, 8/13); vandalizing property (including burning a mosque on 6/19; 5/19; 5/22, 5/24, 6/7, 6/24, 8/2, 8/12); assaulting or harassing Palestinians (5/19, 5/25, 5/29, 6/5, 6/11, 7/14, 7/25); killing livestock (7/14, 8/12); entering Palestinian population centers in shows of force, sometimes under IDF escort (including trying to enter a Palestinian school while classes were in session on 5/27; 7/9, 7/18); and obstructing Palestinian traffic (7/9, 7/29). In 4 instances (5/19, 5/25, 6/5, 6/17) Jewish settlers opened fire on unarmed Palestinians, killing 2 (on 6/17) and wounding 2. In addition, a settler security guard at Ma’ale Adumim settlement in Hebron shot and seriously wounded (6/27) a Palestinian who allegedly attempted to take his gun away.

#### *Demolitions and Confiscations*

At least 27 demolitions were reported this quarter (see *JPS* Chronology online for details). Aside from those meant to tighten Israeli control of Area C (see “Control of Area C” above), most were intended to secure Israel’s control of East Jerusalem (e.g., 5/21, ca. 5/22, 5/28, ca. 5/29, 6/7, 6/12, 6/17, ca. 6/19, 7/1, 7/24, 7/31). These included demolitions of 4 homes and extensions to 3 homes, 5 bedouin tents, 6 shops/businesses, and 1 farm. With regard to many of the house demolitions, Israeli authorities continued their practice of ordering Palestinian owners to carry out the demolition and debris removal themselves or be billed thousands of dollars for Israel to undertake the job.

At least 1 demolition, destroying water and electricity networks near Jenin

(6/7), was notable for occurring in Area B (Israeli security control and Palestinian civil control).

Only 1 case of outright Israeli appropriation was reported this quarter: on 5/24, the IDF confiscated 29 d. of Palestinian land in Dayr Istya village near Salfit for "security and military purposes and to combat terrorist attacks."

#### INTRA-PALESTINIAN DYNAMICS

##### ***Abbas's Long-Awaited Cabinet Reshuffle***

On 5/16, Abbas implemented the long-awaited reshuffle of the PA cabinet, which had resigned in 2/2011 over Al Jazeera's leak of the Palestine Papers but agreed in 4/2011, when national unity talks revived, to stay on as caretaker until a unity government was formed (see QUs in *JPS* 159, 160 for background.) With Salam Fayyad renewed as PM, the new 24-member cabinet had 11 new members, including replacements for 2 ministers removed for alleged corruption. The notable addition to the cabinet was former Birzeit University president and accusing Abbas of abandoning national reconciliation efforts, but Abbas stated (5/16) that the new government would continue in a caretaker capacity and would step down the minute a transitional unity government was agreed.

##### ***National Reconciliation and Elections***

Perhaps as a result of Abbas's cabinet reshuffle, Fatah and Hamas officials (not including Abbas or Mishal) met in Cairo on 5/20 to discuss reviving national unity efforts and reached agreement on a timetable for implementing the 5/2010 national unity accord. The agreement called for: (1) the Palestinian Central Election Commission (CEC; an independent, Ramallah-based organization) to begin updating voter rolls in Gaza on 5/22 (previously blocked by Hamas); (2) formation of an interim government mutually agreeable to Fatah and Hamas by 6/1; and (3) elections for and installation of a new permanent government within 6 months (i.e., by late 11/2012).

On 5/28, nearly a week after schedule, Hamas's acting PM in Gaza Ismail Haniyeh authorized the CEC to begin updating Gaza's voter rolls. The CEC

estimated that the number of eligible but unregistered Gazan voters had grown to as many as 250,000 since the last update for the 1/2006 elections. The CEC stated (5/28) that after the rolls were updated, Abbas would call on the Palestinian factions to meet to set a date for elections. A day before voter registration was scheduled to open across Gaza on 7/3, however, Hamas authorities suspended (7/2) the CEC's work, accusing Fatah authorities of intimidating Hamas supporters in the West Bank to discourage them from participating in the election process. Fatah spokesman Fayez Abu Aita denied the claims and called the Hamas action "a suspension of the reconciliation process."

The next week, the PA unilaterally announced (7/10) that local elections would open on 10/20, with no mention of legislative or presidential elections. Hamas denounced (7/10) the PA for failing to consult them. On 8/5, the CEC opened voter registration for West Bank and East Jerusalem residents in the expectation that the local elections would proceed. Neither Fatah nor Hamas made any move to form an interim government to carry the Palestinians to elections.

##### ***Hamas Politburo Elections***

On 5/21, the *New York Times* reported that Hamas had begun its long-planned secret politburo elections, slated to take place over several months. Still ongoing at the end of the quarter, they were expected to continue through 9/2012, though no details were released. Going into the process, Hamas leaders debated a major restructuring of the leadership and reorientation of the movement in light of the Arab Spring and the stagnated peace process, with Hamas leader Mishal suggesting that he might step down (see QU in *JPS* 164).

##### ***The PA's West Bank Rule***

Abbas's PA continued to face what PM Fayyad called (7/26) an "acute financial crisis," unable to pay salaries or bills in full or on time, and unable to close the projected \$1.1 b. budget gap for 2012 (for the World Bank and UN's assessment, see "Donors" below). Fayyad warned that the crisis, combined with Israel's continued occupation and settlement expansion, seriously eroded the PA's credibility

with Palestinians. Around 7/15, on the eve of U.S. secy. of state Hillary Clinton's visit to Israel, the Israeli government advanced almost \$45 m. in VAT taxes to the PA for 7/2012 (normally paid at the end of the month) to help it cover some civil servants' 7/2012 salaries (though 6/2012 salaries had still not been paid in full). Israel said it had not been asked to do so by Washington.

A Palestinian court convicted (6/7) Muhammad Rashid, the former economic adviser to late PA pres. Yasir Arafat and political ally to Abbas adversary Muhammad Dahlan, of embezzling millions of dollars in public funds during Arafat's rule. Rashid had been charged in 4/2012 by an independent Palestinian anticorruption commission created in 2010. While few if any Palestinians thought that Rashid (who has lived abroad for years and was convicted in absentia) was innocent, many saw the case against him as, in the words of Palestinian analyst Hani al-Masri (WP 6/21), "a reaction to a political dispute [with Abbas], not a continuous fight against corruption." Other critics noted (WP 6/21) that the commission had been selective about the cases it chose to investigate, and that of the more than 80 cases it had investigated, few had led to charges against senior officials.

Reuters reported on 6/4 that the PASF had launched a campaign to crack down on "lawlessness and the proliferation of weapons" in Jenin. As of 7/19, the Palestine Center for Human Rights reported that the campaign was still ongoing, with no signs of ending soon. During this period, the PASF, responding to a wave of drive-by shootings and increased drug trafficking, conducted nightly arrest raids in and around Jenin town and r.c. Among those reportedly arrested were "rogue" members of the security forces accused of exploiting their positions to organize and direct illegal activity.

**Hamis in Gaza**

Hamis authorities in Gaza, facing their own financial troubles, imposed heavy new taxes (early 5/2012) on cigarettes and several other high-demand products smuggled in from Egypt via tunnels, and began taxing shop owners and market vendors who sell produce

by weight. The Hamis government also demolished (7/8) 200 residential structures (180 belonging to 1 clan) in the Abu Amrah area of Gaza City, saying they were built on "state land" without permission. Some families were offered modest compensation. The moves were highly unpopular but did not spark demonstrations.

Hamis authorities also hanged 3 Palestinian prisoners (convicted of murder in 2004, 2009, and 2010).

**PALESTINIAN OPINION**

*The following data are excerpted from a poll conducted by the Jerusalem Media and Communication Center (JMCC) between 20 and 26 May 2012. Results are based on a survey of 1,188 men and women from the West Bank (including East Jerusalem) and Gaza. The poll, the 76th in a series, was taken from JMCC's website at www.jmcc.org.*

**1. Do you think the Palestinian leadership should resume efforts at the UN in pursuit of recognition of an independent Palestinian state even if this would lead to sanctions by the US and Israel?**

	West		
	Bank	Gaza	Total
a. Yes	66.6%	70.6%	68.1%
b. No	26.2%	25.1%	25.8%
c. Don't Know/ No Answer	7.2%	4.3%	6.1%

**2. According to the Basic Law, the legislative and presidential elections should have been held 3 years ago. Do you favor holding elections this year under any circumstances, or do you favor holding elections only after reconciliation is completed?**

	West		
	Bank	Gaza	Total
a. Under any circumstances	38.2%	50.3%	42.7%
b. Only after reconciliation is completed	54.7%	45.3%	51.3%
c. Don't Know/ No Answer	7.1%	4.4%	6.0%

**3. Which political or religious faction do you trust the most? (This was an open-ended question; no options were read to the interviewee.)**

	West Bank	Gaza	Total
a. Fatah	41.3%	34.9%	38.9%
b. Hamas	14.3%	25.5%	18.4%
c. PFLP	2.5%	2.5%	2.5%
d. Islamic Jihad	0.5%	3.2%	1.5%
e. Other Islamist factions	2.3%	0.5%	1.6%
f. Others	3.6%	2.1%	3.0%
g. I don't trust anyone	29.4%	29.8%	29.5%
h. No Answer	6.1%	1.5%	4.6%

**4. Which Palestinian personality do you trust the most? (This was an open-ended question; no options were read to the interviewee.)**

	West Bank	Gaza	Total
a. Mahmud Abbas	22.3%	19.6%	21.3%
b. Marwan Barghouti	11.5%	14.4%	12.5%
c. Ismail Haniyeh	6.8%	18.7%	11.2%
d. Khalid Mishal	7.5%	4.6%	6.4%
e. Others	13.0%	13.4%	13.2%
f. I don't trust anyone	31.9%	28.0%	30.5%
g. No answer	7.0%	1.3%	4.9%

**FRONTLINE STATES**

**EGYPT**

This quarter, Egypt was focused on holding its first free presidential elections. The first round was held on 5/23–24, with the run-off between the 2 leading candidates held on 6/16. On 6/24, after investigating reports of election improprieties, Egypt's election commission declared Mohamed Morsi of the

Muslim Brotherhood's Freedom and Justice party the winner on 6/24. In Gaza, Hamas supporters took to the streets (6/24) in celebration, while Israeli pres. Peres and PM Netanyahu each sent formal letters congratulating Morsi on his victory. (Morsi did not acknowledge the Israeli letters, though diplomatic protocol does not dictate that he should.) Commenting on Morsi's victory in an interview, Israel's former ambassador to Egypt, Zvi Marzel said (6/24) that having a Muslim Brotherhood president in Egypt would make it harder for Israel to respond with a major military operation to Palestinian rocket attacks from Gaza.

***Morsi's Initial Contacts with Israeli and Palestinian Officials***

In the early weeks after Morsi's election, Hamas, the Fatah-led PA, and Israel took steps to build positive, productive relations with the new Egyptian president.

Hamas acting PM in Gaza Ismail Haniyeh met with Morsi at least twice (ca. 7/17 and on 7/27) in Cairo to discuss ways of easing the siege of Gaza and advancing Fatah-Hamas reconciliation prospects. PA pres. Abbas met separately with Morsi ca. 7/17 as well. These talks resulted in the above-mentioned easing of travel restrictions on Gazans entering Egypt through the Rafah crossing (see "Regional Events and Gaza Access"), but no other details were released.

On 7/31, Israeli pres. Shimon Peres's office released the text of a letter it said was from Pres. Morsi, formally responding to a Ramadan greeting sent by Peres on 7/15. The letter, welcomed by Israel, pledged to work to promote Middle East peace and get bilateral Israeli-Egyptian relations back on track, particularly regarding border security. Morsi aides denied (7/31) that any letter was sent, but Peres's office released copies that showed Morsi's name typed (not signed) and an accompanying letter from the Egyptian ambassador on embassy letterhead, indicating that the letter had been cleared with Morsi's office. Official bilateral relations did not suffer and public optimism on future relations increased. Most analysts (e.g., NYT, WP 8/1) believed that the incident simply reflected Morsi's attempt to speak to 2 audiences,

Israel and the international community, and his constituency in Egypt, hostile or at best ambivalent concerning the peace treaty with Israel.

***Attacks on Israel from the Egyptian Sinai***

The other aspect of the Egyptian transformation deeply affecting Israel and the Palestinians was the continuing security instability in the Egyptian Sinai. This quarter saw 3 serious attacks on Israel emanating from Egypt—2 before Morsi's election and 1 after.

The first incident took place on 6/15, when unidentified assailants fired 2 Grad rockets from the Egyptian Sinai into Israel. Both rockets landed north of the resort city of Eilat, causing no damage or injuries. No group claimed responsibility, and Israel did not respond.

In the second incident, on 6/18, 3 unidentified assailants crossed into Israel from Egypt and planted a roadside bomb that they detonated when 2 vehicles passed carrying building materials for Israel's new fence along the Egyptian border; the attackers then opened fire on the vehicles with automatic weapons and rocket-propelled grenades, killing 1 Israeli Palestinian laborer. Israeli border police arriving on the scene exchanged fire with the infiltrators, leaving 2 assailants dead and 4 policemen injured. The 3d assailant escaped back to Egypt and was not pursued. (During a similar attack in 8/2011, IDF soldiers followed retreating gunmen back into Egypt, resulting in a clash with Egyptian security forces that left 3 Egyptians dead, sparked riots in Cairo, and deeply strained bilateral relations; see QU in *JPS* 162.) On 6/19, a previously unknown group calling itself the Mujahiddin Shura Council of Jerusalem (claiming ties to al-Qa'ida) released a video taking responsibility for the attack and identifying the 2 assailants killed by Israel as an Egyptian and a Saudi. Although Israel initially did not blame Gazans for the attack, it later (8/5) assassinated a Palestinian in Rafah affiliated with Gaza's tiny TAJ group, which claims inspiration from al-Qa'ida; another TAJ member targeted was injured. Israel alleged that both men were behind the 6/18 attack.

While Israel did not retaliate against Gaza more broadly, the 6/18 incident fueled tensions between Israel and Gaza that were already high because of Palestinian cross-border attacks and Israeli retaliation (see "Two Rounds of Violence in Gaza" above). When the Gaza violence threatened to spiral, Egyptian mediators stepped in and brokered 2 cease-fire agreements that ended the hostilities as of 6/23.

The 3d attack on Israel from the Sinai took place on 8/5, when 2 armored personnel carriers packed with explosives drove toward the Kerem Shalom commercial crossing, where the Egyptian, Israeli, and Gaza borders converge. As the first of the 2 vehicles breached the border, the IDF ordered an air strike that killed at least 3 assailants and halted the attack, but once again did not pursue the attackers into Egypt. Egypt immediately sealed the Rafah border crossing into Gaza as a precaution, and Israel shut the Kerem Shalom crossing into Egypt.

The attack at Kerem Shalom was actually the last stage of an operation whose first target had been Egypt itself. Earlier that day, up to 35 unidentified gunmen had attacked an Egyptian checkpoint near the Rafah border, fatally shooting 16 Egyptian security officers and wounding 3; the personnel carriers were commandeered by several members of the group, who continued toward Israel. Hamas authorities in Gaza denied any Palestinian involvement, called the attack "terrorism," and closed smuggling tunnels into Egypt as a gesture, stating that "Palestinian resistance factions are committed to fighting only against the Israeli occupation, and they launch their operations only from the Palestinian territories." On 8/6, Israeli PM Netanyahu issued a formal statement of condolences for the officers' deaths, stating, "It is clear that Israel and Egypt have a common interest in maintaining a quiet border."

The 8/5 attack was widely seen as the first major challenge to Morsi's rule, especially as it came just days after the swearing in of his cabinet (which notably included no representatives of more hard-line Islamist parties, as some had expected, but did include several holdovers from former Pres.

Husni Mubarak's government). Morsi responded by projecting his authority in the Sinai and by taking the opportunity to restructure the military and intelligence branches to centralize his control and sideline the Supreme Council of the Armed Forces (SCAF), which had taken control after Pres. Mubarak's fall in 2/2011 and was reluctant to turn over power to a Muslim Brotherhood president. While no group took responsibility for the attack, Egypt suspected (8/6) that Islamist militants persecuted under the Mubarak regime were responsible and vowed a swift response and reassertion of government control over the Sinai Peninsula. On 8/6, Egyptian pres. Morsi and the head of the military, Field Marshal Mohamed Hussein Tantawi, made a joint visit to al-Arish in a show of unity, and Israeli and Egyptian brigadier generals met at Kerem Shalom to discuss their investigations of the incident.

On 8/8, Morsi ordered air strikes on militant targets in the Sinai, marking the first time that Egyptian planes had carried out strikes in the area since the 1973 war. Sources believed (WP 8/9) that Israel had been informed in advance and given its approval. Israel's security cabinet also approved (8/9) an Egyptian request to deploy 5 attack helicopters in the Sinai, modifying the terms of the Israeli-Egyptian peace treaty. In addition, the U.S. opened (ca. 8/11) talks with Egypt on security aid, including discussions with the Pentagon on "ways of increasing and improving the Egyptians' situational awareness in the Sinai."

Meanwhile, Morsi fired (8/8) 3 senior officials for failing to anticipate and prevent the 8/5 attack: intelligence chief Murad Muwafi; the governor of the n. Sinai province, Abdel Waham Mabrouk; and the head of Egypt's military police. On 8/12, he took the provocative step of retiring Field Marshal Tantawi and army chief of staff Sami Anan in an effort to clip the SCAF's wings. The same day, he abolished a SCAF decree that limited his powers to govern, replacing it with his own presidential decree giving himself broad legislative and executive powers, including significant control over drafting a new constitution. Tantawi and Anan stepped down without comment, raising speculation (e.g., WP 8/15)

that Morsi and the chiefs had reached an agreement that if the chiefs went quietly and respectfully, they would not be prosecuted for their actions against demonstrators during the Arab Spring revolt.

#### JORDAN

Jordan was not involved in high-profile diplomacy or meetings involving Israel, the Palestinians, or the peace process this quarter, though it remained in regular contact with the parties behind the scenes. Jordan's primary concern this quarter was the deteriorating situation in Syria and an escalating influx of refugees into the kingdom, which it feared could aggravate domestic tensions and cause instability.

By late 7/2012, Jordan reportedly (NYT 7/26, 8/3) was turning away Syrians attempting to enter Jordan legally, but being more lenient with those fleeing across the border. As for Palestinian refugees trying to flee from Syria, anecdotal evidence suggested that Jordanian authorities barred their entry. Jordan officially denied this, but numerous people at the border crossings claimed to have seen it happen. As of 8/15, Jordan had accepted some 140,000 refugees from Syria, with another 1,000 coming every day.

#### LEBANON

Lebanon, preoccupied by Syria, did not take any major actions this quarter related to Israel, the Palestinians, or the peace process.

#### *The Crisis in Syria Creates Problems in Lebanon*

The escalating Syrian crisis destabilized Lebanon on many levels. By the close of the quarter, almost 35,000 Syrian refugees were in Lebanon, many of them camping in areas along the border. Most were civilians hoping to return home quickly, but many were rebel fighters aligned with the Free Syrian Army (FSA). As Syrian fighting intensified in 7/2012 and Syrian troops increasingly pursued rebel fighters to the border and attempted to block civilians from fleeing, incidents of spillover fighting into Lebanon increased.

By late 7/2012, at least 12 Lebanese reportedly (WP 7/30) had been killed and many more injured by cross-border fire since the start of 5/2012. To avoid escalation, the Lebanese army never engaged. Only the 2 most serious incidents were widely reported: On 7/7, a shell fired by Syrian troops at FSA forces near the border landed in Lebanon, hitting a home, killing a woman and child, and injuring 10 other family members. On 7/21, Syrian troops deliberately shelled a Lebanese border village, and some 30 troops briefly entered Lebanese territory in pursuit of FSA fighters who claimed to have attacked a Syrian border village from Lebanon. Beirut lodged an official complaint with Damascus over the clash, which left 15 Lebanese wounded and 1 Lebanese home burned down.

The instability also aggravated existing sectarian divides in Lebanon. Tensions were particularly high in Tripoli, where twice during the quarter (ca. 5/20 and 6/2) demonstrations by anti-Syrian Sunni groups resulted in fatal clashes, the first with the Lebanese army and the 2d with pro-Syrian Lebanese Alawites. The 5/20 incident prompted accusations that the Lebanese army was acting on behalf of Damascus to target opponents of Syrian Pres. Bashar al-Asad, precipitating clashes in Beirut between pro- and anti-Syrian Lebanese groups that left 2 dead and marked the worst factional violence in Beirut since May 2008 (see QU in *JPS* 148).

Specific events related to Syria also occasionally sparked popular protest in Lebanon. Examples included Beirut protests on 5/23 over the FSA's kidnapping in Aleppo of a group of Lebanese Shi'a returning from a pilgrimage to Iran and mistaken for Hizballah fighters, and 6/17 demonstrations in Sidon against Russia amid rumors of Russian arms shipments to Asad's forces.

Political divides widened during the quarter, with many Lebanese (particularly Sunnis) expressing growing anger at the Hizballah-affiliated government for failing to take a sufficiently tough stand against Asad's actions. In Sidon, one anti-Syrian Sunni group set up (ca. 7/1) a protest encampment calling for the ouster of the government over its "tacit support" of the Asad regime.

There were also increasing rumors and indications that Hizballah, as an organization, was actively aiding Asad's forces.

On 8/10, the U.S. announced new sanctions against Hizballah, accusing it of training, advising, and otherwise aiding the Syrian military in its crackdown against the opposition and even to have fighters on the ground in Syria attacking rebels. Though the U.S. officials said the decision was "based on a great deal of information-gathering," it offered no evidence or details to support its claims. Moreover, analysts said (NYT 8/11) that there was "not a lot of meat" to the allegations, stating that "Hizballah has been taking a very low-key approach to the Syrian crisis precisely because they have such high domestic stakes in Lebanon." The new sanctions were mostly symbolic; the U.S. had already declared Hizballah a terrorist organization in 1995, freezing its assets and barring financial transactions.

The instability in Lebanon and concerns that Hizballah might be actively supporting Asad prompted Bahrain, Kuwait, Qatar, and the UAE to order (5/19–20) their citizens to avoid travel to Lebanon. On 8/15, Kuwait, Qatar, and Saudi Arabia recommended their nationals leave Lebanon immediately.

Meanwhile, the *New York Times* reported (5/25) that in the previous 2 weeks, Iran had offered to finance some dozen projects in Lebanon, including the construction of a hydroelectric dam in Tannourine, a Christian area. The other proposals included infrastructure projects, support for hospitals, and funding for Persian language classes in universities. Analysts saw this as an effort to expand Iran's influence and favor in Lebanon. The Hizballah-affiliated government did not immediately accept any of the offers.

### ***Security Issues Affecting Palestinians***

In the one significant security event in Lebanon this quarter involving Palestinians: Palestinian refugees on 6/15 surrounded and threw stones at Lebanese soldiers attempting to prevent a Palestinian from bringing a motorcycle into Nahr al-Barid r.c. near Tripoli. (Nahr al-Barid is the only Palestinian camp in Lebanon still under direct

Lebanese army control. It was almost totally destroyed by the Lebanese army in 2007, during clashes with Fatah al-Islam members inside the camp that left some 400 people dead; see QUs in *JPS* 145–46.) The soldiers opened fire on the crowd, killing 1 Palestinian and wounding 3 others. At the 6/18 funeral of the slain Palestinian, clashes broke out between mourners and soldiers that left 1 Palestinian dead and 7 Palestinians and 3 Lebanese soldiers injured. The clashes spread (6/18) to ‘Ayn al-Hilwa r.c. in Sidon, where at least 1 Palestinian was killed and 3 Palestinians and 3 Lebanese soldiers were injured. Demonstrations were reported on 6/18 in Bid-dawi r.c. near Tripoli and Shatila r.c. in Beirut, but no clashes or injuries were reported there.

Also of note: Lebanon released (6/19) 9 Islamists (7 Lebanese, 1 Palestinian, 1 Saudi) tied to Fatah al-Islam who were among the approximate 180 people detained during the 2007 Nahr al-Barid clashes.

#### SYRIA

This quarter, the Syrian government was entirely absorbed in its increasingly bloody battle to suppress opposition forces seeking to overthrow Pres. Bashar al-Asad. The civil unrest spread nationwide, with casualty tolls reaching as high as 19,000 by 8/15 (meaning nearly 10,000 killed during the quarter). In the circumstances, any sort of direct Syrian involvement in Palestinian affairs or the peace process was impossible.

#### *Dangers for Palestinians in Syria*

Palestinian refugees were drawn deeper into the Syrian civil war this quarter, especially since many Syrians took refuge from the fighting inside the Palestinian camps, which were seen as relative safe zones that the government preferred not to touch. By 8/1, for example, an estimated 300,000 Syrians had taken refuge in and around Yarmuk, an unofficial Palestinian refugee camp (pop. 150,000) near Damascus.

Yarmuk’s situation was extremely dangerous, however, as the camp abutted the Damascus neighborhood of Tadamon, which had become a Free Syrian Army (FSA) stronghold. The FSA agreed

to Palestinian demands to stay out of the camp to protect civilians inside, but spillover from FSA-government fighting was inevitable. Several small antigovernment demonstrations were reported (see NYT 5/29) in Yarmuk early in the quarter, though it was unclear whether they were attended by Palestinians, Syrians, or both; Syrian government forces ignored them.

On 6/26, Palestine Liberation Army (PLA) Col. Ahmad Salih Hassan was shot dead near Damascus. The PLA is technically a wing of the PLO but has been incorporated into the Syria army. Government sources thus blamed the FSA for Hassan’s killing, whereas opposition groups claimed he had been killed by government forces for refusing orders to target the FSA. Hassan was the 6th PLA officer to be killed since 1/2012.

On 7/12, 13 PLA fighters were abducted from the Nayrab r.c. in Aleppo and killed, sparking 2 large protests in Yarmuk on 7/12 and 7/13. The 7/13 demonstration marked the first time that the Syrian army opened fire on Yarmuk protesters, precipitating clashes inside the camp between the army and the FSA. Details of casualties were not reported, but the incident was seen (e.g., Ma’an News Agency 7/22) as “a significant tipping point” in Palestinian involvement in the civil war.

On 8/1, the FSA and the army blamed each other for several shells that hit a market area in Yarmuk, killing at least 21. The PLO and Hamas condemned the incident but did not assign blame. However, some opposition sources (see NYT 8/3) believed that the shells had indeed been fired by the FSA, speculating that the FSA had used the cover of a clash with the army to target the Popular Front for the Liberation of Palestine-General Command (PFLP-GC) office in Yarmuk, which had been arming pro-government forces in the area, accidentally hitting the market instead. Earlier, in a television interview in Beirut on 7/3, PFLP-GC leader Ahmad Jibril stated that his faction, along with Hizballah and Iran, would fight to defend Pres. Asad if foreign forces intervened in Syria. Jibril claimed to have discussed the matter with Hizballah leader Hasan Nasrallah, but Hizballah did not comment.

Meanwhile, Hamas reported (6/28) that senior IQB official Kamal Ghanaja (an aide to assassinated IQB commander Mahmud al-Mabhuh; see QU in *JPS* 155) had been killed in Damascus. His body, bound and tortured, was found in his burned Damascus home. While Hamas accused Israel of assassination, Israel said it believed (6/28) that the Syrian regime, angry over Hamas's refusal to support Asad, carried out the murder. Syrian opposition groups suspected (6/28) pro-government militias.

### ***The Impact on Israel***

For the first time, on 8/4, IDF soldiers shot and wounded a Syrian man attempting to cut through the border fence on the Golan Heights to flee the fighting in Syria. Syrians on the Syrian side of the border evacuated him. Israel reported (8/4) that several Syrians had tried to escape into Israel in recent weeks as Syrian violence had escalated, but had fled warning shots unharmed.

Of note: The *Washington Post* ran (8/8) a special report on tensions in Druze villages in the Golan Heights over the civil war in Syria, noting that deepening divisions between Asad loyalists and an increasing number of critics occasionally erupted in violence.

## **REGIONAL AFFAIRS**

No major regional meetings related to the Palestinians or the peace process took place this quarter. Most countries were still focused on the domestic and regionwide transformations generated by the 2011 Arab Spring, and were particularly concerned by the civil war in Syria.

Increasingly there were fears that the deterioration in Syria would exacerbate the Sunni-Shi'a sectarian divide regionwide, since the Syrian rebel forces facing the Alawite regime appeared to be predominantly Sunni. Reports from inside Syria continued to be nearly impossible to confirm, but rumors abounded of Hizballah and Iranian Revolutionary Guard forces aiding government troops on the ground, and of mercenaries and perhaps al-Qa'ida forces crossing into Syria to aid the opposition. Turkey, already confronted with a semi-autonomous Kurdish region on its border with

Iraq, had growing concerns that the breakdown of Syria's central authority could lead to the formation of another autonomous Kurdish enclave on its border, thus encouraging its own restive Kurdish minority.

Turkey, Kuwait, Qatar, Saudi Arabia, and the UAE led the regional opposition to the Syrian regime and actively sought Asad's ouster, including by funding and providing arms to Syrian rebels through Turkey. The U.S., meanwhile, worked closely with all 5 governments to direct support and provide intelligence assistance to the Syrian opposition. CIA operatives were reportedly (e.g., NYT 6/21) in southern Turkey (and possibly along the Lebanese and Jordanian borders) "vetting rebel groups" to identify which were worthy of financial and military support. U.S. officials said (6/20) that the administration was also considering providing opposition fighters with satellite imagery and other intelligence on Syrian troop movements and helping the opposition set up its own "rudimentary intelligence service."

At a meeting in Istanbul between U.S. secy. of state Clinton and Turkish FM Ahmet Davutoglu at the close of the quarter (on 8/11), U.S. and Turkey agreed to create a formal joint team to help Syrian rebels plan for a "post-Asad future," manage other aid to the rebels, and coordinate refugee aid. The team was also tasked with drawing up "worst-case scenario contingencies," including examining the possibility of imposing a no-fly zone and providing humanitarian air lifts.

## **TURKEY**

With Turkey's regional role this quarter focused almost entirely on Syria, Ankara did not make any efforts to mediate between Palestinian factions or undertake diplomatic missions related to the peace process, as it had in the past.

### ***Deterioration between Turkey and Syria***

Two incidents this quarter brought Turkish-Syrian relations to a new low and increased the chances that the Syrian crisis could become a broader regional conflict.

First, on 5/30, Turkey expelled Syrian diplomats because of the execution-style killings of at least 108 Sunni villagers (including 49 children [32 under age 10] and 34 women) in Houla and Taldo villages north of Homs by Alawite villagers angry over the FSA's assassination of an influential local Alawite military commander.

Then, on 6/22, Syria shot down a Turkish plane entering its airspace, saying its flight pattern forced immediate defensive action. Turkey initially seemed to downplay the incident, and Syria too seemed desirous to smooth it over. However, on 6/24, the U.S. declared that it was consulting with allies regarding "next steps" in response to the "brazen and unacceptable act" by Syria. The same day, Turkey asked NATO to investigate, notably by invoking article 4 of the NATO charter (which requests consultation with other NATO powers), rather than article 5 (which would request NATO powers to come to its defense). Analysts interpreted (WP 6/25) the move as sending the message that Turkey found the shoot-down highly unacceptable but did not want to raise the diplomatic stakes. After receiving a strong declaration of support from NATO, Turkey said (6/26) that it would not "immediately retaliate" militarily, but would henceforth take action against any Syrian military force that approached the Turkish border, effectively changing the rules of engagement along their common border. In issuing the decision, Turkish PM Recep Tayyip Erdogan noted (6/26) that Syrian troops had strayed into Turkish territory in pursuit of rebels at least 5 times since the conflict within Syria began. The FSA praised the action, saying that pushing Syrian government forces away from the border would boost opposition forces.

#### ***Turkey's Relations with Israel***

Relations with Israel this quarter continued to be strained over Israel's 2010 attack on an international aid flotilla to Gaza that killed 9 Turks aboard the *Mavi Marmara* (see QU in *JPS* 157). On 5/28, a Turkish court indicted 4 former senior IDF commanders (the former IDF chief of staff Lt. Gen. Gabi Ashkenazi and those who headed the Israeli navy, air force, and military intelligence) who

were in authority when the attack occurred. On 6/4, the court ordered the government formally to inform Israel of the charges and set a trial date of 10/6/12, but did not issue international arrest warrants. The 4 Israelis were not expected to appear for trial, but could be tried in absentia.

Soon after, Israel's state comptroller Micah Lindenstrauss issued (6/13) a long-awaited report faulting PM Netanyahu for "poor decision-making" in the lead up to the 2010 flotilla incident, concluding that Netanyahu did not listen to IDF warnings that the boarding of the flotilla could lead to violence and had not consulted adequately.

#### **IRAN**

This quarter, Iran reopened negotiations on its nuclear program with the P5+1 (the 5 permanent members of the UNSC plus Germany) under the heavy weight of international sanctions. Iran was also accused of a string of attacks and plots against Israeli and U.S. targets in several countries.

#### ***Two Rounds of P5+1 Talks in Baghdad and Moscow***

Last quarter, Iran and the P5+1 revived nuclear talks for the first time since 1/2011 (see QU in *JPS* 159). Though the 4/2012 session in Istanbul only laid out the positions of each side, the meeting cooled tensions and raised hopes of a serious dialogue (see QU in *JPS* 164). A 2d meeting was planned for 5/23–24 in Baghdad to draft specific proposals for reaching "a comprehensive negotiated solution which restores international confidence in the exclusively peaceful nature of the Iranian nuclear program" and for moving the parties "to a sustained process of serious dialogue."

In preparation for the 5/23–24 talks, Iran and the International Atomic Energy Agency (IAEA) held 2 days (5/17–18) of "successful" technical discussions, and IAEA head Yukiya Amano met (5/21–22) with Iranian nuclear negotiator Saeed Jalili in Tehran, where Iran agreed in principle to provide the IAEA with access to all Iranian nuclear scientists and facilities but put off signing a formal statement to this effect. P5+1

nations called the deal “a step in the right direction,” but said they would judge Iran by its actions.

At the Baghdad talks on 5/23–24, the P5+1 asked Iran to limit enrichment of uranium to 5% purity (down from 20% purity), ship its stockpile of 20%-pure uranium abroad, and agree to eventually shut down its underground Fordo enrichment facility. In return, the P5+1 would provide some “technical cooperation” (e.g., spare parts for civilian planes), but sanctions would not be eased until a later stage. Jalili presented a counterproposal that included demands that the P5+1 (1) immediately lift or postpone some sanctions in recognition of the progress made in talks with Amano (though Iran apparently still had not signed a formal agreement); (2) acknowledge in writing Iran’s right under international law to enrich uranium for civilian use; and (3) expand talks to “incorporate the escalating conflict in Syria.” The U.S. vetoed these demands, noting Iran’s ongoing noncompliance with the NPT’s strict inspection regime and stating that discussions must be restricted to Iran’s nuclear program “in this round of talks.” Talks closed on 5/24 without agreement but with plans to meet again on 6/18–19 in Moscow.

In the interim, the IAEA reported (5/25) that its most recent data showed a brief spike in Iranian uranium enrichment to 27% purity in 2/2012 (saying it was most likely an “innocuous aberration,” but perhaps not), as well as evidence that Iran had added centrifuges at its Fordo plant to speed enrichment. Amano said that IAEA inspectors were investigating the spike, but noted that the NPT places no restriction on the purity of enriched uranium but only states that it must be restricted to civilian use. (Most civilian reactors enrich to only 4% purity, whereas 90% purity is needed for a weapon.) Iran responded by publicly stating (5/27) that it had no intention of halting enrichment of uranium to 20%, that the uranium was for its medical nuclear reactor, and that it planned to start building 2 more civilian nuclear reactors in Bandar-i Bashir in 2013.

IAEA and Iranian technical teams met at the IAEA headquarters in Vienna on 6/8 to discuss outstanding

IAEA demands for access to Parchin military complex, where Iran allegedly tested a nuclear-weapon triggering device in 2003. However, in the days since the Baghdad talks, Iran had started demanding to see the documents that raised IAEA suspicions about Parchin, alleging that they were forged and accusing (6/6) some IAEA inspectors of being spies. At this session, IAEA said that Iran “raised issues that we have already discussed and added new ones,” making any agreement impossible and dimming hopes for progress at the upcoming Moscow talks.

At the Moscow talks on 6/18–19, Iran expressed new willingness to consider halting enrichment of uranium to 20% purity if the international community rolled back sanctions and acknowledged Iran’s right to enrich uranium. The P5+1 said it would be willing to reduce sanctions after Iran met specific benchmarks of compliance with international agreements, but would not delay or waive sanctions in advance. The rest of the meeting involved a contentious debate over the sequencing of steps by the sides. The meeting concluded with both sides stating that the talks had been so detailed and so heated that they needed a break to digest all that had been discussed and to confer with their governments. They agreed to send technical experts to Istanbul on 7/3 “to make sure all clearly understood the nature of both sides’ proposals” and to gauge the prospects for narrowing gaps. The chief negotiators, EU foreign policy chief Catherine Ashton and Iran’s Jalili, would then meet to “consider the possibility of more negotiations.”

Technical teams met in Istanbul as planned on 7/3 but gave no details of their talks. Deputies for Ashton and Jalili followed up with a meeting in Turkey on 7/24 to discuss how to reduce gaps between the sides and move negotiations forward. No further talks were held or planned before the close of the quarter.

### **Sanctions**

The P5+1 had deliberately scheduled the Moscow talks to be held before 2 planned rounds of stiff new sanctions were imposed by the EU and U.S. The hopes (unfulfilled) was that Iran would

compromise in the face of looming penalties. U.S. sanctions on countries doing business with Iran's central bank went into effect on 6/28, but included 6-mo. exemptions for 20 countries reliant on Iranian oil but which had made significant efforts to scale back their purchases. This exemption left China as the only major importer of Iranian oil likely to face U.S. penalties. On 7/1, major EU sanctions went into effect barring European countries from importing Iranian oil and prohibiting European-based insurers from covering Iranian oil shipments anywhere.

As of 7/12, the U.S. House and Senate had started drafting legislation that would impose new sanctions on Iran and tighten existing ones to make it harder for Iranian businesses to export goods, buy insurance, or obtain foreign financing. The White House urged caution, however, stating that overly broad sanctions could harm allies, such as Turkey and the UAE, and therefore make it harder to build international consensus against Iran. By 7/31, the White House and Congress agreed on wording, and a compromise bill became law on 8/10.

Several other steps were taken this quarter to tighten loopholes in existing U.S. sanctions: The White House barred (7/31) transactions with 2 banks in China and Iraq deemed to be financial surrogates for Iranian institutions previously sanctioned by the U.S. and EU. The Treasury Dept. expanded (7/31) restrictions on the purchase of Iranian products derived from petroleum and added (7/12) several subsidiary companies and some individuals to existing black lists. It also blacklisted (8/10) a Syrian oil company for trading with Iran.

As of 6/11, economists estimated (WP 6/12) that Iran had lost \$10 b. in oil revenues alone since the new sanctions went into effect in 1/2012. By 7/31, U.S. officials reported that since 1/2012, Iran's riyal had lost 38% of its value, oil exports had fallen 40%–50%, and Iran was losing about \$9 b. per quarter in revenue. As of 7/4, Iranian oil tankers anchored in the Persian Gulf were storing excess oil that found no purchasers.

### ***Iran and Hizballah Allegedly behind Attacks on Israelis***

In a major incident on 7/18 in Bulgaria, a suicide bomber detonated a device outside a bus boarding Israeli tourists in the port city of Burgas, killing at least 6 Israelis and wounding 32 plus the Bulgarian tour operator. Israel immediately blamed (7/18) Iran for the blast. On 7/19, U.S. intelligence officials gave their assessment that a Hizballah cell linked to Iran carried out the attack in retaliation for recent Israel assassinations of Iranian nuclear scientists. Neither the U.S. nor Israel provided any hard evidence. Iran denied (7/18) the allegations, and no group took responsibility.

Tensions escalated this quarter between Iran and Azerbaijan over Azerbaijan's expanding military ties with Israel and allegations that Iran had plotted attacks on Jewish targets in Baku (see QUs in *JPS* 163–64), ultimately sparking (mid-5/2012) protests in Tehran and Baku and resulting in the recall of the Iranian ambassador on 5/22 and Azerbaijani ambassador on 5/30. Around this time, also to protest Israeli-Azerbaijani military ties, Iran was closing a main border crossing into Azerbaijan for days at time, stranding commercial trucks and hampering trade. Azerbaijan also denied a senior Iranian official entry to the country.

Meanwhile, the *Washington Post* ran (5/28) a special report alleging new proof of an elaborate plan orchestrated by Iranian and/or Hizballah operatives to assassinate U.S. embassy officials and their families in Azerbaijan. The plot reportedly was foiled by U.S., "Middle Eastern" (likely Israeli), and Azerbaijani intelligence services. The intelligence sources suggested that the plot was part of a broader Iranian agenda over the previous 13 months to kill foreign diplomats in at least 7 countries (including Georgia, India, Pakistan, Thailand, Turkey, and the U.S.; see QUs in *JPS* 162–64 for background). Azerbaijani officials said their evidence included phone records, forensic tests, and evidence that the cell phone SIM cards of the assailants had been purchased in Iran. The U.S., however, refrained at this stage from accusing Iran or Hizballah of

direct involvement. Angry over the accusations, Iran accused Azerbaijan of helping Israel assassinate Iranian nuclear scientists; Baku denied this; Israel refused to comment. On 6/25, after a month of high tensions, Iran returned its ambassador to Baku in what was viewed (*al-Akhhbar* 6/25) as an effort to smooth over relations, but Azerbaijan did not reciprocate.

In Kenya, 2 Iranians were detained ca. 6/20 on charges of plotting an attack on Israelis. On 6/26, 1 of the Iranians stated that he had been interrogated by Israeli agents. Asked to confirm, Israel's ambassador to Kenya said only that the matter was an internal Kenyan affair.

In Cyprus on 7/7, police, acting on a tip from Israeli intelligence, arrested a suspected Hizballah operative (a dual Lebanese-Swedish citizen) for allegedly plotting an attack on Israeli tourists.

Britain and Iran began to repair their bilateral relations, which Britain severed in 11/2011 after the British embassy in Tehran was attacked by demonstrators (see QU in *JPS* 163). At Iran's request, British and Iranian FMs met on the sidelines of a conference in Afghanistan to discuss bilateral relations, the P5+1 nuclear talks, and Syria. On 6/28, the countries agreed to reestablish interest sections in each other's countries. On 7/15, Iran began operating an interest section out of the Omani embassy in London, and Britain began running an interest section out of the Swedish embassy in Tehran.

#### ***Other Covert Actions and Military Moves***

Throughout the quarter, the U.S. and Israel on one hand and Iran on the other continued covert efforts to destabilize each other. U.S.-Israeli actions involved primarily cyberattacks, whereas Iran's were mainly military posturing.

On 5/29, Iranian officials confirmed reports that government computers were under attack by a sophisticated new virus called Flame, and accused Israel and the U.S. of being behind it. (The U.S. declined to comment, while Israeli officials stated on 5/29 that "Israel is blessed with being a country rich in hi-tech... both in the civilian and defense sector" and that "it's certainly reasonable that [someone who views

Iran as a threat] uses all means at his disposal, including these, to harm the Iranian nuclear system.") The new virus, which had been detected on Iranian computers for several months, was a keystroke-logging program that stole data from infected computers and that could be controlled remotely by whoever installed the program.

Weeks later, unidentified U.S. and Western officials confirmed to the *Washington Post* (6/20) that the U.S. and Israel jointly developed the Flame virus to map and monitor Iran's computer networks in preparation for a major cyberwarfare campaign. They said, however, that Israel deployed the virus unilaterally, without consulting the U.S., leading to its premature detection by Iran and to development of critical Iranian countermeasures. U.S. intelligence officials had hoped that Flame would reside undetected on Iran's networks for years sending back valuable information. Computer experts said (WP 6/20) that Flame contained "DNA-like evidence" linking it to the Stuxnet virus (see QU in *JPS* 158). This would make the Stuxnet and Flame attacks the first recorded sustained cybersabotage campaign against a state.

As of 8/9, experts said that a new malware program spreading across Lebanon, named Gauss, was clearly the product of the same developers as Stuxnet and Flame. Gauss had stolen customer data from banks (including Citibank and the online service PayPal) apparently to track money flowing into and out of accounts, and seemed designed only for surveillance, not attack. Analysts noted that the virus had also popped up in Israel, the occupied territories, and several other countries worldwide. Given Gauss's link to the viruses that attacked Iran and the manner in which it was deployed in Lebanon, most experts believed (e.g., NYT, WP 8/10) that it was probably intended to identify and monitor Hizballah's finances.

Meanwhile, Iran declared (6/12) that it had begun building a nuclear-powered submarine. Experts feared (see NYT 6/13) that Tehran would use the project to claim the need to produce highly enriched uranium. Similarly, on 7/15, an Iranian parliamentary comm.

approved and sent to parliament a bill that would require the government to design nuclear-powered merchant ships and provide them with nuclear fuel, arguing in part that sanctions required the change because too many countries were barring Iranian ships from refueling.

Iran also played up its missile program, which could be deployed offensively or defensively, in an effort to underscore that a preemptive strike on Iran could be risky. The Iranian Republican Guard held desert war games 7/3–6 simulating surface-to-surface missile attacks on models of foreign bases. The military also successfully test-fired (8/4) a new short-range ballistic missile that could strike land or naval vessels. U.S. analysts reported (WP 7/27) that Iran was rapidly amassing sophisticated missiles and fast-attack boats and submarines that could do serious harm to U.S. naval vessels in the Gulf in the first hours of a military conflict.

Meanwhile, a federal grand jury in the U.S. indicted (7/13) 2 foreign nationals, an Iranian (detained in the Philippines and awaiting extradition to the U.S.), and a Chinese (at large), on charges of plotting to help Iran acquire rare metals and sensitive U.S. technology that could be used to build advanced uranium centrifuges and other aspects of a nuclear weapon or sophisticated ballistic missile program. Some materials apparently made it to Iran.

Also of note: On 8/5, Iran aired what it called the voluntary confessions of more than a dozen alleged conspirators in the killing of 5 Iranian nuclear scientists since 2010; the alleged conspirators said that they had been trained in Israel by the Mossad.

## INTERNATIONAL

### UNITED STATES

With U.S. presidential campaign in full swing, the Obama administration this quarter sought to avoid the contentious Israeli-Palestinian issue as much as possible, considering that any move toward peace before elections was a virtual impossibility. The only notable engagement on the issue was Secy. of State Clinton's 7/16 visit to Israel and

Ramallah, where she urged the sides to revive talks but said that the U.S. could not want peace more than the parties themselves (see "Mofaz's Brief Tenure as Israeli Peace Coordinator" above). U.S. Middle East efforts this quarter were largely driven by the unfolding events in Syria and the Israeli-generated escalation over the Iran nuclear issue. In particular, much of the Obama administration's unfolding policy on Iran in particular was reactive, coming in response to repeated Republican accusations that Obama was "throwing Israel under the bus" and not adequately attentive to its ally's needs. Meanwhile, as the Iran issue underscores, support for Israel was a major issue of the presidential campaign itself. Both Pres. Obama and Republican candidate Mitt Romney made considerable efforts to portray themselves as staunch defenders of the U.S.-Israel special relationship.

### *Romney's Visit to Israel*

With the presidential race at the time of writing too close to predict, Republican presidential candidate Mitt Romney's 6-day international tour (7/26–31) of Britain, Israel, and Poland, intended to point up his foreign policy skills, assumed importance. The theme of the trip was "locking arms with the nation's allies." Aides said (7/26) that on the Middle East, Romney intended to highlight his differences with Obama on the peace process, support for Israel, Iran's nuclear program, and withdrawal from Afghanistan. The visit to Israel (his 4th ever and his 2d as a candidate, the first having been in 1/2011) also aimed at increasing his support among evangelical Christian voters wary of his Mormon faith and among Jewish Democratic voters disappointed by Pres. Obama.

En route to Israel, Romney's foreign policy aide Dan Senor (a neocon who made his name as spokesman for Paul Bremer and the U.S. provisional authority in Iraq and whose sister, Wendy Senor Singer, is the head of AIPAC's Jerusalem office) stated that if elected, Romney would "respect" an Israeli decision to strike Iran unilaterally. The comment was widely seen (e.g., *Los Angeles Times* 7/29, *Washington Times* 7/30) as implicitly endorsing a unilateral Israeli strike on Iran and, given Senor's neocon

credentials and senior adviser status, as suggesting that a Romney administration would adopt an aggressive, interventionist foreign policy in the Middle East similar to that of the Bush presidencies.

While in Israel (7/28–30), Romney prayed at the Western Wall, gave a public address to 300 select supporters in Jerusalem (in which he called Jerusalem the capital of Israel), and held a \$50,000-per-couple fundraising breakfast for big donors (the first fundraising event for a U.S. presidential candidate ever to be held in Israel). In his speeches, he vowed to support Israel's right to defend itself and called on Israel and the U.S. to use "any and all means" to prevent Iran from obtaining a nuclear weapon. He did not, however, repeat Senor's comment that he would "respect" an Israeli decision to strike Iran unilaterally, nor did he mention the Palestinians or the peace process. On 7/28, Romney met with his former business colleague PM Netanyahu, who made kind remarks but was seen (e.g., WP 7/30) as taking care not to appear to take sides in the election. Romney also met (7/29) with Israeli pres. Shimon Peres and PA PM Salam Fayyad, but at the last minute canceled a planned meeting with Labor party officials (representing the Israeli opposition).

At the 7/30 breakfast for top donors, Romney told supporters that the Palestinian economy was more the victim of "cultural" flaws than of Israeli restrictions. He also significantly understated Israeli GNP (\$21,000 per capita vs. \$32,282) and dramatically overstated Palestinian GNP (\$10,000 vs. \$1,600). Palestinian chief negotiator Saeb Erakat remarked (7/30): "All I can say is that this man needs a lot of education. He doesn't know the region, he doesn't know Israelis, he doesn't know Palestinians, and to talk about the Palestinians as an inferior culture is really a racist statement."

While Romney, in keeping with long-standing protocol that a presidential candidate abstain from criticizing a sitting president while abroad, avoided direct mention of the president in his Israel speeches, his statements were clearly intended to attack Obama's policy stands. The Obama camp, however, took steps to counter Romney's

message, for example by deliberately timing its leak about a briefing, over dinner in Jerusalem ca. 7/16, by NSA Donilon of an Israeli official concerning "U.S. contingency plans for any attack on Iran" to coincide with Romney's Israel visit. Publication of the story in *Ha'Aretz* on 7/29 drove home the message that the U.S. was making serious preparations for a military strike if such action were deemed necessary.

The administration also sent several senior officials to Israel before and after Romney's visit, so that Obama's message would bracket Romney's and his administration would be seen as actively coordinating with Israel. These visits included most prominently Secy. of State Clinton and NSA Donilon's 7/16 meetings in Jerusalem and Ramallah with Israeli, Palestinian, and Quartet envoys (see "Mofaz's Brief Tenure as Israeli Peace Coordinator" above); U.S. counterterrorism chief John Brennan's visit (ca. 7/24) to Israel to discuss policies on Iran and other regional concerns; and U.S. defense secy. Leon Panetta's regional tour (7/29–8/1, including meetings with Israeli PM Netanyahu and DM Barak) in which he repeatedly emphasized to the press that Netanyahu and Obama were united in support of sanctions on Iran.

Of note: In an interview with CNN from Jerusalem, Romney said (7/28) that the U.S., in consultation with Israel, should move its embassy to Jerusalem. White House spokesman Josh Earnst immediately responded (7/28) with the statement: "The view of this administration is the capital should be determined in final status negotiations between the parties. That's the position held by the previous administrations, both Democratic and Republican. If Mr. Romney disagrees with that, then he also disagrees with the position of presidents like Bill Clinton and Ronald Reagan."

#### **Other Election 2012 News**

At a private fundraising event in Florida on 5/17 secretly taped and leaked to the media on 9/18 (see Doc. D1), Republican presidential frontrunner Romney stated that "the Palestinians have no interest whatsoever in establishing peace" and are "committed to the destruction and elimination of Israel." He also

opposed creation of an independent Palestinian state, assuming that it would become a client state of Iran. In terms of a U.S. mediating role in the peace process, he said that “the idea of pushing on *the Israelis*—to give something up, to get the Palestinians to act, is the worst idea in the world.” In response to the leak, which was seen (e.g., NYT 9/19) as likely to damage Romney’s ability to act as a peace broker if elected, Romney stated (9/18) that he stood by his longtime support for the U.S. official position advocating a negotiated 2-state solution. (He had reiterated that position in 7/2012 during his 2-day visit to Israel, ahead of the Republican national convention.)

Casino magnate and major pro-Israel political donor Sheldon Adelson, who previously pledged to spend \$100 m. of his personal wealth to defeat Obama, gave (6/13) \$10 m. to pro-Romney super PAC (political action committee) Restore Our Future. This election marked the first time that unlimited corporate donations were permitted through super PACs, having been judged legal by a 2010 Supreme Court ruling. In addition, Adelson agreed (7/24) to give at least \$6.5 m. to fund a new advertising campaign (word of mouth, social media, television) by the Republican Jewish Coalition aimed at drawing Jewish voters in the key battleground states of Florida, Ohio, and Pennsylvania away from Obama to Romney. (Adelson and his wife also attended Romney’s exclusive \$50,000-a-couple fundraising breakfast in Jerusalem on 7/30.)

The Washington-based Israel Project hosted (6/18) a debate between foreign policy advisers to Obama and Romney, covering numerous issues including Iran, Syria, military aid, and Obama’s commitment to Israel. Romney advisers accused Obama of failing to support Israel and of being more concerned about preventing Israel from attacking Iran. Obama adviser Robert Wexler called Obama’s “degree of military and strategic support [to Israel] unparalleled,” emphasizing that the Obama administration had worked strenuously behind the scenes to ensure there was not a UNSC vote on Palestinian statehood after the Palestinians submitted their application for statehood recognition at the 9/2011 UNGA session.

Meanwhile, White House officials convened (5/21) a meeting with American Jewish leaders to reassure them that the Obama administration was committed to keeping Iran free of nuclear weapons. In addition, at least 25 Senate Democrats (of 53 total) met (5/23) with reps. of 17 American Jewish groups in Washington for talks on Iran and other domestic issues. The senators challenged the Jewish leaders’ portrayal of Obama as weak on Iran, stating that more time was needed for strong sanctions to have deep impact. The off-the-record function is organized by the Democratic Steering and Outreach Committee roughly every year to 18 months. Sen. John Kerry (D-MA), who was deeply involved in forming the current U.S. policy on Iran as chairman of the Senate Foreign Relations Comm., said the Obama administration was willing to take military action if necessary, but was concerned about Israel acting alone, stating: “If we must act, we should act together.”

Also of note: The *New York Times* ran (5/24) a special report on a congressional race for a House seat representing Queens, NY, that had been dubbed “Israelapalooza” for the way in which the candidates had touted their pro-Israel credentials in effort to win the endorsement of Ed Koch, the influential former Democratic mayor of New York City, and the votes of Jewish constituents, who make up 20% of the district’s population. For example, candidate Grace Meng, who made her political career as an advocate for Chinese-Americans (and yet has never visited China), heavily promoted her recent visit to Israel.

#### ***Israel and the U.S. Debate Military Action against Iran***

This quarter Israeli PM Netanyahu stepped up pressure on Pres. Obama to publicly declare red lines for Iran’s nuclear program, past which the U.S. would take military action. At the same time, Israel openly debated striking Iran itself, possibly before the 11/2012 U.S. presidential elections. Many analysts believed (e.g., NYT 8/16) that Netanyahu generated the escalation over Iran’s nuclear program at least in part to influence the U.S. elections and to bring the next U.S. administration (whether

Obama's or Romney's) into line with his position on Iran.

Israeli officials addressing a security conference in Tel Aviv on 5/30 provided a window into Israel's internal debate: Israeli DM Ehud Barak noted that Israel and the U.S. had different assessments of the Iranian nuclear timetable, stating, "Our clock is ticking faster." He said Israel believed that Iran was rapidly approaching a "zone of immunity"—the point at which its nuclear facilities would be so decentralized and well-fortified that they would be beyond reach of a military strike. PM Netanyahu stated that the only "safe route" for Iran was to stop all enrichment, send all its uranium abroad, and dismantle its nuclear facilities at Fordo, all of which must be verified by the IAEA. Arguing against a strike, former Mossad chief Meir Dagan stated, "If we bomb . . . we will give them the legitimacy to attain nuclear military capability." Lt. Gen. Gabi Ashkenazi (Ret.), former IDF chief of staff, recommended that more time be given for diplomacy and sanctions to work.

Obama ultimately remained committed to exhausting diplomacy with Iran first and refused to set red lines, but under Israeli pressure he repeatedly adjusted his stand on preemptive military action. As the quarter opened, U.S. officials were just beginning to tell Israelis in private that the U.S. was willing *in principle* to take military action if Iranian nuclear advancements continued. Israeli sources quickly made the matter public. On 5/17, the Associated Press (AP) leaked a recording of a private talk given recently by the new U.S. amb. to Israel Dan Shapiro to the Israeli Bar Association in which he stated that the U.S. was ready and willing to use military force against Iran if diplomacy and sanctions pressure failed. He stated that the military option was "not just available, but it's ready. The necessary planning has been done." The AP quoted an anonymous Israeli official as stating: "Quite clearly he didn't mean this to be public. . . . For the Iranians to understand that he really means it, they have to hear it publicly and clearly."

Over the next days, in the run up to P5+1 talks with Iran in Baghdad (5/23–24; see "Iran" section above), Netanyahu

and Barak made several high-profile remarks that Iran was insincere and could not be trusted, suggesting that pursuing a diplomatic solution was foolhardy and naive. Netanyahu said (5/18) Iran viewed P5+1 talks only as "another opportunity to deceive and delay, just like North Korea" and warned (5/21) that Iran "wants to destroy Israel and its developing nuclear weapons to realize that goal." DM Barak meanwhile characterized (5/22) Iran's flexibility in 5/21–22 technical talks with IAEA head Amano (see "Iran" section above) as "a deception of progress in talks in order to . . . postpone harshening of sanctions."

When Iran took a hard line with the P5+1 in Baghdad talks, the Obama administration went further down the road of aligning itself with Netanyahu. Several envoys (including former undersecy. of defense Michele Flournoy in late 5/2012 and David Cohen, U.S. Treasury undersecy. overseeing financial sanctions, on 6/3–4) were sent to assure Israel that the U.S. would impose harsher sanctions and was prepared to take military action if talks failed, while publicly attempting to portray the U.S. and Israel as more or less on the same page regarding how to handle Iran.

Contributing to the escalation, pro-Israel members of Congress from both parties, testifying before the House Armed Services Comm. on 6/20, urged the Pentagon to begin preparing for military action against Iran, including expediting deployment of bunker-busting munitions that could target Iran's underground facilities. On the campaign trail, Republican candidates seized upon the issue, repeatedly hitting Obama for "appeasing" Iran.

On 7/31–8/1, U.S. defense secy. Leon Panetta made a high-profile visit to Israel to project a unified U.S.-Israeli front against Iran, albeit on Obama's less aggressive terms. In meetings with PM Netanyahu and DM Barak, Panetta urged Israel to allow sanctions and diplomacy time to work and to avoid unilateral actions. Timed with the visit, anonymous U.S. administration officials told the press (NYT 8/2) that they are optimistic that "Israel has no imminent plans to attack and may be willing to let the United States take the lead in any future military strike, which they say would not occur until next year at the earliest."

As the quarter closed and elections neared, Israeli calls for and warnings about attack on Iran intensified. Notably, Israel's Dep. FM Danny Ayalon called (8/12) on the international community to issue a declaration that diplomacy on Iran had failed—a statement that could be cited as justification for an Israeli military strike. Former Israeli national security adviser Uzi Arad warned (8/15) that Obama has only a “brief window of opportunity” to dissuade PM Netanyahu and DM Barak against striking Iran; if he wanted to do so, he should quickly impose stiffer sanctions and publicly declare willingness to use military force.

In addition, Israel's daily *Ha'Aretz* twice ran (ca. 8/12) reports that the Obama administration had drafted a “last-minute update” on Iran as part of a forthcoming revised National Intelligence Estimate (NIE) stating that Iran had “boosted efforts” to advance its nuclear program (cf. Obama's statement on “nuclear advancements” above). The U.S., however, did not announce that a new NIE was being written. U.S. officials refused to comment except to say (8/12) that U.S. intelligence continued to believe: (1) that Iran had not made a decision on whether to develop a nuclear weapon and (2) that Iran was years away from being able to produce a nuclear bomb.

Meanwhile, Israel's outgoing Home Front Defense M Matan Vilnai stated (8/15) that current Israeli intelligence estimates expected that a strike on Iran would result in a month-long, multifront war that would leave up to 500 Israelis dead. U.S. intelligence agencies anticipated (ca. 8/15) that following a strike, Hizballah operatives in Europe would retaliate against Israeli and U.S. targets there.

Also of note: Former Obama adviser on Iran Dennis Ross confirmed in a talk in New York ca. 6/1 (reported in NYT 6/7) that Saudi Arabia's King Abdullah warned him in a 4/2009 meeting that if Iran achieved a nuclear weapon, Saudi Arabia would launch its own nuclear weapons program. The exchange had been rumored before, but this marked the first time Ross confirmed it.

#### ***U.S.-Israel Strategic Cooperation***

Israeli DM Ehud Barak met (5/17) with U.S. secy. of defense Leon Panetta

in Washington to request an additional \$680 m./year in aid over 3 years to help purchase 3–4 new Iron Dome antimissile batteries and another \$168 m. for 3 other missile programs jointly developed with the U.S. (This was on top of an increase of \$99.9 m. in funding for FY 2013 already requested by the Obama administration.) With the appeal coinciding with Israel cutting its defense budget by 5% per year for 2013 and 2014, critics complained (e.g., WP 5/17) that the U.S. was effectively helping balance Israel's budget before balancing its own.

Later in the quarter, Pres. Obama signed (7/27) into law the U.S.-Israel Enhanced Security Cooperation Act, which calls for an unprecedented strengthening of military, intelligence, and technology cooperation intended to preserve Israel's qualitative military edge (QME). Experts described (*Defense News* 8/1) the act as prescribing a “laundry list of security enhancements” for Israel including: (1) recommending additional financial and technological assistance to produce and upgrade Israel's missile defense systems, such as Iron Dome; (2) giving Israel excess armored vehicles and military hardware that the U.S. military is withdrawing from Iraq; (3) upgrading the U.S. weaponry and munitions stockpiled in Israel, which Israel is allowed to use in dire emergency; (4) expanding Israel's authority to make direct commercial purchases with U.S. military aid; and (5) increasing opportunities to train with U.S. military forces. All of these items had been requested by Israel not only to preserve its QME but to improve its ability to defend itself against Iran. Israel's wish list had also included easing restrictions on Israel's acquisition of customized F-35 Joint Strike Fighter planes and consideration of new (unspecified) joint research-and-development projects. It was unclear whether or not these requests were granted; if so, they could have been subsumed under provisions 1, 4, or 5 above. Israeli DM Barak issued (7/27) a statement of thanks from the DMin., but there was no official acknowledgement from Netanyahu's office.

Pres. Obama also signed (7/19) legislation to extend \$9 b. in loan guarantees to Israel through the end of

9/2016. Without the move, loan guarantees would have expired at the end of 9/2012. Covering the loans for an additional 4 years (which involves the U.S. setting aside money to guarantee them in the event of default, which has never occurred) frees up Israel to spend money it otherwise would have been required to set aside to meet lenders' requirements; no U.S. money is actually given to Israel. The U.S. has provided Israel with \$9 b. in loan guarantees since 2004, of which Israel has used \$5.2 b.

U.S. pres. Obama presented (6/13) Israeli pres. Shimon Peres with the Presidential Medal of Freedom, America's highest civilian award, recognizing "exceptional meritorious service." Peres was selected for his role as "an ardent advocate for Israel's security and for peace" and for "strengthen[ing] the unbreakable bonds between Israel and the United States." During their one-on-one meeting at the White House the same day, Peres gave Obama a petition signed by 75,000 Israelis seeking the release of Israeli spy Jonathan Pollard.

### **Congress**

House Foreign Affairs Comm. member Rep. Gus Bilirakis (R-FL) launched (ca. 8/1) a new congressional caucus, the Congressional Hellenic-Israeli Alliance, aimed at supporting the growing bilateral relationship between Israel and Greece, and on a broader level, Cyprus. The group also aims to reinforce the budding U.S.-Israeli-Greek-Cypriot alliance to pressure Turkey on regional affairs.

On 6/8, the House voted down (185–233) a Democratic procedural motion concerning the energy appropriations bill that would have provided an additional \$1 m. to the \$2 m. already proposed for the U.S.-Israel Energy Cooperation programs for FY 2013 (see QU in *JPS* 164). The vote fell along party lines, with Republicans defeating the motion, accusing Democrats of adding money that Israel had not requested to deflect attention from their last minute inclusion of funding for "pork" projects sought by Democratic constituents. Analysts noted (Jewish Telegraphic Agency [JTA] 6/8) that this was "at least the fourth attempt this Congress by Democrats to add pro-Israel language to a bill at the last minute" in effort to push through approval.

### **Lobbies**

The International Israel Allies Caucus Foundation (IIACF; formed by Israeli Knesset members and members of the U.S. House of Representatives in 2008) sponsored (7/26) 2 panels on Capitol Hill to mark nearly 20 years since the signing of the 9/2003 Oslo Accord and to discuss how to move the peace process forward. Speakers included former State Dept. adviser to the negotiations Aaron David Miller, Likud MK and avid settlement supporter Danny Danon (who supports annexation of the West Bank without the Palestinian population, which would be left to fend for itself), right-wing settler leader and former MK Rabbi Benny Elon (who supports annexation of the West Bank and creation of a Palestinian state in Jordan), Israeli negotiator to the Oslo talks Yossi Beilin (who told attendees: "My interest is not necessarily a Palestinian state. All I want is a Jewish majority forever."), and *Jerusalem Post* dep. managing editor Caroline Glick (who says Oslo was destined to fail because Palestinian leaders "raised a generation of kids who value death"). The only representative of the Palestinian viewpoint, American Task Force on Palestine (ATFP) director Ghaith al-Omari, praised Oslo for establishing a sense of "mutual respect" necessary for moving talks forward and called for a quick resumption of negotiations. Elon responded that there would be no progress until the Palestinians understand that the Jewish people "are back in Zion, back in Jerusalem."

Earlier, on 6/6, the IIACF hosted members of Congress and some 100 evangelical Christians for a prayer breakfast to mark "the reunification of Jerusalem in 1967." Nine Republican House representatives—Michele Bachmann (MN), John Fleming (LA), Trent Franks (AR), Louie Gohmert (TX), Randy Hultgren (IL), Doug Lamborn (CO), Steve Stivers (OH), Joe Walsh (IL), Allen West (FL)—attended and addressed the session, all calling for moving the U.S. embassy to Jerusalem.

Christians United for Israel (CUFI) held (7/16–18) its 7th annual conference in Washington, with at least 5,600 participants attending. Organizers noted that CUFI now has 1.1 m. members, 754,000 Facebook fans, and 96 college

chapters. The conference theme was “Defend America; Vote Israel.” CUFU founder James Hagee focused his talk on the importance of Christian Zionism and supporting Israel as part of “living out God’s mandate.” Other speakers included Sen. Joe Lieberman (I-CT), former White House spokesman Ari Fleischer, Conference of Presidents of Major American Jewish Organizations head Malcolm Hoenlein, and Zionist Organization of America pres. Morton Klein. These speakers focused on Iran, U.S.-Israel security cooperation, and halting Palestinian incitement.

J Street reported (5/31) that it was on track to raise \$2 m. for 60 congressional races for 2012—its largest campaign effort to date. The success was seen (e.g., NYT 5/31) as evidence that hawkish pro-Israel advocates no longer had a monopoly on setting the U.S. political agenda on Israel and that J Street has successfully created an outlet for a sector of pro-Israel donors who never felt represented by the established pro-Israel lobbies.

In late 6/2012, 60 rabbis representing the Rabbinic Cabinet of the Jewish Federation of North America (JFNA), based in Washington, made a lobbying trip to New York to meet with the UN representatives of 12 countries (mostly Eastern European) to press the UN to reverse its “poor and unjust treatment of Israel,” to block Palestinian statehood efforts, and to urge the dismantling of UN committees that focus exclusively on Palestinian issues (i.e., the Division for Palestinian Rights, the Comm. on the Exercise of the Inalienable Rights of the Palestinian People, and the Special Comm. to Investigate Israeli Human Rights Practices Affecting the Palestinian People). The group was advised by former U.S. ambassadors to the UN Richard Shifter and Jeanne Kirkpatrick. The JFNA said (6/27) that it requested meetings with 14 countries, but that 2 (unnamed) declined.

### **Legal Cases**

A U.S. court awarded (ca. 5/20) the family of an American teenager killed in a 2006 Islamic Jihad suicide bombing in Tel Aviv, whose father was also seriously injured in the attack, \$332 m. in damages from Iran and Syria. The family’s lawyers argued that Islamic Jihad

was sheltered by Syria and funded by Iran. The family is unlikely to collect any money.

### **RUSSIA**

On the Israeli-Palestinian front: Russian pres. Vladimir Putin made a 1-day visit to Israel on 6/25 for the unveiling of a monument dedicated to Russian soldiers. He also met with Israeli PM Netanyahu, DM Barak, and other senior officials, who urged Russia to pressure (1) Iran to halt its nuclear program, (2) Syria to halt violence against the opposition, and (3) the Palestinians to resume negotiations. Putin was noncommittal. On 6/26, Putin met with PA pres. Abbas in Ramallah and toured holy sites in Bethlehem. Putin called the Palestinian conditions on resuming negotiations with Israel “responsible” and reiterated that Russia would recognize a Palestinian state.

Also of note: A new charity funded by 3 Russian Jewish billionaires and co-managed with the Israeli government announced (6/26) plans to offer a \$1-m. “Genesis Prize” for excellence in any field. The prize is intended to “honor those who attribute their success to Jewish values” and to “recognize the role of Jewish identity in encouraging universal achievements.”

### **EUROPEAN UNION**

The EU took no major decisions or action related to the Palestinians or the peace process this quarter. However, Israeli FM Avigdor Lieberman went to Brussels on 7/23 for a regular consultation with the EU. He requested that, in light of the 7/18 attack on Israeli tourists in Bulgaria (see “Iran” section above), the EU add Hizballah to its terrorist list. The EU demurred, stating that there was thus far no proof of Hizballah’s involvement in terror.

### **UNITED NATIONS**

On 6/29, UNESCO’s World Heritage Committee approved (13–6) a Palestinian request to place the Church of the Nativity in Bethlehem on its list of world heritage sites at risk because of its urgent

need for repairs. The U.S. strongly opposed the request, stating the church was not imperiled. Israel denounced the vote, saying: "UNESCO is motivated by political and not cultural considerations."

Also of note: Former Israeli government attorney David Scharia was named (7/17) the UNSC's chief counterterrorism lawyer, marking the first time that an Israeli has been appointed to a security post within the UN Secretariat.

#### CHINA

The *Washington Times* ran (5/30) a special report on how Israel's relationship with China was raising international concerns. The report stated that Israel has recently been expanding trade relations and military ties with China as a large, emerging market for its military goods and an influential player capable of bringing pressure on Iran. The previous week, the IDF had hosted a Chinese paramilitary unit in Israel for a joint training mission, while IDF chief of staff Lt. Gen. Benny Gantz had visited China to discuss increasing military cooperation. Early in the quarter, Israeli PM Netanyahu announced plans to visit China in 6/2012, but subsequently the trip was postponed. Israel and China opened diplomatic relations in 1992 and for nearly a decade had a strong relationship based on Israel's selling sophisticated military technology to China. From 2000 to 2005, however, the relationship suffered when the U.S. forced Israel to cancel 2 planned arms deals with China. The cancellations came amid a raft of accusations that Israel had shared proprietary U.S. military technology with China in violation of bilateral agreements.

#### DONORS

In advance of an Ad Hoc Liaison Comm. meeting to coincide with the

upcoming UNGA opening session in 9/2012, the World Bank reported (7/25) that the Palestinian economy was facing its worst crisis since 1994 and that recent growth of 7.7% between 2007 and 2011 was unstable and insufficient to run a state overly reliant on donor aid. The report said that sustainable growth could be met only through increased trade and private sector growth, which were hampered by restrictions imposed by Israel. Separately, UN special coordinator for the Middle East peace process Robert Serry warned (7/25) that the PA was facing insolvency and had been late in paying government salaries because of donor failure to fulfill pledges. Newly installed PA fin. min. Nabil Kassis confirmed (7/26) that the PA was finding it harder each month to meet its routine budget expenses because donors, including the U.S. and Arab states, had failed to fulfill their 2012 pledges. The PA had hoped to close a \$1.1 b. gap in its \$4 b. budget, but was expected to fall short by \$250,000 despite increasing taxes and making cuts to subsidies.

Despite the PA's grave financial situation, no senior-level donor meetings were held this quarter. No meeting of the Local Development Forum (which usually meets at least quarterly) was held, and there were no donor meetings at all during 7/2012 and 8/2012. Of the 4 main donor "strategy groups" (SGs), only the infrastructure SG met (5/31). The only SG subcommittees to meet were the economic SG's agriculture sector working group (SWG; 6/11) and fiscal SWG (6/27); the governance SG's election reform SWG (6/7), judicial reform SWG (6/9), and security SWG (6/21); and the infrastructure SG's water and sanitation SWG (5/16) and municipal development and local governance SWG (5/21).