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QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

16 FEBRUARY–15 MAY 2010

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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.

THE PALESTINIAN-ISRAELI CONFLICT

This quarter, Israeli PM Benjamin Netanyahu and Palestinian Authority (PA) Pres. Mahmud Abbas agreed early on, under heavy U.S. pressure, to open indirect peace talks (termed proximity talks) with U.S. special envoy George Mitchell as mediator but did not actually do so until the quarter's close. Plans were delayed when Israel announced a major new settlement project in East Jerusalem just as U.S. vice president Joe Biden arrived in Israel on a high-profile visit intended to herald the resumption of peace talks. Israel's move caused serious new strains between Israel and the PA, as well as between Israel and U.S. pres. Barack Obama's administration, that dominated the quarter.

As the quarter opened, Israel was stepping up settlement actions in East Jerusalem and the Greater Jerusalem area to stress that it would never cede those territories in a final status peace deal. The actions increased Israeli-Palestinian tensions, but incidents of Israeli-Palestinian violence in the West Bank remained low, and Israel's overall easing of restrictions on Palestinian movement within the West Bank continued (though Israeli infrastructure remained in place so that restrictions could be reimposed quickly). Israel's siege of Gaza also continued, with no significant changes in the low levels of imports, exports, or cross-border transit by individuals. There were near-daily Israeli cross-border incidents, especially Israel Defense Forces (IDF) fire on Palestinians near the 300-meter no-go zone inside the

Strip running the length of the border; incursions to bulldoze land near the border fence to clear lines of sight; and firing on Palestinian fishermen to ensure they stayed within the 500–1,000-m permitted fishing zone off the Gaza coast. Gazans largely continued to observe Hamas's cease-fire, in place since the end of Operation Cast Lead (OCL) in 1/09, though renegade factions occasionally fired mortars or rockets, usually causing no damage or injuries; Israel's retaliatory strikes were heavy (including air strikes, drone attacks, and artillery fire often targeting smuggling tunnels on the Rafah border with Egypt). As of 2/15, at least 7,622 Palestinians (including 51 Israeli Arabs and 19 unidentified Arab cross-border infiltrators), 1,093 Israelis (349 IDF soldiers and security personnel, 216 settlers, 528 civilians), and 64 foreign nationals (including 2 British suicide bombers) had been killed since the start of the al-Aqsa intifada on 9/28/00.

Settlements Hinder Proximity Talks

As of 2/16, Israel was nearly 3 months into a 10-month settlement housing freeze imposed by Netanyahu on 11/26/09. Notably, the freeze did not include East Jerusalem, infrastructure or public-use construction (e.g., schools, synagogues) in West Bank settlements, or West Bank settlement housing units already under construction (around 3,000 units). Netanyahu had also publicly vowed that he would rapidly increase the pace of West Bank settlement construction once the freeze was over, pledging that the temporary freeze would not be extended or renewed. The

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Palestinians, thus, did not see the temporary, partial freeze as a serious gesture in support of peace and strongly backed Abbas's long-standing demand (made since Netanyahu was elected in 3/09) that Israel must freeze all settlement construction, including in Jerusalem, before he would resume peace talks. By 2/15, however, after weeks of quiet talks with and heavy pressure from Mitchell, Abbas had begun to hint publicly that he could consider opening indirect talks without a broader settlement freeze if the Arab League endorsed the move (see Quarterly Update in *JPS* 155). Largely on this basis, the U.S. had announced (2/15) that VP Biden would visit Israel and the West Bank beginning on 3/8, with the expectation that an agreement to launch proximity talks could be formally announced at that time. Simultaneously, Obama had dispatched the chairman of the Joint Chiefs of Staff, Adm. Mike Mullen, to Israel to deliver (2/15) a blunt message to Israeli DM Ehud Barak, based on an earlier critical assessment by U.S. Central Command (CENTCOM) chief Gen. David Petraeus, that Israel must see its conflict with the Palestinians "in a larger, regional, context" having a direct impact on America's status in the region (see Quarterly Update in *JPS* 155), underscoring that the U.S. expected Israel to take serious steps toward peace.

Israel did not facilitate Abbas's shift or the U.S. agenda, however. To the contrary, on 2/21, Netanyahu added 2 West Bank Jewish shrines, the Tomb of the Patriarchs (known to Palestinians as al-Ibrahimi Mosque) in the middle of Hebron and Rachel's Tomb just inside Bethlehem, to Israel's national heritage sites, allocating \$1 m. for their maintenance and repair as part of a \$100 m. project to refurbish and link 150 national heritage sites, to create a "historical biblical trail [to] educate the next generation about Jewish and Zionist history." He made the announcement at a special cabinet session symbolically held in Tel Hai, in n. Israel—the site of a 1920 battle between Arabs and early Zionist colonists—declaring that "our existence here in our country depends . . . on our ability . . . to underscore our links to the Land, first and foremost." The declaration sparked outrage among Palestinians and condemnation from the PA, which wanted Israel to cede those areas under final status, and precipitated 6 days (2/22–25 and

after Friday prayers on 3/5) of low-level clashes between Palestinian demonstrators and the IDF in Hebron (no serious injuries reported). In Gaza, 4,000 Palestinians attended (3/5) a Hamas rally calling on the PA to "unleash the resistance" over the holy sites decision. In protest over Israel's decision, Abbas held (3/1) his weekly cabinet session in Hebron instead of Ramallah. UN special coordinator for the Middle East peace process Robert Serry also expressed concern, as did the U.S., EU, and most Arab states.

The same day as the holy sites decision (2/21), MK Michael Ben Ari (National Union) publicly endorsed the raid and occupation (2/21) by some 50 Jewish settlers of the ancient Na'aran synagogue in Palestinian-controlled area A in Jericho, the first West Bank territory turned over to Palestinian control under the Oslo process. The settlers held religious services there and declared their hopes of "renewing Jewish settlement in Jericho." Ben Ari addressed the gathering by phone, declaring that "Jericho, Nablus, and Ramallah are also part of the Land of Israel, and we will reach all these places. Fifteen years ago, the relinquishing of the land began with Jericho first. We are correcting this historic crime." The IDF removed (2/21) the settlers, arresting at least 35, but Netanyahu did not reprimand Ben Ari.

Meanwhile, Israel continued provocative actions in Jerusalem. Israel's Jerusalem Planning Comm. convened (ca. 2/22) to discuss a project to build 549 settlement housing units on 153 dunams (d.; 4 d. = 1 acre) of Bayt Safafa land s. of Jerusalem as part of a 4-stage settlement expansion plan, though no decisions were taken. The plan (parts of which were approved before Netanyahu declared a temporary settlement freeze in 11/09) was aimed at reinforcing the separation between Jerusalem and the s. West Bank. Amid the heightened tensions, Israeli security forces sealed entrances of Jerusalem's Old City to Palestinians on Friday 2/28, deploying 200 security officers inside the al-Aqsa Mosque compound (locking the doors of the mosque and corralling Palestinian worshippers) and then escorting 500 Jewish settlers to hold prayers marking Purim at the site. When some 20 masked Palestinians inside the compound stoned tourists below the wall, apparently believing they were more right-wing

Jewish settlers attempting to enter the compound, Israeli riot police fired rubber-coated steel bullets, tear gas, and stun grenades at the Palestinians in the compound, injuring 6; Israeli police escorted settlers away around noon, but small clashes continued in alleyways around the mosque all day, leaving 10s more Palestinians and 4 Israeli police lightly injured and at least 7 Palestinians under arrest. The following Friday (3/5), the IDF raided the compound again, firing tear gas and stun grenades at worshipers exiting from prayer services to disperse them quickly, precipitating riots that lasted late into the evening and left 17 Palestinians injured.

Only once in the run-up to Biden's 3/8 visit did Netanyahu intervene to postpone a controversial action: On 3/2, the day before the Arab League was scheduled to debate whether to endorse proximity talks, Israeli mayor of Jerusalem Nir Barkat announced that plans (first initiated in 2003) would go forward to demolish 10s of Palestinian homes built without permits in al-Bustan in the Silwan area of East Jerusalem for construction of a tourist center. (Earlier, the Palestinian residents had rejected Israel's offer to rehouse them in new apartments over retail space to be constructed.) Netanyahu the same day ordered Barkat to suspend the plan and to continue efforts to negotiate an amicable deal with Palestinian residents.

On 3/3, the Arab League endorsed indirect Israeli-Palestinian peace talks for a 4-month preliminary period, whereupon Mitchell immediately announced that he would head back to the region within days to finalize details and pave the way for Biden's visit. The day he arrived (3/7), the PLO Executive Comm. gave its formal blessing for Abbas to open proximity talks under U.S. auspices but warned that it would not endorse continuing the indirect talks past 4 months unless the outlines of a border agreement were achieved. It also restated that it would not agree to direct talks until Israel imposed a comprehensive settlement freeze, including East Jerusalem. Meanwhile, Netanyahu reiterated (ca. 3/5) his agreement in principle to proximity talks pending discussions with Mitchell on the final details. (Thus far, Israel had insisted that proximity talks deal only with procedural issues, whereas the Palestinians wanted all issues, especially borders, to be discussed.)

The Biden Visit

On 3/8, Biden arrived in Israel for his 4-day visit aimed at reviving peace negotiations and reassuring Israel on Iran, marking the highest level visit to the region to date by an Obama administration official. Timed to coincide with his arrival, special envoy Mitchell formally announced that Israel and the Palestinians had agreed to hold indirect talks, with the structure and scope of the talks yet to be agreed. Mitchell also called on both sides "to refrain from any statements or actions which may inflame tensions or prejudice the outcome of these talks." As Mitchell met with Abbas in Ramallah later in the day to discuss details, however, Israel announced a decision to unfreeze construction of 112 housing units in the West Bank settlement of Beitar Illit, just outside Jerusalem. The units were part of a planned 300-unit project where construction had already begun, the foundations for the other units having already been poured when the freeze went into effect, automatically exempting them. The argument for unfreezing the remaining units was that the empty site posed a safety hazard for the units begun before the freeze and that construction necessary to address that problem was not a violation. The U.S. did not comment, likely hoping to avoid a public flap with Israel during Biden's visit.

On 3/9, Biden spent the first full day of his visit in Israel meeting with Israeli pres. Shimon Peres, visiting Yad Vashem (the Holocaust memorial museum) and Mount Herzl national cemetery, and giving addresses highlighting the U.S.'s "absolute, total, unvarnished commitment to Israel's security" and admiration of the Israeli people. Late in the afternoon, as Biden retired to his accommodation to prepare for a state dinner with Netanyahu, Israel's interior M Elyahu Yishai (Shas) announced approval of 1,600 new settlement housing units in Ramat Shlomo in East Jerusalem—widely referred to as Israel's "slap heard 'round the world." The PA quickly denounced the plan as proof of Israel's intention to "destroy" Mitchell's mediation efforts, stating that the action made clear that "massive American pressure was required in order to compel Israel to abandon its peace-destroying behavior."

Initially unsure of how to react, Biden delayed his departure to the state dinner to draft a statement in consultation with

administration officials in Washington, arriving 90 minutes late to the function (itself seen as an indication of U.S. disapproval). The statement (see Doc. D1 in this issue), released during the dinner, "condemned" the move, stating that "the substance and timing of the announcement, particularly with the launching of proximity talks, is precisely the kind of step that undermines the trust we need right now and runs counter to the constructive discussions that I've had here in Israel." A statement in the name of the Israeli Interior Min. but issued (also during the dinner) by Netanyahu's office dismissed Biden's concern, stating that the construction had been planned for 3 years and that the announcement merely marked "a procedural stage in the framework of a long process." The statement added that Netanyahu, described by insiders as "clearly embarrassed" by Yishai's announcement, had only just been informed of the decision himself. Meanwhile, the dinner itself was tense but cordial. Nothing was heard publicly from Washington.

The exchange of statements out of the way, the U.S. and the PA, though apparently outraged by Israel's action, seemed intent on smoothing over the incident and addressing concerns through closed diplomatic channels. An anonymous U.S. official confirmed on 3/10 that the administration had quietly informed Netanyahu that it expected him to take steps to reverse the decision before Mitchell returned to the region on 3/26 to open the proximity talks, viewing this as a test of Netanyahu's willingness to work for peace. Biden spent the day on 3/10 in the West Bank, meeting with Abbas and PA PM Salam Fayyad, who at this stage (apparently reassured by the U.S. message to Netanyahu) indicated that the PA would move forward with plans for indirect talks with Israel despite the announcement of new settlement construction in East Jerusalem. Biden reiterated his condemnation of the Ramat Shlomo housing in a press conference after his meeting with Abbas. Meanwhile, Netanyahu faced (3/10) some stern criticism from his own cabinet for his government's "mismanagement" of the housing announcement, admitting to the closed session that it had been a "major mishap."

Publicly, however, Israel was defiant. Public Affairs M Yuli Edelstein made (3/10) a pointed press statement: "PM Netanyahu

and others have been saying loud and clear that according to Israeli law Jerusalem is sovereign Israeli territory, so no special commissions are needed to build within the municipal borders of Jerusalem. There will not be in the foreseeable future an Israeli government willing to divide Jerusalem. Normally our friends in Washington understand that." While Interior M Yishai publicly apologized (3/10) for the embarrassment he caused, saying "next time we need to take timing into account," he emphasized that he had no intention of revoking the order. Netanyahu said nothing publicly to contradict these positions.

Biden wrapped up his trip to Israel on 3/11 with a major speech (see Doc. D2) to the Israeli public at Tel Aviv University, underscoring U.S. solidarity with Israel, aimed at soothing Israelis who felt snubbed that Obama in his first year as president had visited Egypt, Saudi Arabia, and Turkey but not Israel. While he reiterated U.S. disapproval of the Ramat Shlomo housing plan because it "undermined the trust required for productive negotiations," he revealed that he had received and accepted "significant" assurances from Netanyahu that the construction would not break ground for years, and he expressed hope that negotiations would "resolve this and other outstanding issues" before construction could begin. Netanyahu issued (3/11) a statement apologizing for the "unfortunate timing" of the Ramat Shlomo announcement, but not for the construction itself. Indeed, Israel's Jerusalem municipality simultaneously announced (3/11) plans to build 1,000s of housing units in settlements e. and s. of Jerusalem in areas Israel intends to keep under final status, including 3,000 units each in Gilo and Givat Matosim, 1,500 units each in Har Homa and Pisgat Ze'ev, 1,200 units in Ramot, 600 in Armona Netseev, 450 in Neve Ya'acov, and 144 in Olive Mount. The U.S. did not publicly comment.

The overall initial impression among Palestinians and Arabs at this stage was that the U.S. and the PA had essentially ignored aggressive Israeli moves to prejudge the final status of Jerusalem (though at least 1 PA security official and 1 Fatah Central Comm. member took part in a ceremony on 3/11 naming a public square in Ramallah after Fatah member Dalal Mughrabi who led a series of attacks in Israel in 1978 that killed 1 American and

38 Israelis, an act seen as a defiant reaction to the construction announcements). The Arab League quickly reconvened on 3/10 to discuss the events and withdrew its support for proximity talks, phoning Abbas to urge against negotiations. On 3/11, with Israel's new housing announcements emerging, Abbas warned Biden by phone that the Palestinians could not restart talks with Israel until the approval of the Ramat Shlomo construction was rescinded.

The U.S. Goes Public

With Biden out of the region, the proximity talks in jeopardy over the settlement announcements, and Israel increasingly flouting U.S. requests to refrain from provocative action, the Obama administration opted to ratchet up pressure on Israel by taking the issue public and pointing up the personal affront to the president and vice president. On 3/12, it launched a full-court press. In a 45-min. phone conversation, Secy. of State Hillary Clinton sharply rebuked Netanyahu for the 3/9 Ramat Shlomo construction approval, demanding that Israel prove its interest in peace by revoking the plan and emphasizing that the U.S. viewed his apology solely for the timing to be inadequate. The White House then made the deliberate political decision to report the dressing down in a press conference (3/12) by White House spokesman Philip J. Crowley. Using what some called (*Washington Post* [WP] 3/13) "unusually undiplomatic terms," Crowley stated that Clinton's aim had been to "make clear that the United States considers the announcement a deeply negative signal about Israel's approach to the bilateral relations and counter to the spirit of the vice president's trip" and that the action "had undermined trust and confidence in the peace process and in America's interests." The spokesman, while not giving details, stressed that Obama had met with Clinton at length on 3/11 to determine the language she would use in laying out U.S. expectations of specific steps to be taken to repair the damage to the peace process, as well as possible consequences if Israel did not comply (hinting that Obama had authorized Clinton to implicitly link U.S. military aid to Israeli actions in East Jerusalem). To reinforce Clinton's message, Biden also phoned Netanyahu, and the State Dept. summoned Israeli amb. Michael Oren. The State Dept. also revealed that Mitchell and

Asst. Secy. of State for Near Eastern Affairs Jeffrey Feltman had spent the days since the 3/9 Ramat Shlomo announcement phoning most Arab leaders in the region, including Arab League Secy.-Gen. 'Amr Musa, to acknowledge the "difficult environment given the Israeli statement" and assure them that the U.S. was committed to seeking peace. Later in the day, Clinton gave an interview to CNN in which she called the timing of the announcement of the settlements on the first day of Biden's visit "insulting."

Administration officials and insiders also began to speak more freely off the record as of 3/12 (e.g., *WP* 3/13, *Ha'Aretz* [HA] 3/15), stating that the White House was "especially furious" over the Ramat Shlomo announcement: (1) because even though East Jerusalem was not included in Israel's temporary settlement freeze, the administration believed it had a private understanding with Netanyahu that he would not undertake any provocative actions there; and (2) because the administration "certainly . . . thought Israel would get the message" delivered by Joint Chiefs of Staff Chairman Adm. Mullen on 2/15 that Israel must take greater care to consider the impact of its actions on U.S. interests and regional concerns. In parallel, Gen. Petraeus, briefing (3/16) the Senate Armed Services Comm. on the status of CENTCOM operations (see "United States" below and Doc. D4), placed the U.S.'s inability to generate progress on the Israeli-Arab peace process and perceived U.S. favoritism toward Israel at the top of his list of "challenges threatening security and stability" and jeopardizing U.S. interests in his area of operations (the Middle East, Central and South Asia)—statements given heightened attention in light of the recent embarrassment to Biden. Separately, the Quartet for the first time condemned (3/12) the Ramat Shlomo announcement, saying it would address the issue formally at a previously scheduled meeting in Moscow the following week.

The U.S. approach initially achieved some of its intended effect but in the long run appeared to have largely backfired. Netanyahu immediately ordered (3/13) a probe into how the Interior Min. came to announce the Ramat Shlomo construction during Biden's visit and dispatched top advisors Yitzhak Molcho and Ron Dermer to Washington for extensive talks (3/14) with

senior White House officials and U.S. envoy Mitchell to try to smooth over the dispute. During the weekly cabinet session on 3/13, when Netanyahu briefed his ministers on the 3/12 call with Clinton, he reportedly took harsh criticism for the Ramat Shlomo incident from his cabinet members, echoed by Israeli commentators, with critics expressing concern that U.S. support for Israel at a critical point in the peace process could be undercut. Nonetheless, when Obama's chief political advisor David Axelrod called (3/14) the incident an "affront" and an "insult" to the president that seemed "calculated to undermine" the peace process, Netanyahu merely apologized (3/14) again for the "regrettable" and "hurtful" timing of the announcement but asserted it was done "in all innocence" and made no move to retract the decision.

After the 3/13 cabinet session, details of the U.S. demands transmitted by Clinton on 3/12 began to leak from Israeli and U.S. sources (e.g., *HA* 3/15; *New York Times* [NYT], *WP* 3/16). Among those reported were (1) an investigation into how the 3/9 Ramat Shlomo announcement was made; (2) reversal of the 3/9 approval for construction of 1,600 settlement housing units, (3) a "substantial gesture" toward the Palestinians to prove the desire for peace (possibly including a prisoner release or significant easing of the Gaza siege), and (4) a public declaration that all final status issues would be on the table for discussion in the proximity talks. Anonymous U.S. officials claimed as of 3/15 (*WP* 3/16) that Mitchell's return to the region was on hold pending absolute "guarantees that these kind of things will not happen again." According to these sources, the thinking was that "if [Netanyahu] is unwilling to make that kind of commitment, it raises the questions of how committed he is to negotiations—and it raises the question of how committed he is to the relationship between Israel and the United States, since success of the peace process is central to U.S. national security interests." Israeli officials warned (3/15), however, that reversing the construction approval could be "politically perilous" for Netanyahu and that declaring all final status issues on the table could bring down his coalition government. Criticism from pro-Israel groups and members of Congress that the administration was taking too harsh a line against Israel also began to mount.

The leaks detailing U.S. demands triggered a sharp Israeli response. In a defiant speech to the Knesset on 3/15, Netanyahu declared that Israel for more than 40 years had been building in East Jerusalem, where "the building of those Jewish neighborhoods in no way hurt the Arabs of East Jerusalem and did not come at their expense," and stated that he would not be the first PM to impose restrictions on Jewish building in the city. The same day, the Israeli government officially inaugurated a rebuilt synagogue in Jerusalem's Old City, sparking demonstrations (3/16) in East Jerusalem and across the West Bank protesting Israel's Judaization efforts; the heavy clashes with the IDF and Israeli police that resulted left 189 Palestinians (at least 10 seriously), 15 Israeli police, 2 IDF soldiers, and 2 Jewish settlers injured and at least 60 Palestinians under arrest. On 3/16, Israel issued bids for construction of 309 settlement housing units in Neve Ya'acov settlement in East Jerusalem, with Israeli officials billing the construction as "business as usual" and stating that if the Obama administration believed that stopping construction in East Jerusalem had ever been an option, it had misread the situation. Through these actions, Netanyahu reversed the momentum of the discussion and set the U.S. administration on its heels.

Israel's supporters in Congress and the private sector also kicked into high gear overwhelmingly in Netanyahu's defense. Among those in Congress, Rep. Eric Cantor (R-VA) denounced (3/16) the administration's opposition to new construction in East Jerusalem as "an attempt to curry favor with the Arabs by bullying Israel." Rep. Howard Berman (D-CA) urged (3/16) the U.S. to "disentangle bilateral relations from the peace process" (a message reiterated by Israeli amb. Michael Oren several times thereafter). The American Israel Public Affairs Comm. (AIPAC), set to hold its annual policy conference in Washington within days (see "Lobbies" below), stressed (3/16) that "the administration should make a conscious effort to move away from public demands and unilateral deadlines directed at Israel." Only the new critically pro-Israel group J Street was quick to welcome (3/16) the administration's "bold new approach."

Pushed by increased bipartisan pressure, Clinton made a statement on 3/16 toning down U.S. criticism of Israel: while

reiterating the U.S. call for Israel's "full commitment" to the peace process, she emphasized the administration's "absolute commitment to Israel's security" and the U.S.'s "close, unshakable bond" with Israel, underscoring that the U.S.-Israel relationship was not threatened. Netanyahu immediately welcomed (3/16) Clinton's "warm words," without commenting about the U.S.'s 3/12 demands. U.S. officials, however, said (3/16) they expected Netanyahu to give Clinton a formal response to these demands within a week.

Friends Can Disagree

While the U.S. realized its public airing of differences with Israel had been a miscalculation, the differences were real and Obama could not ignore them entirely or back away publicly without being perceived as having personally caved to Israel. The administration's new tack was to reinforce the line (see Quarterly Update in *JPS* 154) that even friends disagree and that indeed a friend's duty is sometimes to call attention to unwise decisions. Efforts on both sides now became to shift the focus from the rift itself to how the sides could bridge it and move forward. Netanyahu also had reasons to narrow gaps with the U.S. and demonstrate a desire for peace, particularly in advance of a long-planned trip to the U.S. to address the AIPAC conference and meet with Clinton on 3/22. Nonetheless, Israel's moves in the run-up to Netanyahu's U.S. visit were primarily high in profile and low on substance, and, once again, largely offset by Israel's actions on the ground.

On 3/18, Netanyahu phoned Clinton to respond formally to the U.S.'s 3/12 list of steps demanded of Israel, offering in its place Israel's own package (unanimously approved by his security cabinet after 3 days of debate) of "mutual confidence-building gestures" to be made by both Israel and the Palestinians. To avoid ambiguity, he also sent her a document more fully outlining the proposals in writing. While no details were officially released, anonymous Israeli sources over the following days (e.g., *NYT* 3/21, 3/22, 3/26) reported that Netanyahu's written document: (1) promised to put a "mechanism" for approving housing starts in place to prevent future embarrassments (i.e., a standing order that he be alerted before any decision on housing projects over a certain

size); (2) pledged that no building would begin in Ramat Shlomo "for years"; (3) offered to release Palestinian prisoners and ease imports to Gaza to facilitate Gaza's reconstruction; and (4) offered to restrict IDF operations in the West Bank and take steps to bolster the Palestinian economy. That same day (3/18), the U.S. stated that, while it would have to review the proposal more closely and discuss it with the Palestinians, it found the offer sufficient to warrant sending special envoy Mitchell back to the region on 3/21 with the aim of securing a firm Israeli-PA agreement to launch proximity talks, ideally before Netanyahu left for the U.S. (Overall, the U.S. reportedly thought the ideas were good but did not fully address the current crisis.) Indeed, the administration's ongoing displeasure was manifest: it was not until 3/21—just hours before Netanyahu left for Washington for the AIPAC meeting—that the U.S. responded affirmatively to his earlier request for a meeting with Obama during his visit. The unusually long response time was widely interpreted as deliberate, intended to put Netanyahu in his place. The meeting was set for 3/23.

For its part, Israel made it very clear that efforts to project a conciliatory tone or find a middle ground did not imply a willingness to modify its actions on the ground. The same day (3/18) that Netanyahu phoned Clinton with his proposal, Israeli municipal officials in Jerusalem approved American developer Irving Moskowitz's construction of 20 new settlement housing units on the Shepherd Hotel site in East Jerusalem's Shaykh Jarrah neighborhood—a project that had previously been explicitly denounced by the Obama administration. (The Israeli government tried to keep the decision quiet, but the Israeli daily *Yedi'ot Abaronot* leaked the story timed with the 3/23 Netanyahu-Obama meeting, outraging the Netanyahu administration.) And on 3/21, Netanyahu issued a public statement just after meeting with Mitchell and just before leaving for Washington vowing that Israel would not restrict construction in East Jerusalem despite U.S. demands. Israeli FM Avigdor Lieberman similarly stressed in an interview (3/21) with the German daily *Der Spiegel*: "We never promised to stop building in Jerusalem."

Meanwhile, the Quartet, unprecedentedly, weighed in on the subject of the

dispute. At its 3/19 meeting in Moscow, attended by Secy. of State Clinton and U.S. special envoy Mitchell, it issued a particularly strong statement (see Doc. A1) "condemning" Israel's Ramat Shlomo construction plan, "recalling that the annexation of East Jerusalem is not recognized by the international community," and reiterating that Israel was obligated irrespective of Palestinian reciprocity to "freeze all settlement activity, including natural growth; dismantle outposts erected since March 2001; and to refrain from demolitions and evictions in East Jerusalem." This marked a dramatic departure for the Quartet, which during George W. Bush's presidency, at U.S. request, never commented on East Jerusalem housing disputes. The Quartet also reiterated support for PA PM Fayyad's 8/09 plan to work for the creation of a Palestinian state within 2 years by focusing on building Palestinian institutions.

On the ground, Israel's aggressive pursuit of its Judaization agenda could not but affect the security situation. Anger among Palestinians across the occupied territories had been mounting since Netanyahu's 2/21 decision to include Hebron's al-Ibrahimi Mosque (particularly sacred to Muslims) and Rachel's Tomb in Bethlehem among Israel's national heritage sites and had already resulted in low-grade clashes with Israeli forces in Jerusalem and the West Bank (mentioned above). But it was especially in Gaza that the escalated settlement activity in East Jerusalem had an impact, with possible repercussions for the peace process itself. Following the 3/9 Ramat Shlomo announcement, members of Ansar al-Sunna (a Gaza-based Salafist group opposed to Hamas in part on the grounds that Hamas no longer sufficiently resists Israel's occupation; see Doc. B1 for background) fired (3/11) a homemade Qassam rocket from Gaza into Israel, causing no damage or injuries but marking the first violation of the cease-fire since 2/12. Another 3 Qassams were fired toward Israel by 3/13 (2 landing in Gaza, none causing damage or injuries), prompting Israel to respond (3/11) with 1 air strike (its first since 2/11) on a smuggling tunnel on the Rafah border, causing no injuries. When Israel violently cracked down on Palestinians demonstrating against Israel's ongoing Judaization efforts on 3/16 (see above), Palestinian rocket and mortar fire from Gaza sharply escalated immediately. Between 3/16 and Netanyahu's

arrival in Washington on 3/22, Palestinians fired 11 Qassams and 2 mortars toward Israel, resulting in the death (3/18) of a Thai worker in a kibbutz near the Gaza border—the first fatal Palestinian rocket/mortar strike since the end of OCL on 1/18/09. After that attack (claimed by Ansar al-Sunna), the IDF ramped up air strikes on smuggling tunnels, suspected arms depots and workshops, and Hamas facilities in s. and c. Gaza, including Gaza City. At least 10 air strikes injured 35 Palestinians, 24 of them civilians (see Chronology for details). On 3/22, the IDF sent separate infantry and tank units into n. Gaza in pursuit of armed Palestinians operating near the border, which resulted in a friendly fire incident that killed 1 IDF soldier. Adding the earlier deaths of 3 Gazans in smuggling tunnel accidents (1 on 2/23, 2 ca. 3/5) and 1 armed Gazan killed by IDF cross-border fire (a flechette round on 3/1), as well as 4 Palestinians killed in the West Bank (2 teenagers killed by IDF troops during a settler raid into a Palestinian village on 3/20; 2 farmers shot by the IDF in disputed circumstances on 3/21; see Chronology for details), the death toll as of 3/22 stood at 7,630 Palestinians, 1,094 Israelis, and 65 foreign nationals.

A U.S.-Israel Blueprint

On the eve of Netanyahu's visit, Israeli relations with the U.S. remained highly strained, exacerbated by the Moskowitz settlement project; and Mitchell had been unable to win renewed Palestinian agreement to open proximity talks before Netanyahu's departure for the U.S. On 3/22, Clinton and Netanyahu met on the sidelines of the AIPAC conference in Washington as planned, holding 80 minutes of talks focusing on recent tensions. The fact that both had given their speeches before their closed-door meeting had allowed them to air their basic positions in advance. Clinton in her speech (see Doc. D5) stressed that Israel and the Palestinians must pursue peace immediately because the status quo was untenable, defended the administration's position on the Ramat Shlomo decision as undercutting the peace process, and stated that the U.S. would continue to speak up "unequivocally" when it disagrees with Israel's actions. To soften the tone, she also welcomed Netanyahu's 10-month settlement freeze and his 3/18 confidence-building plan as "progress";

reiterated U.S. commitment to Israel's security as "rock-solid, unwavering, enduring, and forever"; promised tough new sanctions on Iran; and criticized Palestinian incitement. Netanyahu in his speech (see Doc. C1) stressed that Israel had no intention to freeze settlement construction in Jerusalem and rejected U.S. assertions that Israel's actions were impeding the peace process. In their meeting, Clinton and Netanyahu apparently stuck to their respective proposals for moving the peace process forward, though no details were reported. Netanyahu had a working dinner with Biden that same evening, which the White House described (3/22) as "a candid discussion on the full range of issues in the bilateral relationship" (considered diplo-speak to convey that the meeting had been strained) in preparation for the Netanyahu-Obama meeting.

On 3/23, after a morning visit to Capitol Hill, where he was greeted warmly by members of Congress, Netanyahu met with Obama at the White House for 2 hours under a total news blackout: No press conference or photo opportunity was held, and the White House issued only a general press release saying that the men held "honest and straightforward" talks in which they agreed on some issues and disagreed on others. (Netanyahu on 3/25 described his White House visit as "deeply humiliating" because it included no ceremony or photos with Obama.) Anonymous U.S. officials related afterward (*NYT*, *WP* 3/25, 3/26) that the leaders met one-on-one for 90 minutes, during which Obama personally laid out point by point his expectations of how Israel should rectify the setbacks stemming from the Ramat Shlomo incident and pressed for Israel to sign a written "blueprint" covering all issues that needed to be resolved before proximity talks could begin. Netanyahu then met privately with his senior advisors in the Roosevelt Room of the White House for 90 minutes, before requesting a follow-up meeting with Obama that lasted 30 minutes. During that meeting, Netanyahu made a counteroffer that Obama deemed unsatisfactory. Rumored to be among the points of contention were renewed demands by Obama that Netanyahu reverse the Ramat Shlomo construction approval, agree to a written commitment to restrict further building in East Jerusalem, and extend the temporary settlement freeze

when it expires in 9/10, expanding it to include East Jerusalem.

Netanyahu cleared his schedule on 3/24 to hold nearly a full day of additional talks with U.S. administration officials, including Mitchell and White House advisor Dennis Ross, with the aim of drafting a blueprint that he would try to sell to his cabinet, while Mitchell would take it to the Palestinians and Arab leaders for approval. Netanyahu broke from the meetings twice to go to the Israeli embassy to consult with officials in Israel on a secure line. No agreed text was finalized, and Netanyahu returned to Israel on 3/25 to work on the draft further with his cabinet. Insiders described him (*WP* 3/26) as "truly stunned by the Obama administration's unprecedented willingness to criticize Israel over building in the annexed part of Jerusalem."

Meanwhile, Obama made (3/24) the rare move of sitting in on one of National Security Advisor (NSA) Gen. James Jones's regular brainstorming sessions with the 6 former national security advisors that was scheduled to discuss whether the U.S. should offer its own peace proposal to break the Israeli-Palestinian impasse. (Senior U.S. administration officials had commented as early as 3/17 that the row with Israel over construction in East Jerusalem had revived internal debate over whether the U.S. should offer its own bridging proposal for final status.) Former NSAs Samuel Berger, Zbigniew Brzezinski, and Brent Scowcroft strongly argued for a U.S. peace plan, believing that only U.S. leadership could press the sides to a resolution; Gen. Colin Powell expressed reservations. The president reportedly listened and asked many questions but did not express a preference. The meeting was kept secret until anonymous U.S. officials confirmed rumors about it on 4/7, saying they had hoped to keep the discussion permanently under wraps out of concern that mere mention in the press would scuttle the effort (i.e., Israel and its supporters, which have always opposed such U.S. intervention, would protest and lobby against it, while the Palestinian side might become less willing to make concessions in hopes that the U.S. could cut a better deal). Indeed, Israeli dep. FM Daniel Ayalon warned publicly (4/13) that Israel would not accept a U.S.-proposed peace plan and would view it as "a grave mistake."

Immediately upon returning home, Netanyahu met with his security cabinet

(3/26, 3/29) and full cabinet (3/28) to brief them on the Washington visit, the draft blueprint, and current U.S. demands, but he was unable to quickly achieve a consensus within his government on how to respond regarding the draft. Among security cabinet members (all coalition partners), DM Barak (Labor) came closest to agreeing to the blueprint outright, stressing (3/26) the importance of “act[ing] in harmony and wide unity of purpose with the United States,” whereas FM Lieberman (Yisrael Beitainu) and minister without portfolio Benny Begin (Likud) adamantly rejected any move to limit building in East Jerusalem. While the internal debate was ongoing, Lieberman sparked controversy by publicly declaring (3/31) that Israel was not bound by commitments it made at the 2007 Annapolis summit to pursue the creation of a Palestinian state. British PM Gordon Brown (4/1) and German chancellor Angela Merkel (4/2) quickly phoned Netanyahu to urge him to support international efforts and existing agreements aimed at a 2-state solution.

Meanwhile, the Arab League convened (3/27–28) in Sirte, Libya, to discuss whether to re-endorse proximity talks but did not reach a decision, though they renewed support for the 2002 Arab League initiative offering full normalization for full peace. The move left Abbas without political cover, meaning talks were unlikely to start soon. Acknowledging the need for a quick unified Arab decision, Secy.-Gen. Musa said he hoped League members would decide within the next few weeks whether to urge the continuation of negotiations or to “completely shift course,” recommending in either case that the Arab states prepare for the possibility that proximity talks would fail and come up with alternatives in the absence of a permanent peace deal.

The overall mood during this phase was certainly affected by the continued deterioration in Gaza. From 3/23 to 4/1, Palestinians (predominantly Salafists and Islamic Jihad) fired 7 rockets toward Israel (1 landed in Gaza), causing no damage or injuries. Israel responded with 1 air strike on a suspected weapons depot in Jabaliya r.c., causing no injuries. Israeli naval fire, incursions to clear lines of sight, and cross-border fire on civilians scavenging for construction materials or conducting nonviolent demonstrations near the border

were daily occurrences, injuring 7 Palestinian civilians. On 3/26, violence spiked when the IDF exchanged fire with armed Palestinians (al-Aqsa Martyrs Brigades, Islamic Jihad, and Salafists) laying roadside devices near the border fence east of Khan Yunis and then entered Gaza in pursuit, where they were ambushed by Izzeddin al-Qassam Brigades (IQB) members firing mortars. (In keeping with Hamas’s cease-fire rules of engagement, IQB members had waited until the IDF entered Gaza to attack.) The incident, which left 2 armed Palestinians, 1 Palestinian bystander, and 2 IDF soldiers dead and 3 IDF soldiers and 6 Palestinians (including at least 2 civilians) injured, marked the first deadly exchange in Gaza since OCL. On 4/1, the IDF, responding to Palestinian fire during the previous week, carried out 7 air strikes on Khan Yunis, Gaza City, and Nussayrat r.c., destroying 2 factories and injuring 3 civilians. Meanwhile, in the West Bank, 1 Palestinian was killed by a settler (4/1), bringing the death toll as of 4/1 to 7,634 Palestinians and 1,096 Israelis.

Discreet Movement

Just as the situation seemed headed for a crisis point, talk of a U.S.-Israel blueprint suddenly dropped off. During 4/10, little visible effort was made to chart a way back to proximity talks, while the dispute over settlements and Jerusalem festered. Outwardly, Israel seemed defiant and the U.S. appeared to have run out of steam to press Israel further, but slowly little gestures accumulated, indicating that accommodations were being reached behind the scenes.

Israel continued to take highly public, provocative steps that undermined peace and strained bilateral relations with the U.S. For example, Netanyahu canceled (4/8) plans to take part in a major international nuclear security summit hosted by Obama in Washington on 4/13, sending Dep. PM Dan Meridor in his place. Both Netanyahu (speaking to Israeli TV on 4/22) and Israel’s mayor of Jerusalem Nir Barkat (addressing members of Congress on 4/28) emphatically reiterated that, as a matter of policy, Israel would not impose a freeze in Jerusalem (“Not now, not later” in Netanyahu’s words). Israeli FM Lieberman publicly warned (4/6) Palestinians that if they unilaterally declared independence in 2011 (at the end of Fayyad’s timeline for

PA institution building), Israel might annex parts of the West Bank and annul existing peace agreements.

Raising additional concerns about Israel's long-term intent, the IDF put into effect (4/13) a military order issued quietly in 10/09 under which anyone living in the West Bank without an Israeli permit could face expulsion within as little as 3 days or face 7 years in prison. The order amended a 1969 order aimed at stopping "infiltrators" to the West Bank after the 1967 war (see Amira Hass in this issue's "Selections from the Press"). Ten Israeli human rights groups (4/11) and UN Human Rights Council special rapporteur Richard Falk (4/19) warned that the new wording was so "vague and sweeping that virtually all West Bank residents are potentially at risk" of deportation, especially since the order did not state which Israeli permits were needed to avoid expulsion. (Deportees would also have to pay the cost of their expulsion or face confiscations.) The IDF clarified (ca. 4/19) that individuals with West Bank residency status would not be affected, saying the government intended to target Palestinians and their spouses who moved to the West Bank from abroad (including Gaza), but the order itself was not changed.

Meanwhile, the U.S. restated its frustrations and concerns without publicly offering direction: Obama used the news conference at the end of the nuclear summit on 4/13 to warn that while resolving the Israeli-Palestinian conflict was a "vital national security interest of the United States" and that such conflicts in the Middle East were "costing us significantly in terms of both blood and treasure," the U.S. could not help Israel and the Palestinians achieve peace so long as they could not bring themselves to negotiate (see Doc. D7). Clinton similarly stated to a Washington think tank on 4/15 that the U.S. viewed continued Israeli and Palestinian failure to take serious steps toward peace as destabilizing to the region at significant cost to the U.S. Clinton also told (4/29) the annual American Jewish Comm. conference gala in Washington that the U.S. did not "expect the Arab states to move forward in a vacuum," stressing that Israel "must do its part by respecting the legitimate aspirations of the Palestinian people, stopping settlement activity, addressing humanitarian needs in Gaza, and supporting the [PA's] institution-building efforts."

At the same time, however, the U.S. and Israel took steps to reinforce their relationship. The White House invited 15 prominent U.S. rabbis to meet (4/20) with senior Jewish administration officials (including Chief of Staff Rahm Emanuel and Obama advisor Dennis Ross) to assure them that U.S. support for Israel was unshaken despite the Ramat Shlomo disagreement. When Israeli DM Barak visited Washington 4/26-28, he found the White House receptive to Israeli missile defense requests (see United States section below). Meanwhile, Israeli FM Lieberman publicly thanked (4/25) the U.S. for blocking anti-Israel initiatives in the UN Educational, Scientific and Cultural Organization (UNESCO) (see United Nations below). In Israel, observers noted (e.g., *NYT* 4/28, *Washington Jewish Week* 4/29) a lull in Israel's active planning efforts for Jerusalem since Netanyahu's return from Washington, which some Israeli municipal officials in Jerusalem interpreted as a tacit settlement freeze (though others blamed typical bureaucratic hold-ups for the lack of meetings and new construction approvals).

Israel and the PA also exchanged gestures. PA Pres. Abbas gave an interview to Israeli TV Channel 2 on 4/25 in which he sought to assuage fears that Palestinians would unilaterally declare a Palestinian state in 2011: "We have always opposed unilateralism and we are not going to be the ones who will carry out unilateral steps." Israel made positive albeit minor steps to ease restrictions on imports to Gaza: on 4/4, it allowed the first commercial import of clothing and shoes (10 truckloads) to Gaza since 6/07 (previously some of these items had been allowed in humanitarian aid shipments). Merchants, however, felt the gesture was empty, noting that Israel had embargoed the clothing at Ashdod port for 3 years, charging them around \$540/month for storage fees in addition to import taxes, and that about half the shipment was damaged from improper storage. On 4/15, Israel began allowing very limited imports of construction materials (aluminum, wood, PVC piping, glass, and electrical cable) for the first time since 10/08 (some items, such as aluminum, had not been allowed in since 6/07) for projects overseen by the UN and Gaza's municipal water authority.

Meanwhile, Hamas took unprecedented steps to contain rocket and mortar fire in

Gaza, though less out of effort to assuage Israel than for self-preservation. Hours after Israel's air strikes on 4/1, Hamas issued a statement saying it was working with the factions to reimpose the Gaza cease-fire to prevent violence from spinning out of control but also condemned the Israeli air strikes for aggravating the situation and called on the international community to keep Israel in check. While Islamic Jihad quickly agreed (4/5) to halt its cross-border fire, Salafist groups refused to participate in talks. Along with the Popular Front for the Liberation of Palestine (PFLP) and perhaps others, they continued low-level, cross-border fire, shooting at least 4 rockets, 6 mortars, and 2 rocket-propelled grenades toward Israel between 4/2 and 4/12; all 6 mortars landed inside Gaza (1 hitting a home, injuring a family of 6); inside Israel, damage was reported in 1 rocket strike, but no injuries. By 4/11, Hamas was detaining fighters from other factions and forcing them to sign pledges to observe the cease-fire. By 4/13, Hamas police were cordoning off the Rafah border area, ordering Palestinians to shut smuggling tunnels until further notice but allowing operators to retrieve food and other perishable goods from the tunnels before closing off the area. After 1 more rocket was fired on 4/16, causing no damage or injuries, Palestinian fire ceased through 4/30, though frequent IDF cross-border fire on Palestinians near the border (resulting in the death of 1 armed Palestinian and 1 civilian) and incursions to clear lines of sight along the border continued. Meanwhile, 2 Palestinians had been killed in tunnel collapses (1 on 4/6, another ca. 4/20) in Gaza and 1 Palestinian was assassinated in the West Bank (4/26), bringing the Palestinian death toll as of 4/30 to 7,639 Palestinians, while the Israeli toll remained unchanged at 1,096.

Proximity Talks Begin

On 4/30, Secy. of State Clinton unexpectedly announced that the Arab League was to meet on 5/1 to re-endorse proximity talks and that special envoy Mitchell would return to the region immediately, with plans to begin indirect negotiations within days. U.S. officials speaking anonymously revealed (*NYT* 5/1) that Abbas after receiving a letter of assurances from Obama had agreed to reenter talks even though Israel had not reversed construction plans in Ramat Shlomo and there was

no general freeze on building in East Jerusalem. The letter of assurances was not released or even officially confirmed, and the only detail mentioned was a U.S. pledge that if Israel did go forward with the Ramat Shlomo construction, the U.S. would abstain from (but not veto) any UN Security Council (UNSC) resolution condemning the move.

As expected, the 5/1 Arab League FMs meeting in Cairo (called at Abbas's request) endorsed plans to begin proximity talks but stressed that talks should last no longer than 4 months and that no direct negotiations should be held until Israel stopped all settlement construction beyond the 1967 borders. Mitchell arrived in the region on 5/3 to secure a final Palestinian-Israeli agreement to begin indirect talks. Both sides initially postured, however: PA negotiations advisor Saeb Erakat stressed (5/3) that proximity talks could not succeed unless Israel abstained from all new settlement construction and Palestinian evictions during the talks, while Israeli dep. FM Ayalon stressed (5/3) that talks could not succeed unless the PA halted its "unprecedented wave of incitement" against Israel, most importantly the Palestinian boycott of goods made in Jewish settlements (see "Nonviolent Protests" below). Meanwhile, Obama phoned (5/3) Netanyahu to emphasize the importance of the proximity talks, the need to transition quickly to direct talks, and the importance of working together to achieve peace; he also reiterated unstinting U.S. support for Israel's security. Netanyahu then made (5/3) a quick trip to Cairo to consult with Egyptian pres. Hosni Mubarak. When Israel's Jerusalem Planning Comm. met on 5/4 (the first time since the Ramat Shlomo announcement), the absence from the agenda of anything pertaining to construction in East Jerusalem was seen as further indication that Netanyahu had imposed an undeclared halt to East Jerusalem settlement construction.

After 5 days of back-and-forth with Mitchell, Israel and the PLO Executive Comm. announced (5/8) their formal agreement to open 4 months of proximity talks—the first peace talks since Ehud Olmert resigned as Israeli PM in 9/08 in the run-up to OCL (see Quarterly Update in *JPS* 150). The talks opened on 5/9 in a single day of intense activity, with Mitchell shuttling between Israeli and Palestinian

negotiators, essentially securing their pledges to refrain from actions hindering peace while the talks were in progress and discussing the parameters of the talks—items that the U.S. originally had wanted agreed before the talks formally launched. According to Mitchell, Israel pledged not to build in Ramat Shlomo for 2 years and the Palestinians pledged to work against incitement. Separately, Abbas adviser Yasser 'Abid Rabbuh declared (5/9) that the PLO had won assurances that all final status issues would be discussed, but Israel clarified (5/9) that it had agreed to allow only “preliminary discussions on core issues.” The Israeli daily *Ha'Aretz* reported (5/10) that Netanyahu was considering a package of confidence-building gestures to the Palestinians including “the release of hundreds of Palestinian prisoners, the removal of additional checkpoints in the West Bank, a de-escalation of Israeli military activity in Palestinian towns, and the transfer of security control over areas of the West Bank to the PA,” but this was not officially confirmed. The evening of 5/9, Mitchell went back to the U.S. and did not return by the end of the quarter. From Washington, State Dept. spokesman Crowley noted the positive atmosphere of the day's talks but warned that “if either [side] takes significant actions during the proximity talks that we judge would seriously undermine trust, we will respond to hold them accountable and ensure that negotiations continue.”

Through the end of the quarter, Israel and the U.S. stressed business as usual. On 5/11, Israeli municipal officials in Jerusalem ordered Palestinian business owners to evacuate a 3-d. plot of land near the U.S. consulate claiming it to be state-owned land, though the order was not immediately enforced. Also by 5/11, construction of 14 new Jewish homes began in Ras al-Amud in East Jerusalem, without U.S. public comment. At celebrations on 5/12 marking Israel's Jerusalem “reunification day,” Netanyahu once again publicly vowed that Jerusalem would remain Israel's undivided capital forever, and Jerusalem mayor Barkat called the city's boundaries “non-negotiable.” Israel's internal security M Yitzhak Aharonovitch stated (5/12) that demolitions of Palestinian homes would not be halted during proximity talks and more would likely be carried out within days. While the U.S. had no

public comment, Israeli DM Barak urged (5/12) officials to refrain from statements that “hurt Israel's interests with the U.S. and with the world in general.”

On 5/13, the White House hosted a second meeting of 15 prominent U.S. rabbis and leading Jewish senior administration officials (including Emanuel, Ross, Director for Near East and North Africa at the National Security Council Daniel Shapiro, and White House liaison to the Jewish community Susan Sher) to assure them once again of the strength of U.S.-Israel relations, with Ross saying that he hoped the rabbis “have seen the manifestations of the change” in the administration's tone since their first meeting on 4/20. The rabbis said afterward that they had received assurances that the U.S. would continue to veto anti-Israel UN resolutions (contrary to the reported Obama assurances to Abbas at the end of the month) and would not seek a nuclear-free Middle East that would strip Israel of its nuclear weapons (see “United Nations” below). They also quoted Emanuel as apologizing for the administration's having “screwed up the messaging” on Israel since coming into office but assuring that none of the officials present would have been part of the administration had Obama not been “solidly” pro-Israel. Ross also revealed that he and Shapiro had been meeting with Israeli officials weekly either in Jerusalem or Washington to discuss defense issues and “integrating Israel into America's military architecture”—a long-desired Israeli goal.

Overall, given the posturing on all sides and the bargaining clearly taking place behind closed doors, it was unclear as of 5/15 how much, if any, real progress toward a settlement had been achieved during the quarter. On the ground, between 5/1 and 5/15, Israeli-Palestinian violence remained moderate but constant. In Gaza, the siege remained tightly in place, with frequent naval and cross-border fire, mostly at civilians near the border (killing 1 civilian and wounding 1). Unidentified Palestinians fired 1 Qassam rocket into Israel, causing no damage or injuries, and the IDF responded with 2 air strikes on Rafah border tunnels, causing no casualties. Meanwhile, 6 Palestinians were killed in tunnel accidents and 1 Palestinian fisherman was fatally shot by the Egyptian navy when he strayed near Egyptian territorial waters. In the West Bank, a Palestinian

infant died of tear gas inhalation when the IDF fired a canister into a Hebron home during protests against the separation wall (5/7), and 1 Palestinian teenager was fatally shot by a Jewish settler driving on the Ramallah–Nablus road (5/13).

Intifada Data and Trends

During the quarter, at least 27 Palestinians, 3 Israelis, and 1 foreigner were killed in Israeli-Palestinian violence (compared to 33 Palestinians and 2 Israelis last quarter), bringing the toll at 5/15 to at least 7,649 Palestinians (including 51 Israeli Arabs and 19 unidentified Arab cross-border infiltrators), 1,096 Israelis (352 IDF soldiers and security personnel, 216 settlers, and 528 civilians), and 65 foreign nationals (including 2 British suicide bombers).

As of 3/31, PA, World Bank, and CIA figures estimated the Palestinian population at 2,514,845 in the West Bank (including East Jerusalem) and 1,604,238 in Gaza. Unemployment in the West Bank was 16.5% and in Gaza 33.9%. In Gaza, as of 3/2010, there were 1,170 functioning industrial sector establishments (66% working at around 10% capacity, 33% working at 20–50% capacity), down from 3,900 in 6/07; 5,000 employed industrial workers (down from 35,000 in 6/07); 50 operating construction companies (down from 125 in 6/07); and 1,500 employed construction workers (down from 50,000 in 6/07).

Nonviolent Protests

Last quarter, the PA, encouraged by the increasingly high profile of the weekly nonviolent protests against the separation wall, began as a matter of policy to participate and encourage nonviolent protest actions, with PA and Fatah officials taking part in wall protests and tree planting ceremonies to assert claims to land, and finally launching its own initiative by calling a national boycott of settlement-made goods. (The PA could not target goods imported from Israel because they are protected under various peace and trade agreements of the Oslo process.)

This quarter, as part of this expanding PA effort, the PA Communications Min. banned (early 4/10) the sale of Israeli phone cards because Israeli signals were relayed by towers inside settlements. The PA also launched (by 4/6) the \$2 m. Karama National Empowerment Fund, jointly financed by the PA and Palestinian

businesses, to promote the boycott of settlement goods, including erecting “Your conscience, your choice” billboards in the West Bank. Later in 4/10, PA Pres. Abbas signed a law making it a crime (punishable by up to 2 years in prison and a \$15,000 fine) to sell settlement-made goods in PA areas (trade worth \$200 m./year to Israel); those who imported settlement products into West Bank areas A and B, under PA administrative control, could face up to 6 years in prison, fines of up to \$3,000, and confiscation of licenses and vehicles. The estimated 30,000 Palestinians who work in settlements were urged to quit, though they would not be penalized if they stayed on given the PA’s inability to fund unemployment insurance.

Speaking to the Knesset Economic Affairs Comm. on 5/2, Israel’s dep. FM Ayalon denounced the Palestinian boycott as “part of a continuous planned and budgeted campaign of incitement and delegitimization against Israel by the [PA],” recommending that “should this matter shift from a political battering ram to an economic problem, then we must be prepared to take additional measures.” He added that Israel had already started laying the groundwork to lobby against Palestinian admission to the World Trade Organization by approaching European states and asking “if it was their intention that part of the [donor-funded PA] budget . . . be used to encourage boycotting and promulgate hatred.” By 5/15, at least 17 businesses in the Mishor Adumim industrial park in Ma’ale Adumim settlement had closed as a result of the Palestinian boycott. The PA said (5/15) it had confiscated and destroyed \$5 m. worth of settlement goods since the 4/10 law was enacted.

Meanwhile, privately organized demonstrations against the separation wall expanded and gained media attention. By the end of the quarter, such protests were frequently being held near Bethlehem, Hebron, and Nablus, though not with the weekly regularity of the protests in Bil’in, Ni’lin, and al-Ma’sara (see Chronology for details). Drawing international attention to the protests, Rajmohan Gandhi, grandson of the late Mahatma Gandhi, visited (ca. 4/5) Bil’in and took part in a separation wall demonstration there, and Martin Luther King III took part (mid-4/10) in a conference on nonviolence in Ramallah. Separately, Palestinians of Bil’in hosted

(4/21–23) an international conference calling for peaceful popular resistance against the separation wall. On 4/23, participants (including EU special envoy Marc Otte and more than 20 other Arab and foreign diplomats) marched peacefully toward the wall, where IDF troops fired rubber-coated steel bullets, stun grenades, and tear gas, injuring 7 people (including 2 Palestinian journalists, and 1 Israeli and 1 international demonstrator) and arresting 5 (3 Israelis, including a journalist, and 1 American and 1 Palestinian demonstrator).

In reaction to the increasing prominence of the wall protests, the IDF declared (3/12) Bil'in and Ni'lin closed military zones every Friday for 6 months in an effort to halt the protests, but this was largely ignored by demonstrators. Also in apparent response to increased media attention, the IDF tightened (ca. 3/30) its open-fire rules in the West Bank, no longer giving soldiers blanket approval to fire in the air (or otherwise) at stone-throwing Palestinians, but allowing fire only when Molotov cocktails are thrown or when soldiers have requested and received explicit permission from commanders. In one instance (4/22), the IDF conducted late-night arrest raids targeting the homes of Palestinians involved in organizing local separation wall protests in Hebron. Troops fired stun grenades and tear gas into homes, breaking windows and arresting 5 Palestinians (4 were released on 4/25; 1 was still in custody at the end of the quarter). Israeli officials also began stressing (mid-3/10) in the media that the separation wall protests (1) could not be called “nonviolent” because they often involved stone-throwing and attempts to vandalize the wall, and (2) constituted incitement, which the PA was supposed to eliminate in keeping with its road map requirements.

Meanwhile in Gaza, Palestinians began (3/1) to organize nonviolent marches to the Gaza border to protest Israel's imposition of a 300-m-deep no-go zone inside Gaza along the length of the border, routinely drawing warning shots from IDF troops in Israel seeking to push them away from the border. On 4/24, IDF troops on the c. Gaza border fired on Palestinian and international activists taking part in one such march to the border fence e. of al-Maghazi r.c., wounding 2 Palestinians and 1 international (from Malta) with live ammunition—the first injuries since

the protests began. In discussing the incident with the press and the Maltese government, Israeli FMin. officials repeatedly referred to the no-go zone as a “combat zone,” raising concerns that Israel might take increasingly aggressive action against anyone approaching the border fence. On 4/28, IDF troops fired on marchers approaching the Nahal Oz crossing, killing a Palestinian teenager (the first death since the marches began), but overall IDF cross-border fire did not increase substantially.

Assassinations and Suicide Attacks

This quarter, the IDF killed 1 Palestinian in what could be considered an assassination (compared to 3 assassinations last quarter). Overnight on 4/25–26, IDF troops made an incursion into Bayt Awa near Hebron, surrounding a home in which wanted Hamas member Ali Swaiti was staying, heavily firing on and ultimately demolishing the home on top of Swaiti, killing him. Palestinians argued that Swaiti easily could have been apprehended, and therefore his death constituted an assassination.

Once again this quarter, there were no Palestinian suicide attacks. The last confirmed Palestinian suicide attack took place on 9/22/08.

House Demolition, Land-Leveling, and Judaization of Jerusalem

As noted in the main Israeli-Palestinian section above, Israel during the quarter approved a number of construction plans for East Jerusalem intended to reinforce the Jewish presence there and send a political message that it would not cede the territory under final status. In a special report on 5/7, the *Washington Post* reported that more than 11,000 new housing units intended for Jews in East Jerusalem had already received final approval from the Israeli government; another 9,000 units (including the 1,600 in Ramat Shlomo) were in some stage of the approval process; and the government and private developers were drafting plans for some 30,000 more. As of 5/7, some 300,000 Arabs lived in Jerusalem (35% of the total population), with parity between Arabs and Jews estimated to be reached in 2030. Nearly 200,000 Jews were living in East Jerusalem.

Israel demolished 8 Palestinian homes this quarter (compared with 18 last quarter). One home was demolished in Bayt

Hanina in East Jerusalem to make way for construction of the "eastern ring road" (a settler-only bypass road connecting n. West Bank settlements to West Jerusalem). In the West Bank, the IDF leveled 2 homes in Bethlehem and 1 each in Hebron and Salfit, as well as demolishing a livestock pen near Kiryat Arba settlement and 6 wells w. of Jenin that provided water to 47 greenhouses and 456 d. of agricultural land; the houses and wells were removed for having been built without permits, while the livestock pen was removed at the request of local settlers. During an incursion into central Gaza on 2/18, the IDF demolished 3 Palestinian homes and leveled 17 dunams near the border to improve lines of sight.

Also of note: Israel's Jerusalem district court ordered (2/28) Palestinian Jerusalem resident Mansur Abu Gharbiyya expelled for 2 years for "participating in public activities" (not further specified).

Movement and Access Issues

Palestinian freedom of movement within the West Bank, particularly between major population centers, continued to be relatively good this quarter, continuing an easing trend that began in summer 2009. The IDF, however, imposed several lengthy general closures on the West Bank during the quarter, prohibiting West Bank Palestinians from entering Jerusalem or Israel: 2/26-3/1 (Purim holiday); 3/12-16 (for fear of reprisals and demonstrations over the 3/9 Ramat Shlomo announcement); 3/29-4/6 (Passover); and 4/17-20 (Israel's memorial and independence days).

No change in the restrictions on Palestinian movement into or out of Gaza was reported this quarter. While Israel eased imports very slightly for commercial goods and construction supplies for UN reconstruction projects and emergency repairs to the water system as of 4/2010, overall imports remained at roughly 500 containers per week, well below the UN-estimated requirement of 500 per day to meet Gazans' basic needs. Exports remained totally banned, with the exception of 12 containers of flowers and 1 container of cleaning supplies, which benefited the Israeli economy. Fuel and electricity imports remained unchanged and below needs; Gazans experienced rolling blackouts of 8-12 hours per day, 4-5 days per week throughout

the quarter. The *Washington Times* noted in a special report on 3/24 that Palestinian fishermen, unable to fish in the bountiful waters off Gaza's coast because of Israel's blockade, had resorted to sneaking into Egypt to buy fish and bring them home, either in small motorized boats or in ice-packed crates through the smuggling tunnels on Rafah's border. (Israel reduced the permitted fishing zone to 500-1,000 m off the Bayt Lahiya coast as of 7/26/09 and the Rafah coast as of 8/6/09, otherwise allowing Palestinian boats out 3 nautical miles. Under international law, a nation's territorial waters typically stretch 12 naut. mi. from the coast and the exclusive economic zone, including for fishing, stretches 200 naut. mi.) Others had built fish ponds inside Gaza in hopes of breeding food fish. The permitted fishing zone is overfished and dangerous: since 2006, Israeli naval vessels firing on fishermen to keep them within the reduced zone have killed 5 fishermen, wounded more than 20, and arrested 10s, confiscating their boats.

Separation Wall

For the first time in a year, Israel announced (3/2) new work on the separation wall, largely suspended for several years because of overall government budget constraints: the IDF resumed work on a wall segment in Bayt Jala near Bethlehem (suspended for 3 years), slating 300 d. of Palestinian agricultural land and 2,000 olive trees for razing.

Settlers and Settlements

The number of individual incidents of settler violence reported this quarter was 37 (down from 40 last quarter). This quarter, most incidents occurred in Nablus (13) and Hebron (7). The remaining incidents took place in East Jerusalem (4), Ramallah (4), Salfit (4), Qalqilya (3), and Jericho (1); the location in 1 incident was not reported.

Incidents this quarter included an unusual number of cases in which settlers entered (or attempted to enter) Palestinian population centers as a show of force (2/21, 3/6, 3/20, 4/12, 4/25), as well as attacks on mosques (occupying a mosque on 2/21, vandalizing another on 4/14, and burning a 3d on 5/4). Other incidents involved seizing Palestinian land to expand existing settlements (2/20); vandalizing Palestinian property (2/2, 4/8, 4/10, 4/22,

4/23, 4/29, 5/7), including setting fire to cars (4/14, 4/16); uprooting trees and damaging crops (2/22, 3/12, 3/18, 3/19, 4/22, 4/23, 4/30, 5/4, 5/9); beating, harassing, or chasing off Palestinians, particularly farmers and shepherds (2/20, 3/8, 3/23, 4/6, 4/10, 4/13, 4/21, 4/23, 4/24, 2 on 5/6, 5/8); and blocking Palestinian traffic (5/6). Jewish settlers also killed 2 Palestinian teenagers in a deliberate hit and run (4/1) and a fatal shooting (5/13).

In an incident on 4/22, Jewish settlers from the Gush Etzion settlement blocks n. of Hebron pumped settlement wastewater into nearby Palestinian land in Bayt Umar, flooding 70 d. of vineyards and washing away 300 m of stone fences. The PA Agriculture Min. estimated that the land would need to be treated for 2 years before it could be used again to grow crops for human consumption. In response to this incident and the overall escalation in extreme settler attacks and settler attempts to enter Palestinian villages, Israel announced (late 4/10) plans to station a special task force of border police in the West Bank to protect Palestinian property from violent settlers. It was unclear if the decision was implemented, and there was no noticeable change in settler actions.

Palestinians of Israel

The Israeli cabinet approved (3/22) \$215 m. in new funds for development programs in 12 Israeli Palestinian communities to expand industrial areas and improve education, day care, transportation, and security, billing the allocation as the largest ever economic stimulus plan for Israeli Palestinians. Timed to coincide with the cabinet vote, 2 Israeli human rights groups (the Coalition Against Racism and Mossawa Center: The Advocacy Center for Arab Citizens in Israel) issued a report accusing Netanyahu's government of being the most discriminatory in Israeli history after passing at least 21 bills seen as biased against Arab citizens.

In mid-4/10, an Israeli court awarded 2 Israeli Palestinians \$8,000 in damages from El Al Israel Airlines, ruling that their treatment by El Al security staff at New York's JFK airport had been "abusive and unnecessary." The brothers, Abdel Wahab and Abdel Aziz Shalabi, were assigned a female security guard who watched over them at the airport's departure gate for nearly 2 hours, in full view of hundreds of fellow

passengers, after they had cleared the airport's general security and baggage checks. At one point the guard threatened to bar one of the men from the flight for going to the bathroom without asking her permission. At the close of the quarter, the brothers were considering suing El Al's New York staff in U.S. courts for racial profiling.

Hasbara

Israel's Information and Diaspora Affairs Min. launched (2/17) a campaign calling on Israeli citizens and Jews traveling abroad to take active steps to portray Israel in a positive light and combat negatives stereotypes of Israel, offering pamphlets and courses with PR tips to travelers. Critics complained that the campaign focused on erasing perceptions of Israel as a primitive, unsophisticated state (which they argued were not prevalent) instead of targeting accusations on which Israel's unfavorable image are based (e.g., Israel as an apartheid state, Israeli ethnic cleansing).

Israeli and international human rights groups that deal with Israeli-Palestinian issues reported (see *NYT* 4/6) being increasingly under attack by the Israeli government following the publication of the 2009 Goldstone report, which alleged that Israel (as well as Palestinians) may have committed war crimes during OCL. The Israeli organization Gisha reported being harassed by Israeli tax authorities who questioned whether the organization had the right to a tax-exempt status, which is based on "promoting public good," in light of its criticism of the government. The Association for Civil Rights in Israel (ACRI) reported that demonstrations inside Israel protesting government treatment of Palestinians were increasingly dispersed by Israeli police, with activists arrested and held for days without charge. The international NGO Human Rights Watch accused the Israeli government of "waging a propaganda war" to discredit it for documenting and reporting Israeli violations of international law. The *New York Times* article cited a senior Netanyahu aide as stating in 2009 that the government was "going to dedicate time and manpower to combating these groups," with Netanyahu himself saying that perpetuation of the Goldstone Mission's concerns delegitimized Israel abroad to the point of constituting a major strategic threat.

Also of note: Israel lifted (4/8) a gag order on the case of Israeli journalist Anat

Kamm, under house arrest since 12/09 on charges of espionage. Kamm was accused of copying and stealing more than 2,000 military documents while serving in the office of the commander of IDF Central Command (responsible for the West Bank) during her compulsory military service in 2005–7 and turning them over to *Ha'Aretz* journalist Uri Blau in hopes that they would be made public. Blau used the documents to write a series of articles starting in 11/08 notably proving that Israel had targeted 3 senior Islamic Jihad members for assassination in violation of the High Court's new stricter guidelines for such operations. All the articles in the series were reviewed and approved for publication by Israel's military censor. Blau was in London when Kamm was detained and did not return to Israel, fearing arrest. State prosecutors offered him (before 4/6) immunity if he turned over all the documents, but he refused, citing a journalistic responsibility to Kamm. After Kamm released (4/12) him from any confidentiality agreements, he accepted (ca. 4/28) the government's deal.

INTRA-PALESTINIAN DYNAMICS

The geographical and political split between Hamas-controlled Gaza and the Fatah-controlled PA in the West Bank continued to set the framework for intra-Palestinian affairs this quarter. Divisions were reinforced this quarter as efforts to organize elections and national unity talks stagnated. Intra-Palestinian violence, however, remained low: Only 1 Palestinian was reported injured (ca. 3/18 in Gaza) in inter-factional fighting (no deaths or injuries in inter-factional fighting were reported last quarter); the total number of Palestinians killed in such fighting since the first major outbreak of intra-Palestinian violence in 10/06 (see Quarterly Update in *JPS* 142) stands at about 470 (not including deaths in internal fighting during OCL, when cases were hard to confirm; see Quarterly Update in *JPS* 151). On the other hand, Hamas officials in Gaza executed (4/15) 2 Palestinians convicted of collaborating with Israel, marking the first executions in Gaza since Hamas seized control in 6/07.

PA Elections

Last quarter, in 12/09, the PLO Central Comm. had unanimously voted to extend

Abbas's presidency until the next presidential and legislative elections, and the PA almost immediately postponed indefinitely legislative and presidential elections that had tentatively been set for 1/2010 (see Quarterly Update in *JPS* 155). The assumed target date for elections automatically became 6/28/10 in accordance with a draft national reconciliation agreement proposed by Egypt last quarter, which Fatah accepted but Hamas did not endorse (see Quarterly Update in *JPS* 154). On 2/8, the PA had announced that municipal elections would be held in the West Bank in several stages beginning on 7/17/10—the first elections held since Hamas took office in 1/06. Hamas said it would not participate.

This quarter, there was no evidence that the technical preparations for presidential or legislative elections were under way (e.g., updating voter rolls). Fatah was fixated on municipal elections, generally considered a test run for national elections. The only noticeable efforts constituted internal jockeying for slots on the official Fatah municipal slates, with potential candidates seeking to bolster their nationalist credentials, particularly by taking part in nonviolent protests against the separation wall and promoting the PA boycott of settlement-made goods. In addition, by mid-3/10, PA and Fatah officials were reportedly (*HA* 3/9) increasingly rejecting Israel's VIP travel cards, aware that most Palestinians stuck at crossings for hours while VIPs sailed through had come to view them as symbols of collaboration with Israel. Rejecting the VIP passes could also be spun as another form of nonviolent protest against Israeli occupation, particularly after Israel revoked (3/2010) the VIP passes of several Fatah Central Comm. members who took part in demonstrations against the separation wall in Bil'in.

National Unity Talks

National unity efforts mediated by Egyptian intelligence chief Omar Sulayman continued throughout this quarter without progress; no one was optimistic that a national reconciliation agreement would be reached anytime soon. With proposals of 10/09 still constituting the basis of discussion (see Quarterly Update in *JPS* 154), Hamas renewed its complaints, expressed for months, that Egypt failed to represent its point of view in the

mediation and sided entirely with Fatah. Disputes remained unresolved over how to divide power and over U.S. demands that any national unity government adhere to the 1/06 Quartet requirements (see Quarterly Update in *JPS* 139): denouncing and refraining from all violence, including incitement; recognizing Israel's right to exist as a Jewish state; and agreeing to observe all previous peace agreements with Israel. Fatah Central Comm. member Sakhr Bseiso traveled secretly to Gaza in late 3/10 to try to bridge gaps but reached no understandings.

Hamas Governance in Gaza

In Gaza, Hamas faced new challenges to its control and took controversial steps in apparent response. By early 3/10, Gazans were reporting (see *Washington Times* [*WT*] 3/3) that Salafist groups in the Strip (operating under various names), quelled after a Hamas crackdown in 6/09 (see Quarterly Update in *JPS* 153), had in recent weeks stepped up their activities, including staging warning bombings targeting Hamas officials and cracking down on perceived "vice" (including bombing Internet cafes and pressuring women to veil). In addition, between 2/17 and 2/23, unidentified assailants (possibly connected to Fatah) detonated 2 explosive devices near the home of Hamas's acting Gaza PM Ismail Haniyeh, causing no injuries. (A third device was discovered and safely destroyed.) On 3/16, unidentified assailants detonated a bomb outside a Hamas-affiliated police station in Gaza City, causing no injuries. Between 3/11 and 4/16, Salafists led the violations of the Gaza cease-fire, noted above, raising Hamas concerns that the IDF could stage a massive retaliation and refusing Hamas requests that they take part in talks to reimpose the cease-fire.

In response to the cross-border fire into Israel, Hamas, as noted above, began ca. 4/11 detaining fighters from other factions, making them sign pledges that they would not stage cross-border attacks on Israel, and clamping down on tunnel traffic on the Rafah border. Also of note, Gaza's Hamas-run government banned (3/4) male hairstylists from working in women's beauty salons, a move that analysts viewed (e.g., *WT* 3/5) as Hamas's response to increasing pressure from radical Islamist groups to prove its Muslim credentials. The 4/15 execution by Hamas authorities

of 2 Palestinians convicted in a Hamas military court of collaborating with Israel in the assassination of several resistance fighters may also have been a show of force to boost its resistance credentials.

The acting Hamas government also seemed desperately strapped for cash given Israel's ongoing siege. On 3/29, Hamas-affiliated police raided the Bank of Palestine presenting a warrant for the seizure of all the money (nearly \$500,000) from the account of a Hamas-affiliated hospital whose assets were frozen by the PA after Hamas's 6/07 takeover of Gaza, taking the money at gunpoint when the teller refused to hand it over. Representatives of the acting Hamas government said a court had ruled that the PA action freezing the organization's assets was illegal but gave no other details.

Adding to Gaza's financial woes: The Jordan-based Arab Bank (Palestinian owned and one of the largest financial institutions in the Middle East) closed its 2 branches in Gaza on 5/6, saying international rules banning banks from dealing with Hamas and recent rumors that Hamas authorities might tax banks to increase revenue had made it too difficult to do business in the Strip. The announcement triggered a run on the branches by depositors, during which several were injured.

Security Coordination

Abbas's PA continued to coordinate closely with Israel on security issues. The IDF reported (ca. 2/24) that it had recently preempted a Palestinian rocket strike from Gaza based on information provided by West Bank PA security forces (PASF) in "one of several recent cases that illustrate cooperation between the Israeli army and the [PASF]." Israel, however, entered Palestinian-controlled area A without coordination with the PASF: On 3/13, for example, the IDF sent units into Ramallah to detain senior Hamas official Maher Audi, wanted in connection with the death of 10 Israelis. The PA did not comment publicly.

Of note: Ahead of the publication of his autobiography, Mosab Hassan Yusuf, son of Hamas's cofounder and West Bank Hamas head Shaykh Hassan Yusuf, revealed in an exclusive interview with *Ha'Aretz* (2/24) that for 10 years (1997-2007), while serving as his father's aide, he also acted as Shin Bet's "most reliable source" inside Hamas, tipping Israel off to potential

security threats and providing information leading to the arrests of a number of senior Palestinian figures, including Hamas’s West Bank military commander Shaykh Ibrahim Hamid, Fatah tanzim leader Marwan Barghouti, and Hamas bomb-maker Abdallah Barghouti (distantly related to Marwan). He was recruited as a Shin Bet agent when he was first arrested by the IDF in 1996 and agreed to collaborate in exchange for his early release in 1997. He fled the West Bank in 2007, seeking asylum in the U.S. (not yet granted as of 2/24).

Also of note: Hamas accused (2/19) Fatah of links to the 1/20/10 assassination of IQB founder Mahmud al-Mabhuh, saying that 2 Palestinian suspects in custody in Dubai in connection with the assassination, Anwar Shhaybar and Ahmad Hassanayn, were former Fatah security officers and current employees of a senior Fatah official. Fatah denied the accusation.

PALESTINIAN OPINION

The following data are excerpted from a poll conducted by the Jerusalem Media and Communication Center (JMCC) between 10 and 15 April 2010. Results are based on a survey of 1,198 men and women from the West Bank (including East Jerusalem) and Gaza. The poll, the 70th in a series, was taken from JMCC’s Web site at www.jmcc.org.

1. Recently, signs of Israeli-American disagreements have emerged on the Israeli settlement policy in the occupied Palestinian territories. To what extent do you think that the [U.S.] is serious on opposing the Israeli settlement policy?

	West		
	Bank	Gaza	Total
a. Very serious	2.7%	2.0%	2.4%
b. Somewhat serious	15.8%	14.0%	15.1%
c. Somewhat not serious	28.7%	33.6%	30.6%
d. Not at all serious	48.8%	46.9%	48.1%
e. Don’t know/ No answer	4.0%	3.5%	3.8%

2. What do you think about the performance of the U.S. administration regarding the Middle East one year after President Obama assumed office?

(Ed. Note—For comparison, see JPS 153 for responses to the same question in June 2009.)

	West		
	Bank	Gaza	Total
a. Improvement	11.8%	7.3%	10.1%
b. Retreat	19.8%	28.0%	22.9%
c. No change	64.7%	60.4%	63.1%
d. Don’t know/ No answer	3.7%	4.3%	3.9%

3. There has been talk recently about the resumption of indirect negotiations between the Palestinians and Israelis under U.S. sponsorship. Do you believe that such negotiations serve or harm the Palestinian interests?

	West		
	Bank	Gaza	Total
a. Serve Palestinian interests	20.7%	10.2%	16.8%
b. Harm Palestinian interests	34.9%	46.0%	39.1%
c. Neither serve nor harm Palestinian interests	39.4%	36.4%	38.3%
d. Don’t know/ No answer	5.0%	7.4%	5.8%

4. In general, what is the best method to achieve the Palestinian people’s goals of ending the occupation and establishing a state?

	West		
	Bank	Gaza	Total
a. Peaceful negotiations	47.6%	37.1%	43.7%
b. Armed resistance	25.5%	36.9%	29.8%
c. Nonviolent resistance	21.7%	22.2%	21.9%
d. Other	0.8%	1.3%	1.0%
e. Don’t know/ No answer	4.4%	2.5%	3.6%

FRONTLINE STATES

JORDAN

Jordan kept in close contact with Israeli, Palestinian, and U.S. leaders regarding the peace process but did not take any new initiatives. U.S. VP Biden met (3/12) with Jordan’s King Abdallah in Amman before returning to the U.S. after his visit to Israel and the West Bank (see “Biden Visit” above). Abdallah met with Obama on a

visit to Washington on 4/12, urging the U.S. to offer its own peace plan because of the “tremendous tension” in the region over the failure to resolve the Israeli-Palestinian conflict and regional concerns that the impasse had created a “tinderbox that could go off at any time.”

Speaking at an Organization for Economic Cooperation and Development (OECD) conference in Paris on 3/9, Israel's National Infrastructure Minister Uzi Landau said that Israel intended to develop civilian nuclear energy plants as an alternative to importing oil and gas, offering to build a plant as a joint project with Jordan under French supervision. (Israel is widely assumed to have nuclear weapons though it has never declared them.) Though Jordan had previously expressed interest in developing nuclear energy, it distanced (3/9) itself from Israel's proposal, saying that the discussion of such cooperation was premature in the absence of comprehensive Israeli-Palestinian peace.

LEBANON

The only significant development on the Israeli-Lebanese front this quarter related to Ghajar village, straddling the de facto border between Israel and Lebanon. Israel held (2/23) a fourth round of negotiations with the UN Interim Force in Lebanon's (UNIFIL) new commander, Spanish maj. gen. Alberto Asarta Cuevas, over the IDF's possible withdrawal from the n. half of the village. (Three rounds of talks had been held with Asarta Cuevas's predecessor last quarter; see Quarterly Update in *JPS* 155.) Israel described the talks as positive but gave no details. Meanwhile, Israeli FM Lieberman, meeting 2/22 with Spanish FM Miguel Angel Moratinos in Brussels, suggested that Israel would agree to withdraw from n. Ghajar in exchange for an end to all Lebanese territorial claims against Israel, meaning Beirut would have to drop all claims to the Shaba' Farms area. Lebanon did not comment. On 4/22, Lieberman mentioned that Israel had held a fifth round of talks with UNIFIL regarding Ghajar, but this was not officially confirmed.

Several security incidents during the quarter are worth noting. Serious armed clashes among rival PFLP-General Command (GC) members were reported in

several villages in the Bika' Valley on 4/8 after a PFLP-GC commander was sacked as head of a local outpost. One member was killed and 2 wounded in the exchanges.

Israel's military censor reported on 5/10 that several weeks before, the authorities had arrested Israeli Palestinians Ameer Makhoul and Omar Said, members of the Balad party, on charges of spying and making contact with Hizballah. Lawyers for the men denied the charges, saying Israel's espionage laws were overly broad and the government construed e-mail correspondence with anyone in Lebanon as contact with Hizballah.

An Egyptian court convicted (4/28) 26 men of membership in a Hizballah cell plotting terrorism in Egypt and weapons smuggling to Gaza. Their sentences ranged from 6 months to life. Hizballah had acknowledged setting up the cell, which Egypt uncovered in 4/09 (see Quarterly Update and Doc. B1 in *JPS* 152), but said it was organized to help Palestinians, not to stage attacks in Egypt.

Also of interest: The UN Special Tribunal for Lebanon charged with investigating the 2005 assassination of former Lebanese premier Rafiq Hariri summoned (ca. 3/26) 6 Hizballah members for questioning, reviving rumors first reported in the German daily *Der Spiegel* in 5/09 that Hizballah might have been involved in the killing. If confirmed, accusations against Hizballah could have a profound effect on domestic politics in Lebanon.

SYRIA

There were no serious efforts this quarter to renew Israeli-Syrian peace talks, stalled since Israel launched OCL in 12/08. Turkish PM Recep Tayyip Erdogan told (3/9) journalists during a trip to Saudi Arabia that Israel had agreed to resume Turkish-mediated indirect talks with Syria but Netanyahu's office immediately issued (3/9) a statement stating that no such decision had been taken.

The U.S. and Syria continued cautiously to explore improving bilateral relations this quarter, without much success. U.S. undersecy. of state for political affairs William Burns met with Syrian pres. Bashar al-Asad in Damascus on 2/17 for “candid” talks on improving bilateral relations, marking the highest level U.S. visit to Syria

in 5 years. At the same time, Pres. Obama officially nominated (2/16) Robert Ford as amb. to Syria after receiving Syria's approval (see Quarterly Update in *JPS* 155) and formally opted (2/17) not to renew a State Dept. advisory that expired on 2/12 cautioning Americans against visiting Syria. On 2/24, however, Secy. of State Clinton publicly stated that the U.S. expected Pres. Asad to curb ties to Iran and support for militant groups such as Hamas and Hizballah in reciprocity for the U.S. restoring its ambassador to Damascus. The move backfired: The next day (2/25), Asad held a joint press conference with Iranian pres. Mahmoud Ahmadinejad in Tehran to criticize the U.S.'s "new . . . colonialism" and emphasized that Iranian-Syrian ties were strong. In a sign of their deepening ties, the men signed an agreement waiving visa restrictions for travel between their countries.

On 4/13 Israel accused Syria of arming Hizballah with long-range Scud missiles that would place Tel Aviv and Jerusalem well within Hizballah's range. Syria denied (4/13) the charge, accusing Israel of attempting to divert attention from its recent dispute with the U.S. over East Jerusalem settlements. Hizballah refrained from comment. The U.S. said it was concerned about Hizballah rearming after the 2006 war but could not corroborate Israel's claims. In light of Israel's allegations, Republican members of Congress delayed (beginning 4/13) Ford's approval as ambassador through the end of the quarter.

Meanwhile, in early 4/10, Syria granted the International Atomic Energy Agency (IAEA) permission to revisit a Damascus nuclear research center as part of an investigation into whether Syria had a covert nuclear program. At the same time, however, Syria denied the IAEA permission to revisit the site bombed by Israel in 9/07, where the IAEA had previously found traces of uranium. (Syria claims the traces were from depleted uranium-tipped missiles used by Israel to target the site, a claim the IAEA previously rejected; see Quarterly Updates in *JPS* 152, 153.) The IAEA wanted to check to see if the traces found at the bombed site matched uranium used at the research center. Obama renewed (5/3) U.S. sanctions on Syria for another year, citing among other factors Syria's continued support for terrorist groups (especially Hizballah) and questions regarding its

nuclear program. The U.S. imposed sanctions on trade with Syria and the assets of various individuals and entities in 2004.

On 5/11, Israeli FM Lieberman accused North Korea of supplying Syria with weapons of mass destruction (not specified), citing as evidence vague U.S. intelligence reports that "an illicit North Korean arms shipment" bound for an unnamed Middle Eastern country was seized at Bangkok airport in 12/09.

REGIONAL AFFAIRS

The only regional efforts involving the Arab-Israeli peace process this quarter were the 4 Arab League sessions (3/3, 3/10, 3/27-28, 5/1) debating endorsement of proximity talks and reaffirming the 2002 offer of full normalization for full peace. Otherwise, regional actors kept a low profile, especially so as not to be seen as attempting to affect the outcome of the U.S.-Israeli dispute over Jerusalem and settlements.

Of note: On 2/24, Dubai police released the names of another 15 suspects in the 1/20 assassination in the UAE of Hamas's Mahmud al-Mabhuh (see Quarterly Update in *JPS* 155), bringing the total number of suspects to 26, including 6 women; only 2, both Palestinians, were in custody. According to UAE authorities, many of the 26 traveled on expertly forged European (British, French, German, and Irish) and Australian passports, some using the stolen identities of people living in Israel. Authorities also claimed to have a great deal of video surveillance footage from local cameras in hotels and elsewhere showing some of the perpetrators. Speculation increasingly pointed to Mossad as being behind the poorly executed hit, which Israel neither confirmed nor denied. The incident strained relations between Israel and Australia and EU countries over the passport forgery issue (see "European Union" below). The UAE, which had previously been lax about allowing Israelis to travel to the emirates for business or to participate in conferences and international events (particularly if they were dual nationals traveling on non-Israeli passports), said (3/1) that in light of the assassination, it would begin scrutinizing visitors more carefully in an effort to identify and limit access of Israeli nationals.

INTERNATIONAL

UNITED STATES

This quarter, the Obama administration became significantly more involved in the Israeli-Palestinian peace process, taking a major role in pushing for the resumption of peace talks and suffering a major public dispute with Israel, but only modest progress could be seen on the ground. Nearly a year after Obama's 6/09 Cairo speech in which he promised serious engagement with, and changed U.S. policy toward, the Middle East, Arab and Muslim optimism for the new administration was waning and Israel was increasingly wary.

Military Leads Internal Criticism

Within the U.S. government there was also growing frustration, not only with the Middle East developments but over broader policy formation and execution in general. Many of the criticisms were longstanding, but increasingly senior U.S. military officers and defense officials seemed to voice them publicly, albeit discreetly, occasionally generating major media attention, especially when the criticism seemed directed at U.S. policy toward Israel.

Indicative of this trend, Joint Chiefs of Staff Chairman Adm. Mullen gave an address at Kansas State University on 3/3 laying out what some (e.g., *Washington Independent* 3/16) called the emerging "Mullen Doctrine," seeking to slightly but significantly recast the military's role in executing U.S. policy. Arguing in support of existing calls for a "whole of government approach" to policy issues, he cautioned against "thinking of war and peace as two very distinct activities," urging instead that the military be deployed in support of diplomatic efforts from the outset as part of an interdepartmental plan to prevent conflict, not as a last resort when military intervention is needed because of policy failure. Conversely, he argued that troops should be committed "only if and when the other instruments of national power [e.g., State Dept., U.S. Agency for International Development (USAID)] are ready to engage as well," otherwise they would be almost guaranteed to fail. Though Mullen alluded more to Iraq, the warning against delinking security efforts and diplomatic initiatives had implicit relevance for the Israeli-Palestinian conflict, where for years,

in the absence of peace talks, the only direct Israeli-Palestinian coordination had been via Lt. Gen. Keith Dayton's security mission.

In his 3/16 briefing to the Senate Armed Services Comm. on CENTCOM operations (see Doc. D4), Gen. Petraeus, while reiterating Mullen's "whole of government" message, emphasized a different aspect of the interplay of security and diplomacy, stating that perceptions of U.S. favoritism toward Israel and inability to secure progress on the peace process "limits the strength and depth of U.S. partnerships with governments and peoples in [CENTCOM's area of operations] and weakens the legitimacy of moderate regimes in the Arab world. [The anger generated allows] al-Qaeda and other militant groups . . . to mobilize support . . . [and] also gives Iran influence in the Arab world through its clients, Lebanese Hizballah and Hamas." He also cited as detrimental the existence of "ungoverned, poorly governed, and alternatively governed spaces" where weak civil and security institutions generate instability, citing the Palestinian territories and Lebanon as examples, underscoring the need for "the development of national civil institutions and social cohesion" in these areas. He also alluded to Israel's nuclear program, suggesting it was a factor that could lead to a regional weapon of mass destruction arms race.

Analysts saw (e.g., *NYT* 4/15) such messages from the top military echelons as largely responsible for precipitating a "lengthy debate among [Obama's] top officials over how best to balance support for Israel against other American interests" in the region that some believed had resulted in an important, fundamental shift in the administration's approach to the peace process. Those who agreed with this assessment saw the change reflected in the growing number of U.S. statements, particularly after the Ramat Shlomo incident, calling Israeli-Palestinian peace a "vital national security interest" (e.g., Obama 4/13) and Israeli and Palestinian failure to work for peace "destabilizing . . . at significant cost to the U.S." (e.g., Clinton 4/15).

U.S.-Israel Relations

Despite tensions and rhetoric, the U.S. and Israel concluded a few important deals this quarter. Israeli DM Barak visited Washington 4/26-28, meeting with Pres.

Obama and NSA Jones at the White House, Secy. Clinton at the State Dept., and Defense Secy. Robert Gates at the Pentagon. He asked the U.S. for supplemental aid to fund manufacture (by Israel's Raphael Corporation) of at least 10 Iron Dome missile defense system batteries (designed to intercept short-range rockets) for deployment along the Gaza and Lebanese borders. On 5/12, the Pentagon informed Israel that the White House would support Barak's request and make an appeal to Congress for \$205 m. in supplemental aid in addition to nearly \$3 b. in annual military aid.

Israel and the U.S. agreed (ca. 3/1) to enhance civil aviation security cooperation, including real-time exchanges of information and regular joint training exercises. U.S. officials also reported (3/4) that Homeland Security officials were recently stationed in Israel to facilitate coordination.

In a meeting in Israel on 2/21, Israeli dep. FM Ayalon proposed to U.S. dep. secy. of state for management and resources Jacob J. Lew that the U.S. (via USAID) and Israel (via its equivalent organization MASHAV) launch a joint campaign to sponsor global humanitarian campaigns and trilateral development projects with developing nations (including the PA), arguing that "Israel can add its expertise to any development projects that the U.S. is involved in" worldwide. There was no immediate U.S. response.

The U.S. Government Accountability Office declassified (5/6) the report (classified C01162251/unclassified B-157767) of its 1978 investigation into whether the federal government had properly addressed allegations that prominent U.S. Zionists connected to the U.S. nuclear industry spirited uranium to Israel to advance its nuclear weapons program. The report, which did not weigh the evidence itself, concluded that the government response, particularly that of the CIA and FBI, was inadequate at best and obstructionist at worst, and raised serious questions as to the government's ability to safeguard national security, as well as public health and safety.

Congress

On 3/26, while the U.S.-Israel dispute following the Ramat Shlomo announcement unfolded, 327 House reps. sent a letter (see Doc. D6) to Secy. of State Clinton calling for the U.S. to move beyond its

recent differences with Israel quickly and quietly, "as befits long-standing strategic allies." AIPAC, which drafted and lobbied for the letter, garnered the signatures in less than 3 days. A similar letter, also drafted by AIPAC, was sent to the Senate. By the time AIPAC publicized both letters on 4/13, 76 senators and 334 reps. had signed on.

On 3/4, the House Foreign Affairs Comm. passed (23-22) a nonbinding resolution to label Turkey's World War I massacre of Armenians a "genocide," clearing the measure to be considered by the full House. Turkey recalled (3/4) its ambassador to Washington in protest. The vote came despite an appeal by the White House not to pursue the measure on the grounds that it could undermine the president's ability to conduct foreign relations. On 3/23, Turkey said it would not send its ambassador back to Washington until the Obama administration and Congress pledged to refrain from judging Turkey's history and agreed to develop the U.S.-Turkish strategic alliance. Though the U.S. made no public statement along those lines, Turkey authorized the ambassador to return on 5/2.

Lobbies

In late 2/10, the new pro-Israel, pro-peace group J Street led its first congressional delegation on a Middle East tour that included Israel, Jordan, and the West Bank. Five Democratic House reps. took part (Lois Capps, CA; William Delahunt, MA; Bob Filner, CA; Mary Jo Kilroy, OH; Donald Payne, NJ), meeting with Israeli government and opposition leaders, King Abdullah of Jordan, and PA PM Fayyad, among others. Israeli dep. FM Ayalon agreed to meet with the Congress members only without the presence of J Street staffers, sparking a protest by Americans for Peace Now that sent (3/9) a delegation to Jerusalem to discuss the incident with Ayalon personally.

Also before the Ramat Shlomo incident, Fayyad received (2/18) in Jenin a delegation from the Conference of Presidents of Major American Jewish Organizations, which pressed the PA to take steps to halt incitement and encourage coexistence, particularly by lifting the boycott launched last quarter on goods produced in Israeli settlements (see Quarterly Update in *JPS* 155), recognizing Israel as a Jewish state, and denouncing armed struggle.

In the wake of the Ramat Shlomo incident, major pro-Israel lobbies traditionally in tune with Israeli policy denounced U.S. pressure on Israel, though a number of smaller and newer groups supported Obama's stance. Upset over the U.S. pressure on Israel, the World Jewish Congress (WJC) published (4/15) an open letter to Obama as full-page advertisements in the *Wall Street Journal* and *Washington Post* questioning why "this administration's Middle East rhetoric seem[s] to blame Israel for the lack of movement on peace talks." WJC Pres. Ronald Lauder said (4/15) that he discussed the letter with Netanyahu and received his support before running it.

AIPAC held its annual policy conference in Washington 3/21-23, with the mood overshadowed by the tensions between the U.S. and Israel over the Ramat Shlomo incident. Indeed, a senior AIPAC official told the Israeli daily *Ma'ariv* (3/16) that with the conference coming scarcely a week after Clinton's phone call reprimanding Netanyahu, the group feared attendees might verbally attack the secy. of state and warned Netanyahu that "If [he] doesn't reach understandings with Hillary Clinton, he shouldn't come to our annual conference. . . . If he arrives without an agreement, this will put him in a position of directly clashing with Hillary and we will be stuck in the middle." Ultimately, Clinton and Netanyahu gave speeches firmly restating existing U.S. and Israeli policy, and the crowd greeted Clinton coolly but cordially. While the stated focus of the conference was on strengthening the perception of Israel as a strong Western ally, most panelists could not avoid discussing the unfolding Ramat Shlomo dispute (see *JPS*'s special report on the conference in this issue).

Implicitly supporting the Obama administration's tough stand against Israel's 3/9 Ramat Shlomo construction announcement, J Street delivered (3/15) a petition to the White House with 18,000 signatures calling for "stronger U.S. leadership to achieve a two-state solution" and asking the administration to "provide a clear time frame for talks, commit to propose solutions when the parties can't close gaps, be willing to state publicly when the parties are not living up to their responsibilities, and be ready to demonstrate real seriousness of purpose to reach a two-state

solution." J Street also polled 803 American Jews on 3/17 and 3/19, finding that 73% supported the Obama administration taking an active role in peace negotiations even if it meant publicly airing its disagreements with Israelis and Arabs. In addition, 71% would support the U.S. "exerting pressure" on both the Israelis and the Arabs to force a compromise toward peace.

Soon after J Street took its stand, Democrat Doug Pike, a candidate in a tight primary race in Pennsylvania, returned (late 3/10) a \$6,375 donation from J Street, saying he had faced tough questions for taking J Street's money: "Belatedly I got a clear sense of the important points where J Street looks at things differently than I. . . . The endorsement was an impediment to my being able to explain my convictions about Israel's security." J Street welcomed the return of the money: "It is our purpose only to support politicians with the courage of their convictions." J Street immediately launched an e-mail blast fundraising campaign under the banner "Don't let a vocal minority turn fear into a politicized weapon," bringing in more than \$50,000 in 24 hours.

A group of leading U.S. Jewish activists (including Jeffrey Solomon, the president of the Andrea and Charles Bronfman Philanthropies, and Rabbi Ellen Weinberg Dreyfus, head of the Reform movement) circulated (5/13) a petition supporting the Obama administration's "vigorous encouragement" of Israel and the Palestinians to make substantial concessions to make proximity talks successful, including calling on Israel to "set aside its insistence on exclusive sovereignty over all of expanded Jerusalem" and on Palestinians to give up the right of return. The petition was inspired by the European JCall statement (see Doc. A3 and "European Union" below).

At a 3/19 meeting of the board of trustees of the Union for Reform Judaism (URJ), the largest synagogue movement in the U.S., URJ Pres. Rabbi Eric Yoffie called on Israel to freeze construction in eastern Jerusalem.

Ca. 4/20, Brandeis University President Jehuda Reinhartz selected Israeli amb. to the U.S. Michael Oren as keynote speaker for graduation ceremonies on 5/25, sparking heated debate on campus, with a large portion of the student body opposing Oren because of the policies of the Israeli

government he represents. (Brandeis, founded in 1948, is a Jewish-sponsored secular university funded by Jewish organizations and individuals.) Oren accepted the offer, which was not rescinded. In response to the protests, 56 student body presidents from 30 states and the District of Columbia sent (ca. 5/15) a letter to Oren stating that they “clearly recognize the shared values that bind the United States and Israel” and therefore “would be delighted—and honored” if he would speak at their commencements.

Also of note: The Jewish Federation of Greater Washington (JFGW) held its annual “Super Sunday” phonathon on 2/21, raising \$845,000 from 1,658 donors for the federations of 3 local community centers (Rockville, MD; Fairfax, VA; and the District of Columbia), well short of the annual \$1-m. goal. Local politicians including Maryland Gov. Martin O’Malley, Sen. Barbara Mikulski (D-MD), Rep. Donna Edwards (D-MD), Rep. Gerry Connolly (D-VA), Council of the District of Columbia member Mary Cheh (D), and Alexandria Mayor William Euille manned the phone banks soliciting funds. As of 2/21, JFGW had raised \$13.3 m. in donations during 2010, with a target goal of raising \$24.4 m. by year’s end. Funds are used locally, nationally, and abroad with the aim of deepening Jewish identity and creating connections among Jews locally, in Israel, and around the world. Programs funded include Birthright Israel, campus Hillel organizations, and the Jewish Telegraphic Agency.

In early 4/10, more than 200 major international funders of Jewish nonprofit organizations—those who give from \$25,000 to upward of \$25 million per year to Jewish causes—attended the annual Jewish Funders Network (JFN) conference in St. Petersburg, FL, to discuss expectations for giving in the coming year. JFN, founded in 1990, links major philanthropists with nonprofit organizations and helps grantors manage endowments, maintain grant programs, and strategically direct grants to best support “Jewish values.” While Jewish nonprofits address social welfare issues such as Jewish education and providing medical and food aid to poor and elderly Jews, most allocate at least a portion of their budget to funding programs that promote Jewish identity, attachment to Israel, and “Israel advocacy” (e.g., Birthright Israel and campus Hillel groups). JFN boasts

more than 900 members who give more than \$25,000 annually. JFN also runs the Jewish Teen Funders Network, which aims to teach Jewish youth aged 13–18 how to “give Jewishly,” including by directing gifts received for Bar/Bat Mitzvahs to Jewish causes, with matching funds to be given by affiliated Jewish philanthropies. Attendees described the mood as optimistic, with most donors intending to keep their giving at the same level or increase it compared to last year, when Jewish philanthropies were devastated by the stock market crash and the discovery that financier Bernard Madoff had bilked Jewish foundations and others of billions of dollars.

Legal Actions

The U.S. Supreme Court heard (3/3) oral arguments in the case of *Yousuf v. Samantar* in which prosecutors sought to try former Somali DM and PM Mohamed Ali Samantar for “egregious human rights abuses perpetrated by subordinates acting under his direct authority,” citing as precedent U.S. trials of international terrorism cases in U.S. courts. If the Supreme Court agrees to hear the case, it would set a precedent for trying international human rights violators in U.S. courts. U.S. Jewish groups, which have traditionally strongly supported using such precedent to bring cases against the PLO, Hamas, and Hizballah in U.S. court, lobbied against the Samantar case out of concern that it could open the doors for pro-Palestinian groups to bring cases against Israeli officials in U.S. courts. The Supreme Court had not made a decision by the close of the quarter.

The U.S. Treasury Dept. announced (3/18) sanctions on the Islamic National Bank of Gaza and al-Aqsa TV on the grounds that they were controlled by Hamas, a designated terrorist organization. The sanctions ordered any of the organizations’ assets held under U.S. jurisdiction to be seized, though no such assets were immediately identified.

RUSSIA

Most Russian diplomatic efforts this quarter involved the Iranian nuclear issue (see “Iran” below). On the Arab-Israeli issue, Russia largely confined its activity to the Quartet. Russian pres. Dmitry Medvedev, in Syria on an official visit, held (5/15)

a side meeting with Hamas leader Khalid Mishal to urge him to step up efforts to achieve a Palestinian national unity deal and to release captured IDF soldier Cpl. Gilad Shalit so Israel would lift the siege of Gaza.

EUROPEAN UNION

Israeli FM Lieberman met in Brussels on 2/23 with EU High Representative for Foreign Affairs and Security Policy Catherine Ashton, FMs of a number of European states (e.g., Britain, Ireland, Spain), and 10s of EU parliamentarians. He said talks were positive and focused on deepening EU-Israeli bilateral relations, the need to contain Iran, and the Mabhuh assassination in Dubai. Ashton later toured (ca. 3/17–18) Israel, Ramallah, and Gaza en route to the Quartet session in Moscow on 3/19. In Gaza, she visited UN facilities and met with UN officials and local business and civil leaders but not with Hamas officials. Details of her meetings with Israeli and PA officials, including Lieberman, were not made public.

The EU Court of Justice ruled (3/15) that Israeli products originating in the West Bank do not fall within the territorial scope of the European Commission (EC)-Israel trade agreement and therefore do not qualify for preferential treatment, and urged member states to enforce the ruling. The court also ruled that Israeli companies operating in the occupied territories are “third parties” and cannot benefit from the terms of a separate EC-PLO trade agreement. The EU is Israel’s second largest export market, worth around \$15 m. annually; an estimated one-third of those exports originate in the territories.

At a news conference at the European Parliament in Brussels, leading European Jewish intellectuals presented (5/3) a petition (see Doc. A3) titled “Call for Reason,” signed by nearly 4,000 European Jews condemning Israel’s settlement policy and calling for a 2-state solution. They also announced the launch of a new European Jewish lobby called JCall (modeled after J Street in the U.S.) that is “committed to the State of Israel and critical of the current choices of its government.”

On a bilateral level, Britain expelled (3/23) a senior Israeli diplomat (identity not made public, but widely suspected to be Mossad’s London station chief) over

Mossad’s suspected use of 12 fake British passports in the 1/20/10 assassination of senior Hamas official Mabhuh, concluding that Mossad had expertly forged genuine British passports that had been handed over for inspection to “individuals linked to Israel, either in Israel or in other countries” (i.e., officials processing visa requests). The decision came after heated parliamentary debate in which some members called for the expulsion of the Israeli ambassador, demanded criminal prosecution of those involved in the Mabhuh assassination, and stated that Israel was becoming a “rogue state.” Israel issued (3/23) only a short statement of regret over the expulsion, though some Israeli officials privately bristled, saying Britain should have let the issue die down quietly and that such a public reprimand was an expression of ill will.

UNITED NATIONS

On 2/26, the UN General Assembly voted to give Israel and Hamas another 5 months to complete independent investigations of alleged war crimes during OCL, warning of “further action” by UN bodies if they did not comply. The measure, which passed 98–7, with 31 abstentions, was sponsored by the PLO.

Israel allowed (3/10) a UN bomb disposal unit into Gaza for several weeks to identify and defuse unexploded IDF ordnance from OCL. The UN said (3/10), however, that the operation might take several months.

On a Middle East tour in 3/10, UN Secy.-Gen. Ban Ki-moon stopped in Ramallah (3/20), Israel (3/21), and Gaza (3/21). In his meeting with PA Pres. Abbas and PM Fayyad, he publicly called on Israel to implement a comprehensive settlement freeze including in East Jerusalem, stating that “all settlement activity is illegal anywhere in occupied territory and must be stopped.” He also endorsed Fayyad’s institution-building plan aimed at creating a de facto Palestinian state in 2 years. In talks with Israeli PM Netanyahu, pres. Peres, and dep. FM Ayalon, Ban discussed, among other issues, humanitarian conditions in Gaza, Israeli allegations that Hizballah had contravened UN Res. 1701 by receiving Scuds from Syria, and international moves to impose tougher sanctions on Iran. He also welcomed Israel’s recent approval

of several UN Relief and Works Agency humanitarian projects in Gaza, including building 150 housing units and classrooms in Khan Yunis. He did not meet with any Hamas officials on his visit to Gaza (3/21) but reiterated his call on Israel to lift the siege immediately, saying that it causes "unacceptable suffering[,] . . . undercuts moderates and encourages extremists."

UN Undersecy.-Gen. for Humanitarian Affairs and Emergency Relief Coordinator John Holmes made (ca. 2/28-3/6) a week-long tour of Israel and the occupied territories, including Gaza, East Jerusalem, and West Bank areas C to assess the situation post-OCL. During his visit, he expressed serious concerns about the situation in Jerusalem (noting the severe humanitarian impact on Palestinian communities from separation wall construction, settlement expansion, forced evictions, and demolitions) and the siege of Gaza.

On 3/24 and 3/25, the UN Human Rights Council passed 4 resolutions condemning Israeli settlement construction; condemning "grave human rights violations in the West Bank and Gaza"; condemning the "systematic violation of the rights" of residents of the Golan Heights; and seeking reparations for Gazans in the wake of OCL. The resolutions all passed by wide margins but were opposed by the U.S.

On 4/25, Israeli FM Lieberman sent a letter to Secy. of State Clinton thanking the U.S. for having "prevented the introduction of five anti-Israel resolutions initiated by the Arab group" of states at UNESCO. Details of the 5 resolutions were not released, but Arab reps. to UNESCO had recently criticized Israeli plans to build a "Museum of Tolerance" over part of a historic Muslim cemetery in Jerusalem and its decision to add 2 sites in the West Bank to its list of Jewish heritage sites.

On 5/3 in New York, the UN opened a month-long conference held once every 5 years to review and strengthen the nuclear Non-Proliferation Treaty (NPT). The Middle East was a central focus of the conference. As part of the preparations, the U.S. had lobbied several Arab states to sign bilateral agreements that would let them develop nuclear power while relinquishing rights to make fuel that could be used for nuclear weapons. The UAE had done so, and the U.S. was near deals with Bahrain, Jordan, and Saudi Arabia. Egypt and Iran

hoped to focus talks on Israel's nuclear program, ideally getting Israel to acknowledge its nuclear program, agree to join the NPT, and pledge to make the Middle East region free of nuclear weapons. On 5/5, at Egypt's request, the conference reaffirmed support for a 1995 resolution calling for a special conference on creating a nuclear-free zone in the Middle East. The U.S. supported the motion but doubted a treaty could be achieved without a comprehensive Arab-Israeli peace. Iran's nuclear program also came under heavy criticism, with Iranian pres. Mahmoud Ahmadinejad and Secy. of State Clinton trading accusations in their statements at the opening session and UN Secy.-Gen. Ban calling on Iran to prove to the world that its nuclear program was peaceful.

On 5/7, the agenda of the IAEA's upcoming 6/7 board meeting was leaked, showing Israel's nuclear capabilities as an agenda item for the first time in the IAEA's 53-year history, added at Arab request. The agenda was not final and the item could be struck before 6/7, especially if the U.S. and Israel mount a campaign against it.

IRAN

As the quarter opened, the U.S.-imposed deadline had passed for progress toward reaching an agreed solution with Iran to halt its nuclear program, and U.S. patience had worn thin. While keeping diplomatic options open, the Obama administration had moved to "phase 2" of its engagement with Tehran, which involved (1) leading Western efforts to win international support for a fourth round of strong UN sanctions on Iran to pressure it into serious negotiations, while making sure that sanctions would not stifle a budding antigovernment movement; (2) convincing Russia and China, both with extensive economic ties to Iran, to back and observe sanctions; and (3) dissuading Israel from carrying out a preemptive strike on Iran. The U.S. was drafting a sanctions package with its P5+1 counterparts (the 5 permanent members of the UNSC, plus Germany), which it hoped to present to the UNSC before the end of 3/10.

New Worries

Worries about Iran's nuclear program increased this quarter. On 2/16, Secy. of State Clinton during a tour of the Persian

Gulf warned that Iran was turning into a “military dictatorship,” threatening other countries, and serving as “the largest supporter of terrorism in the world today.” The comments were likely precipitated in part by advance knowledge of the contents of an IAEA report released on 2/18, which for the first time publicly asserted that Iran was actively seeking nuclear weapons. The report cited “growing evidence” of increased enrichment levels of some of Iran’s uranium (see Quarterly Update in *JPS* 155), secret tests of high-precision detectors, modified designs of missile cones that could accommodate atomic warheads, and failure to explain suspicious projects and documents. Acknowledging Iran’s technical gaps and setbacks, IAEA officials declared that “it may take them longer [to achieve weaponization], but the pattern of behavior is very disturbing.” Significantly, the report was the first issued by new IAEA head Yukiya Amano, which some saw as indicative that he would take a harder line with Iran than former IAEA chief Mohamed ElBaradei.

A senior Obama administration official commented (*NYT* 2/19) that the pattern of revelations in recent weeks about Iran’s nuclear activity “almost suggest[s] the Iranian military is inviting a confrontation,” raising speculation in the administration that Iranian Revolutionary Guard Corps (IRGC) or religious leaders might be hoping that a crisis over the nuclear issue would “distract attention from the [domestic political] protests that ha[d] rocked the government, while unifying the country against outsiders supposedly trying to suppress Iran’s rise as a significant power.” Among the observations in the IAEA report that supported this theory was that Iran had moved most of its stockpile of low-enriched uranium to an above-ground storage facility in Natanz that was highly vulnerable to military attack. The report also stated that Iranian officials had recently informed the IAEA that they were preparing to manufacture uranium in metallic form—a provocative step that can have civilian applications but is also necessary for making the core of an atomic weapon.

Iran had done nothing to ease U.S. and international concerns, but then abruptly, on 2/23, it finally gave a formal, written reply to the 10/09 Russian-French offer to provide it with an initial supply of medical-grade nuclear fuel to enable it to pursue

its civilian nuclear program while Russia and France processed Iranian uranium into medical-grade fuel abroad—a formula acceptable to the international community because it would not leave Iran with enough enriched uranium for a nuclear weapon (see Quarterly Update in *JPS* 154). After months of floating modifications to the proposal that the P5+1 deemed unacceptable, Iran sent a letter agreeing to the deal so long as there was a simultaneous swap of Iran’s low-enriched uranium for fuel rods on its own soil—one of the many terms the P5+1 had already rejected.

The negative developments did not rally the international community, however. While the IAEA report pushed Russia closer to supporting sanctions, with Moscow stating on 2/18 that it was “very alarmed” by Iran’s failure to cooperate with the IAEA, EU officials reported on 2/25 that despite intense pressure China still refused to “engage substantively” in discussions about passing new sanctions against Iran, and that P5+1 focus had shifted to convincing China to abstain from (rather than veto or vote against) any UNSC resolution. The bickering with China over Iran was seen by analysts (e.g., *NYT* 2/25, *WP* 4/10) as a byproduct of other bilateral U.S.-China disputes, including U.S. diplomatic gestures to Tibet, U.S. military deals with Taiwan, and Chinese economic moves with negative impact on the U.S. economy. Clinton downplayed the differences, saying (2/25) that talks with China on Iran had been making progress and that she expected a sanctions resolution to pass within 2 months.

Meanwhile, the EU formally expressed (2/26) its concerns to the U.S. over bilateral sanctions bills currently moving through Congress calling for U.S. sanctions on foreign companies doing business with Iran as a means of curbing Iran’s nuclear program. The EU warned that “the extraterritorial application of U.S. legislation . . . [would] be contrary” to a 1998 EU-U.S. agreement not to apply sanctions to the EU so long as the EU was working with the U.S. to counter the threat from Iran. (The House nonetheless introduced on 3/8 its draft Iran Sanctions Enhancement Act, an amendment to the 1996 Iran Sanction Act that would lower the barrier for punishing foreign companies investing in Iran’s petroleum industry and step up enforcement requirements; see Quarterly Update in *JPS* 155.)

Opposition to a U.S. Draft

Despite the divisions, the U.S. began circulating a draft sanctions package on 3/3 that would “broaden and intensify” existing sanctions by targeting Iran’s banking, shipping, and insurance sectors used or controlled by the IRGC. The draft would also expand the list of individuals facing travel bans and asset freezes. Clinton simultaneously travelled (3/3) to Brazil, a current UNSC rotating member, to personally urge Pres. Luiz Inácio Lula da Silva to back the draft resolution, but Lula da Silva said Brazil did not think it wise “to push Iran into a corner.” Russia (3/3) and China (3/4, reiterated 3/16) also stated that the proposed sanctions went too far. Following these initial responses, Lebanon and Turkey, also rotating UNSC members, expressed (3/4) their opposition.

Faced with this initial reaction, the U.S. immediately took two steps to rally support for its draft. First, it proposed (3/4) a sanctions exemption for companies from the P5+1 countries negotiating over a nuclear deal with Iran, essentially an effort to mollify the EU over the bilateral sanctions issue (see above) and to offer Chinese and Russian companies similar protection. This move angered other U.S. allies with significant trade ties to Iran (especially Japan and South Korea), with 1 anonymous foreign official arguing (3/4) that the exemption would actually encourage China to expand trade relations with Iran, giving it a greater share of Iran’s petroleum sector at the expense of U.S. allies. Second, the U.S. took elaborate steps to improve U.S.-China bilateral ties that were calculated to secure Chinese support for the sanctions package. These included offering (ca. 3/4) to restate prominently its “One China” policy and to arrange for China’s new ambassador to the U.S. to meet with Obama in exchange for China’s agreement to join talks on new sanctions. China signaled interest but did not immediately agree.

Meanwhile, a *New York Times* special investigative report published on 3/7 showed that between 2000 and 2009, the U.S. government had itself awarded \$107 b. in U.S. contract payments, grants, and other benefits to at least 74 companies doing business in Iran, directly or through subsidiary organizations, in violation of existing U.S. sanctions. The report showed simultaneously the difficulty of imposing effective sanctions on Iran, the degree to

which an exemption for P5+1 countries would undermine a sanctions regime, and the potential magnitude of the impact of economic sanctions if observed.

At this point, Israel, frustrated by developments, dispatched Dep. FM Ayalon to Washington to meet (ca. 3/9) with senior U.S. officials “to emphasize Israel’s growing displeasure with the slow pace of diplomacy on Iran,” as well as the compromises being made to push a sanctions resolution through. Ayalon warned that Israel was beginning to discuss “other options,” hinting at military action. Israel had already unveiled (2/21) a fleet of Heron TP assault drones capable of remaining aloft for 24 hours, confirming Israel’s ability to hit Iran with unmanned aircraft. Military analysts had suspected that the IDF used Heron TPs during OCL, but this was the first time that Israel confirmed having them.

Next, the U.S. received an unexpected broadside from Russia. In a move reminiscent of Israel’s surprise Ramat Shlomo announcement during Biden’s visit earlier that month, Russian PM Vladimir Putin confronted (3/18) Secy. of State Clinton with the announcement, immediately after her arrival in Moscow for the 3/19 Quartet meeting, that Russia intended to wrap up construction (drawn out for years) of a nuclear power plant in Bushehr, Iran, by the end of summer. Clinton clashed publicly with Russian FM Sergey Lavrov over the announcement at a joint press conference, stating that it sent the wrong signal when the U.S. and other P5+1 members were seeking new sanctions, to which Lavrov replied laconically, “The project will be completed.” Later in the day, the State Dept. endeavored to lower tensions by clarifying that the U.S. did not oppose the plant (intended for civilian uses) *per se* but only the timing of the declaration. Clinton’s subsequent efforts to persuade PM Putin and Pres. Medvedev to endorse sanctions did not go well: during a terse meeting on 3/19, Putin complained about numerous economic differences with the U.S., saying that the U.S. should lift rather than expand its sanctions on Russian companies dealing with Iran (an option already effectively on the table with the U.S.’s 3/4 sanctions exemption proposal, mentioned above). Also seen as a jab to the U.S., Russia’s state-owned Gazprom pointedly reaffirmed (3/24) plans to develop a midsized Iranian oil field after the announcement

that same day by Russia's largest private oil company, Lukoil, that it was pulling out of the project because of concerns that international sanctions were pending.

After a P5+1 conference call (3/24) to discuss the draft sanctions resolution, however, Russia revealed (3/24) that Russian and Chinese envoys had gone to Tehran soon after the U.S. submitted its draft sanctions package on 3/3 and quietly pressed Iran one final time to accept the Russian-French offer, but that Iran had flatly refused; as a result, Russia was now open to backing new sanctions but would not support paralyzing sanctions aimed at punishing Iran or promoting regime change. Analysts interpreted (e.g., *NYT* 3/25) the unexpected challenge and quick turnaround as resulting from Russia's resentment at the strong pressure and a desire to avoid being viewed as succumbing to U.S. pressure, particularly in the run-up to a pending Obama-Medvedev meeting to finalize details of a new U.S.-Russian nuclear agreement to replace the Strategic Arms Reduction Treaty.

China also declared on 3/24 its willingness to discuss sanctions but was vague about what it would support. Beijing's announcement was the first public indication that China had accepted the U.S.'s 3/3 offer. Soon after, Obama met (3/29) the Chinese ambassador and publicly mentioned the "One China" policy. In the days that followed, Dep. Secy. of State James Steinberg worked (4/3) reiteration of the "One China" policy into a high profile news briefing, and the Treasury Dept. postponed (4/3) a critical report investigating suspicions that China had manipulated its currency to the detriment of the U.S.

On 3/31, a week after China's agreement to cooperate, anonymous diplomats close to the P5+1 deliberations revealed that all 6 states, including China and Russia, had agreed to start drafting an entirely new sanctions package against Iran, though China and Russia still wanted the sanctions to be weaker than those desired by the U.S. and others. The P5+1 planned to meet at the ambassadorial level in New York in a matter of days to get the process started. But in a signal of possible problems ahead, when German chancellor Angela Merkel meanwhile met (3/29) with Turkish PM Recep Tayyip Erdogan in Ankara to press Turkey, as a rotating UNSC member, to support sanctions, Erdogan

had refused, stating that "the best route is diplomacy."

Brazil and Turkey Step In

P5+1 envoys held two brief sessions in New York on 4/8 and 4/14, with China's full participation, to begin drafting a sanctions package, calling the talks "constructive" and planning to meet again soon. The U.S. pushed for a comprehensive arms embargo, including allowing foreign states to seize ships suspected of carrying shipments related to Iran's nuclear program and stiff sanctions on Iran's energy sector (which China strongly opposed, saying it would not accept any provisions that would affect its commercial interests in Iran). To encourage progress at the next session, the White House began to press (by 4/28) Congress to amend the draft Comprehensive Iran Sanctions, Accountability, and Divestment Act, then in House and Senate conference committee, to exempt companies from "cooperating countries" (including China and Russia) from sanctions meant to curb Iran's nuclear program.

Meanwhile, Iran once again postured. Timed with the 2 sessions, Iran provocatively unveiled (4/9) new centrifuges capable of enriching uranium much faster than older models and announced (4/14) that it had successfully produced its first batch of uranium enriched to 20% purity (a purity of more than 90% is needed for a nuclear weapon). Soon after, the IRGC held (late 4/10) 5-day maneuvers in the Persian Gulf and Strait of Hormuz and several days (ca. 5/5) of naval and air force maneuvers in the Persian Gulf and Sea of Oman as a show of force in light of the U.S. campaign for UN sanctions.

End-running the P5+1 process, Turkish PM Recep Tayyip Erdogan on 5/9 convened talks in Istanbul with Syrian pres. Bashar al-Asad and Qatari ruler Shaykh Hamad Bin Khalifa al-Thani, securing their agreement to support a Turkish proposal to mediate a diplomatic solution between the P5+1 and Iran over Iran's nuclear program. The same day, Turkish pres. Abdullah Gul received (5/9) Iranian parliamentary speaker Ali Larijani (on a 3-day visit to Turkey) for talks believed to be connected to the nuclear issue since Larijani had previously been Iran's chief nuclear negotiator (he was replaced in 10/07; see Quarterly Update in *JPS* 146);

no details were released. On 5/11, Iran announced that Turkey and Brazil (as rotating UNSC members) had proposed new ideas for a nuclear fuel deal that could be the basis of an understanding with the P5+1 and that Brazilian pres. Lula da Silva and Turkish PM Erdogan planned a joint visit to Iran on 5/16 to revive the 10/09 Russian-French nuclear swap offer.

Stunned by the move, Secy. Clinton quickly spoke (5/13) with the FMs of Brazil and Turkey to stress that the U.S. did not believe Iran was serious about finding a diplomatic solution to the nuclear issue and that the time had come to support stronger international sanctions, implicitly urging Brazil and Turkey to halt their mediation effort. Separately U.S. officials said (5/12) that the U.S. was close to convincing UNSC members to approve a new sanctions package and feared the Brazilian-Turkish effort might derail it. Despite appeals, Brazil and Turkey vowed to go forward with their 5/16 visit to Iran, leaving the sanctions package in the air at the end of the quarter.

TURKEY

Turkey, which adopted a considerably more critical and interventionist regional role after Israel's launch of OCL, continued to adjust its policy this quarter, attempting to block U.S.-led efforts to secure sanctions against Iran (see "Iran" above) and remaining highly critical of Israel, though not breaking off relations completely. Speaking to reporters in France, PM Erdogan pointedly called (4/7) Israel the greatest threat to the region, urging Turks to be concerned with the conditions of their Muslim brothers in Jerusalem and emphasizing that diplomacy, not sanctions, was the route to resolving the nuclear dispute with Iran. The Israeli FMin. in turn accused (4/7) Erdogan of "seeking to integrate [Turkey] with the Muslim world at Israel's expense." Erdogan also refused (3/10) Israel's offer of aid following a 6.0 earthquake in e. Turkey that killed at least 41 persons and injured more than 50. Meanwhile, Turkish amb. to Israel Ahmet Oguz Celikkol, publicly humiliated by Israeli dep. FM Ayalon in 1/10 (see Quarterly Update in *JPS* 155), requested a transfer over the incident and was replaced (4/6) by diplomat Kerim Uras, currently posted to Cyprus.

Despite the ill feelings, however, Israeli and Turkish officials held (early 5/10) a

regular semiannual meeting in Jerusalem to discuss strengthening political, economic, commercial, and cultural ties. No new agreements were announced (none were expected), but officials on both sides described the talks as positive. The next meeting was set for 11/2010 in Ankara.

OTHER

The 31-country OECD, an organization of market-oriented industrialized democracies that promotes international trade, unanimously voted (5/10) to grant Israel membership. (The PA had asked the OECD not to admit Israel.) The decision was long expected and came after Israel took steps over several months to address the OECD's final concerns by strengthening patent rules and laws against bribery. (The OECD also had concerns over labeling the origin of Israeli goods to ensure that goods from settlements were clearly identified, but it was unclear whether this issue was quietly resolved or dropped; see Quarterly Update in *JPS* 155.) Israeli PM Netanyahu heralded the decision as a "seal of approval" by the world's richest countries that would open the doors to foreign investment and trade.

DONORS

The only major donor meeting this quarter was the regular spring Ad Hoc Liaison Comm. session, held this year in Madrid on 4/13. Donors noted that aid to fund recurrent PA budget expenses had dropped significantly, from 28% in 2008 to 18% in 2010, though direct budget support for the remainder of 2010 was estimated at \$1 b. (Overall budget support requested from donors for 2010 was \$1.2 b.) They also noted that real GDP growth in the West Bank was 8% in 2009, though economic activity in Gaza remained severely constrained by Israel's siege. PA PM Fayyad estimated that the Gaza blockade costs the PA \$500 m. per year in lost revenue. Donors reiterated support for Fayyad's plan to build self-sustaining Palestinian institutions within 2 years.

The Local Development Forum, overseeing donor coordination on the ground, held one regular meeting on 3/25 to discuss the PA's reform and development priorities and budget issues. Of the 4 main donor "strategy groups" (SGs), only the

social development and humanitarian assistance SG met on 3/1; the economic policy, infrastructure, and governance and reform SGs did not meet. Various SG subcommittees also held regular follow-up meetings. These included the economic SG’s fiscal sector working group (SWG; 3/16), private sector development and trade SWG (3/9), and agriculture SWG (3/4); the governance SG’s judicial reform SWG (3/8)

and security SWG (3/16); the infrastructure SG’s environmental SWG (2/17), water and sanitation SWG (3/4), and municipal development and local governance SWG (3/11); and the social and humanitarian assistance SG’s health SWG (4/7), humanitarian task force (3/16), and “social protection” SWG (which addresses the Social Safety Net Reform Project funded through PEGASE; 3/23).



Explosions are seen in the southern Gaza Strip town of Khan Yunis as members of Hamas’s security forces work with UN explosives experts to detect and neutralize unexploded IDF ordnance from Israel’s winter 2008–2009 offensive, 15 March 2010. (Said Khatib/AFP/Getty Images)