



UNIVERSITY OF CALIFORNIA PRESS
JOURNALS + DIGITAL PUBLISHING



QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

Author(s): Michele K. Esposito

Source: *Journal of Palestine Studies*, Vol. 34, No. 1 (Autumn 2004), pp. 118-141

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

Stable URL: <http://www.jstor.org/stable/10.1525/jps.2004.34.1.118>

Accessed: 30/03/2015 11:28

Your use of the JSTOR archive indicates your acceptance of the Terms & Conditions of Use, available at
<http://www.jstor.org/page/info/about/policies/terms.jsp>

JSTOR is a not-for-profit service that helps scholars, researchers, and students discover, use, and build upon a wide range of content in a trusted digital archive. We use information technology and tools to increase productivity and facilitate new forms of scholarship. For more information about JSTOR, please contact support@jstor.org.



University of California Press and Institute for Palestine Studies are collaborating with JSTOR to digitize, preserve and extend access to *Journal of Palestine Studies*.

<http://www.jstor.org>

QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

16 MAY-15 AUGUST 2004

COMPILED BY MICHELE K. ESPOSITO

The Quarterly Update is a summary of bilateral, multilateral, regional, and international events affecting the Palestinians and the future of the peace process.

THE PALESTINIAN-ISRAELI CONFLICT

The main issue of this quarter was the future of Israeli PM Ariel Sharon's proposal for a unilateral disengagement from Gaza, the general principles of which were presented to and endorsed by U.S. Pres. George W. Bush on 4/14/04, marking a major shift in U.S. policy (see Special Doc. section in *JPS* 132). Sharon's Likud party rejected the same vague outline of the plan on 5/2, but Sharon vowed to press forward, promising to present an amended version to his cabinet for approval before the end of 5/04. The Palestinians, Arab states, and international community began to prepare for Israel's possible implementation of the plan, though it was uncertain how fast the process would move forward given the Likud opposition and the upcoming U.S. presidential elections in 11/04.

Meanwhile, tensions in Gaza in particular continued to be high in the wake of Israel's assassinations of Hamas spiritual leader Shaykh Ahmad Yasin (3/22) and his successor as political head of the movement 'Abd al-'Aziz Rantisi (4/17). Though there had been no major Palestinian retaliation by last quarter's close, Palestinians did put up formidable defense against major Israel Defense Force (IDF) incursions into Gaza City (5/11) and Rafah (5/12), sparking 5 days of some of the heaviest fighting since Operation Defensive Shield in 4/02 (13 IDF soldiers and 34 Palestinians dead, 3 IDF soldiers and nearly 300 Palestinians wounded). The IDF also had launched (5/13) a major bulldozing operation in Rafah to widen the Philadelphi Route buffer zone along the Gaza-Egypt border, where 6 of the IDF soldiers had been killed. The IDF had demolished 80-120 Palestinian homes, leaving some 1,100 Palestinians homeless and displacing an-

other 1,000 Palestinians by 5/15, when the Israeli High Court ordered a halt to the operations pending its hearing of a petition by Palestinian human right groups questioning the legality of such widespread demolitions for preventive security purposes.

In general, Israeli-Palestinian violence across the territories was high at the quarter's end, with Israel focusing on weakening Palestinian militants and reinforcing border areas in Gaza in anticipation of withdrawal and on constructing the separation wall and settler bypass roads in the West Bank (see Chronology for details). IDF restrictions on Palestinian movement remained high, with access to all West Bank population centers tightly controlled by networks of IDF checkpoints and barriers and all Gaza border crossings and the Erez industrial zone closed since the last Palestinian suicide bombing in Ashdod on 3/14 (see Quarterly Update in *JPS* 132). As of 5/16, at least 3,277 Palestinians (including 39 Israeli Arabs and 15 unidentified Arab cross-border infiltrators), 900 Israelis (including 278 IDF soldiers and security personnel, 187 settlers, 435 civilians), and 48 foreign nationals (including 2 British suicide bombers) had been killed since the start of the al-Aqsa intifada.

Operation Rainbow

Within a day of halting IDF operations in Gaza, the Israeli High Court rejected (5/16) the Palestinian human rights groups' petition, ruling that the IDF had a "real, imminent need" to widen the Philadelphi Route. The IDF immediately (5/16) broadcast announcements over loudspeakers in Rafah's Bloc O, where much of the bulldozing had occurred, warning Palestinians to evacuate their homes within 24 hours, and began firing on residential areas to encourage Palestinians to flee. Fearing massive population

Journal of Palestine Studies Vol. XXXIV, No. 1 (Autumn 2004), pp. 118-141, ISSN 0377-919X, electronic ISSN 1533-8614. © 2004 by the Institute for Palestine Studies. All rights reserved. Please direct all requests for permission to photocopy or reproduce article content through the University of California Press's Rights and Permissions website, at <http://www.ucpress.edu/journals/rights.htm>.

displacements, the International Committee of the Red Cross (ICRC) began setting up a tent camp away from the border strip capable of housing up to 1,500 Palestinians. The next day (5/17), the IDF sealed Rafah in preparation for what the government said would be a major military offensive against Palestinian militants, dubbed Operation Rainbow. Concerned about the possible impact of a major border clearing in Gaza on the International Court of Justice (ICJ) then considering Israel's construction of its West Bank separation wall (see Quarterly Update in *JPS* 132), the IDF publicly and explicitly claimed that the operation aimed at uncovering smugglers tunnels used by Palestinians to bring weapons into Gaza from Egypt and not at widening the buffer zone (though IDF Radio quoted an unidentified IDF officer as saying that the operation would be Israel's last chance to alter the terrain in southern Gaza before a withdrawal; see *New York Times* 5/18). Behind the scenes, IDF Chief of Staff Moshe Ya'alon reportedly was lobbying to expand the Philadelphi Route by 300–500 m, possibly digging an 80-ft deep, 2.5-mi long, 394-ft wide canal or trench along the Gaza-Egypt border, destroying 700–2,000 Rafah houses.

On 5/17, the IDF ringed Rafah town and refugee camp (r.c.) with some 1,000 troops, 100 tanks, armored personnel carriers (APCs), armored bulldozers, and helicopters, firing on any traffic that attempted to enter or exit and continuing to fire on residential areas, as scores of Palestinians moved their belongings out of frontline areas. Overnight, the IDF imposed a 24-hour curfew and sent troops into Rafah, officially launching the largest single military incursion in the Strip since 1967. In the predawn hours of 5/18, the IDF searched and occupied Palestinian houses as observation posts and began digging a trench to separate a section of Rafah r.c. from the rest of the camp. Around daybreak, the IDF began bulldozing homes and launching missile strikes against Hamas targets, sparking major clashes that left at least 20 Palestinians (including at least 5 unarmed civilians) dead by the end of the day (see Chronology for details).

The IDF expanded operations to Brazil r.c. and Rafah's al-Salam neighborhood on 5/19, in some areas rounding up Palestinian men between the ages of 16 and 50 and transporting them to a base at a nearby Jewish settlement for interrogation, and in one incident firing on a group of peaceful protesters conducting a solidarity march to-

ward Rafah, killing 8 Palestinians and wounding more than 60. As the IDF continued to expand operations on 5/19 and 5/20, troops avoided roads, claiming they could be booby trapped, instead sending tanks and bulldozers through parks, homes, and even a zoo, killing animals in their pens and releasing others. Wide-scale bulldozing operations continued until 5/24, when troops began pulling out while the IDF promised to regroup and resume operations soon. During the week-long incursion, the IDF completely demolished or damaged beyond repair some 167 Palestinian homes by UNRWA estimates (5/26), bulldozed some 725 dunams of land (4 dunams = 1 acre), killed at least 43 Palestinians, and uncovered 3 tunnels. (The IDF also assassinated at least 2 wanted members of the al-Aqsa Martyrs Brigade [AMB] in Jenin on 5/18 and 2 Hamas members in Rafah and Qalqilya on 5/20.)

While Operation Rainbow unfolded, Palestinian Authority (PA) PM Ahmad Qurai' flew to Berlin to meet (5/17) with U.S. National Security Adviser (NSA) Condoleezza Rice on Sharon's disengagement plan, outraging many Palestinians by staying abroad for the duration of the incursion. In his meeting with Rice, Qurai' urged the U.S. to intervene to halt the operation, detailed other recent Israeli military actions against the Palestinians, and outlined the PA's recent steps to implement reforms and improve security. Rice said only that the demolitions in Rafah were "a subject of concern," adding that "some of [Israel's] actions don't create the best atmosphere." Instead she pressed the PA to take steps to extend its control in Gaza after an Israeli withdrawal by taking security control away from PA head Yasir Arafat, creating a professional security service to combat "terrorism," and continuing economic reform.

Meanwhile, Israel continued discussions with Cairo begun in 3/04 (in advance of Sharon's formal presentation of his disengagement plan; see Quarterly Update in *JPS* 132) regarding its possible assistance in guaranteeing security in Gaza following disengagement. On 5/24 Egyptian intelligence chief Omar Sulayman traveled to Israel and Ramallah to present Sharon and Arafat with a list of the conditions that had to be in place before Egypt would agree to play any security role whatsoever. Egypt's preconditions included the incorporation into the road map of the unilateral disengagement plan (so that it would be a multilateral, internationally endorsed agreement, with credible

timelines and formulas for implementation and verification), resumption of some basic PA-Israeli security coordination, implementation of a comprehensive (Israeli and Palestinian) cease-fire, reform and restructuring of the PA security forces, and coordination and agreement among all Palestinian factions. With these conditions in place, Egypt would be willing to send 150–200 security officers to Gaza to help rebuild jails and police stations and retrain the PA security forces, though it made clear that in no case would it accept responsibility for Gaza security after withdrawal. Sulayman expected the rebuilding and retraining to take 6 months and hoped this could begin by 9/04, adding that Egypt had already asked for and received pledges from Britain, France, Germany, Spain, the U.S., and others to provide funds, equipment (radios, vehicles, light weapons), and additional experts for the program, with the possibility that these experts plus Egyptian trainers could become an observer force to monitor performance and violations by Israel and the PA after withdrawal. Sharon reportedly agreed to coordinate with PA security officials either indirectly through Egypt or directly at a low level. Arafat agreed to give his decision as to whether he would endorse Egypt's recommendations by 6/15.

Israel openly discussed the possibility of Jordan taking on a security role in parts of the West Bank similar to what Egypt might undertake in Gaza, retraining PA security forces and having some sort of security presence on the ground, but Jordan stated (6/4) that it had not been formally approached by either Israel or the PA (see below). Acknowledged contacts were limited to Israeli FM Silvan Shalom delivering (5/17) a letter from Sharon to King Abdallah of Jordan in which Sharon reportedly pledged to provide details of a revised disengagement plan before making it public, vowed not to take actions that would encourage Palestinians to flee to Jordan, and raised the possibility of Jordan's ambassador to Tel Aviv being returned in exchange for Israel's release of Jordanian prisoners.

During the same period, the U.S. (consulting at least marginally with its Quartet partners, Israel, Egypt, the PA, and the World Bank) was drafting an "action plan" of its own to address "the immediate and practical necessities of enabling the Palestinian Authority to assume and exercise its responsibilities in Gaza." The difference in the U.S.'s emphasis relative to Egypt's was

important: while Egypt was more concerned with bringing the disengagement plan into line with the road map, removing its unilateral aspect, and making it into a true step toward reviving the peace process (rather than a tool to put the peace process "in a parking place," as Israeli amb. to the U.S. Danny Ayalon stated on 2/25), the U.S. action plan was aimed at ensuring the PA would implement "reforms" (including unifying the security forces, halting all resistance, relegating Arafat to a ceremonial role, and installing a new leadership). The tasks and deadlines in the preliminary plan (as leaked to Reuters on 6/8) highlight the intent: the PA would take immediate steps to reassert security control in Gaza, even before Israeli withdrawal; the donors' Task Force for Palestinian Reform (an unlikely body for the task) would have 60 days to assess the steps necessary for holding new Palestinian elections; the World Bank would have 60 days to assess Gaza's reconstruction and development needs; and the U.S. would have 60 days "to seek Israeli release" of more than \$180 m. in VAT taxes owed the PA. Donors would hold a pledging and priority setting meeting by the end of 9/04. The World Bank would limit itself to providing budget support to the PA only as the PA met specific (unspecified) reform benchmarks.

Sharon's Revised Disengagement Plan

Meanwhile, Sharon worked on revising his 4/14 disengagement plan so as to make it acceptable to his cabinet while not alienating the U.S., which wanted no changes whatsoever. On 5/30, he presented his 23-member cabinet with a draft that would have the same ultimate outcome as the original (withdrawal from all settlements in Gaza, plus 4 in the West Bank) but a phased implementation. The settlements would be removed in 4 stages, each requiring cabinet approval: stage 1 would cover 3 small Gaza settlements (Morag, Netzarim, Rafah Yam; with a combined population under 1,000); stage 2, 4 small West Bank settlements (Ganim, Homesh, Qadim, and Sanur; combined population 500); stage 3, Gaza's Gush Katif bloc; and stage 4, 3 northern Gaza settlements. The plan would also require the demolition of evacuated settler housing and Egypt's formal commitment to help maintain security in Gaza after Israel's withdrawal. Debate was heated, with half of the cabinet members led by Sharon's Likud rival Benjamin Netanyahu arguing that going forward with the plan

would break Sharon's 3/30 pledge to abide by the Likud's 5/2 nonbinding vote, which rejected disengagement. Sharon countered that failure to endorse the revised plan could cause a rift with the U.S., noted that current polling showed 60–70% of the Israeli public supporting disengagement, and warned that, if need be, he would fire ministers or expand the cabinet to force passage. Unsure of the outcome of a vote, Sharon suspended further debate until 6/6 and sent his senior advisor Dov Weisglass to Washington for consultations, where the U.S. gave assurances that a negative cabinet vote would not harm bilateral relations but reiterated its refusal to accept a scaled-down version of the disengagement plan.

With cabinet members refusing to budge in informal talks during the week, Sharon on 6/4 fired 2 hard-line ministers from his cabinet, National Union Party (NUP) MKs Benny Elon and Avigdor Lieberman, so as to give himself a slight majority in a 6/6 vote. The cabinet consequently endorsed (14-7) the 4-stage plan on 6/6, but stressed that the approval was not for evacuation of Gaza settlements per se, but only of Israel's "historic intention" to do so—agreement to remove settlements and the order to do so would only come with the vote on the first stage, which, in a concession to Likud ministers, Sharon agreed to postpone until 3/05, effectively putting disengagement on hold until then.

Sharon's cabinet maneuvering sparked a minor but significant coalition crisis. Prior to his sacking of the 2 NUP ministers, Sharon controlled 68 of the Knesset's 120 seats. The removal of Elon and Lieberman prompted the NUP (7 seats) and the National Religious Party (NRP; 6 seats) to withdraw from the governing coalition, leaving Sharon with firm control of only 55 seats (Likud's 40 and Shinui's 15). But while Sharon's now precarious government faced dozens of no-confidence motions through 7/04, the opposition ultimately was unwilling to oust it. Israeli atty. gen. Menachem Mazuz's decision (6/15) not to indict Sharon or his son Gilead on bribery charges for their roles in the Greek island affair (see Quarterly Update in *JPS* 132), citing insufficient evidence, considerably strengthened Sharon's bargaining position in coalition expansion talks. (Labor had previously said it would not discuss a national unity government with Likud until the Greek island case was settled.) The next day (6/16), the Knesset voted on a motion explicitly calling for dissolving the govern-

ment and holding new elections, but it was defeated 53-13, with Labor abstaining; another motion to call elections cannot be filed for 6 months. Through the end of the quarter Sharon negotiated with Labor and other parties to create a broad-based government that would support his disengagement plan, but no agreements were reached.

Disengagement Plans Advance

With the cabinet endorsement formality out of the way, parties began preparing for the real possibility that Israel could begin withdrawing from Gaza as early as 3/05. Over the next 3 weeks, a flurry of consultations were held with the apparent aim of merging the Egyptian and U.S. ideas into one agenda that could be endorsed by all participants at an international conference, ideally before the U.S. presidential elections in 11/02. To this end, the U.S. dispatched CIA Dir. George Tenet to Cairo for consultations (6/16) with Egypt's Sulayman and sent Asst. Secy. of State William Burns to the region (6/23–26) to meet with Sulayman, Qurai', Shalom, Israeli DM Shaul Mofaz, and Egyptian FM Ahmad Mahir. Sharon also sent Shalom back to Cairo to meet (6/7) with Egyptian pres. Husni Mubarak. By 6/11, Sharon had assembled a team of directors general from the budget department, Agriculture Min., Justice Min., Trade and Industry Min., and Prime Minister's Office to draw up within 3 months a highly detailed plan for implementing every aspect of evacuating Gaza "from how livestock will be moved out to the psychologists for the children."

The day of the cabinet vote (6/6), Arafat communicated to Mubarak his support of Sulayman's 5/24 security plan for Gaza. He also agreed (6/17) in principle to unify the PA security forces into three branches that would report to an "empowered" PM and interior minister, and suggested (6/24) that after a cease-fire agreement is reached, he would appoint Fatah member and close ally Tayyib 'Abd al-Rahim as the new interior minister, reporting directly to Qurai'. (The U.S. indicated on 6/24 that 'Abd al-Rahim, though not the ideal candidate, would be acceptable.) The PA also briefed (6/20) Sulayman on what the PA security forces would need to resume effective patrols.

At the same time, the PA formally requested (6/8) Jordan's assistance in maintaining security in West Bank areas ceded by Israel. Jordan initially said (6/8) that it would be willing to bring PA security forces to Jordan for retraining but would not send

its own security officers to the occupied territories. Jordan backtracked slightly on 6/22, saying it would wait to see what Egypt decided before taking any decisions. Qurai' discussed the issue further with King Abdallah in Amman on 6/24, but no specifics were agreed.

Intra-Palestinian talks on a national unity platform and cease-fire were also revived. These talks on how to govern and maintain security in Gaza in case of Israeli withdrawal had been ongoing since 3/03 (see Quarterly Update in *JPS* 132), but the factions declared on 6/3 that progress had slowed since they had been given no details of Egypt's proposals for Gaza. On 6/12 Qurai' opened talks with Fatah officials, PA security heads and Palestinian Council (PC) members in Gaza, reps. of the National and Islamic Higher Coordinating Comm. for the Intifada (NIHC), and Hamas independently, bringing them into the discussions. Qurai' then met (6/16, 6/18) with Mubarak in Cairo to ask Egypt to resume its mediation efforts among the factions, which had petered out in late 1/03 (see Quarterly Update in *JPS* 127). Thereafter through the end of the quarter, meetings were held in the territories and in Cairo on a regular, sometimes near-daily basis. While factions narrowed their differences and clarified their positions, they did not reach a comprehensive agreement.

On the domestic front, Israel announced (6/10) that it would offer incentives, including cash payments (a \$30,000/family advance payment for compensation, which the government said could total \$300,000/family), to encourage Gaza settlers to leave voluntarily. A proposed government timetable would give Gaza settlers until 9/1/05 to leave voluntarily before the IDF would evict them, all settlers would be removed from Gaza by 9/15/05, and the military withdrawal from Gaza would be complete by 10/1/05. Some Likud MKs complained (6/10) that Sharon was essentially taking steps to implement the disengagement before the cabinet voted on the first stage. By 6/13, 10s of Gaza settlers had requested details on the compensation packages.

Even as disengagement preparations were underway, tensions between the U.S. and Israel began to rise over Sharon's 4/14 pledges to Bush (see Special Doc. C in *JPS* 132) to remove unauthorized settlement outposts and halt all settlement expansion in existing authorized settlements. At the time of the 4/14 meetings, the U.S. had sought a written pledge that the halt to settlement

expansion would include natural growth. Though the written statements that emerged were not so explicit, the U.S. (particularly the State Dept.) believed there was an understanding to that effect. Israel insisted that its long-standing position had remained unchanged: that construction within existing settlement "development boundaries," particularly in built-up areas, constituted acceptable natural growth, with expansion constituting construction in open areas outside existing development zones. Sharon also maintained that under the 4/14 understandings, the U.S. implicitly approved Israel's right to expand West Bank settlements, particularly those in and around Jerusalem. On this basis, Israel announced (5/18) plans for a new Jewish neighborhood (30 apartments and a synagogue) in the non-Jewish quarters of the walled Old City of Jerusalem, and it ordered (6/15) the IDF to prepare plans within 3 months for construction of 1,000–2,000 new housing units in the West Bank settlements of Ariel, Gush Etzion, and Ma'ale Adumim. Meanwhile Israel was doing nothing to remove outposts. By 6/8, Israel had not even provided the U.S. with a list of outpost slated for removal, as it had pledged to do by 5/19 (see Special Doc. D in *JPS* 132). U.S. warnings (6/8, 6/22) that it would accept no further excuses for foot-dragging met with no response.

On 6/23, Sulayman returned to Israel and Ramallah to present Sharon and Shalom, and Arafat and Qurai' with a revised, more detailed timetable for moving forward on the Gaza disengagement. (In advance, Sharon, seeking to underline the unilateral nature of his plan and his refusal to negotiate with the PA as long as any Palestinian violence or "incitement" continued, warned that he was interested only in hearing Egypt's ideas and Palestinian reactions to them and that any attempt to turn the meetings into mediation between Israel and the PA would jeopardize the process.) Sulayman reportedly presented a 3-phase plan: In phase 1, Israel and the PA would approve a timetable for action, approve a map delineating the disengagement on the ground, and provide guarantees for full implementation of agreements. In phase 2, Israel would begin IDF withdrawal from Gaza and evacuation of settlements. In phase 3, Israel and the PA would resume direct negotiations. As for the immediate future, the timetable presented was as follows: By late 7/04 or early 8/04 (i.e., as soon as possible), 30–40 PA security officers would begin 6 months of training in Egypt and Jordan.

By the end of 8/04: the PA would merge the security forces into 3 bodies and present a detailed plan for security reform. (Around this time, Arafat would also oversee an internal Fatah dialogue aimed at resolving party differences.) In 9/04 all Palestinian factions would hold a conference in Cairo to agree on a mechanism for involving all factions in political decision-making in Gaza and to announce a unilateral cease-fire agreement, which would be implemented immediately, with Israel also halting all military actions in Gaza. In 10/04 Egypt, Israel, the PA, the U.S., and perhaps the EU or the Quartet would hold a conference "at the highest level" to finalize the broader timetable for Gaza disengagement and resumption of direct Israeli-PA negotiations. Soon after the 10/04 summit, 200 Egyptian security officers would arrive in Gaza, provided Israel had indeed halted all military action there. Among the guarantees in phase 1, Israel would pledge to withdraw completely from Gaza, agree not to dig a canal or trench along the Rafah-Egypt border (see above; Israel opened bidding for the project on 6/17), and agree to rebuild the Gaza airport and seaport it had destroyed as well as construct a safe passage linking Gaza and the West Bank. Sharon reportedly told Sulayman that Israel would not promise to halt military strikes but would agree to maintain calm if not attacked; would not be pressured into resuming negotiations with the Palestinians; and would not accept an international presence in Gaza after an Israeli withdrawal. Sharon and Shalom also reportedly discussed creating an Israeli-Egyptian-Palestinian industrial zone in the northern Sinai to replace the Erez industrial zone to be dismantled (see below). Senior Quartet reps. met in Taba the next day (6/24) and agreed to support Sulayman's plan.

Meanwhile, the IDF resumed wide-scale bulldozing of Palestinian homes (5/29) and land (5/28) in Rafah (though it did not declare official resumption of Operation Rain-bow); stepped up assassinations, killing 2 Hamas leaders on 5/30, 2 al-Aqsa Martyrs Brigade (AMB) members on 6/14 and 6/16, an Islamic Jihad member on 6/23, and 8 Palestinians (6 AMB, 1 Hamas, 1 Islamic Jihad) on 6/26; staged a major raid on Nablus (6/23-27); and continued arrest raids, house searches, demolitions, and land seizures elsewhere (see Chronology for details). On 5/28 a Palestinian suicide bomber detonated a device at the Rafah border crossing, killing only himself and wounding 2 IDF soldiers.

A Palestinian gunman fatally shot an IDF soldier during an IDF raid on Balata r.c. on 5/29. Palestinians gradually stepped up Qassam rocket, mortar, and antitank fire on IDF posts and Jewish settlements in Gaza and from Gaza into Israel, causing light damage in 3 incidents (6/1, 6/18, 6/21) and killing 1 Thai worker at Kefar Darom settlement (6/21). Israel reopened the Erez industrial zone to Palestinian workers over age 30 (5/23) and reopened the Qarni commercial crossing (closed for 2 months) for transportation of goods from Israel into Gaza only, but on 6/8 announced that it would close the Erez Industrial Zone permanently for the protection of Israeli businesses there. (The zone was created to provide some 5,000 jobs for Palestinians without allowing them into Israel.)

Preparations for disengagement fell off abruptly after 6/26 with the sharp escalation of Palestinian-Israeli violence. On 6/27, Hamas operatives completed a tunnel under an IDF post outside Gush Katif settlement near al-Qarara, packed the opening with explosives, and detonated them, partially collapsing the building, killing 1 IDF soldier and wounding 4. The next morning, Hamas members fired 5 Qassam rockets from the Bayt Hanun area into Sederot, killing an Israel man and a 3-year-old boy outside a school in the first fatal rocket attack inside Israel. Sharon convened (6/28) his security cabinet, which vowed "harsher measures than in the past" against Gaza. The IDF immediately raided al-Qarara and blew up 2 abandoned 5-story apartment buildings that concealed the opening of the tunnel under the IDF post, bulldozed 21 nearby Palestinian homes, and leveled more than 100 dunams of surrounding land.

The same day, the IDF launched (6/28) a major incursion into Bayt Hanun and Jabaliya r.c., called Operation Active Shield, to prevent further rocket fire into Israel. Most of the northern Gaza border area was sealed and kept under 24-hour curfew for the next 5 weeks, though Palestinian resistance was high and Qassam rocket fire from the area (and across Gaza) actually increased dramatically, causing light damage in a handful of incidents but no injuries (see Chronology). The IDF fired on anyone outside; bulldozed main transportation arteries, houses, and wide tracks of agricultural land reportedly to create an 8-km wide buffer zone around Bayt Hanun. By the end of 6/04, the death toll had reached 3,382 Palestinians and 905 Israelis.

Gaza's Perfect Storm

The upswing in violence in northern and southern Gaza converged with growing Palestinian anxiety concerning disengagement (would it happen? what would follow?), perceptions of PA absence and incompetence, and internal Palestinian rivalries to bring the situation in Gaza to total chaos. The compelling and immediate need for the PA to restore calm and structure to Gaza faced Arafat with a dilemma: how to address the legitimate calls for reform by the Palestinian people and much of the international community while evading the opportunistic reform demands made by Israel, the U.S., and some Palestinian political rivals. In the face of violence, any adjustment could imply a concession.

As Israel's Operation Active Shield went into its second week, with reports of more than 1,300 dunams cleared in Bayt Hanun and Jabaliya by 7/7, with around 30 Palestinians dead across the territories since 6/28, and with Arafat taking no steps to consolidate security forces and reassert security control in Gaza, the PC took matters into its own hands, forming (7/7) a special comm. (comprising Arafat loyalists and "reformers") to study the political and security situation in the occupied territories. Over the next 10 days, the comm. interviewed 10s of Palestinian officials and figures, including Qurai', heads of the various security branches, local Fatah activists, journalists, and others with the aim of drafting a report assessing current conditions, what caused them, and what could be done.

As the PC special comm. worked, intra-Palestinian violence suddenly spiked in what was widely seen as an orchestrated attempt to capitalize on the disarray to usurp Arafat's authority (see below). On 7/16, armed Palestinians kidnapped Gaza police chief Ghazi Jabali (a close ally of Arafat, twice previously the target of attacks by supporters of Muhammad Dahlan, Arafat's rival and former Gaza security chief), wounding his 2 bodyguards in the exchange of gunfire. Jabali, whom the militants accused of stealing \$22 m. in public funds, was then paraded through Bureij r.c. before being released unharmed hours later. The same day in Khan Yunis, the Abu Rish Brigades (ARB, a Fatah offshoot) kidnapped 4 French aid workers and PA security official Khalid Abu al-Ula, and held them for several hours; the ARB claimed the action was meant to highlight the plight of the homeless in Gaza, though they also demanded that the PA fire corrupt

"old guard" officials. That evening Gaza's preventive security chief Rashid Abu Shiblak and PA general intelligence chief Amin al-Hindi (both Dahlan supporters) resigned to protest the "state of anarchy" in Gaza. PC speaker Rawhi Fatuh resigned soon after, protesting Arafat's failure to implement reforms. Arafat rejected the resignations. In Nablus, armed Popular Front for the Liberation of Palestine (PFLP) members exchanged fire (ca. 7/17) with PA General Intelligence and Force 17 officers guarding a Palestinian collaborator responsible for the death of a PFLP member on 7/6, causing no injuries. At the same time, Palestinian gunmen in the city fired on a jeep, injuring 2 Palestinians; the incident reportedly grew out of a long-standing dispute (exacerbated by the Gaza events) between Fatah leaders in Nablus and those in nearby 'Ayn Bayt al-Ma' r.c.

Arafat responded (7/17) by declaring a state of emergency in Gaza and issuing a presidential decree for a "temporary restructuring" of the security forces into 3 branches: *public security* to protect borders, coastlines, ports, airports, territorial waters, and air space and to conduct some civil defense and rescue operations; *police* to be responsible for general law enforcement, protecting private citizens and their property; and *general intelligence* to ensure political stability, combat terrorism and spying, and so on. Each branch would have "operation rooms" in major towns and villages, coordinated by 2 "central operation rooms," 1 for Gaza (already in place; see Quarterly Update in *JPS* 132) and 1 for the West Bank. The restructuring would be "finalized" after Israel's withdrawal from Gaza. By the same decree, Arafat replaced Jabali as head of the Gaza police with another Arafat loyalist, Maj. Gen. Saeb Ajiz, and named Gaza military intelligence chief Musa Arafat, his distant cousin, as head of Gaza public security, retaining Hindi as head of Gaza general intelligence.

Far from appeasing his critics, the cosmetic, temporary changes outraged them further. Immediately, 1,000s of armed, masked Palestinians gathered outside the PC headquarters in Rafah to protest the appointment of Musa Arafat, whom they denounced as a corrupt Arafat loyalist. Later in the day, Qurai' called a cabinet meeting and announced his resignation, citing his inability to govern without true reform. Arafat rejected his resignation, but Qurai' insisted that it was final.

Protests and violence expanded over the next several days, with armed AMB members attacking (7/18) the PA military intelligence offices in Gaza, exchanging gunfire with guards (leaving 18 wounded), setting fire to offices, stealing arms, and releasing some prisoners; unknown assailants shooting and seriously wounding cabinet member Nabil 'Amr in Ramallah (7/20); and AMB gunmen in Nablus kidnapping and holding for several hours local governorate head Fadl Shuli (7/21). PA naval security chief Jum'a Ghali, an Arafat loyalist, also submitted (7/18) his resignation, which Arafat accepted (7/28). In an attempt to restore calm, Arafat announced (7/19) that he would appoint Fatah ally Brig. Gen. 'Abd al-Raziq al-Majayda as public security head over Musa Arafat, but the AMB and NIHC called the change cosmetic, not substantive. The PC urged Qurai' to stay on as PM ("less out of conviction than for want of a replacement," according to an observer; *Middle East International* [MEI] 7/23), but he declined, saying he would stay on as a caretaker until a new PM was appointed.

Meanwhile, the PC special comm. formed on 7/7 submitted (ca. 7/19) a blistering report (see Doc. B) declaring that everyone from Arafat and the PC to the factions and NGOs had failed to provide leadership and direction and were therefore all responsible for the deteriorating situation. The report also urged Arafat to accept Qurai''s resignation and to form a new government with expanded powers capable of restoring stability in Gaza, and pressed for national dialogue among all Palestinian factions. The PC voted (7/21) to support the comm.'s recommendations and created (7/22) a special comm. on reform to review all laws, decisions, and recommendations made to date by the PC and report back within a month suggesting a mechanism for implementing outstanding items. Some 10,000 Palestinians held (7/22) a pro-reform rally in Rafah in support of the PC decision. In keeping with the comm.'s call for national dialogue, the NIHC stated (7/23) that it would convene a conference on 7/29 to draft a "document of honor" for ending the crisis and controlling internal relations in Gaza. Two days later, Ahmad Jibril, leader of the Damascus-based Popular Front for the Liberation of Palestine-General Command (PFLP-GC), phoned Arafat on behalf of all Damascus-based resistance groups to express their desire to foster a unified position.

Arafat responded (7/24) by denying he was facing a crisis and dismissing Qurai' at-

tempts to resign as meaningless, but he held talks over the next several days with the PC regarding implementing the special comm.'s recommendations. Meanwhile, armed Palestinians raided and set fire to a police station in Gaza City, and AMB members took over the Local Government Min. offices in Khan Yunis, demanding Musa Arafat's dismissal. On 7/27, Arafat met with Qurai' and made pledges regarding eventually giving the PM more direct control over the security forces and referring corruption cases to the PA atty. gen. for possible legal action. As a result, Qurai' rescinded (7/27) his resignation and NIHC organizers called off (7/29) their plans for a national unity conference. Though nothing ultimately had been resolved and incidents of intra-Palestinian violence continued through the end of the quarter (see below), the threat to Arafat and the existing political order appeared to have been averted. Arafat made no further effort to address the PC special comm.'s recommendations. Though the Executive Authority (EA) did approve (8/2) a plan by newly appointed police chief 'Ajiz for reshuffling the chiefs of the security services in Gaza, when Qurai' was asked when it would be implemented, he said only that the matter was "under discussion."

Meanwhile, the IDF continued Operation Active Shield in the Bayt Hanun area, killing 19 Palestinians, wounding at least 137, and razing some 2,500 dunams by 7/29. The IDF also expanded demolitions in Khan Yunis, al-Qarara, and Rafah; and stepped up incursions into Gaza City. Israel had sealed (7/18) the Rafah border crossing, closing Gazans' sole link to the outside world and stranding some 2,000 Palestinians on the Egyptian side; on 7/25 the IDF dug a trench around the Rafah terminus (see Chronology for details). The IDF also escalated assassinations, hitting 3 AMB members (7/7, 2 on 7/25), 3 Islamic Jihad members (7/13, 2 on 7/22), 2 ARB members (7/29), and 1 Hamas member (7/15); attempted to assassinate 3 Hamas members (7/7) and a Palestinian Resistance Comm. (PRC) member on 7/20; killed 2 Palestinians in a botched assassination on 7/6; and killed 7 other Palestinians in what may have been assassinations (7/5, 7/6, 3 on 7/10, 2 on 7/17). Palestinian use of rockets and roadside bombs remained very high, injuring 6 settlers in 1 incident (7/25). The AMB detonated a parcel bomb at a bus stop in Tel Aviv on 7/11, killing 1 IDF soldier and wounding 20 Israelis in the first fatal bombing inside Israel since the 3/14/04 attack on

Ashdod port. By the close of 7/29, the death toll had reached 3,452 Palestinians and 907 Israelis.

The Uncertain Future

The Gaza dramas sapped the energy of the disengagement efforts, which were bumping up against realities of their own. Indeed the Palestinian infighting underscored the potential perils of Israeli disengagement from Gaza, and Israel's ongoing Operation Active Shield and escalations elsewhere made it politically more difficult for the parties to move forward. Sulayman's cease-fire mediation with the Palestinian factions in Cairo, for example, was already reaching an impasse by early 7/04. "They keep on asking us what they'll achieve if they maintain quiet, what they will get from Israel," Sulayman said (7/6), "I have no answers for them, because I'm still uncertain about Sharon's intentions."

Sulayman also was reportedly discouraged by Arafat's failure to implement serious changes to the security structure during the 7/04 shake-up, which boded ill for his proposed disengagement timetable. Sulayman held at least 2 meetings with Israeli officials in 8/04, but these reportedly focused on securing the Rafah border and Israel's closing of the Rafah crossing, not on broader disengagement issues. Israel was reportedly concerned that Egypt was losing interest in the disengagement plan, whereas Arafat was reportedly concerned that secret deals were being made.

The Quartet reps. met (7/6-7) in Jerusalem to follow up on their 6/24 decision to support Sulayman's plan, but Israeli officials refused to meet with them, Sharon's spokesman Asaf Shariv explaining (7/7), "We don't want to work with the Europeans on security issues. We will work with the Americans on these issues. There are a lot of other issues, like economic [issues], that we would be happy to work on with the Europeans." Quartet reps. met with Qurai' in Ramallah on 7/7 merely to warn him that the PA risked losing international support if security reforms were not implemented.

Israel's failure to follow through on Sharon's 4/14 pledges to Bush regarding settlements began to be an issue in U.S.-Israeli discussions. On 6/28, before a planned visit by Shalom to the U.S., Israel released a list of 28 outposts that it had intended to remove, adding that 16 of them were in the process of receiving government approval. The U.S. criticized (6/28) Israel, with U.S.

embassy spokesman Paul Patin saying, "You can't create an illegal outpost one day and subsequently declare that it's legal." Meanwhile, Peace Now reported (6/28) that at least 53 outposts had been established since Sharon took office 3/01 and therefore should be dismantled (not to mention 45 outposts established before 3/01). On 7/19, the Israeli Interior Min. noted that the population of the Gaza settlements and the 4 in the West Bank slated for removal had grown by 4.6% in the 6 months since Sharon began discussing their evacuation. When U.S. National Security Council Middle East adviser Elliott Abrams and Dep. NSA Stephen Hadley visited the region (ca. 7/12), their talks with Israel focused primarily on the need to halt settlement activity. Undeterred, Sharon approved (early 8/04) construction of 1,900 new housing units in the West Bank and the annexation of 15,000 dunams of Palestinian land to Ma'ale Adumim in order to link it to Jerusalem (see Settlement Monitor). The State Dept. objected (ca. 8/5), but Abrams told (8/5) Sharon that the Bush administration "trusts" Israel on the settlement issue. The Israeli government subsequently (ca. 8/10) banned publishing bids for new construction in order to spare the Bush administration embarrassment.

Israel and the PA did resume low-level security contacts by early 8/04, as Sulayman had insisted. The PA pressed Israel to allow some PA security officers to patrol with light arms (the IDF barred PA officers from carrying weapons in early 2001), arguing that unarmed officers had no hope of controlling well-armed militants and that Israel could not hold the PA accountable without giving it a fighting chance of success. Israeli DM Shaul Mofaz initially agreed (8/6) to let a few officers carry handguns and batons, but then rescinded (8/10) his approval, reportedly under pressure from hard-line Israeli cabinet ministers.

At the close of the quarter, all parties were still talking about holding major conferences in the fall to advance the disengagement process, but it was uncertain whether such conference would be held. However, all parties were planning to send senior delegations to the opening of the UN General Assembly (UNGA) session in New York 9/20-29, raising the possibility that a summit could be held on the sidelines.

On the ground, Israel-Palestinian violence remained high. The IDF withdrew from Bayt Hanun on 8/5, ending Operation Active Shield. Initial assessments by the Palestine

Human Rights Monitoring Group and Palestinian Center for Human Rights (PCHR) estimated that 22 Palestinians had been killed and around 200 injured, 15 homes demolished, around 25 businesses and schools seriously damaged, and 3,900 dunams of agricultural land (including 10,000 trees) leveled. On 8/7, the IDF began a pattern of near daily incursions into Nablus, Balata r.c., and Bayt Furik to target the local "terrorist infrastructure"; by the end of the quarter the IDF was calling the incursions Operation Full Court Press. The IDF also continued house demolitions in Khan Yunis and Rafah and bulldozed wide tracks of land around Gaza City and Mughraqa (see Chronology for details). Israel began allowing some Palestinians through the Erez crossing in late 7/04 and opened the Rafah crossing on 8/6. Palestinians continued heavy rocket fire on Sederot and the Negev, causing light damage in 1 instance, and fired (8/10) on a settler bus near Barqan settlement, injuring 2 Jewish settlers. The AMB also fatally shot (8/13) a settlement guard outside Itamar settlement and detonated (8/11) a package bomb at the Qalandia crossing into Israel, killing 2 Palestinians and wounding 10 Palestinians and 6 IDF soldiers.

Intifada Data and Trends

During the quarter at least 208 Palestinians and 8 Israelis were killed (down from 248 Palestinians and 45 Israelis last quarter), bringing the toll at 8/15 to at least 3,485 Palestinians (including 39 Israeli Arabs and 15 unidentified Arab cross-border infiltrators), 908 Israelis (including 281 IDF soldiers and security personnel, 189 settlers, 438 civilians), and 49 foreign nationals (including 2 British suicide bombers).

This quarter, Israel carried out 26 killings (down from 33 last quarter) that were clearly or almost definitely assassinations, in the process killing 7 bystanders and wounding 15. Those assassinated this quarter were the AMB's Muhammad Obeid (5/18), Ahmad Judah (5/18), Khalid Marshud (6/14), Majid al-Sa'di (6/16), Nayif Abu Sharq (6/26), Omar Mismar (6/26), Samir Aqub (6/26), Wajdi al-Qaddumi (6/26), 'Arif Tabanja (6/26), Nidal Wawi (6/26), Issam Mahamid (7/7), Hani Awayda (7/25), and Mahdi Tanbur (7/25); Hamas's Khalid Abu Azna (5/20), Mazin Yasin (5/20), Wa'il Nassar (5/30), Muhammad Sarsur (5/30), Ja'far al-Masri (6/26), and Malik al-Din (7/25); Islamic Jihad's Shadi Salim (6/23), Fadi al-Bahti (6/26), Numan Tahayna (7/13), 'Abd al-Rauf Abu 'Assi (7/22), and

Hazim Irhayim (7/22); and the ARB's 'Amr Abu Sitta (7/29) and Zaki Abu Zarqa (7/29). Another 7 incidents (5/23, 7/5, 7/6, 7/10, 2 on 7/17, 8/6) in which 5 Hamas members, 3 PRC members, 2 AMB members, and 1 unidentified wanted Palestinian were killed may have been assassinations; 1 bystander was also killed. On 7/6, the IDF killed a Nablus University professor and his 16-year-old son when it apparently misidentified them as targets for assassination (see Chronology). Attempts on 3 Hamas members on 7/7 and a PRC member on 7/20 were definitely failed assassination attempts, which left 6 bystanders and the PRC member injured. A raid on Jenin on 6/12 that left 1 Palestinian injured may have been a failed attempt on a local AMB commander.

During the quarter, there were 5 Palestinian suicide attacks (down from 11 last quarter), which killed 1 and injured about 8 (compared to 30 killed and about 99 injured last quarter). Of these, 2 were bombings (5/22, 5/28). The other 3 attacks (7/6, 8/13, 8/15) could be called "suicide" insofar as they were certain to result in the deaths of those who staged them. Of the 5 attacks, 1 was an AMB operation (8/13), 1 was a PFLP operation (5/22), and 3 were unclaimed (5/28, 7/6, 8/15). There were also 2 deadly parcel bombings this quarter, both staged by the AMB, 1 in Tel Aviv on 7/11 that killed 1 Israeli and wounded 20, and 1 at the Qalandia checkpoint on 8/11 that killed 2 Palestinians and wounded 10 Palestinians and 6 IDF soldiers. Palestinian rocket and mortar fire increased significantly this quarter, especially after the IDF incursion into Bayt Hanun intended to halt rocket fire. (Of the estimated 250-350 Qassam rockets that Palestinians have fired since the start of the intifada, around 40 were fired in 7/04 alone.) On 6/18, the Palestinian Resistance Comms. (PRCs) fired the first Nasser 3 rocket, with a longer range than the Qassam 2 rockets, at Sederot, causing minor damage but no injuries. There were no other reports of Nasser 3 firings this quarter.

The number of Palestinian houses demolished by the IDF was significantly lower than last quarter, though still high. The vast majority (more than 350) were in southern Gaza, including 209 in Rafah and 114 in Khan Yunis; 23 were in northern Gaza and 2 in central Gaza. Demolitions in the West Bank were up slightly this quarter: the IDF demolished 17 houses in Ramallah, 11 in Jenin, 10 each in Bethlehem and Hebron, 8 in the East Jerusalem area, 5 in Nablus, and 1 each in

Jericho, Qalqilya, and Tulkarm. In addition, the IDF demolished 3 600-year-old residential buildings in Hebron to make way for a settler bypass road. The UNRWA reported (6/6) that during 5/04 the IDF had demolished completely 298 Palestinian homes in Rafah, leaving 3,800 Palestinians homeless, and had heavily damaged another 270 residential buildings housing 502 Palestinian families.

The IDF did an unprecedented amount of bulldozing this quarter, mostly in Gaza along the northern and southern borders: more than 5,500 dunams were razed in northern Gaza (including nearly 4,500 dunams in the Bayt Hanun and Jabaliya areas and more than 1,000 dunams around Gaza City), more than 1,200 in southern Gaza (Khan Yunis, al-Qarara, and Rafah), and around 114 in central Gaza. At minimum, the IDF bulldozed 80 dunams in the Bethlehem area, 50 dunams in Qalqilya, and 45 dunams in the Jerusalem environs for construction of the separation wall.

Israel did not deport any West Bank Palestinian administrative detainees to Gaza as punishment this quarter. It did, however, deport (8/8) a Palestinian woman and her 2 children from Jericho to Gaza, arguing that although she had been married to a Jericho resident and living in Jericho for 7 years, her Gaza residency card meant that she and her children were residing in the West Bank illegally.

On 8/15, 1,700 Palestinian prisoners in Israeli jails started a hunger strike to demand increased family visits and access to lawyers; a halt to collective punishment, punitive searches, solitary confinement, and overcrowding; better access to healthcare, educational resources, and phones; and improved food service and recreation options. At the close of the quarter, Israel was believed to hold more than 8,000 Palestinians, including 1,250 in administrative detention. Of the regular prisoners, 97 have been jailed for more than 20 years, 83 are women, and 385 are under age 18.

During the quarter, at least 5 Palestinians died (6/9, 6/10, 6/22, 7/20, 8/2) because the IDF denied them access to medical treatment. Six mentally handicapped Palestinians who strayed into closed military zones or failed orders to halt were fatally shot (5/26, 6/1, 6/7, 6/28, 7/2, 7/25) by the IDF. In addition, the IDF fired on medical teams and hospitals (5/18, 7/23, 7/28, 8/5, 8/12), wounding 3 Palestinians; raided and searched hospitals (6/21, 7/13, 7/25);

and detained medical workers rendering aid (7/26, 8/12). As of 8/13, the Palestinian Red Crescent Society reported that since the start of the intifada, the IDF had restricted access to 1,475 ambulances; shot at 317 ambulances, damaging 129 (including 28 beyond repair); and arrested 81 on-duty medical workers, injured 202, and killed 12.

This quarter 2 clearly identified Palestinian journalists were wounded (6/13, 7/8) by IDF gunfire and 1 was wounded (8/3) by a Palestinian roadside bomb; 3 BBC journalists were detained (8/12) by the IDF in Nablus for several hours. In 8/03, Israeli police filed charges against Israeli reporter Raslan Mahajna for violating a ban on Israeli citizens entering PA-controlled areas (in place since early 2001) when he entered Jenin on 2/13/04 to report on the situation there; other Israeli citizens have been indicted on the same charge, but never a journalist. Israel also denied (8/11) entry at Ben-Gurion Airport to British journalist Eva Jasciewicz on the grounds that she was a "left-wing activist who could not be objective in her portrayal of local events and could unknowingly assist violent organizations"; she filed a court appeal and was being held in jail pending a verdict. On 7/26, Shin Bet admitted that it has "black lists" of Israeli and possibly foreign "leftists" who get "special treatment" (long holds during which they are made to answer "a long list of intrusive questions" and their luggage is thoroughly searched) when they reach Israeli passport control. The lists were put in place some time ago, Shin Bet admitted, because people on the lists might be duped by Palestinian militants or consciously "see terror as a legitimate tool in the Palestinian struggle against Israel."

The IDF also stepped up raids on Islamic charities this quarter, raiding organizations in Bethlehem (8/9), Hebron (8/4, 8/12), Nablus (7/8), and Tulkarm (6/7). Computers and files were confiscated, equipment and furniture vandalized, and the doors sealed. The IDF similarly raided an agricultural coop in Bayt Hanun (7/22) and a PA security office in Hebron (8/7).

Also of note: the IDF opened (ca. 7/4) the first of 30 high-tech crossing terminals between the West Bank and Israel. The crossing employs magnetic gates, biometric identification equipment, baggage conveyor belts, inspection counters, and other features typical to international border crossings. The IDF also began (6/21) using an unusually potent gas to disperse demonstrators. For

example, in 1 gas incident, 50 Palestinians were sent to the hospital with severe convulsions, temporary blackouts, impaired vision, and difficulty breathing—symptoms not typical of normal tear gas.

Separation Wall

Construction on Israel's separation wall in the West Bank continued this quarter, with monitors reporting that 25% of the wall had been completed by 6/14. In 7/04 the PA Central Bureau of Statistics released a report estimating that by the end of 2/04, the IDF had confiscated 270,558 dunams for the wall—214,456 dunams of agricultural land, 42,240 dunams of grazing land, 9,347 dunams of built up area, and 4,515 dunams of unused land. In the process, some 11,461 Palestinians (2,163 families) were forced to leave their communities, and 19 communities were placed west of the wall (7 in Jenin, 6 in Qalqilya, 4 in Jerusalem, 1 each in Bethlehem and Tulkarm).

This quarter work began (5/16) on a new segment around Jerusalem, with the confiscation of 100s of dunams in Abu Dis, Anata, Hizma, Shu'fat, and Sur al-Bahir that will leave 30,000 Palestinians with Jerusalem IDs east of the wall, cut off from the city. Since renewal of Jerusalem residency cards for Palestinians requires proof of continued presence in city, these 30,000 and others like them are expected eventually to lose their Jerusalem residency rights. The IDF demolished (6/1) 4 homes in Anata and 2 in Sur al-Bahir and began (6/8) bulldozing work on al-Quds University campus in Abu Dis for construction of the wall, breaking agreements with the university not to build on its land (see Quarterly Update in *JPS* 130).

The IDF also started (6/14) construction of a 3.5 km segment of the separation wall east of Ariel settlement north of Jerusalem. The IDF plans to complete by the end of 2004 similar small segments, or "fingernails," to the east of nearby Immanuel and Keddumim settlements and to link the 3 "fingernails" to the wall along the Green Line (creating the "fingers") by the end of 2005, ultimately expropriating 150,000 dunams of Palestinian land in the Salfit area and cutting off Salfit from Jerusalem. Israeli authorities claim that the Bush admin., which previously opposed running the wall east of Ariel, agreed to the route and timetable when Bush endorsed Sharon's disengagement plan on 4/14. Refusing to comment on the Ariel segment in particular, the U.S. said (6/14) only that it had concerns about the wall.

Significant construction was also underway in other areas. In the Bethlehem region, the IDF confiscated (5/18, 6/3) some 400 dunams from Bayt Jala, Husan, and al-Khadir, cutting off access to their agricultural hinterlands. To make room for the wall, the IDF demolished 3 homes in Hebron (6/3); 15 homes south of Ramallah (6/15); and 3 homes, 26 shops, and an olive oil factory in Barta'a near Jenin (7/20). On 8/1, the IDF announced plans to seize 4,980 dunams for wall construction in the Hebron area (559 from Bayt Ula, Kharas, Nuba, Surif, and Tarqumiyya; 4,331 from Bayt al-Rush, al-Burj, Dayr al-'Asal, and al-Majd).

Two major judgments on the wall were issued this quarter. On 6/30, the Israeli High Court ruled (see Doc. C1) in favor of the village councils of Bayt Surik, Biddu, al-Kabiba, Ka'ane, Bayt Anan, Bayt Laqia, Bayt Ajaza, and Bayt Daku that wall segments totaling 30 km north of Jerusalem violate the rights of 10,000s of Palestinians by separating them from 10,000s of dunams of their farmland and placing them in "a veritable chokehold, which will severely stifle daily life." The court recommended that the Israeli DMin. come up with a revised route, which it finalized on 7/8; the new maps, which had not been approved by Sharon at the end of the quarter, still show the wall running east of Ariel.

The International Court of Justice (ICJ) also issued (7/9) its nonbinding opinion on the wall, concluding (14-1, with only U.S. judge Thomas Buerghenthal dissenting; see Docs. A3 and D2) that segments built on occupied Palestinian territory violate international law and should be removed or not built, that Palestinians should be compensated for property confiscated for the wall, that Israel's defense of the wall as a security necessity is unconvincing, and that the UN should take all steps in its power to force Israel into compliance with the ICJ's opinion. The court further ruled (13-2, with Buerghenthal and a Dutch judge dissenting) that "all states are under an obligation not to recognize the illegal situation resulting from construction of the wall and not to render aid or assistance in maintaining the situation created by such construction." The PLO decided (7/14) not to submit a resolution supporting the ICJ decision to the UN Security Council (UNSC), knowing that the U.S. would use its veto.

Palestinian, Israeli, and international peace activists continued to hold regular protests along the separation wall. In many instances the IDF fired on crowds to disperse

them, occasionally using live ammunition (e.g., 6/7, 6/8, 6/13, 7/1) or potent tear gas (e.g., 6/21), causing injuries requiring hospitalization. On 7/30, 60 international and 20 Palestinian peace activists began a 3-week Freedom March to protest the wall. They began in Zababda near Jenin and reached the Qalandia crossing into Jerusalem on 8/18.

Also of note: Israeli Arab MK Azmi Bishara (National Democratic Assembly) observed (7/3-11) a hunger strike to protest Israel's construction of the wall. On 7/6, 14 other Palestinian figures (including Shaykh Taysir Tamimi, Greek Orthodox Archimandrite Atallah Hanna, and PC member Hatim 'Abd al-Qadir) joined the strike, and 100s of Palestinian refugees in Tyre marched in solidarity with them.

INTRA-PALESTINIAN DYNAMICS

Power Struggles and Discontent

Intra-Palestinian violence this quarter increasingly took on the appearance of a power struggle pitting Arafat loyalists against supporters of popular former Gaza Preventive Security Forces chief Muhammad Dahlan, with assorted others acting or withholding action based on their expectations of Arafat's political longevity and their own personal agendas. Around the time Israeli-Palestinian violence escalated in Gaza in late 6/04, Dahlan (who had recently returned from private English tutoring at Cambridge University, paid for by the British government) took part in a series of informal talks (held in Britain and Spain) with an Israeli delegation led by former Israeli FM Shlomo Ben-Ami and including former Mossad official Maj. Gen. (res.) Ze'ev Livneh regarding formation of a new Palestinian government in Gaza "the day after disengagement." Conspiracy theories proliferated when intra-Palestinian attacks (largely pitting Dahlan supporters against Arafat supporters) erupted on 7/16 (see above). Most Palestinians assumed that Dahlan organized at least some of the 7/04 incidents, a view that gained support when Dahlan was quoted in the Kuwaiti daily *al-Watan* (8/1) as telling a closed meeting of politicians and media men in Amman that he would bring 30,000 Palestinians into the street to demonstrate if Arafat did not overhaul security forces. When tensions died down in 8/04, Arafat offered (8/10) Dahlan and another of his strongest critics, Gaza Fatah leader Samir Masharawi, cabinet posts. Dahlan said he would accept if Arafat would meet him, but Arafat declined.

Among those reported to be sympathetic to Dahlan are security heads Hindi and Shiblak, former PM Mahmud Abbas, Negotiation Affairs M Saeb Erakat, External Affairs M Nabil Shaath, Arafat financial adviser Muhammad Rashid, PC member Hassan Asfur (Ind.-Khan Yunis), and senior Fatah members Sakhr Bseiso and Ahmad Halles.

Tensions within Fatah aggravated the crisis. Internal Fatah elections forced on Arafat last quarter (see Quarterly Update in *JPS* 132) had been held in 5/04 and 6/04 in 5 of the 34 voting districts in Gaza, returning a vast majority of candidates who owed their jobs to Dahlan's patronage. Fatah branches in the West Bank are slated to vote once Gaza elections are complete, but the process of voting in Gaza was so drawn out that some believed Arafat may have suspended it altogether. On 8/1 in Nablus, 20 Palestinian gunmen broke up a meeting of 90 PA legislators belonging to Fatah discussing plans for the movement's 6th general conference, accusing them of conspiring against Arafat; the gunmen allowed the meeting to proceed after participants explained that they were drafting anti-corruption recommendations for Arafat's approval.

Whether or not intra-Palestinian attacks during 7/04 were largely orchestrated by Dahlan, other incidents before and after the 7/04 conflagration attest to widespread discontent. Some examples follow.

Some 130 PSF officers held (6/1) a sit-in outside the Force 17 offices in Dayr al-Balah to protest corruption and their inability to do their jobs for lack of resources.

Hundreds of Palestinians made homeless by IDF bulldozing in Rafah (some of whom have been homeless since 2000) held (6/19-24) a sit-in outside the PC headquarters in Rafah to protest inadequate PA assistance. The sit-in ended when the PC announced (6/24) that the PA had donated a 169-dunam plot in n. Rafah for construction of some homes.

Palestinians angry over the PA's inaction regarding the IDF siege of Bayt Hanun staged (7/28) a sit-in outside PC offices in Gaza City. When PA Social Affairs M Intisar al-Wazir and Education M Na'im Abu al-Hummus traveled from the West Bank to join them, some protesters along with armed AMB members blocked them at the Erez crossing and ordered them to go back. Similarly, the day the siege ended (8/5), armed, masked AMB members broke up a Bayt Hanun press conference held by 3 PC members to mark the pull-out, denouncing the PA for waiting

until the crisis was over to do something, warning, "We don't want you here. Leave now or you will see worse."

More than 100 unemployed Palestinian university graduates occupied (8/14) a PA building in Gaza for several hours, calling on the PA to provide them with jobs.

On 8/14, 144 prominent Palestinians (including EA and PC members, such as Nabil 'Amr and Nabil Qassis; Fatah members; and intellectuals and public figures, such as Hanan Ashrawi and Haydar 'Abd al-Shafi) signed an advertisement run in local papers listing demands for government reform, a war on corruption, and new elections.

Unidentified gunmen fired (6/21) 25 shots at the empty, parked car of senior Fatah member and Arafat loyalist Hani al-Hassan in Ramallah, causing no damage or injuries. Hassan accused Dahlan of being behind the attack in continuation of their rivalries last quarter (see Quarterly Update in *JPS* 132).

A PA police officer tossed (8/2) a grenade into a Gaza City jail cell holding several alleged collaborators, killing 1 and injuring 2. The wounded were taken to a local hospital that was later raided by Hamas members who executed the 2 men. AMB members killed a collaborator in Qalqilya on 7/2.

AMB members raided and set fire (7/31) to the offices of newly appointed Jenin governor Qaddura Musa and the local general intelligence offices, accusing them of assisting Israel in targeting wanted Palestinians.

National Unity

As noted above, national unity talks among the factions both in the territories and those based in Damascus continued throughout the quarter. PA Negotiations Affairs M Erakat stressed (6/24) that the PA and the factions were not debating creation of a new administration to replace the PA in Gaza (see Quarterly Update in *JPS* 132); rather, the PA was attempting to foster political pluralism. In the PA's view the only authority will be the PA, but Hamas, Islamic Jihad, and others could join the PA by participating in elections. According to Erakat, the factions would not be able to boycott the political process and be considered legitimate alternatives to the PA.

As of 5/24, Hamas reportedly was circulating an internal document outlining its discussions to date regarding security in Gaza after an IDF withdrawal. The only new element (cf. Quarterly Update in *JPS* 132) seemed to be the stated position that Hamas

would cooperate with the PA in security matters provided Israel's withdrawal from Gaza was complete and unilateral; if Israel ended up pulling out under some sort of agreement with the PA, Hamas would not help maintain security but rather would step up resistance efforts. If withdrawal were incomplete, Hamas would decide whether to cooperate depending upon the extent of the withdrawal.

On 8/13, presumed Hamas leader Mahmud Zahhar stated that Hamas was drafting 3 documents it hoped would be signed by all factions: a "covenant of honor" calling for genuine reform efforts and prevention of corruption; assigning of administrative roles in Gaza upon signing the document until the next election; and a security agreement in Gaza following an Israeli withdrawal. No details were given. These documents may have been the basis of the "document of honor" that the NIHC proposed to issue at the canceled 7/29 conference (see above).

As of 6/21, the AMB was working on a 20-page draft action plan detailing its expectations concerning the future of the Palestinian cause and the AMB's anticipated role. On the basis of those internal discussions, the AMB produced a 10-page report submitted to the PA (ca. late 6/04) that demanded reforms in Fatah, the PA, and the PLO (notably stating that Arafat should not be head of all 3 organizations), calling for serious investigations into corruption, and stating that if such steps were taken it would agree to take part in the PA. Palestinian officials who had seen the document, which was not made public, said that the AMB reform demands were more detailed and wider in scope than those called for by the U.S. or Israel. The PA dismissed it (7/7) as not serious.

By 8/15 an 18-point national unity initiative drafted by jailed *tanzim* leader Marwan Barghouti was circulating, calling for a comprehensive Israeli withdrawal from Gaza; creation of an all-faction leadership body to oversee Gaza in coordination with the PA; an immediate cease-fire upon Israeli withdrawal, decommissioning of weapons after 3 months of cease-fire; Gaza elections within 6 months of Israeli withdrawal; and continuance of resistance activities in the West Bank until the end of the occupation and settlements there. The initiative reportedly was presented to the PA, Hamas, Islamic Jihad, and Egyptian officials, with Egypt and Hamas responding favorably.

The Damascus-based opposition groups held an emergency meeting on 7/31 to

follow up on Ahmad Jibril's 7/25 call to Arafat on national unity (see above). They issued an appeal for the creation of a unified leadership comprising all factions, for a ban on the use of arms in intra-Palestinian disputes, and for all factions to rid themselves of nepotism, centralization of power, and corruption.

Municipal Elections

The PA placed great emphasis this quarter on planning for Palestinian municipal elections, which it viewed as the fundamental step needed for true political reform. Arafat issued (5/30) a decree ordering the PA Central Elections Comm. to move forward with plans to hold elections beginning in 8/04 (see Quarterly Update in *JPS* 132), but by the end of the quarter, the target date had been moved to 11/04. PA Negotiations Affairs M Erakat stated (6/24) that municipal elections would be held first in Jericho, the only Palestinian city not under siege by the IDF, with other areas following as the IDF is pulled back from population centers. Based on estimates that areas need 6 months of unimpeded free movement to update voter registrations, register candidates, prepare ballots, and campaign, the PA had urged the EU, U.S., and the Quartet to press Israel to make this possible. Erakat said (6/24) that he had suggested to Israel the setting up of a joint elections comm. to set guidelines for Israeli and PA actions to facilitate elections (e.g., restrictions might be placed on IDF operations in certain areas during election-related periods, campaigners might have to keep a set distance from settlements and military installations), though he stressed that the PA would never accept restrictions on who could participate in the democratic process. The PA would hope to have twice as many (7,000) international observers as it had for the 1995 elections, when teams led by former U.S. pres. Jimmy Carter oversaw voting.

Hamas's Zahhar said (8/13) that Hamas would definitely take part in municipal elections provided they are free and fair. Arafat agreed (8/8) to expand membership of the Central Elections Comm. to include reps. of factions agreeing to take part in elections.

PALESTINIAN OPINION

The following data are excerpted from two polls. Questions 1, 3, and 5 are taken from a poll conducted by the Palestinian Center for Policy and Survey Research (PCPSR) between 24 and

27 June 2004. Results are based on a survey of 1,320 men and women in the West Bank and Gaza. The poll, 12th in a series, was taken from PCPSR's Web site at www.pcpsr.org. Questions 2 and 4 are taken from a poll conducted by Birzeit University's Development Studies Program (DSP) between 1 and 6 June 2004. Results are based on a survey of 1,197 men and women in the West Bank and Gaza. The poll, 16th in a series, was taken from the DSP's Web site at www.birzeit.edu/dsp.

1. Recently, the Israeli government approved a modified version of Sharon's disengagement plan. According to this plan, Israel will evacuate unilaterally and in stages all settlements in the Gaza Strip and 4 settlements in the West Bank. In addition, Israel will remain in control of a border strip on the Rafah-Egypt border and on the border crossing, and will continue to block sea and air access to the Gaza Strip. Do you welcome or not welcome this decision?

	West Bank	Gaza	Total
a. Definitely welcome	6.2%	4.5%	5.6%
b. Welcome	31.1%	24.0%	28.5%
c. Do not welcome	38.8%	30.4%	35.7%
d. Definitely do not welcome	22.6%	39.7%	28.9%
e. Don't know	1.2%	1.4%	1.3%

2. Will the Gaza withdrawal reinforce the Israeli occupation in the West Bank?

	West Bank	Gaza	Total
a. Yes	72.5%	83.3%	76.7%
b. No	16.9%	11.7%	14.9%
c. No opinion	10.5%	5.0%	8.4%

3. In the context of the Sharon disengagement plan and the evacuation of the Gaza settlements, there is talk about destroying homes in these settlements, while others see the necessity of keeping them intact for the use of the Palestinians. Which one of these 2 options do you prefer?

	West Bank	Gaza	Total
a. Destroy them	42.3%	57.6%	47.9%
b. Keep them intact	53.2%	40.9%	48.7%
c. Other	1.4%	0.4%	1.1%
d. Don't know	3.1%	1.0%	2.4%

4. To rebuild Gaza, should we accept funding from the following sources?

Arab countries	West Bank	Gaza	Total
a. Support	84.9%	90.5%	87.1%
b. Oppose	13.0%	9.5%	11.7%
c. Don't know	2.1%	0.0%	1.3%

Japan and Asia	West Bank	Gaza	Total
a. Support	69.6%	78.9%	73.2%
b. Oppose	25.2%	19.9%	23.2%
c. Don't know	5.2%	1.2%	3.6%

European Union	West Bank	Gaza	Total
a. Support	66.3%	71.7%	68.4%
b. Oppose	29.9%	26.9%	28.8%
c. Don't know	3.8%	1.4%	2.9%

United Nations	West Bank	Gaza	Total
a. Support	64.2%	74.7%	68.3%
b. Oppose	33.0%	24.7%	29.7%
c. Don't know	2.8%	0.6%	2.0%

United States	West Bank	Gaza	Total
a. Support	25.0%	32.3%	27.8%
b. Oppose	72.1%	67.3%	70.2%
c. Don't know	2.9%	0.4%	1.9%

5. After Israeli withdrawal from the Gaza Strip and while awaiting general elections in the West Bank and Gaza Strip, there is talk about Hamas participation in the administration of the Strip. Do you support or oppose this participation?

	West Bank	Gaza	Total
a. Strongly support	33.7%	49.7%	39.6%
b. Support	54.1%	43.3%	50.1%
c. Oppose	6.1%	4.3%	5.5%
d. Strongly oppose	2.3%	1.6%	2.1%
e. Don't know	3.8%	1.0%	2.8%

FRONTLINE STATES

JORDAN

Jordan's perennial difficulty in balancing its roles as major recipient of U.S. aid and peace partner with Israel with its role as host to a large Palestinian population was highlighted this quarter by expectations that the kingdom would play a role in Sharon's dis-

engagement plan, specifically with regard to helping the PA reassert security control over West Bank areas ceded by Israel. Though Jordan claimed (6/4) that it had not been formally approached by Israel or the PA on the matter, there were strong indications that informal (at minimum) Israeli-Jordanian talks had been underway for some time, at least as of early 6/04, when Sharon (e.g., 6/2) and other Israeli officials (e.g., 6/8) publicly mentioned that Israel was exploring plans for Jordanian participation. Palestinian concerns grew in mid-6/04 with a flurry of reports claiming that uniformed Jordanian security officials had been seen touring the Jordan Valley and Tubas near Jenin with their IDF counterparts on 1 or 2 occasions between late 5/04 and mid-6/04, and that 1 delegation had been fired upon and chased off by Jenin AMB members. Jordan denied (6/4) the stories, but detailed rumors persisted.

In addition, Israel-Jordanian bilateral relations continued to advance despite the escalation in Israeli-Palestinian violence. While Operation Rainbow was underway, Israel and Jordan agreed (5/16) to upgrade the terms of their trade agreement, lowering the minimum requirements for Jordanian and Israeli inputs for products produced in the Qualified Industrial Zones (QIZs) for tax-free export to the U.S. They also discussed creating a similar free-trade arrangement with the EU. At the same time, Israeli Arab businessmen Annan and Nizar Darawshe and Jordanian millionaire Mahir Hourani approached (ca. 5/18) the Israeli Education Min. requesting that a branch of Amman's al-Ahliyya University (owned by Hourani) be opened in Israel as the second Israeli Arab university (the first is Mar Elias University in the Galilee, which opened in 7/03). Currently some 700 Israeli Arabs attend al-Ahliyya in Jordan; the organizers would also want the option of recruiting students from all over the Arab world. Education M Limor Livnat hailed the initiative as "a reinforcement of the spirit of peace and a matter of national interest." Over the next month, planning for the university began, with the aim of opening in 10/05.

The rumors of Israeli-Jordanian talks regarding the West Bank raised tensions in Jordanian-Palestinian relations. By 7/23 Palestinian officials in Amman were privately voicing concerns (see MEI 7/23) that Jordan was discussing deals with Israel that could affect the Palestinians without coordinating with the PA, even though their contacts with Jordanian officials remained

unchanged. On 8/6, Jordanian FM Marwan Muasher acknowledged strains, saying only that Jordan was "frustrated" by its inability to play an active role in the disengagement process because of resistance from the PA.

Jordanian-Palestinian relations were also strained by an unusual string of statements by King Abdallah and in the Jordanian press critical of Arafat. At the height of Operation Rainbow, the *New York Times* published (5/18) an interview with King Abdallah in which he suggested that Arafat should cede his authority to a new Palestinian leadership, saying that the Palestinian leader "needs to have a long look in the mirror to be able to see whether his position is helping the Palestinian cause or not." Abdallah then complained (8/3) to al-Arabiyya TV that "we want the Palestinian leadership to declare clearly what it wants and not to surprise us every now and then with some decisions, or by accepting things that it did not accept before" and declared that the Palestinian leadership must persuade the world that it is a real partner for peace. His bottom line, he told al-Arabiyya, was that "Jordan is first, and the focus on our national issues is more important to me than any other issue."

Once intra-Palestinian violence broke out, the Jordanian daily *al-Ra'i* (partially owned by the government) weighed in, writing (7/21) that Arafat should step down. "Arafat is rejected on the international level," the paper noted, "but he insists on remaining in power at the expense of the international support for the Palestinian people and their cause. He has become a burden on the shoulders of the Palestinian people." The independent daily *Jordan Times* ran similar columns (e.g., 7/25, 8/5) arguing that Arafat must "leave at once . . . because that is the best way he can now serve the just cause of Palestine" (8/5). To Qurai's expression (8/3) of grave concern over the statements, particularly Abdallah's, Muasher replied (8/6) publicly that "the king feels that time is running out, and something needs to be done."

The regional environment also raised domestic security concerns for Jordan. Jordanian authorities intercepted (7/19) 4 unidentified armed Palestinians who attempted to sneak across the Jordanian border into the West Bank. When ordered to halt, the men opened fire, lightly injuring an IDF soldier across the border. Jordanian forces returned fire, killing 3 of the men and detaining 1. A Jordanian military court also convicted

(6/16) 15 men (13 Jordanians, 2 Iraqis; all but 1 of whom were still at large) of plotting to attack American and Israeli targets in Jordan as members of a cell linked to al-Qa'ida and Ansar al-Islam. The court sentenced the 1 man in custody, Ahmad al-Riyati, to 15 years hard labor, immediately commuted to 7.5 years; sentenced 8 others in absentia to 15 years hard labor; and dropped charges against the other 6, who are dead. Also of note: Jordanian PM Faisal al-Fayiz announced (6/15) that Jordan would no longer allow Jordanian nationals to be members of non-Jordanian organizations, such as Hamas.

The UN Commission for Human Rights (UNCHR) and Jordan reported (5/27 and 6/4, respectively) that 75-100 Palestinians who fled Iraq at the opening of the U.S. war in 3/03 and have been staying in Jordan's al-Ruwayshid r.c. have since returned to Iraq after UNCHR efforts to relocate them failed. A number of the nearly 300 refugees still at the camp hold Lebanese travel documents, but Lebanon has thus far not given them permission to return to Lebanon. Jordan has similarly refused entry to any refugees without Jordanian travel documents (see Quarterly Update in *JPS* 132).

LEBANON

Israel allegedly undertook several significant operations in Lebanon this quarter that, if true, aimed at deterring Hizballah from providing assistance to Palestinian militants. For example, the Lebanese daily *al-Safir* reported (5/18) that Lebanese authorities had broken up an Israeli spy network that was plotting to assassinate Hizballah leader Shaykh Hassan Nasrallah and several Palestinian leaders in Lebanon prior to the 5/23 municipal elections. Hizballah did not comment, but Lebanon's public prosecutor stated (5/18) that 4 people, led by a Palestinian woman with a Tunisian passport (Jamal Faraj al-Madfai Zaroura), had been arrested and confessed to being Mossad operatives. Soon after, Nasrallah led (5/21) a massive rally (crowd estimates ranged from 100,000 to 500,000) pledging to defend Iraq's holy cities of Karbala and Najaf from assault by U.S. forces. Analysts view the rally as a show of force by Nasrallah partly in response to the 5/18 report. (Hizballah won handily over Amal in the 5/23 voting.)

On 7/19, senior Hizballah member Ghalib Awali was killed in a mysterious bombing

in s. Beirut. Hizballah and Lebanese Pres. Emile Lahoud accused (7/19) Israeli agents of planting the device, noting that Israel had previously specifically mentioned Awali as giving aid to Palestinian militants. While Israel did not officially confirm or deny, IDF Chief of Staff Ya'alon, when asked in an 8/13 interview with the Israeli daily *Yedi'ot Abaronot*, replied, "When we find that connection, we make them pay a price for it. Lately we attacked targets in Lebanon and in Syria, after warning them about operating terror in the Palestinian arena from their capitals." When asked "Are you confirming we killed the man [Awali]?" Ya'alon refused to answer.

Apparently in response to Awali's murder, Hizballah snipers fatally shot (7/20) 2 IDF soldiers along the western section of the border. The IDF then shelled Hizballah targets in s. Lebanon, killing 1 Hizballah member, and overflowed Beirut by night, causing sonic booms to intimidate the public. Israel continued to violate Lebanese air space on a routine basis to conduct surveillance; Hizballah continued to respond with anti-aircraft fire, causing no damage or injuries.

On 6/7 rockets were fired from s. Lebanon toward an Israeli naval vessel in the Mediterranean, causing no damage or injuries. Lebanese authorities suspected the PFLP-GC of staging the attack to protest Israel's 6/6 sentencing of Fatah *tanzim* leader Marwan Barghouti to 5 life terms for conspiracy and membership in a "terror organization." The IDF responded with an air strike on a PFLP-GC base in al-Na'ima, 10 mi south of Beirut, causing no injuries.

On 6/8, Hizballah and the IDF traded rocket fire across the border in the Shaba' Farms area, leaving 1 IDF soldier lightly injured. Lebanese authorities reported that in a separate incident the same day, Hizballah fired 5 antitank rounds and mortars at an IDF post in the same area.

There was no indication of progress on the second phase of the Israeli-Hizballah prisoner swap, which was to have been completed by 4/26/04 (see Quarterly Update in *JPS* 132), with Israel's release of Lebanese prisoner Samir Kantar (considered by Israel to have "blood on his hands" for his participation in a 1979 Palestinian Liberation Front raid into Israel) and provision of information regarding 4 missing Iranians (including 2 diplomats) kidnapped in Lebanon in 1982 in an area controlled by Israel's Lebanese allies the Phalange in exchange for information on missing Israeli pilot Ron Arad (downed over

Lebanon in 1986). On 8/21, Hizballah leader Hassan Nasrallah confirmed that negotiations were ongoing with German mediation, but said that the sides want to keep details of the talks confidential.

SYRIA

The Israeli daily *Yedi'ot Abaronot* reported (7/9) that former Israeli officials had in recent weeks held 2-3 "official, secret meeting[s]" with former Syrian officials and other American, Egyptian, and European friends of Syria regarding a resumption of peace talks but that they had run aground when the Israelis demanded that Syria give "a good-will gesture . . . as proof of their real intentions." Another such meeting reportedly was planned for early 8/04, though there was no evidence it took place. Reacting to the report, Sharon said (7/9) that Syria was not on the Israeli agenda and that he was not accepting Syrian messages.

In an interview with the Israeli daily *Yedi'ot Abaronot*, IDF Chief of Staff Ya'alon stated that Israel could return all of the Golan Heights to Syria without compromising its security. It was unclear whether he was expressing his personal opinion, making an official assessment, or putting out a feeler to Syria. Sharon's office refused to comment. Syria said it had no indication Israel was serious and believed it was a ploy to convince the media that Israel was serious about peace.

Around early 6/04, Syria's newly appointed amb. to Washington, Imad Mustafa, personally took a delegation of 15 Syrian-American Jews from Brooklyn, Long Island, and New Jersey on a tour of Syria to convince them that peace between Israel and Syria is inevitable. The charismatic Mustafa (a 44-year-old, articulate English-speaking professor of computer science with a "Western outlook") received a flurry of praise in the Jewish press (see Jewish Telegraphic Agency 6/9) and himself described the trip as successful beyond his wildest dreams.

ARAB REGIONAL AFFAIRS

RELATIONS WITH ISRAEL

During Operation Rainbow, Egypt approved (5/17) a deal for its state-owned natural gas company to sell \$2.5 b. worth of natural gas to the Israel Electric Corp. The natural gas would be delivered by EMG company, a partnership between the Egyptian

national gas company and Israeli businessman Yosef Maiman.

In late 6/04 and early 7/04, Israel sent envoys to Bahrain, Mauritania, Morocco, Oman, Qatar, and Tunisia to promote Sharon's unilateral disengagement plan.

An anonymous Israeli official announced (6/21) that Israel was in the final stages of negotiations with the UAE to open a representative office in Abu Dhabi. Agreements reportedly had been reached on the size and location of the office.

INTER-ARAB HIGHLIGHTS

The Arab League's 2-day heads of state summit, originally scheduled for 3/28-29, opened on 5/22 in Tunis, with only 13 of the 22 leaders present (Algeria, Comoros, Djibouti, Egypt, Jordan, Lebanon, Libya, Mauritania, Morocco, Qatar, Somalia, Syria, Tunisia), and all but 4 leaving after the opening session. The main issues on the agenda were Iraq, Palestine, and Arab political reform. A special session on Palestine was held on 5/22. The summit produced 3 statements condemning Israeli violence against Palestinians, criticizing events in Iraq (without mentioning the U.S. by name), and delaying decisions on Arab League reform (including formation of an Arab court, parliament, bank) pending further discussions (without offering any agendas or timetables). In reaction to the U.S.'s Greater Middle East Initiative (GMEI; see the section that follows), participants endorsed their own "development and modernization" model (Syria objected to calling it a "reform" plan, believing that "reform" would imply that all Arab regimes are corrupt) calling for greater political participation by women, adherence to human rights, and support for freedom of expression (but not explicitly freedom of speech, in deliberate wording meant to give leeway to regimes). Implementation was left up to individual states, however, leading participants and analysts to question whether anything would be fulfilled. Some participants anonymously describe the final statements as "wishy-washy," while observers noted that a "heavy mood of powerlessness" pervaded the proceedings (*Los Angeles Times* 5/24), stating that "the best that could be said about [the summit] was that it had convened at all" (MEI 5/28). Emblematic of the dismal performance, Tunisian FM Habib ben Yahia asked the press at the close of the session to give the summit "positive" coverage, acknowledging that "we need criticism, of course, but posi-

tive self-criticism to move ahead and not feel defeated."

The PA announced (6/15) that Yemen had begun exempting Palestinian goods from customs tariffs, in keeping with an agreement reached at the Arab Summit in 2000.

INTERNATIONAL

UNITED STATES

As the U.S. presidential race geared up, the Bush administration's Middle East focus turned to high-profile (though not necessarily substantive) initiatives meant to underscore Bush's positive role in the region (and obscure the war in Iraq). The most important of these was a Bush-led international conference on implementing Sharon's Gaza disengagement plan, as discussed above. The second was the G-8 summit of industrialized nations (6/8-10), where Bush hoped to unveil a revised GMEI to reform and democratize the Arab world and have it endorsed by the Group of 8 (Britain, Canada, France, Germany, Italy, Japan, Russia, the U.S., plus the EU, which sits as an observer) and Arab leaders, who would be on hand as special guests of the summit.

Last quarter, the draft GMEI, written by the U.S. without consulting other nations, had been leaked, creating an uproar among Arab states, the EU, and the UN, all of which found the document to be a deeply flawed, neo-imperialist agenda for reshaping the Arab and Muslim world in the U.S.'s image (see Quarterly Update in *JPS* 132). After weeks of discussions with the EU and Jordan in particular, the U.S. finalized a revised GMEI called the Broader Middle East and North African Initiative (BMENAI), which was presented at the G-8 summit in Georgia on 6/8. The proposed aim of the BMENAI remained the promotion of democratization and countering of anti-Western extremism in the region. The new text added (at EU insistence) a statement that solving the Israeli-Palestinian conflict was an important requirement for progress on reform, but also added (at U.S. insistence) a clause that "regional conflicts must not be an obstacle for reforms." Countries on hand by U.S. invitation were Afghanistan, Algeria, Bahrain, Jordan, Turkey, and Yemen. The U.S. "sounded out" the leaders of Egypt, Kuwait, Morocco, Tunisia, Pakistan, and Saudi Arabia to see if they would come, but as they pleaded

scheduling conflicts, the U.S. did not formally invite them. (Senior administration officials insisted that these others would “eventually, if reluctantly, join”; *New York Times* 6/10.) Of note, the U.S. did not even “sound out” Qatar to protest its continued hosting, despite U.S. complaints, of the independent al-Jazeera satellite TV, whose coverage of Iraq was very critical of the U.S. (An EU diplomat noted on 6/7 that “it’s strange, having a summit declaration on democratic reforms and not inviting a country because it has a free press.”) Many observers (see *Washington Post* 6/8) also doubted U.S. seriousness about implementing the plan, noting that it had allocated only \$200 m. to the initiative. On 6/23, PA Negotiation Affairs M Erakat told Secy. of State Colin Powell in Washington that the PA supported the BMENAI’s calls for democracy, rule of law, protection of human rights, and accountability and hoped that the U.S. would take up the Palestinian case as its first example by helping to create the conditions for Palestinian elections on the ground by pressing Israel to withdraw to pre-9/28/00 positions, sending observers to validate the elections themselves, and afterward by fully recognizing the democratically elected Palestinian leadership that results. Powell responded (6/23) that the U.S. approved the idea of elections in principle but that they must be “consistent with what’s going on with respect to the road map” (i.e., exclusion of Hamas and other resistance groups, removal of Arafat from power). Nothing more was heard of the BMENAI through the end of the quarter.

In Iraq, U.S. forces released 2 Palestinian diplomats it had detained in Baghdad since 5/28/03. Some reports said the 2 were held at the notorious Abu Ghayb prison on charges of illegally possessing weapons.

By 5/30, the U.S., running short of bullets and needing 300 m.-500 m. round this year for the wars in Afghanistan and Iraq alone, had contracted with Israeli Military Industries and Olin Corp. (a division of Winchester) to provide supplies for the rest of the year.

At the height of Israel’s Operation Rainbow in Rafah, Bush addressed (5/21) the American Israel Public Affairs Comm. (AIPAC) annual policy conference in Washington (see Doc. B2 in *JPS* 132). While noting the “troubling” events in Gaza, he stated that Israel “has every right to defend itself from terror.” He also stated that “by defending the freedom and prosper-

ity and security of Israel, you’re also serving the cause of America. Our nation is stronger and safer because we have a true and dependable ally in Israel.” His speech was interrupted 67 times by applause and chants of “4 more years.” Among the other U.S. political figures speaking were former Democratic VP candidate Sen. Joseph Lieberman (D-CT), House Majority Leader Tom DeLay (R-TX), and House Minority Leader Steny Hoyer (D-MD). DeLay and Hoyer also announced (5/16) that they were drafting legislation to “codify” Bush’s 4/14 endorsement of Sharon’s plan; the resulting non-binding resolutions (H. Con. Res. 460 and S. Res. 393) were passed on 6/23 and 6/24 respectively.

The House also passed (361-45, with 13 abstentions) H. Res. 713 denouncing the ICJ advisory opinion on the separation wall on 7/15. The Senate introduced a companion resolution, S. Res. 408, on 7/20 but did not vote on it before summer recess.

Of note: Cameron Kerry, brother of Democratic presidential candidate John Kerry and a convert to Judaism, made (7/13-18) a trip to Israel, where he met with Sharon, Shalom, Labor leader Shimon Peres, and other senior officials. Although the Kerry campaign said that the visit was purely personal, Cameron Kerry’s interviews with the Israeli press indicated that his purpose was to gain Jewish support for his brother. He reportedly delivered “an unequivocal message from his brother: that he will take a firm pro-Israel line on all main issues” if elected (*Washington Times* 7/18). Cameron Kerry also made (7/26) a surprise appearance at a breakfast sponsored by the American Jewish Comm. to reassure participants that his brother appreciates “the vulnerability that Israel has today.”

The Israeli-U.S. Defense Policy Advisory Group (DPAG) held (5/30) a regular periodic meeting in Tel Aviv to discuss “strategic issues of common interest.” No details were released. Delegations to the talks were led by U.S. Undersecy. of Defense for policy Douglas Feith and Israeli DMin. dir. gen. Amos Yaron. DPAG was established some 20 years ago.

The U.S. Supreme Court ruled (6/7) that foreign governments can be sued in U.S. courts for confiscation of property. The ruling concerned the case of an American Holocaust survivor who is suing the Austrian government to recover \$130 m. worth of artwork confiscated by the Nazis, but could set a precedent for Palestinian Americans

seeking to sue Israel for land and goods seized in 1948.

The Justice Dept. filed (7/26) a 42-count indictment against the Dallas-based Holy Land Foundation (HLF), the U.S.'s largest Muslim charity, and 7 of its top officials, charging that the organization was set up in 1988 "to provide financial and material support to Hamas" and had funneled \$12.4 m. to Hamas between 1995 (when the U.S. declared the movement a terrorist organization) and 12/01, when it was raided and shut by the FBI. (HLF reportedly sent an additional \$24 m. to Hamas between 1988 and 1995.) Prior to 9/11, the FBI had investigated the HLF, the recipient of closely scrutinized USAID grants, but had been unable to uncover any definitive evidence of wrongdoing. Under the relaxed prosecutorial measures adopted under the Patriot Act in the post-9/11 environment, the FBI shut down the HLF, arguing that donations to the group funded "a web of welfare groups, schools, and hospitals" that were "fronts for Hamas and . . . were operated to build good will and spur recruitment for Hamas." HLF lawyers contend that the FBI's case is based on questionable evidence, deliberately falsified and mistranslated documents supplied in part by the Israeli government.

Relatives of Americans killed in Palestinian attacks in Israel filed (7/2) a suit against Arab Bank, a Palestinian-owned bank headquartered in Jordan, seeking \$875 m. of the bank's \$24 b. of assets in damages, asserting that the bank paid life insurance to relatives of Palestinian suicide bombers. The suit also charges that the bank knew that funds channeled through bank accounts set up by the Saudi Comm. for Support of the al-Quds Intifada, run by the Saudi government, to aid the widows and children of suicide bombers, among others, would support or encourage violence against Israeli civilians. Saudi and Arab Bank officials denied any wrongdoing. The *Jerusalem Post* reported (7/7) that the suit arose from information the IDF seized during its raid of Ramallah banks in 2/04 (see Quarterly Update in *JPS* 132), raising speculation that the suit was an indirect attempt by the Israeli government to bankrupt the largest Palestinian bank.

U.S. authorities reported (6/9) that former American Muslim Council head Abdurahman Alamoudi, who was arrested on 9/28/03 on charges of accepting money from Libya to lobby the U.S. for the removal of sanctions, had admitted that he was paid by

Libyan leader Col. Mu'ammar Qaddafi as part of a plot to assassinate Saudi Arabia's Crown Prince Abdallah. The U.S. said Alamoudi's account had been corroborated by a Libyan intelligence official. Alamoudi was originally detained in Britain in 8/03, when British customs agents caught him attempting to smuggle \$340,000, allegedly given him by a Libyan official, to Syria. The U.S. held him on the lobbying charge pending a Homeland Security investigation into whether he intended to give the money to contacts in Damascus for distribution to Hamas, Hizballah, Islamic Jihad, and al-Qa'ida to fund terrorist operations. On 7/30, Alamoudi plead guilty to 3 counts of accepting and attempting to hide money received from Libya, tax evasion, and lying on an immigration form in order to avoid charges on the assassination plot.

RUSSIA

Russia's regional involvement this quarter continued to be limited mainly to maintaining open channels with Israel and the PA and participating in Quartet meetings. In addition, Russian special envoy Alexander Kalugin met with Qurai' in Ramallah on 6/9 and Erakat in Jericho on 7/4.

Russia also sent (7/20) 15 tons of medicine and medical supplies to the PA, noting the "extremely complex humanitarian situation" in the occupied territories.

EUROPEAN UNION

During a tour (7/19-23) of the region, EU foreign policy adviser Javier Solana was told (7/22) by Sharon that there would be little chance of EU involvement in the peace process "without a radical change in the European position, especially in relation to Israel's security and its need to defend itself." Sharon also rebuked the EU for supporting a 7/20 UN res. backing the ICJ opinion on the separation wall, which he said "could be understood [as saying] that Jewish blood is worthless." The Israeli FMin. also summoned (7/22) EU ambassadors to express Israel's "displeasure" over their nations' support of the UN res. In a press conference after their meeting, carried live by Israel Radio and IDF Radio, Solana vowed that the EU would be involved in peace-making "whether you want us or not."

Israel informed (6/30) the EU that it would not allow the 13 Palestinians deported to various EU countries on 5/22/02 as a way of ending the Church of the Nativity stand-off during Operation Defensive Shield (see

Quarterly Update in *JPS* 124) to return to the occupied territories, vowing to arrest and try the 13 if they came back. The EU said (6/30) that its "host period" for the 13 was set to expire on 11/04 and would not be renewed a second time. (The original host period was for 1 year.)

In early 8/04, the EU initiated an agreement in Brussels to begin checking imports from Israel to identify anything produced in the occupied territories, which would not qualify for free trade entry. Goods marked "Made in Israel" were thereafter required to have their city of origin also marked. The EU estimated that around \$120 m. of Israel's \$7 b. annual exports to the EU were made in the territories, meaning the added tariff burden would be less than \$10 m./year.

On 7/26, 200 members of the British House of Commons and House of Lords signed a memo calling on MPs to press the government to urge Israel to remove the separation wall and to impose sanctions on Israel if it failed to comply.

In a speech to American Jewish leaders in Jerusalem, Sharon stated (7/18) that France's 10% Muslim population was the cause of the rise of the "wildest anti-Semitism" in France and called on French Jews to flee discrimination by immigrating to Israel. France condemned the statement, demanded an explanation, and suspended plans for Sharon to visit Paris. Relations remained strained until Sharon personally greeted (7/28) 200 French Jewish immigrants, praising France for its "determined action against anti-Semitism." A senior official close to Sharon said (7/28) that the PM had recently received a message from French pres. Jacques Chirac, stating that France considered Sharon's 7/18 statements a closed matter.

UNITED NATIONS

In his regular monthly report to the UNSC, UN special envoy Terje Larsen strongly criticized (7/13) Arafat for failing to take action on reforms on steps to fill the PA's core obligations under the road map, stating that the PA's "paralysis" and the "steadily emerging chaos" in the territories resulted from Arafat's and the PA's lack of "political will" to move forward. Larsen also criticized Israel, though less harshly, for not halting settlement expansion and for disproportionate military action against the Palestinians.

After holding (5/18) an emergency session, the UNSC on 5/19 passed (14-0, with the U.S. abstaining) res. 1544 condemning

Israel's house demolitions and other violence during Operation Rainbow. UN special envoy for human rights in the West Bank and Gaza Strip John Dugard called (5/19) on the UNSC to take all possible steps to halt Israeli operations in Rafah, including imposing an arms embargo on Israel if necessary, and termed the IDF shelling of a peaceful march outside Rafah that killed 8 Palestinians earlier that day (see above) "war crimes."

The UNGA resumed (7/16) its 10th emergency special session on illegal Israeli actions in the occupied territories to debate a measure to end Israeli construction of the separation wall. On 7/20, the UNGA passed (150-6, with 10 abstentions) a res. demanding that Israel abide by the 7/9 ICJ opinion by dismantling the separation wall and compensating Palestinians. Voting against the resolution were Australia, Israel, the Marshall Islands, Micronesia, Palau, and the U.S. Abstaining were Cameroon, Canada, El Salvador, Nauru, Papua New Guinea, the Solomon Islands, Tonga, Uganda, Uruguay, and Vanuatu. Last minute changes in wording (adding 2 paragraphs reaffirming all nations' duty to adhere to international humanitarian law and calling on Palestinians to take steps to curb violence and Israel to halt actions that undermine trust) by the Arab sponsors won the support of 25 EU states and 30 other nations. Israel vowed (7/20) to continue the wall construction, with Israeli amb. to the UN Dan Gillerman and spokesman Dore Gold denouncing the res. as a one-sided demand that Israel drop its defenses against Palestinian "terror."

More than 90 countries and international aid agencies attended (6/7-8) a 2-day closed door UNRWA conference in Geneva to discuss the "humanitarian future of the Palestinian refugees," especially strategies for improving their lives through better access to jobs, housing, education, and health care. UNRWA sought donors' recommendations and support for long-term plans for the next 3-5 years but did not seek pledges. On 5/31, UNRWA had launched an emergency appeal, seeking \$15.8 m. to meet the immediate cash, food, and housing needs of Palestinians in Rafah.

The IDF raided (5/23) UNRWA offices in Jenin, fired a shot at senior project manager Paul Wolstenholme and then held him handcuffed and blindfolded for 3 hours of interrogation, during which they threatened him with violence. The IDF later (5/23) apologized but without explanation. The

IDF also fired (7/14) on a 12-truck UN convoy delivering humanitarian aid to Bayt Hanun, causing no injuries; no apology was issued. The UNRWA subsequently announced (7/22) that it was relocating 20 of its international employees outside Gaza because of increasingly strict IDF security measures.

On 7/12, the UN and PA signed a deal to build houses for 15,000 of the estimated 22,000 homeless Rafah residents on 430 dunams donated by the PA, with funding from the Saudi Comm. for Relief of the Palestinians and the UAE Red Crescent Society. On 8/11, the Islamic Development Bank pledged \$25 m. and EU \$1.7 m. toward the effort.

UN Secy.-Gen. Kofi Annan opened (6/21) a UN seminar on anti-Semitism, part of a series on "Unlearning Intolerance" with calls for vigilance against anti-Semitism and increased efforts to combat anti-Semitism within the UN itself. He also reprimanded the UNCHR for asking its special rapporteur on contemporary forms of racism to examine the situation of Muslim and Arab peoples around the world, stating "Are not Jews entitled to the same degree of concern and protection?" The next seminar in the UN series, set for 1/05, will be on Islamophobia.

TURKEY

Relations between Israel and Turkey soured this quarter as Turkish PM Tayyip Recep Erdogan issued an unusual number of statements critical of the Jewish state. On 5/20, Erdogan denounced Israel's Operation Rainbow as "state terrorism." He then turned down (5/26) an invitation to visit Israel, noting that a visit so soon after Operation Rainbow would be inappropriate. At an international conference on 5/31, Erdogan stated that Turkey had repeatedly offered to mediate a return to the road map and that "Sharon should have helped us, but he did not. Assassinations and recent attacks by Israel left no room for Turkey's peace efforts." In an interview with the Israeli daily *Ha'Aretz* days later (6/3), Erdogan repeated that Israel's treatment of the Palestinians amounted to "state terrorism," adding that "our forefathers, at their strongest time in history, opened up their hearts to the Jews who had been driven out of Spain at the time of the Inquisition. . . . Jews were the victims at that time. Today, the Palestinians are the victims, and unfortunately the people of Israel are treating the Palestinians

as they were treated 500 years ago: bombing people—civilians—from helicopters; killing people without any considerations—children, women, the elderly; razing their buildings using bulldozers." The next day (6/4), Erdogan announced that Turkey had scrapped plans to send an observer team to monitor the sentencing phase of Fatah *tanzim* leader Marwan Barghouti's trial because Israel had frustrated efforts to secure travel visas for the observers. On 6/8, Turkey recalled its ambassador to Israel, stating that "the violent policies that Israel is following cannot be accepted." Israel warned (6/14) that Israeli tourism to Turkey might be affected as a result, stating "If the Turkish PM was unhappy with Israeli policy, it would be enough to state it just once. Since the attacks continued, we made it clear that we cannot accept it." Erdogan replied (6/15) that if Israel "wants to earn respect, it must accept other people's right to live." Turkey then upgraded restrictions on El Al planes entering its country, prompting the Shin Bet to ground (6/25) all El Al flights to Turkey.

Erdogan's diplomatic offensive against Israel prompted speculation as to his motives. Some analysts (see *Daily Star* 8/10) attributed it either to domestic politics—a way of mildly challenging the military (which has many contracts with Israel) in a way that had popular appeal—or to considerations relating to Turkey's recent assumption of the rotating presidency of the Organization of the Islamic Conference. Other observers (see *al-Nabbar* 7/8, *Mideast Mirror* 7/8, 7/15, 7/16) speculated that Turkey was threatened and angered by increased Israeli aid to the Kurds; Seymour Hersh's 6/30 article in the *New Yorker* cites a CIA source as confirming that Mossad agents were training Kurdish commando in the Kurdish zones of Iraq and Syria. Kurdish Patriotic Union (PUK) leader Jalal Talabani was also rumored (*al-Khaleej*, *Mideast Mirror* 7/30) to have visited Israel secretly ca. 7/19 to meet with Israeli security and political officials, including Sharon, regarding building military bases in n. Iraq, though this could not be confirmed. Israeli Dep. PM Ehud Olmert went (7/14–15) to Ankara for talks on improving bilateral relations and gave Turkey assurances that Israel did not have "an official or unofficial" presence in n. Iraq. (Of note: Erdogan was in Ankara during Olmert's visit but said he was too busy to meet.)

Turkey sent (8/6) 1,350 tons of humanitarian aid to the occupied territories,

including 3 ambulances, food, and medical supplies. Turkey also signed (7/20) a free trade agreement with the PA.

IRAN

The annual national security assessment presented (7/21) by the IDF, Mossad, and Shin Bet stated for the first time that Iran's efforts to acquire nuclear arms constitute Israel's no. 1 security threat. (In recent years, the report cited as the primary threat a combination of tanks and artillery from Iraq and Syria, Iranian-Syrian support for Hizballah, and Iranian-backed, Hizballah-orchestrated infiltrations of Palestinian groups into the West Bank and Gaza.) Soon after, Israeli officials began to emphasize the Iranian threat in meetings with U.S. members of Congress visiting Israel during summer recess. The IDF also alleged (8/1) that Iran was sending money to Hizballah to "pay terrorists' salaries on the basis of the number of Israeli dead or injured" and warned (8/1) that Iran had taken control "of all levels in Lebanon; Palestine is the next country the Iranians believe they can take control of." Likely in response to the heightened rhetoric, Iran announced (8/11) that it had successfully tested a new version of its medium-range Shihab-3 missile, which is capable of striking Israel or U.S. forces in Iraq.

DONORS

The World Bank issued (6/23) an assessment (made at the request of Israel, the PA, and the donors' Local Aid Coordination Comm.) of the potential economic effects of Sharon's disengagement plan on the Gaza economy (see Doc. A2). While noting that disengagement could be beneficial under some circumstances (inter alia, if donors increased contributions by 50% after Israeli withdrawal), it warned that the chances for negative outcomes were high due to the weak state of the PA, particularly if IDF operations continued or if Israel cut off utilities and sealed its borders with Gaza after withdrawal. The World Bank said (6/20) that it would be willing to offer \$1 b./year for reconstruction of Gaza after an Israeli withdrawal.

The EU agreed (7/29) to the Palestinians \$155 m. in aid to be allocated in stages, dependent upon the PA taking further reform steps. An initial transfer of \$32 m. was to be channeled through the World Bank's Public Financial Management Reform Fund, established on 4/27 (see Quarterly Update in *JPS* 132). This would bring the total amount donors have contributed to the fund for 2004 to \$309 m. (The PA anticipates a budget gap of \$650 m. for 2004.)



An armed AMB member stands on the balcony of the Khan Yunis governorate building, 24 July 2004, during the temporary takeover of the building by 20 AMB members protesting PA corruption. (AP Photo)