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QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

16 MAY-15 AUGUST 2010

COMPILED BY MICHELE K. ESPOSITO

The Quarterly Update is a summary of bilateral, multilateral, regional, and international events affecting the Palestinians and the future of the peace process. More than 100 print, wire, television, and online sources providing U.S., Israeli, Arab, and international independent and government coverage of unfolding events are surveyed to compile the Quarterly Update. The most relevant sources are cited in JPS's Chronology section, which tracks events day by day.

THE PALESTINIAN-ISRAELI CONFLICT

This quarter, eyes were on the clock as two deadlines approached: the Palestinians' 9/9/10 deadline for securing significant movement in indirect Israeli-Palestinian "proximity" talks, inaugurated at the close of last quarter and not yet seriously underway, and Israel's 9/26/10 expiration of its 10-month temporary settlement freeze. Israeli PM Benjamin Netanyahu and U.S. pres. Barack Obama were eager for the resumption of direct Israeli-Palestinian final status talks, but Mahmud Abbas, president of the Palestinian Authority (PA) and head of the PLO, sought assurances that the negotiations would be serious and substantive. Heavily influencing the course of negotiations was Israel's fatal attack on the *Mavi Marmara*, part of an aid flotilla organized by Turkish and international activists to challenge Israel's siege of Gaza.

As the quarter opened, Israel's Gaza blockade continued to bar all exports, most imports except limited humanitarian and consumer goods and small amounts of construction material for UN-supervised projects, and most cross-border transit by individuals (with very limited exceptions for extreme medical cases, VIPs, and international NGO workers). The Israel Defense Forces (IDF) enforced a 300-meter-deep no-go zone inside the full length of the Gaza border and limited the Palestinian fishing zone off Gaza to 500-1,000 m off the immediate Bayt Lahiya and Rafah coasts, and 3 nautical miles elsewhere. In the West Bank, Israel continued gradually

easing restrictions on Palestinian movement, especially between major population centers, and IDF operations remained relatively low, continuing a trend that began in summer 2009. As of 8/15, at least 7,649 Palestinians (including 51 Israeli Arabs and 19 unidentified Arab cross-border infiltrators), 1,096 Israelis (352 IDF soldiers and security personnel, 216 settlers, and 528 civilians), and 65 foreign nationals (including 2 British suicide bombers) had been killed since the start of the al-Aqsa intifada on 9/28/00.

Proximity Talks Resume

As the quarter opened, Abbas had succumbed to heavy U.S. pressure to scale back his demand that Israel indefinitely extend its 10-month West Bank settlement construction freeze (which began on 11/26/09 and was set to expire on 9/26/10) and expand it to include East Jerusalem before the Palestinians would resume peace talks (suspended since late 2008). Last quarter, with Arab League and PLO approval, he agreed to hold 4 months of indirect "proximity talks" with Israel under U.S. auspices, with U.S. special envoy George Mitchell conducting the shuttle diplomacy (see Quarterly Update in *JPS* 156 for background). The parties had agreed to conduct talks under a media blackout to reduce the possibility of being scuttled by public debate over sensitive issues. The U.S. aim was to foster enough movement before the end of the temporary settlement freeze so that the sides would be encouraged to extend the freeze indefinitely (possibly expanding it to East Jerusalem) and

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to open direct talks. A formal ceremony launching proximity talks had been held on 5/9 and while the sides had debated the agenda for talks, negotiations on final status issues had not seriously begun. Despite the launch of the talks, Israel continued aggressive settlement expansion efforts in and around East Jerusalem aimed at creating facts on the ground to ensure retention of those areas under final status.

Mitchell returned to the region 5/19–20 for the first shuttle mission since the 5/9 launch, meeting the first day with Abbas and the Palestinian team in Ramallah and the second day with Netanyahu and the Israeli team in Jerusalem, with the aim of getting the sides to agree on the starting point of talks. Sources briefed on the meetings revealed (*Wall Street Journal* 5/21) that Abbas had urged once again (see Quarterly Update in *JPS* 156) that negotiations begin with borders, surprising Mitchell with “a bold opening offer . . . that includes concessions on territory beyond those offered in past Palestinian-Israeli peace talks.” The sources claimed that Palestinian negotiators told Mitchell “they are prepared to match offers that they made to former Israeli [PM] Ehud Olmert during peace negotiations in 2008 and may be willing to double the amount of West Bank land to be included in a land swap.” (In 2008, Abbas offered Olmert an exchange of 1.9% of West Bank land for an equal amount of Israeli territory. Even if the new Palestinian offer were 3.8%, however, it would fall short of the 6.3% sought by Olmert at the time.) While the PA initially refused to confirm or deny the reports, Abbas later confirmed (5/22) that the Palestinians were ready to swap land with Israel, but would not cite amounts or locations. Israeli officials dismissed the rumored offer as not serious if true, believing the PA would only make a big opening offer on the assumption that Netanyahu would reject it, to make it seem that Israel did not truly want peace.

Meanwhile, Netanyahu in talks with Mitchell rejected the idea of discussing borders first, instead pressing water rights as a more practical starting point, arguing that because it was not as emotional an issue there was a higher likelihood of reaching agreement. Moreover, developing a regional water-sharing cooperation agreement would also give Arab states an opportunity to make confidence-building

gestures to Israel. Further, Israel would be willing to make confidence-building gestures to the Palestinians to encourage proximity talks, but only if the PA dropped its boycott of goods made in Jewish settlements (see Quarterly Update in *JPS* 156 and Settlement Monitor section in this issue), which Israel deemed incitement. Mitchell supported the Palestinian call for negotiations on borders first (with the idea that demarcating which settlements would ultimately stay under Israeli control could also defuse the settlement issue) and urged Netanyahu to implement gestures to the Palestinians as soon as possible.

After Israeli and PA security officials met on 5/23, Israel announced that it would relax some restrictions on movement and access in the West Bank over the next 2 weeks as a goodwill gesture to support proximity talks. The planned moves, primarily aimed at improving the West Bank economy in keeping with Netanyahu’s vision of an “economic peace” (see Quarterly Update in *JPS* 153), included: removing 60 roadblocks across the West Bank (about 10% of the total number of manned and unmanned barriers to Palestinian travel); permitting Palestinian citizens of Israel entry to the West Bank through all crossings; allowing Palestinian citizens of Israel permission to enter Tulkarm on weekends only; granting 50 Israeli tour guides permission to enter Bethlehem and Jericho; allowing tourists to enter Bethlehem through all crossings; and facilitating passage for senior Palestinian businessmen through checkpoints. In another positive gesture, Israel’s Jerusalem District Court upheld (5/25) an order to seal the Beit Yonatan building in the Palestinian neighborhood of Silwan in East Jerusalem, built without a permit in 2004 by Jewish settlers and named after U.S. spy for Israel Jonathan Pollard. However, the IDF at the same time (between 5/19 and 5/25) issued a requisition order seizing the strip of Palestinian land on which Jewish settlers in 2002 built a road linking Kiryat Arba settlement with “Worshippers’ Road” leading to the al-Ibrahimi Mosque/Tomb of the Patriarchs in Hebron for construction of a “military road,” effectively “legalizing” the settler’s road; Palestinians highlighted the move as indicative of Israel’s true intentions toward peace. Moreover, Israel actually removed only 10 West Bank roadblocks (1 of which

was reimposed by 6/14). In fact, Israel all but suspended implementation of the 5/23 pledges a week after they were announced, as attention shifted to dramatic new events on the ground.

The Mavi Marmara Flotilla Incident

Just as proximity talks were tentatively getting underway, a high-profile nonviolent protest action against Israel's siege of Gaza went fatally awry, significantly altering the dynamic of the peace talks. For months, the U.S.-based Free Gaza Movement (FGM), an outgrowth of the broad-based, internationally supported International Solidarity Movement, which has helped coordinate the weekly nonviolent protests against Israel's West Bank separation wall, had been planning a large aid flotilla to Gaza to challenge Israel's land and sea blockade. Prior to this, FGM had orchestrated 8 voyages of small boats carrying humanitarian and medical aid to Gaza since 8/08. Israel had tolerated the missions, at first ignoring the boats and later typically escorting them to Ashdod port, confiscating the vessels, deporting the international activists, issuing stern warnings to the Israeli activists, and itself transferring the aid overland to the UN in Gaza. But as FGM persisted in sending boats and increasingly gained international profile, Israel lost patience. When FGM partnered with a large Turkish aid group, Humanitarian Relief Fund (going by the Turkish acronym IHH), pooling upward of \$1 m. to buy and borrow 8 boats, including the passenger liner *MV Mavi Marmara*, for a major flotilla carrying 10,000 tons of aid, and convinced a number of local and international figures to sail onboard (including 1976 Nobel Peace Prize laureate Mairead Maguire, former UN diplomat Dennis Halliday, prominent Malaysian writer and parliamentarian Mohd Nizar bin Zakaria, and several European legislators), Netanyahu vowed to halt it.

With the flotilla preparing to depart Cyprus for Gaza, Israel warned (5/27, 5/28) that Israeli naval commandos would intercept the boats and bring them to Ashdod port by force if necessary. Israeli authorities were already setting up a makeshift detention camp near the port to process the approximately 700 activists onboard the vessels, and the IDF had already begun nighttime training missions simulating the takeover of the *Mavi Marmara*. The U.S. urged (5/27) Israeli restraint, and the U.S.

and Israel stepped up diplomatic contacts with Turkey (given the participation of IHH and 100s of Turkish activists) to halt the flotilla and with Egypt to accept the flotilla at the port of al-Arish and deliver the aid to Gaza overland through Rafah. While Egypt agreed to help if needed, Turkish PM Recep Tayyip Erdogan, strongly opposed to Israel's siege of Gaza, claimed to have no legal right to interfere in the endeavors of law-abiding private Turkish citizens or nongovernmental humanitarian organizations.

On 5/30, 6 of the FMG-IHH boats left Cyprus for the day-long sail to Gaza; 2 smaller boats, including the *Rachel Corrie* carrying most of the foreign dignitaries, stayed behind, citing poor weather. Late in the evening on 5/30, 3 Israeli navy missile ships made first contact with the flotilla in international waters, warning that they were approaching Israeli territory and must either turn around or divert to Ashdod port. The activists responded that they would continue on to Gaza, stating that they were unarmed civilians who posed no threat.

Overnight (5/30–31), Israeli naval commandos in ships and helicopters intercepted the flotilla in international waters 72 mi. off the Israeli coast, easily commandeering the 5 smaller vessels without incident. While attempting to seize the *Mavi Marmara*, however, they opened fire on the passengers, killing 9 Turkish activists (1 with dual U.S. citizenship) and leaving another 53 activists (23 seriously, including 1 Australian) and 7 Israeli commandos wounded (1 seriously; 1 stabbed, several with gunshot wounds). By the evening of 5/31, all 6 ships had been escorted to Ashdod, 150 activists had been processed at the makeshift holding area at the port and moved to a detention facility in Beersheba, and 30 were at Ben-Gurion airport awaiting deportation. All the activists were released and sent home by late 6/1. The seized cargo, as documented by Israel, included construction material, medical equipment, toys for children, used clothing, and thousands of dollars in cash, which FMG and IHH representatives said had been donated to humanitarian groups in Gaza or sent to Gazan families from their relatives abroad. (On 6/30, Israel transferred the first flotilla goods to the UN in Gaza for distribution—82 electric wheelchairs and supplies of Tamiflu and vitamin supplements. Israel

had wanted to confiscate the wheelchair batteries so they would not be “diverted to militant use,” but the UN refused to accept the shipment without them and Israel relented. It was unclear whether the UN would receive the cash from the flotilla as well.)

Israel and the activists heatedly disputed the events onboard the *Mavi Marmara* during the raid. The IDF claimed their commandos were ambushed in a premeditated attack and acted in self-defense, saying they were fired upon with live ammunition from guns taken from the soldiers, beaten with steel poles, and attacked with knives and pepper spray the moment they descended onto the ship. Activists claimed the soldiers opened fire as they descended on ropes from helicopters onto the ship and denied that the passengers were armed or intended violence, saying passengers were searched before they boarded, were committed to nonviolence, and at most reacted in self-defense using improvised weapons found onboard the ship or taking weapons from the soldiers (noting that the “weapons cache” displayed by the IDF for the media largely comprised knives taken from the ship’s kitchen). Of note: One of those onboard the *Mavi Marmara* was the head of the Islamic Movement in Israel, Shaykh Raed Salah, who was initially reported by the Israeli media to have been “grievously injured” and possibly dead, prompting an official statement by an Israeli spokesman that Salah had been wounded in an exchange of fire as commandos attempted to raid his stateroom. Salah, unharmed, subsequently charged that Israel’s forceful attack on the ship had been in part an attempt to assassinate him; Israel did not comment.

International condemnation of Israel’s military action was immediate, prompting Israel to launch new, serious charges against IHH in particular. On 5/31 and over the following days, the Israeli government emphasized that Netanyahu had personally approved aggressive military action (dubbed Operation Sea Breeze) on the grounds that the flotilla was a security risk because most activists onboard were individuals with terrorist ties and accused IHH of being a Hamas front with ties to al-Qa’ida (a charge IHH and Turkey strenuously denied). Netanyahu himself angrily defended (6/2) the IDF’s handling of the incident, calling the international criticism

“hypocrisy” and Gaza “a terror state funded by the Iranians” and claiming that “if the blockade had been broken, it would have been followed by dozens, hundreds of boats,” adding that “each boat could carry dozens of missiles” to strike Israel. Israel also claimed it had the right under international law to defend itself against violators of a naval blockade even in international waters, while Turkey called the military action “a clear violation of international law,” noting that Israel’s blockade itself was illegal.

Meanwhile, in the immediate wake of the incident, Turkey recalled (5/31) its ambassador to Israel and warned of “irrevocable consequences” for bilateral relations. South Africa also recalled (6/3) its ambassador to Israel. In Istanbul, 100s of protesters gathered outside the Israeli emb., prompting Israel to issue (5/31) a travel warning advising citizens to avoid Turkey. Across Europe, foreign ministries summoned (5/31) Israeli ambassadors to denounce the action. Greece canceled an ongoing joint air force exercise with Israel. Arab states and Russia condemned the incident, while popular protests were held worldwide (e.g., Britain, Egypt, France, Iran, Jordan, Pakistan, Spain). EU High Representative for Foreign Affairs and Security Policy Catherine Ashton issued (5/31) a statement calling the continued siege of Gaza “unacceptable and politically counterproductive.” The UN Security Council (UNSC) met (5/31) in emergency session, with UN Undersecy.-Gen. for Humanitarian Affairs and Emergency Relief Coordinator John Holmes testifying that “such an incident . . . [never] needed to happen.” The PA declared (5/31) 3 days of mourning but otherwise was relatively mum on the issue, while a senior Fatah official asked for comment said (5/31) anonymously: “It was the Turks’ idea; let’s see what they do.”

The U.S., which had cautioned Israel to use restraint, initially issued (early on 5/31) a statement regretting the loss of life but saying it was seeking further information. Later in the day, after Obama and Netanyahu spoke by phone (no details were released), the U.S. announced it had canceled an Obama-Netanyahu meeting at the White House scheduled for 6/1—intended as a conciliatory meeting in the wake of the Ramat Shlomo settlement dispute (see Quarterly Update in *JPS* 156)—and reiterated that the U.S. was “deeply concerned

by the suffering of civilians in Gaza” and would “continue to engage the Israelis on a daily basis to expand the scope and type of goods allowed into Gaza.” As international condemnation of the Israeli action and Israeli accusations against FGM and IHH mounted, the U.S. summoned (6/1) Israeli amb. Michael Oren and national security advisor Uzi Arad to a 4-hour meeting at the White House to discuss how to “contain fallout” from the flotilla raid, hoping (1) to prevent the incident from derailing U.S. efforts to secure sanctions against Iran (see Iran section below) or the fledgling proximity talks, and (2) to find ways for Israel to ease the blockade of Gaza without harming Israeli security. Obama’s national security advisor (NSA) Gen. Jim Jones, who took part in the meeting, said (6/2) that there was a general sense within the administration that Israel’s policy toward Gaza must change. Separately, U.S. secy. of state Hillary Clinton phoned (6/1) Israeli DM Ehud Barak to urge Israel to be very careful in its actions and statements in the coming days so that the situation could be defused quickly. Within Israel, while the Israeli public largely rallied around the government, there was heated internal debate about why the government had allowed the incident to become a PR nightmare. Netanyahu met (6/1) with his inner cabinet for 4 hours to review the raid, the diplomatic fallout, and how to respond to further attempts to breach the blockade.

Over the next week, the International Comm. of the Red Cross (ICRC) visited some of the flotilla activists in Israeli detention, releasing (6/1) a statement raising “serious questions concerning the methods and means used by the [IDF] to prevent the flotilla from reaching Gaza.” The UNSC unanimously adopted (6/1) a formal statement that condemned “acts” resulting in 9 deaths on the *Mavi Marmara* without condemning Israel directly and called for an impartial investigation. UN Secy.-Gen. Ban Ki-Moon immediately began work to establish an investigative commission with Israeli and Turkish participation, but Israel rejected (6/6) the idea as biased against Israel. Meanwhile, the UN Human Rights Council (HRC) quickly created (by 6/2) its own committee to investigate the attack.

Egypt, under extreme domestic and regional pressure to break the Gaza blockade unilaterally (see further under “Regional Affairs” below), took the significant action

on 6/2 of opening its side of the Rafah border with Gaza indefinitely, but only to Palestinian medical cases, students, and other humanitarian cases with proper travel documents, as well as to foreign passport holders. Thousands of Gazans streamed (6/2) to the Rafah crossing in hopes of reaching stores in Egyptian Rafah, but Egyptian officials stuck by their humanitarian restrictions, allowing fewer than 500 individuals from Gaza into Egypt and fewer than 600 entry to Gaza on the first day. (The crossing remained open around the clock through the end of the quarter, but average daily numbers allowed to cross were slightly lower than these, with Egypt denying entry to a significant number of Gazans who had been granted exit permits by Hamas.) Egypt continued to observe Israeli requirements that goods imported to Gaza enter only through the Israeli-controlled Kerem Shalom crossing.

The U.S.’s sustained diplomatic engagement in the flotilla affair in the week after the attack had some impact, underscoring the U.S. view that the Israeli attack was seriously detrimental to U.S. regional goals and that Israel needed to adjust its Gaza policies, even while making clear its desire to avoid another public rupture with Netanyahu. Between 6/2 and 6/7, Obama and Netanyahu held several more phone conversations regarding the incident and its diplomatic fallout, marking an unusual level of personal involvement by the president (no information on the conversations was released to avoid complicating the situation). While the U.S. backed the 6/1 UNSC statement indirectly denouncing Israeli actions and supporting the call for an impartial investigation, U.S. VP Joe Biden publicly assured Israel by stressing (6/2) its unquestionable right to inspect any cargo from the flotilla before it entered Gaza, thereby implicitly endorsing Israel’s security claims. At the same time, in keeping with its pledges (6/1, 6/2) to press Israel to ease the siege, Obama dispatched Biden to Egypt for talks (6/7) with Pres. Hosni Mubarak on “new ways to address the humanitarian, economic, security, and political aspects of the situation in Gaza,” during which Biden called conditions in Gaza “unsustainable for all sides.”

The U.S. efforts to induce Israel to loosen the siege of Gaza to defuse the flotilla crisis was closely linked to its concern for the proximity talks, but Israel resisted

making significant changes, limiting itself to moderating its tone (while still defending its actions) and offering minor gestures to deflate international criticism. For example, when a seventh ship from the original flotilla, the Irish-flagged *Rachel Corrie*, left Cyprus for Gaza on 6/3 carrying more medical and construction supplies and ferrying the international dignitaries supporting the aid mission, Israel requested and received Ireland's permission to unload the boat at Ashdod port. Though FGM and IHH symbolically rejected the agreement, the activists without significant protest allowed Israeli naval commandos to board (6/5) the boat off the Gaza coast and guide it into Ashdod, where the activists and dignitaries were processed and sent home immediately. Netanyahu pointed up (6/5) the difference in Israel's handling of "a ship of peace activists, with whom we don't agree but respect their right to a different opinion . . . [versus] a ship of hate organized by violent Turkish terror extremists."

Similarly, on 6/8, Israel declared it was easing the Gaza blockade out of humanitarian concern, albeit only very slightly (allowing in the first shipments of jam, juice, halva, shaving razors since 6/07 and saying that spices such as coriander and cardamom would be allowed in as of 6/10), and announced that the IDF would conduct an internal investigation of the flotilla incident. When the international community clearly viewed this as insufficient, Israel also named (6/13) a government-appointed "independent public commission" to examine the legality of Israel's blockade of Gaza and the flotilla raid, the actions taken by the flotilla organizers, and the identities of the activists onboard the ships, but specified that no Israeli soldiers involved in the operation would be interviewed. The commission would be headed by former Israeli High Court justice Jacob Turkel and include 2 Israeli experts in international law and 2 foreign observers: Irish Nobel Peace laureate Lord David Trimble and former Canadian armed forces judge advocate general Brig. Gen. Kenneth Watkin. While the White House welcomed (6/13) the step as meeting "the standard of a prompt, impartial, credible, and transparent investigation" as called for by the UNSC, the PA (6/13), Turkey (6/13), and some Israeli critics (*Yedi'ot Abaronot* 6/14) argued that a government-appointed panel, especially one with such a narrow mandate, could

never be considered impartial or independent. (The commission began hearing testimony, both publicly and privately [for security reason], on 8/9, with Netanyahu [8/9], DM Barak [8/10], and IDF chief of staff Gabi Ashkenazi [8/11] among those testifying.)

In this context, Obama received Abbas at the White House on 6/9 for talks on bilateral relations and how best to proceed with peace talks in light of the flotilla incident. It was there that Obama first publicly suggested that Israel switch from imposing a blanket ban on all imports to Gaza and instead issue a list of specifically banned items. Obama also pledged \$400 m. of aid to Gaza (including \$70 m. of newly allocated funds) to finance water, education, and health projects in Gaza overseen by the UN. The same day (6/9), the PA separately reported that it had given special envoy Mitchell its baseline positions for direct talks with Israel and was prepared to begin such talks when Israel did the same. Israel, however, said (6/9) that it would not lay out its negotiating position until direct talks began.

Obama's reception of Abbas after cancelling the 6/1 Netanyahu visit, combined with his public recommendation for Israeli action on the siege and the Palestinian nod to direct talks, constituted a subtle ratcheting up of pressure on Netanyahu. At this stage, UN Secy.-Gen. Ban also weighed in (6/18) on Israel's proposed independent commission to investigate the flotilla incident, saying it "lacks adequate international weight to make the panel credible" and pressing instead for a 5-member international panel led by former New Zealand PM Geoffrey Palmer and including 1 rep. each from Israel and Turkey (a proposal Turkey had already accepted).

Netanyahu convened (6/16–17) his security cabinet to discuss how to respond to the persistent international pressure for serious action. After 2 days of heated debate, the inner cabinet agreed to ease restrictions on goods entering Gaza by land but pledged to maintain the strict naval blockade and limited the easing to increasing the quantity of goods already allowed entry and adding some new items to the permitted import list, including more building supplies for projects monitored by third parties such as the UN or the World Bank and all foodstuffs, including in industrial-sized containers needed

by Gaza's food processing companies to resume production. At the same time, the security cabinet rejected international calls to remove the blanket ban on imports and exports, open additional commercial crossings into Gaza, scale back its cumbersome and expensive hauling and inspections procedures, and allow the international community a role in inspecting imports.

With strong pressures from the U.S. and the Quartet (which found Israel's concessions insufficient) over the next several days (including Obama and Quartet special envoy Tony Blair speaking with Netanyahu), the security cabinet on 6/20 issued a decision (see Doc. C2 in this issue) intended to maintain security while "liberalizing" the entry of civilian goods into the Strip, notably by switching from a blanket ban on the import of goods into Gaza to specific lists of prohibited items deemed "weapons and war-supporting materiel," including "dual use" materials, and by immediately allowing "a significantly greater volume of goods" to enter. (The lists themselves were released by the Israeli DMin. in early 7/10; see below and Doc. C3.) The easing would still affect overland transportation of goods only; the naval blockade and all restrictions on exports and the entry and exit of individuals would remain. Blair and an anonymous senior U.S. administration official welcomed (6/20) Israel's statement but said "the test of course will not be what is said, but what is done." Blair later stated (7/9) that discussions with Israel were still underway regarding reviving the EU Border Assistance Mission at the Rafah Crossing Point (giving the EU oversight of Gaza's Rafah crossing) and giving the PA security forces (PASF) trained by U.S. Security Coordinator Lt. Gen. Keith Dayton a role at the Gaza crossings to "give the PA credit" for the increase in goods entering Gaza. Separately, U.S. special envoy Mitchell met with the Palestinian (6/18) and Israeli (6/19) negotiating teams and announced (6/20) the willingness of both to resume proximity talks. Israel and the U.S. then jointly announced (6/20) that the Netanyahu-Obama meeting at the White House had been rescheduled for 7/6.

Moving Forward

With the flotilla incident apparently contained and Mitchell scheduled to return to the region to meet with the peace teams 6/28-30, Israel resumed provocative

measures in East Jerusalem and challenges to the PA. On 6/21, a day after the positive announcements intended to revive the peace process, Israel's Jerusalem District Planning Commission granted preliminary approval for the rezoning and demolition of 22 Palestinian homes in Silwan, moving forward with a highly controversial project to create an archaeological park, a 1,000-unit Jewish residential area, and tourist zone in the East Jerusalem neighborhood where some 400 settlers live among 30,000 Palestinians. The rezoning measure would also retroactively approve the settlers' Beit Yonatan building that a Jerusalem District Court had reaffirmed as illegal on 5/25 (see above). The U.S. State Dept. firmly criticized the decision twice (6/21, 6/22), calling it "expressly the kind of step that we think undermines trust that is fundamental to making progress in the proximity talks" and that "potentially incites emotions and adds to the risk of violence." (Indeed, a major Palestinian demonstration against the decision on 6/27 resulted in major clashes between Palestinians, settlers, and Israeli police in the neighborhood, leaving at least 11 Palestinians and 6 Israeli police injured; see Chronology for details.) Even Israeli DM Barak, in Washington at the time for consultations on Iran (see Iran section below), reprimanded (6/21) local officials in Jerusalem for "not demonstrating any common sense or any sense of timing" in granting the approval. Netanyahu's office did, however, issue (6/21) a statement downplaying the action, noting that the project was only in the "very initial stages" of the approval process. The same day (6/21), the IDF began large-scale bulldozing of land between Pisgat Ze'ev and Neve Ya'acov settlements just north of Jerusalem for construction of 600 new settlement housing units approved in 2009 to link the 2 settlements. Over the next week, Israel began (6/27) construction of another 20 new Jewish settlement housing units at the Shepherd Hotel site in East Jerusalem's Shaykh Jarrah neighborhood (see Quarterly Update in *JPS* 156 for background); the Jerusalem District Planning Commission quietly approved (by 6/30) construction of 1,400 new hotel rooms in Jabal Mukabir in East Jerusalem; the IDF began (6/29) leveling 200 dunams (d.; 4 d. = 1 acre) of village land in Issawiyya, just outside East Jerusalem, for creation of a national park (460 d. had been razed previously for the

project); and Israeli municipal officials in Jerusalem forced (6/23) a Palestinian family to demolish their home in the Old City or cover the cost of Israeli authorities razing it (the family had already paid \$4,700 in fines for building the house without a permit). Israel also banned (late 6/10) West Bank Palestinian products from entering East Jerusalem as punishment for the PA's ongoing boycott of Jewish settlement goods (see "Nonviolent Protests" below).

Mitchell returned to the region as planned 6/28-30 for talks with the peace teams, once again refusing to comment publicly and giving no indication of progress. During his visit, Israel staged (6/30) a high-profile media event showing IDF senior officers taking him on a tour (6/30) of the Kerem Shalom crossing to witness first hand Israel's easing of restrictions on imports to Gaza, including the first delivery of Gaza flotilla aid. The IDF reported imports up 30% since changes went into effect on 6/20 from around 90 containers/day entering Gaza before 6/20 to 128/day as of 6/30 (the rate of entry prior to the imposition of the siege in 6/06 had been 400 containers/day). The IDF figures were in line with the UN Office for the Coordination of Humanitarian Affairs' (OCHA) reporting for the period. Mitchell praised Israel's efforts.

Frustrated by Israel's actions and public relations play, Abbas gave (7/1) an interview to correspondents of Israel's 6 leading newspapers to appeal directly to the Israeli people to step up peace efforts, accusing Netanyahu of not being serious about proximity talks and warning that continued inaction would "kill the hope" of Palestinians. The Palestinians, he said, needed serious progress on borders and security issues in particular before direct negotiations could begin. Netanyahu replied (7/1) that if the Palestinians were serious about peace, they should proceed immediately to direct talks, challenging Abbas to meet him in Jerusalem and pledging to return the gesture with an official visit to Ramallah. At the same time, Israeli FM Avigdor Lieberman gave (7/1) an interview to the Israeli press saying that Abbas could not be trusted and that Israelis "don't need to pay for the pleasure of speaking to Abu Mazin."

In an effort to show positive movement on the eve of the 7/6 Obama-Netanyahu meeting, the Israeli FMin. and DMin. held

(7/5) a joint press conference officially lifting the blanket ban on imports to Gaza in keeping with the 6/20 cabinet decision and issuing 2 official lists of restricted items (see Doc. C3): (1) military items prohibited entry to Gaza and (2) "dual use" items with possible military applications that would be permitted entry in special circumstances. Included on the restricted "dual use" list were 15 categories of general items (including several common chemicals and fertilizers, fiberglass-based raw materials, drilling and optical equipment, knives, water disinfectants) and 19 types of construction materials that would be granted entry only for PA or internationally supervised projects (including cement, aggregates, concrete blocks, steel elements, asphalt, sealing materials, and construction vehicles). In a meeting in Jerusalem that Israel billed as the first high-level diplomatic meeting between Israelis and Palestinians in 5 months, DM Barak personally briefed (7/5) Abbas and PA PM Salam Fayyad on the new Israeli measures (including discussing a possible PASF role in overseeing Gaza's border crossings) as well as efforts to improve security and economic coordination in the West Bank. UN special coordinator for the peace process Robert Serry welcomed (7/5) the measures as "important steps in the right direction," but only a beginning. Palestinian chief negotiator Saeb Erakat denied (7/5) any significant progress, saying: "What I see is all public relations."

Adding to the overall pessimism, the Israeli daily *Ha'Aretz* leaked (6/27) the story that Israeli amb. to the U.S. Michael Oren had given a confidential briefing in Hebrew to Israeli FMin. staff days earlier in preparation for Netanyahu's 7/6 trip in which he described U.S.-Israeli relations as "in the state of a tectonic rift in which continents are drifting apart" and advised Israel to adjust accordingly. He also reportedly described Obama as centralizing decision making and basing decisions on U.S. interests rather than ideology, presenting this as problematic for Israel. Over the next week, the Israeli media hyped concern about Oren's "dark picture" of Obama and bilateral relations, suggesting the Obama administration was actively hostile to Israel. Though *Ha'Aretz* cited 5 anonymous Israeli officials as confirming the statements, Oren strenuously denied his description of U.S.-Israeli relations as reported, stating that it

was Obama's Middle East policy that he had called a "tectonic shift" from previous administrations to highlight that Obama was proactive and a seeker of change, not necessarily in a negative way. He also rejected reports that he had described Obama as coldly calculating and without emotional attachment to Israel.

Such negativity going into the 7/6 Obama-Netanyahu meeting (their fifth since taking their respective offices) put the U.S. somewhat on the defensive, making a public show of unity all the more important in order to generate positive movement toward peace. Unlike Netanyahu's previous visit to the White House (see Quarterly Update in *JPS* 156), this was a high-profile media event, and Obama was careful from the start to dismiss any notion of a rift, telling the press: "If you look at every public statement that I've made over the last year and a half, it has been a constant reaffirmation of the special relationship between the U.S. and Israel, that our commitment to Israel's security has been unwavering." Obama and Netanyahu met 1-on-1 for 80 minutes, after which they held a working lunch in the Roosevelt Room with senior administration officials. Netanyahu urged the U.S. to press Abbas to enter direct negotiations within weeks, when the PLO's 4-month cap on indirect talks was set to end on 9/9 and before Israel's 10-month settlement freeze expired on 9/26. He also promised that Israel would take its own "concrete steps" but did not give details. (The same day, Palestinian negotiator Erakat publicly responded to Netanyahu's call for a quick shift to direct negotiations by stating that the onus was on Israel first to halt settlement construction and agree to resume talks from where they left off in 10/08.)

Obama meanwhile praised Israel for its steps to ease restrictions on imports to Gaza and its announcement earlier that day (7/6) that the IDF had indicted "a number" of officers and soldiers for misconduct during its winter 2008-2009 Operation Cast Lead (OCL), seeing these moves as indicative of Israel's serious concern about international criticism. (The IDF issued a manslaughter charge for shooting an unarmed civilian waving a white flag; misconduct charges for using a Palestinian as a human shield; a demotion and formal reprimand for ordering an air strike on a mosque during prayers that killed 15

Palestinians; and ordered an internal investigation into an air strike on a house where 100 Palestinians attempting to flee violence were ordered by the IDF to take refuge that left 30 dead.) Obama also acknowledged that he and Netanyahu had discussed growing international pressure for Israel to join the Treaty on the Non-proliferation of Nuclear Weapons (NPT), but emphasized that "The United States will never ask Israel to take any steps that would undermine its security interests."

While the overall impression generated by the meeting was of an Obama-Netanyahu reconciliation, there were subtle indications of less than total entente. At the press conference after their meeting, for example, Netanyahu put Obama on the spot by publicly inviting the first family to visit Israel, saying "it's about time." Obama replied that he "looks forward to it." (Asked for clarification on 7/7, Obama's spokesman Robert Gibbs said that a trip was "not on the books for this year," declining to comment on whether the president had committed to a future trip.)

Two other aspects of the talks were widely rumored but not confirmed, with possible implications for the peace process. First, there was speculation (see *New York Times* [*NYT*] 7/7) that Obama may have privately scaled back U.S. support for Palestinian demands that Israel renew, if not extend, the temporary settlement freeze, instead requesting (and, some believed, securing) Netanyahu's agreement to observe an undeclared settlement freeze after 9/26 if the Palestinians moved to direct talks. A more significant peace process-related issue was Netanyahu's widely anticipated (e.g., *NYT* 7/2, *Jerusalem Post* [*JPP*] 7/5) intention to press Obama publicly to affirm the positions laid out by former pres. George W. Bush in a 4/14/04 letter to former PM Ariel Sharon, a move that Netanyahu would view as a valuable gesture in light of Israel's "concessions" in easing imports to Gaza and as leverage he could use to assuage domestic critics if he were to extend the temporary West Bank settlement freeze. Bush's letter had stated that a final status agreement should reflect "new realities on the ground, including already existing major Israeli population centers" and that it would be "unrealistic to expect that the outcome of final status negotiations will be a full and complete return to the armistice lines of 1949." At the time,

Israel had interpreted this as U.S. acceptance of its annexation of East Jerusalem and continued settlement expansion in and around the city, and claimed to have verbal assurance from U.S. officials that this was the case. But in 2008, Bush refused Israel's requests to include the letter on a master list of U.S.-Israeli agreements concluded during his tenure. And when the Obama administration took office, it pointedly stated that this list alone constituted the official U.S. policy it had inherited, arguing that the 2004 letter had only been intended to serve a temporary purpose—to encourage Israel's disengagement from Gaza. There was no indication that the subject was even broached in the 7/6 talks, much less that Obama backed down.

“Full-Court Press” for Direct Talks

In the days immediately following the White House talks, Obama gave (7/8) his first interview with Israeli TV. Significantly, his emphasis shifted from the importance of extending the settlement freeze as a way to reinvigorate the peace process, as he typically urged before the 7/6 meeting, to the importance of resuming direct talks to “create a climate” that would lead to breakthroughs. Meanwhile, Netanyahu, speaking at the Council on Foreign Relations in New York, stated (7/8) Israel would take “political risks” for peace and was prepared to begin direct talks with the Palestinians “next week” or even sooner, adding that the Palestinians should “just get on with it.” But asked if Israel would take the risk of extending the temporary settlement freeze, he said: “I think we’ve done enough.” During the remainder of his visit (until 7/12), Netanyahu also repeatedly referred (e.g., Fox News 7/11) to negotiations “between Israel and the Palestinian Authority” and his belief that “we can make peace with the Palestinian Authority.” The emphasis was significant because the PLO, representing all Palestinians, not the PA, is the body charged with negotiating with Israel, and at the time the PA was operating in a constitutional vacuum, Abbas having canceled presidential, parliamentary, and (most recently on 6/10) local elections for fear that his supporters might not win reelection or even spots as candidates on Fatah party lists (see “PA Elections” below and Doc. B3).

On 7/9, Obama phoned Abbas to urge him to move to direct negotiations. Abbas

initially resisted to the once-again unified U.S.-Israeli pressure. Instead, he reiterated demands for a comprehensive settlement freeze including East Jerusalem and assurances that all final status issues be discussed when talks resumed. When by 7/14 U.S. officials began making vague statements that the gaps in the proximity talks were narrowing, Palestinian officials declared that on the contrary the talks had reinforced differences, with Erakat stating (7/14) that the PA had “yet to hear any response on any issue” to the PA positions transmitted to Mitchell on 6/9 (see “The Flotilla Incident” above). Meanwhile, anonymous Israeli officials stated (7/14) that Israel would not begin talks on borders until the nature of the Palestinians state was agreed on, including whether it would agree to demilitarize, recognize Israel's right to exist as a Jewish state, and “ensur[e] that the solution to the Palestinian refugee issue lies not in Israel but on the other side of the lines”—aspects the Palestinians felt should be the subject of, not preconditions to, final status talks. On 7/15, Fatah officials in Ramallah explicitly called on Abbas not to agree to direct talks without further progress in proximity talks.

In a move making it even harder for Abbas to justify a shift to direct negotiations, IDF Maj. Gen. (ret.) Giora Eiland, head of the IDF's internal inquiry into the Gaza flotilla incident, released (7/12) brief excerpts of his classified 100-page final report to the IDF chief of staff. According to the excerpts released, the inquiry found that overall “the entire operation is estimable” and praised soldiers for their “professionalism, bravery, and resourcefulness” in dealing with the attempt to run the Gaza blockade. While the report faulted the planning for Operation Sea Breeze as inadequate (relying “excessively on a single course of action . . . while no alternative courses of action were prepared”), it deemed the use of live fire on the passengers entirely “justified.”

Despite the Palestinian situation, however, the U.S. had already launched a “full-court press” to push the Palestinians to resume direct negotiations, as State Dept. spokesman Philip J. Crowley would later acknowledge (7/27). Separately, Israel and the U.S. had begun to enlist key Arab states to press Abbas to agree to direct talks and give their own endorsements at

an upcoming Arab League session on 7/29. Indeed, even before Obama broached the issue with Abbas personally, Secy. Clinton on 7/8 used the opportunity of prescheduled talks on bilateral relations with Jordanian FM Nasser Judah in Washington to ask Jordan to endorse direct talks, stating in a joint press conference afterward that “we both believe that moving to direct talks as soon as possible is in the best interest of Israelis, Palestinians, the region and the world.” (Judah himself did not comment.) Immediately after his return home, Netanyahu traveled (7/12) to Egypt to urge Mubarak to back the U.S.-Israel plan.

But the real pressure began when Mitchell returned to the region on 7/17–19 to attempt to finalize a move to direct talks, meeting with Abbas and PA officials (7/17), Netanyahu and Israeli officials (7/18), and seeking the support of Mubarak (7/19) and Abu Dhabi crown prince Shaykh Muhammad bin Zayid al-Nahayan (7/19). Abbas’s statement after his meeting with Mitchell on 7/17 that he would begin direct talks if Israel accepted the 1967 borders as the baseline for negotiations and deployment of international forces to guard them and his failure to mention settlements or Jerusalem indicated that he was already wavering under pressure; Israel did not respond. Meanwhile, Mubarak, at U.S. urging, held back-to-back talks with Abbas and Netanyahu in Cairo on 7/18, and King Abdallah of Jordan did the same in Amman on 7/26 and 7/27. Netanyahu clearly pressed the leaders to endorse direct talks, while Abbas according to reports (e.g. *Washington Times* [WT] 7/29) indicated that their endorsement would only increase the pressure on him to move to direct talks; unlike the situation when the proximity talks were proposed, he was not seeking cover for a controversial policy shift.

The U.S. and Israel also made small gestures to encourage Abbas, but they went largely unnoticed. The Obama administration allowed (ca. 7/21) the PLO office in Washington to fly the Palestinian flag and call itself a delegation, though it did not grant the mission a formal change of diplomatic status. The State Dept. specified (7/28) that the change was symbolic and meant to reflect improved U.S.-Palestinian relations and to encourage the PLO to agree to direct talks with Israel. Israel authorized (7/19) the transfer of NIS 100 m.

(\$25.8 m.) paper currency from Palestinian banks in the West Bank to their branches in Gaza and the replacement of 30 m. damaged shekels—around 42% of what the Palestinian Monetary Authority had requested to alleviate the liquidity crisis and improve the economy in Gaza.

Having greater impact in the days leading up to the Arab League session were two key items leaked to the media that increased pressure on Abbas to reject direct negotiations. First, on 7/17, Israel TV channel 10 released a video of Netanyahu shot at a memorial service in a Jewish settlement in 2001, at the start of the al-Aqsa intifada before he joined Ariel Sharon’s government as finance minister, in which he spoke at length about how he, during his first term as PM, manipulated and deceived the U.S. with the purpose of undermining the Oslo Accord. In negotiating the 1994 Hebron agreement, he said his “trick” was to “to give two percent [rather] than to give a hundred percent. . . . [T]hat way you stopped the withdrawal [from West Bank territory] . . . The trick is to be there [the West Bank] and pay a minimal price.” Palestinians widely pointed to the video as proof that Netanyahu had no desire for peace. Second, on 7/26, the Associated Press was leaked a recent 36-page internal PLO Negotiation Affairs Dept. document summarizing recent diplomatic contacts with the U.S. revealing that Mitchell had warned Abbas during their 7/17 meeting that he must move to direct talks if he wanted to ensure continued U.S. engagement and backing. The report concluded by strongly recommending against opening direct talks, saying: “Going to direct talks while the Israeli government refuses to stop settlement activities and refuses to continue talks where they left off in December 2008 would be like political suicide.” Chief negotiator Erakat confirmed (7/26) that the item about Mitchell was accurate and had been taken from a written summary of an oral briefing he had given to Fatah leaders; the U.S. refused to comment. Meanwhile, Israeli FM Lieberman went (ca. 7/26) on a “settlement solidarity tour,” reassuring settlers that construction levels would return to normal after the 10-month settlement freeze expired in 9/10 and planting trees in West Bank Jewish settlements as a sign of permanence.

At the Arab League session on 7/29, the Arab FMs—in an attempt to please the

U.S. without appearing to force the Palestinian hand—endorsed the idea of direct talks while at the same time asserting that they did not have to open immediately and that when and how direct talks resumed was “a matter for the Palestinian side to decide.” Arab League Secy.-Gen ‘Amr Musa sent a formal letter to Obama explaining the position, while Qatari PM and FM Hamad Bin Jassim al-Thani publicly spun the decision as a gesture to the U.S., stating that FMs were originally flatly opposed to endorsing direct talks but “were willing to relent because of the serious situation in the region.” Somewhat buoyed, Abbas said (7/29) that he would require written assurances from Netanyahu or the U.S. relating to borders and settlements before he would agree to direct talks. Musa revealed (7/29) that Abbas had received a letter from Obama that very day with “some guarantees” but that clarifications were necessary; he gave no details, and neither the PA nor the U.S. confirmed the existence of a letter.

In the days immediately following the Arab League session, Secy. Clinton initiated talks with EU, Russian, and UN officials suggesting a Quartet statement to allay Abbas’s concerns (instead of a U.S. or Israeli letter of guarantees as he had requested). She also dispatched (by 8/3) Dep. Asst. Secy. of State for Near East Affairs David Hale to the region to work with the Israeli and Palestinian teams on a draft text that would be acceptable to both sides. Abbas, supported by the EU, reportedly (Arutz Sheva 8/15) sought Israeli guarantees that: (1) direct negotiations would result in a final status agreement within a year; (2) Israel would extend its West Bank settlement construction freeze (no mention of Jerusalem) until the 1-year negotiating period ended; and (3) the 1949 cease-fire lines would be the basis of negotiation. Anonymous Western diplomats said (8/10) that Netanyahu was expected to reject the last 2 demands and that a Quartet statement would probably do little more than reaffirm previous Quartet positions and pledges to support the peace process.

U.S. special envoy Mitchell arrived in the region on 8/10 for a 2-day visit to help push for an Israeli-Palestinian agreement to resume direct talks based on a Quartet letter. After separate meetings with Abbas and Netanyahu on 8/10, Mitchell was unusually upbeat, saying he was optimistic

that direct talks could resume as early as 9/1 but giving no details. The same day (8/10), anonymous U.S. officials said that within days the State Dept. might issue invitations to Israel and the Palestinians, as well as to Arab and European parties, to attend a ceremony in Sharm al-Shaykh, Egypt, to open direct talks. Mitchell returned to Washington on 8/11, intending to continue contacts with his Palestinian, Israeli, and Quartet contacts remotely, while Hale remained in the region through the end of the quarter working with the parties directly to finalize a text.

On 8/15, an anonymous senior PA source said (*al-Sbarq al-Awsat* 8/15) that direct negotiations were a virtual certainty. Abbas, the source said, was under “unprecedented and very heavy pressure from the U.S. and other countries demanding that he sit down to negotiations with Israel even though Israel refuses to commit to anything in advance,” adding that Abbas felt abandoned by the Arab states, who had not given him enough backing to resist. At the same time, Hamas, Islamic Jihad, the Democratic and Popular Fronts for the Liberation of Palestine (DFLP and PFLP), and 7 other Palestinian factions excluding Fatah (together claiming to represent the majority of Palestinians) met in Damascus and issued (8/15) a statement urging Abbas against entering direct talks with Israel at the present stage.

Meanwhile, Israel continued to take actions viewed by Palestinians as undermining peace efforts. On 7/29, timed with the Arab League session, Jewish settlers escorted by Israeli police evicted (7/29) an extended Palestinian family (49 individuals, including 22 children) from a building in the Old City’s Muslim quarter, claiming ownership of the building where the family had lived for decades. UN special coordinator Serry denounced (7/29) the takeover as “provocative . . . at a critical time in the international community’s efforts to move the peace process forward.” The Palestinian tenants appealed their eviction, and the case was referred to an Israeli court, but there was no ruling before the end of the quarter. On 8/2, Israel’s Jerusalem municipal authority approved construction of 40 settlement housing units in Pisgat Ze’ev settlement in East Jerusalem, and on 8/15, Netanyahu and his security cabinet approved construction of a new “student town” inside the development

boundaries of Migdalim settlement e. of Nablus that would house 30 Jewish settlers affiliated with Ariel College in Ariel settlement. The same day (8/15), they also approved construction of 23 school buildings in 8 other West Bank settlements to accommodate 600 Jewish settler children. (Public use structures such as schools were excluded from Israel's temporary West Bank settlement construction ban.)

While Israeli-Palestinian violence on the ground generally had little impact on the peace process during the quarter (see "Data and Trends" section below for overall trends in the fighting), 2 incidents at the end of 7/10 and early 8/10 deserve special mention. In the first case, Hamas's Izzeddin al-Qassam Brigades (IQB) fired (7/30) a manufactured Grad rocket from Gaza into Israel, striking near Ashqelon. Although there were no injuries, the incident marked an escalation, being the first time since 2/09 that Ashqelon was hit by Palestinian rocket fire and the first time during the quarter that Hamas claimed to fire a rocket. (While the strike came immediately after the Arab League session and eviction of Palestinians in Jerusalem, Hamas did not cite a specific reason for the attack.) In response, the IDF launched (7/30–31) 4 air strikes on Gaza—3 targeting a training camp of the Hamas-affiliated police in Gaza City (wounding 5 policemen and 16 bystanders, damaging 30 surrounding buildings) and smuggling tunnels on the Rafah border (causing no reported injuries); and 1 assassinating senior Hamas military commander and chief rocket designer Issa Batran, marking Israel's first assassination in Gaza since OCL ended in 1/09. (Israel had attempted to assassinate Batran during OCL, making an air strike on his home, killing his wife and 5 of his children.) In the second case, on 8/2, unidentified assailants fired 5–7 manufactured Grad rockets apparently from the Egyptian desert toward the Aqaba-Elat resort area: 1 rocket landed harmlessly near the entrance of the Israeli resort town, 2 landed inside Jordan (1 harmlessly; the other striking a taxi outside Aqaba's InterContinental hotel, killing 1 Jordanian and wounding 3), and 2 landed in the Red Sea. Israel believed that all the rockets had been intended to strike Elat, and Israel and Egypt both held Hamas responsible, though Hamas denied involvement. No group claimed responsibility.

Prisoner Release Talks

Throughout the quarter, Egyptian and German mediators continued efforts to broker a deal between Hamas and Israel that would result in the release of captured IDF soldier Gilad Shalit and an easing of the siege of Gaza. On 7/15, as immediate tensions over the flotilla incident diminished, Netanyahu stated that Israel was prepared to accept a German proposal to release 1,000 Palestinian prisoners in exchange for the release of Shalit, but that the most dangerous prisoners would not be allowed to return home and that "mass murderers" would not be freed—conditions rejected by Hamas. There was at least 1 formal round of indirect talks with Hamas and Israeli representatives in Cairo on 7/28, with the participation of a new French mediator along with the German mediators; no details were released.

Intifada Data and Trends

During the quarter, at least 33 Palestinians and 1 Israeli were killed in Israeli-Palestinian violence (compared to 27 Palestinians, 3 Israelis, and 1 foreigner last quarter), bringing the toll at 8/15 to at least 7,682 Palestinians (including 51 Israeli Arabs and 19 unidentified Arab cross-border infiltrators), 1,097 Israelis (353 IDF soldiers and security personnel, 216 settlers, and 528 civilians), and 65 foreign nationals (including 2 British suicide bombers).

Overall, Israeli-Palestinian violence was relatively low (see Chronology for details). Between 5/16 and 5/30, the only fatalities reported were 2 armed Palestinian teenagers shot (5/21) by the IDF when they attempted to cross into Israel from s. Gaza. Palestinians fired 4 Qassam rockets and around 10 mortars from Gaza into Israel, causing damage in 1 instance but no injuries. Israel responded with upward of a dozen air strikes on smuggling tunnels on the Rafah border, rocket launching sites, and suspected weapons factories, injuring a total of 9 Palestinians and causing heavy damage in 1 instance. The IDF routinely fired on Palestinian fishermen off the Gaza coast (injuring 1) and Palestinians near the border—farmers, nonviolent protesters, and (most often) scavengers collecting construction materials from the remains of the Erez industrial zone and the former Jewish settlements in n. Gaza—injuring 5. In the West Bank, the IDF continued nighttime arrest raids and house searches, but

generally the situation was relatively quiet; even reported incidents of settler violence were low.

During the month of 6/10, Israeli-Palestinian violence increased in response to the 5/31 flotilla incident: Palestinian rocket fire from Gaza increased, with militants (including Islamic Jihad and the PFLP) firing 12 Qassam rockets and nearly 20 mortars, and the al-Aqsa Martyrs Brigades (AMB) launching a boat of naval commandos toward the Israeli coast (6/7) from Gaza. The IDF in response stepped up air strikes and resumed artillery and tank fire and became far more aggressive in directing cross-border fire at Palestinians scavenging on the border, even making day-long incursions and patrolling sections of the no-go zone inside the border to deter them. In total, 13 Palestinians (at least 11 of them armed) were killed during these exchanges, and another 10 died in tunnel-related accidents. In the West Bank, on 6/14, a group calling itself the Freedom Flotilla Martyrs claimed responsibility for a drive-by shooting outside a Jewish settlement in Hebron that killed 1 Israeli settlement security guard and wounded 3, marking the first fatal shooting attack against Israelis in the West Bank in over a year. (The last shooting incident was in 3/09 in the Jordan Valley; a Palestinian fatally stabbed an IDF officer in 2/10.) In addition, 1 Palestinian was fatally shot (6/11) by the IDF in disputed circumstances in East Jerusalem. The violence tapered off as the crisis dissipated and Israel agreed to ease import restrictions on Gaza.

The first weeks of 7/10 were quiet, especially surrounding Netanyahu's 7/6-12 visit to Washington, but violence began to pick up after his return. On 7/13, 1 Palestinian civilian in Gaza was killed and 3 were injured when the IDF shelled "suspicious figures" near the c. Gaza border. The IDF also shelled an open area in c. Gaza on 7/17 in response to suspicious movement, causing no reported damage or injuries. On 7/21, the IDF fired flechette rounds at Islamic Jihad members near the border outside Bayt Hanun, killing 2 Islamic Jihad members and wounding 8 civilians. On 7/24, Palestinians resumed rocket fire for the first time since 6/30, firing 5 rockets and 2 mortars into Israel, causing no damage or injuries. As mentioned above, Hamas fired a manufactured Grad on 7/30, causing damage. The only other Palestinian

cross-border fire through the end of the quarter involved 2 mortars fired by unidentified Palestinians later on 7/30 that caused no damage or injuries. Israel's air strikes in response to the 7/30 Grad fire mentioned above (killing 1 Palestinian) and a drone missile strike on armed Palestinians near the s. Gaza border on 8/3 (killing 1 armed Palestinian and wounding 2) were Israel's only heavy attacks through the end of the quarter. However, Israel kept up cross-border fire against Palestinian civilians near the border, wounding at least 13 civilians between 7/1 and 8/15. One Palestinian was killed in a smuggling tunnel accident on 7/18.

In the West Bank between 7/1 and 8/15 the trend was similar. Although Israel continued routine patrols and late-night arrest raids and house searches, there were no major incidents or settler violence reported until Netanyahu concluded his trip to Washington on 7/12, after which settler incidents steadily increased (see details in "Settlers and Settlements" below). In a disputed predawn incident on 7/22, IDF troops fired on 3 Palestinians near Barqan settlement in the n. West Bank, suspecting them of attempting to infiltrate the settlement. One Palestinian was killed and 2 fled but later turned themselves in to the PASF, which questioned and released them. While the PASF barred the two from discussing the incident, the PA publicly denounced the IDF actions.

Nonviolent Protests

This quarter, the PA expanded its campaign to boycott settlements (see Quarterly Update in *JPS* 156), with PA Labor M Ahmad Majdalani announcing (5/27) plans to create a \$50-million "dignity fund" to help Palestinian workers quit jobs in Jewish settlements by the end of 2010. The funds, which the PA hoped to raise from local and foreign donors, would be used as an incentive to Palestinian employers to hire former settlement workers by paying half their salaries for the first year.

Following up on the decree issued in 4/10 making it a crime to sell settlement-made goods in PA areas (see Quarterly Update in *JPS* 156), the PA circulated (5/18) a specific list of 500 prohibited products made in Jewish settlements, saying anyone caught selling the goods would be fined and jailed (up to 2 years in prison and a \$15,000 fine). Israel threatened (5/18) to confiscate

VAT taxes collected on the PA's behalf (transferred to the PA monthly) to compensate boycotted Israeli companies, but had not done so by the end of the quarter

In late 6/10, the Israeli government banned all Palestinian-manufactured products from the West Bank from entering East Jerusalem as of 7/1 on the grounds that they did not meet Israeli standards. The goods had been guaranteed entry under the 1994 Paris Protocol governing economic relations in light of the Oslo Accord. Adalah (the Legal Center for Arab Minority Rights in Israel) filed (7/12) a petition with the Israeli attorney general demanding that the government lift the ban, which it argued was purely politically motivated in retaliation for the PA's boycott on settlement-made goods. In addition, the Knesset approved (7/14) the first reading of a bill that would impose fines of up to \$8,000 on Israeli citizens who initiate or incite boycotts against Israel.

Meanwhile, the weekly Palestinian popular protests against the separation wall and land confiscations, often with the participation of Israeli and international activists, continued in Bil'in and Ni'lin near Ramallah, Dayr Nizam/al-Nabi Salih in the north central West Bank, Bayt Jala and al-Ma'sara near Bethlehem, and outside Karme Tzur settlement near Hebron. In Gaza, Palestinians occasionally conducted nonviolent protest marches toward the border fence to protest Israel's imposition of a no-go zone but without observing any regular schedule. The IDF frequently fired warning shots, stun grenades, tear gas, and occasionally foul-smelling "skunk" spray at demonstrators, particularly in the West Bank, frequently causing light-to-moderate injuries. At a nonviolent demonstration against the *Mavi Marmara* attack held near the Qalandia crossing into Jerusalem on 5/31, an American activist was hit in the head with a tear gas canister fired by the IDF and lost an eye.

Assassinations and Suicide Attacks

The only Israeli assassination this quarter was the air strike on c. Gaza that killed senior Hamas military commander Issa Batrian on 7/31. (The IDF assassinated 1 Palestinian last quarter.)

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

House Demolitions and Judaization of Jerusalem

This quarter, 12 Palestinian homes were demolished (compared to 8 last quarter) either by the IDF or by Palestinian families ordered to raze the houses themselves or cover the government's cost of doing so: 7 in East Jerusalem, 3 in Hebron, and 2 in Ramallah. In addition, the IDF destroyed 60 tents in Farasiyya near Tubas (northeast of Nablus) used by itinerant Palestinian farmers; removed 6 tents in the n. Jordan Valley; destroyed 1 mobile home and confiscated another in Hebron; and tore down 5 shops, 1 garage, and 1 barn in East Jerusalem and Ramallah. In Gaza, the UN reported (ca. 7/28) that 225 Gazan families remained homeless and living in tents after OCL.

As part of Israel's sweeping efforts to Judaize Jerusalem (settlement expansion efforts are mentioned in the main Palestinian-Israeli section above), Israeli police in Jerusalem summoned (5/21) 4 elected Palestinian Council (PC) members representing the Hamas-affiliated Change and Reform party—Khalid Abu 'Arafa, Muhammad Abu Tir, Ahmad Atwan, and Muhammad Totah (all arrested in 6/06 as part of Israel's round-up of Hamas-affiliated PC members and recently released after completing their sentences; Abu Tir was released on 5/20)—to inform them that Israel's High Court had upheld a 9/09 ruling revoking their permanent Jerusalem residency status and warning that they would be deported to Gaza if they did not leave Jerusalem voluntarily—Abu Tir by 6/19 and the others by 7/3, after which their presence in the city would be illegal. The High Court's 9/09 ruling stated that by participating in the 1/06 Palestinian elections in which they won their legislative seats the men had become "members of the leadership of a non-Israeli political party" and thus guilty of "breaking loyalty to the state." (Of note: The 4 men are not citizens of Israel, but like other Palestinians living and physically present in East Jerusalem at the time of its annexation in 1967 were given "permanent residency" in the city.) Israeli police rearrested Abu Tir in Jerusalem on 6/30 but had not deported him to Gaza by the end of the quarter. Abu 'Arafa was briefly detained on 7/31 but released. The 2 other men were not rearrested, though they remained in the city.

Similarly, in late 7/10, an Israeli court rejected an appeal by Palestinians

representing 60 families (around 500 individuals) living in Jerusalem's Anata and al-Salam suburbs who had been told by the Israeli government that their presence in Greater Jerusalem (which includes Anata and al-Salam) is illegal because they had accepted PA identity cards and that they must relocate deeper inside the West Bank.

The Jerusalem Center for Social and Economic Rights released (7/28) data obtained from the Israeli Interior Min. under a freedom of information request showing that the ministry had stripped 829 Palestinians of their East Jerusalem residency status between 1/1/09 and 6/6/10. (From the start of East Jerusalem's occupation in 1967 until 6/6/10, the number reached 86,226.) The highest number of revocations in a single year was 4,672 in 2008. These numbers do not include 1,000s of residency applications ignored or rejected by the ministry.

In a major incident in early 8/10, Israeli authorities bulldozed some 300 tombstones in the historic Mamilla cemetery, the West Jerusalem site where the Simon Wiesenthal Center plans to build a "museum of tolerance." Waqf officials denounced (8/5) the destruction (completed by 8/10) of the headstones, which were part of its restoration over the previous 7 months of graves still in use in the cemetery. Jerusalem municipal officials accused Palestinians of "a despicable publicity stunt," calling the tombstones fakes placed on vacant "park land" to manufacture a dispute.

This quarter, Israeli tax authorities launched a campaign targeting Palestinian businesses in East Jerusalem for collection of back taxes. On 7/5, authorities searched Palestinian shops in East Jerusalem's al-Misrara market, seizing 1 store's truck until the owner paid \$13,000 in arrears later in the day. On 7/25, they searched Palestinian stores in Shu'fat n. of Jerusalem, verifying licenses and documents. On 7/27, Israeli police and municipal authorities cracked down on Palestinian street vendors operating in East Jerusalem without licenses, confiscating their goods and fining them \$270.

Israeli security forces raided (6/3) and searched without warrant the Bayt Hanina Club in East Jerusalem. Israeli authorities had repeatedly tried to close the club on ground that it had sponsored and hosted official PA meetings. Israel banned the PA and PLO from all political activities in East

Jerusalem, in violation of the 1993 Oslo Accord, in 2001 at the outbreak of the al-Aqsa intifada. Israeli police also sealed (6/20) Jerusalem's Ilaf Association for Education Support, which provides student loans for some 160 Palestinian college students, for allegedly hosting Hamas meetings and thereby supporting a "terrorist organization."

Movement and Access Issues

Palestinian freedom of movement within the West Bank, particularly between major population centers, continued to be relatively good this quarter, continuing a trend that began in summer 2009. As noted above, Israel pledged on 5/23 to take additional steps to ease restrictions on West Bank movement and access further, but it essentially suspended implementation when attention shifted to the flotilla incident on 5/31. OCHA reported (6/4) slightly improved movement from Hebron to outlying villages but said the change did not benefit Hebron economically since Israel was keeping only 2 routes into the city open. On 5/28, the IDF partially reopened the Jerusalem-Ramallah segment of Route 443 to Palestinian traffic for the first time in 8 years, but Palestinians were still required to go through several checkpoints and to leave the highway before reaching Ramallah (see Quarterly Update in *JPS* 155 for background).

The IDF imposed a general closure on the West Bank for the Jewish holiday of Shavuot (5/18-19). During the month of Ramadan (8/10-9/10), the IDF extended operating hours at some checkpoints along the separation wall in the Bethlehem, Jenin, and Ramallah areas to facilitate travel to Jerusalem; reduced travel time between Nablus and Qalqilya and to a lesser degree between Ramallah and Hebron by removing earthen mounds along 3 routes in Hebron, Nablus, and Ramallah; and issued an additional 200 visitor permits for nationals of select Arab countries to enter the West Bank. However, Palestinian access to Jerusalem during Ramadan was limited to men over 50 and women over 45 years of age.

Between 5/16 and 6/8, Israel's siege on Gaza remained tight, with only very limited humanitarian and commercial imports (including wheat for bread and fodder for livestock) permitted and no exports, and travel permitted only in dire humanitarian

cases and for a strictly limited number of VIPs and international workers. Goods entering Gaza were subject to time-consuming and costly “back-to-back” hauling restrictions, which require shippers to offload goods from trucks on the Israeli side of the Kerem Shomron crossing, carry them through security inspection, and reload them onto Palestinian trucks on the Gaza side, instead of allowing loaded trucks through the crossing. Imports of fuel were also kept below basic needs, resulting in rolling blackouts of 8–12 hours/day, 4–5 days/week throughout the Strip. All items allowed into the Strip had to be specifically listed as permitted items.

The situation began to improve as a result of U.S. pressure to ease restrictions on imports after the 5/31 flotilla incident. As noted above, Israel first agreed (6/8) only to add a few food items and convenience items (such as razors) to the permitted entry list, but on 6/17 the U.S. convinced Israel to agree in principle to remove the blanket restriction on imports and to immediately lift restrictions on all food items, even in commercial quantities. Once Israel replaced (7/5) the blanket ban with lists of prohibited items, imports steadily increased through the end of the quarter. As of 8/10, OCHA reported daily imports averaging 250 truckloads, up from 100 as of 5/16, but still only about 60% of what the UN deemed necessary to provide for Gazans’ basic needs and only 36% of what the daily average had been before Hamas’s takeover of Gaza in 6/07. Moreover, 61% of imports were food items—necessary for improving humanitarian conditions but not sufficient to spur economic recovery. The naval blockade, ban on exports, and back-to-back hauling restrictions remained in effect. OCHA cited (7/22) anonymous local sources as saying that with the increased volume and variety of goods entering through Kerem Shalom, there had been “a corresponding significant reduction in the level of imports through the commercial tunnels under the border with Egypt. . . [and] that goods entering through the underground tunnels are increasingly focused on construction materials and fuel.”

Significantly, Israel did not increase fuel imports as part of its easing of restrictions; Gaza’s electricity generator shut down 6/26–30 for overcapacity (summer usage) and lack of fuel, during which rolling outages increased to 12–16 hours/day. This

marked the longest complete stoppage of the facility during 2010. With electricity unreliable, Gazans continued to rely heavily on generators. OCHA noted that as of 5/18, 31 Palestinians had been killed and 41 injured in generator accidents (e.g., explosion, carbon monoxide poisoning, fires) since the start of 2010.

Meanwhile, Egypt’s opening of the Rafah crossing for travel as of 6/2 in response to the flotilla incident eased strains on travel considerably. Whereas around 200 individuals transited Rafah in both directions weekly before 6/2, after 6/2 through the end of the quarter the weekly average was closer to 6,200. Still, Egypt denied entry to thousands of Palestinians who did not qualify as humanitarian cases or VIPs. Israeli restrictions on movement of individuals into or out of Gaza via the Erez crossing into Israel remained severe.

Separation Wall

Construction on Israel’s separation wall remained largely dormant this quarter, as has been the case for several years on the grounds of government budget constraints. This quarter, Israel began (by 7/13) working on 1 new segment of the separation wall that would leave the village of al-Walaja (pop. 2,000) southwest of Jerusalem entirely encircled. There were no reports of wall segments being completed during the quarter.

Citing the prolonged West Bank calm, the IDF removed (8/15) at settlers’ request a small concrete “sniper barrier” running s. of Gilo settlement in East Jerusalem. This barrier, erected in 2002 (after Palestinians fired on the settlement from hills north of Bayt Jala), was considered the precursor to Israel’s separation wall, which began construction later in 2002.

Settlers and Settlements

The number of individual incidents of settler violence reported this quarter was down significantly (22 compared to 37 last quarter). Most incidents this quarter occurred in Nablus and Hebron (7 each), with the others taking place in East Jerusalem (6), Qalqilya (1), and Salfit (1). Incidents this quarter included: seizing or attempting to seize Palestinian property to expand existing settlements (6/26, 7/29); entering Palestinian population centers under IDF guard to pray (7/12, 7/17, 7/26, 8/5); beating or harassing Palestinians

(5/18, 5/28, 5/29, 6/18, 7/12, 7/17, 8/12); vandalizing Palestinian property (5/28, 7/26, 8/5, 8/6, 8/13); burning crop land (6/2, 7/26, 7/30); and throwing a Molotov cocktail at a passing Palestinian vehicle (8/14, no injuries). A Jewish settler also opened fire (6/3) on Palestinian schoolchildren in Hebron, wounding 2.

Toward the end of the quarter, the Israeli human rights group Peace Now issued (8/2) an 8-month assessment of Israel's temporary settlement construction freeze (see Settlement Monitor in this issue) documenting that construction of at least 600 housing units had begun during the freeze in over 60 different settlements, with at least 492 of those units being constructed in direct violation of the freeze. The rate of new construction starts during the freeze was approximately 50% of average. In addition, some 2,000 housing units started before the freeze was implemented on 11/26/09 were currently under construction.

The Israeli human rights group B'Tselem released (7/6) a report (see Doc. C4), timed to coincide with Netanyahu's 7/6 meeting with Obama, estimating that whereas the built-up areas of Israel's some 200 West Bank Jewish settlements comprised only about 1% of West Bank territory, settlers had fenced off and otherwise earmarked roughly 42% of West Bank land for settlement expansion.

B'Tselem later reported (ca. 7/21) that the Israeli government had not followed through on a 12/09 pledge to cut the benefits and incentives given to Jewish settlers in the West Bank. Most benefits were the result of a long-standing policy to include West Bank settlements in designated "national priority areas," entitling inhabitants to subsidized mortgages, cheaper land, and better funding for schools, cultural institutions, and local councils. In 12/09, Israel had pledged to update the list of national priority areas to exclude some settlements but said that the decision would be implemented only after all relevant ministries had drawn up a list of the benefits currently available to settlers. No deadline was set for the ministries to respond, and more than 7 months later, as of 7/21, no department had supplied the necessary information.

Of note: A special investigative report in the *New York Times* (7/6) found that at least 40 U.S. organizations had collected

more than \$200 m. in tax-deductible donations to fund Jewish settlements in the West Bank and East Jerusalem over the previous decade, including providing funding for security equipment, guard dogs, and vehicles to guard settlements and projects in settlement outposts illegal under Israeli law. Authors noted that U.S. tax laws did not require religious groups to divulge their finances, so settlements could be receiving even more money that could not be traced. Some tax-free donations, according to the report, may also have been used in violation of U.S. tax codes to buy land and fund political campaigns of far-right candidates based in settlements, including members of the radical Kahane Chai movement, which is on the U.S. terrorist list. In light of the report, the PA called (7/8) on the Obama administration to end tax breaks for Americans financing settlements and settler groups. The U.S. did not publicly respond.

Palestinians of Israel

Two days after Netanyahu spoke (7/25) at a government meeting about the "threat" of losing Jewish majority in the Negev region, where Bedouin constitute 25% of the population and occupy less than 2% of the land, 1,300 Israeli police evicted (7/27) 300 Bedouin from the unofficial Negev village of al-Arakib before dawn, and then leveled it, demolishing 45 structures, including homes and chicken coops, to make way for the Jewish National Fund to plant a forest. The demolitions were part of a larger conflict ongoing with the Bedouin since 1998 over control of 8,500 acres of land that are home to some 30,000 Bedouin. After the Bedouin refused a "deal" by the Israel Land Administration (ILA) to rent the land from the government, the ILA won a High Court ruling in 2003 allowing them to evict the Bedouin and demolish the homes. Between the 7/27 demolition of their village and 8/12, the Bedouin twice set up tents and erected shacks on the site to stake claim to their land only to have them demolished again by Israeli authorities. Before the end of the quarter, the dwellings were erected a third time, though the government vowed to remove them again.

On 7/13, a Knesset plenum voted (34-16) to strip MK Haneen Zoubi (Balad) of some of her parliamentary privileges for having participated in the Gaza flotilla

aboard the *Mavi Marmara*, saying her actions constituted a threat to Israel. Zoubi was stripped of the right to hold a diplomatic passport, receive any extra privileges accorded MKs traveling abroad, or have subsidized legal counsel.

Israeli police indicted (6/28) 7 Israeli Palestinians on charges of supporting al-Qa'ida and plotting attacks on Jews and Christians; no details were released. The 7 were arrested in and nearby Nazareth in 4/10. The government censor imposed a gag order on the case until the indictments were handed down.

Hasbara

As part of the Israeli government's PR (*basbara*) efforts in the wake of the 5/31 flotilla incident, pro-Israel activists mobilized by the Israeli FMin. launched (6/2) a Facebook group "Gaza Flotilla—the world should know the truth" in order to "shar[e] Israel's viewpoint regarding the Gaza flotilla with Facebook members" worldwide. The group gained 115,000 supporters in the first 3 days and more than 250,000 by the end of the quarter. On 6/3, Israeli FMin. spokesman Yigal Palmor held a live web conference with the group "to support, encourage and provide accurate information for pro-Israel activists."

The Jewish Telegraphic Agency's (JTA) Funderamentalist blog noted (6/4) that within hours of the 5/31 flotilla incident, the Jewish Federations of North America (JFNA) had distributed talking points to its 157 local federations, more than 400 independent communities, and its broader mailing list on how supporters could combat condemnation of Israel, and within 24 hours had organized a platform for Israeli dep. FM Daniel Ayalon to speak to more than 700 Jewish community officials to brief them on why Israel's actions were justified. Some in the pro-Israel community expressed concerns over JFNA's aggressive PR campaign, including New Israel Fund CEO Daniel Sokatch, who said he found it "distressing to see the American Jewish community immediately go into spin mode without finding out what happened," warning Jewish groups that they could damage their credibility if they had the facts wrong.

Israel's Government Press Office (GPO) sent (ca. 6/17) a press release to the media with a link to a video by the right-wing Israeli satirical group Latma TV depicting the activists on the FMG-IHH flotilla

wearing kafiyehs, wielding knives, and in faux Arab accents singing "We Con the World," a parody of the 1985 famine relief song "We Are the World." When the international media responded with concern and surprise, GPO head Daniel Seaman quickly apologized (6/17), saying the email was meant for internal distribution and had been sent to journalists in error. (For further information, see the article by Diana Allan and Curtis Brown in this issue.)

INTRA-PALESTINIAN DYNAMICS

No progress was made this quarter on resolving the ongoing sharp divisions between Fatah, which governs the West Bank, and Hamas, which controls Gaza. At the same time, Hamas's control of Gaza appeared to be slipping, while popular discontent with Abbas appeared on the rise as more Palestinians became disaffected by his apparent willingness to accede to U.S. demands to upgrade peace talks with Israel while settlement expansion, the Judaization of Jerusalem, and the siege of Gaza continued. Despite growing intra-Palestinian tensions, however, there was no significant interfactional violence this quarter. The total number of Palestinians killed in interfactional fighting since the first major outbreak of intra-Palestinian violence in 10/06 (see Quarterly Update in *JPS* 142) remained at about 470 (not including deaths in internal fighting during OCL, when cases were hard to confirm; see Quarterly Update in *JPS* 151).

PA Elections

The PA had announced in 2/10 that municipal elections would be held in the West Bank in several stages beginning on 7/17/2010. These would mark the first elections held since Hamas took office in 1/06 and were expected to be a bellwether of PA legislative and presidential elections, which Abbas had put on hold indefinitely in 12/09 (see Quarterly Update in *JPS* 155). As the quarter opened, the Central Elections Comm. (CEC) was updating voter rolls and preparing for the vote, while West Bank parties prepared their candidate lists, which had to be submitted by a 6/10 deadline. Sources reported (*Ha'Aretz* 5/30) that a high number of independent candidates were preparing to run but did not cite figures.

Also during 5/10, according to Hamas officials cited in the *Arab Reform Bulletin* (7/21), the PASF arrested more than 250 West Bank Palestinians with suspected ties to Hamas and called in another 1,000 for questioning, with most reporting being asked almost immediately whether Hamas was going to take part in the local elections and who Hamas's local candidates might be. It was for this reason, according to the officials, that Hamas on 5/24 reiterated that it would boycott the elections, accusing Fatah security forces of controlling the elections process for political reasons and practicing "security terror" against Palestinians. Islamic Jihad also declared (5/24) that it would not participate. Hamas detainees said the PASF immediately shifted questioning to whether Hamas would support independent candidates and if so whom. As a result, Hamas declared (early 6/10) that it would not endorse any candidates.

Meanwhile, Fatah was rent by internal divisions over its election slates, with various party factions threatening to run as independents if they were not chosen for official lists, potentially recreating the divisions that cost Fatah the 2006 elections. (Debates were most severe among Fatah factions in Nablus, a key municipal race.) On 6/5, when the Fatah Central Comm. (FCC) met in Ramallah to discuss internal differences, talks were heated and no resolutions reached. Some disaffected Fatah members accused (see *Yedi'ot Abarot* 6/6, 6/7) the FCC itself of having been fraudulently elected (see Quarterly Updates in *JPS* 153, 154), arguing that its decisions on final official slates could not be seen as legitimate or binding.

Hours before the CEC's 6/10 deadline to submit electoral lists (while Abbas was in Washington to discuss the peace process), the PA postponed municipal elections indefinitely on the grounds that they would have derailed national unity talks with Hamas. Analysts, however, overwhelmingly attributed the decision to Fatah's inability to agree on its own list of candidates and to preelection polls indicating that non-Fatah independent candidates were poised to win key races (especially Hebron), weakening Fatah overall (see Doc. B3).

National Unity Talks

There were no signs of progress this quarter on Fatah-Hamas, and both sides

remained pessimistic that national reconciliation could be reached anytime soon.

In early 6/10, Fatah claimed that Hamas had rejected an offer for a Fatah delegation to visit Gaza to discuss resuming national unity talks, hinting that the delegation may have offered to drop its insistence that Hamas comply with the Quartet's 1/06 demands (see Quarterly Update in *JPS* 139) to recognize Israel's right to exist as a Jewish state, renounce violence, and accept all previous Israeli-Palestinian agreements as prerequisites to joining a national unity government. On 6/19, however, Egyptian FM Ahmad Abu al-Ghayt stated that Egypt's 10/09 proposal (endorsed by Fatah but rejected by Hamas; see Quarterly Update in *JPS* 154), which included the Quartet demands, was still the basis of discussions and that "Egypt has no inclination nor is it ready to allow for any amendments to this document either in the form of direct changes made to it or even as an appendix."

Turkish FM Ahmet Davutoglu later met (7/20) with Hamas leader Khalid Mishal in Damascus to discuss the peace process and Hamas's reconciliation talks with Fatah, but there was no indication of any movement before end of the quarter.

Opposition to Direct Talks with Israel

As Abbas backed off demands for Israel to extend and expand its settlement freeze as a precondition for resuming final status talks, Palestinians in the territories and the diaspora grew increasingly critical and unsupportive of peace moves. Indicative of the atmosphere, when Abbas attended (6/9) a dinner and conversation (6/9) with U.S. Jewish leaders organized by the S. Daniel Abraham Center for Middle East Peace in Washington and stated that "nobody denies the Jewish history in the Middle East," the story quickly spread (see Electronic Intifada 7/29) that Abbas had addressed the American Israel Public Affairs Comm. (AIPAC) and said that "I would never deny [the] Jewish right to the land of Israel." Scores of prominent Palestinians from the territories and the diaspora, outraged by the false reports, issued (7/29) an open letter to Abbas denouncing him for views "irreconcilable with the internationally recognized rights of the Palestinian people" and stating that "our rights inhere in us as a people; they are not yours to do with as you please." (On 8/18, just after the quarter

closed, the PLO delegation in Washington issued a response clarifying Abbas's comments and the context, stating: "While we may not agree with the content of the letter, the PLO leadership will forever strive to protect our people's right to express their views in such fashion.")

Of note: At the 6/9 event, Abbas faced sharp questions from Jewish leaders regarding the PA's refusal to move into direct negotiations with Israel as well as accusations of PA incitement against Israel. Abbas responded that while there were occasional incidents of incitement in the Palestinian media, the PA was not given enough credit for its efforts to curb incitement and stressed that he was the only Arab leader to "centralize" Friday sermons by issuing scripted weekly sermons, sending monitors to mosques to verify compliance, and removing imams who incite against Israel (see Quarterly Update in *JPS* 155 for background).

PA's West Bank Rule

The PA continued to work toward PM Fayyad's goal of laying the groundwork for a Palestinian state by the end of 2011. Most notably, the PA and the autonomous Palestine Investment Promotion Agency cosponsored (6/2-3) the 2d annual Palestine Investment Conference in Bethlehem aimed at strengthening the Palestinian economy and supporting by institution building. Some 2,000 Arab business leaders and members of the international community attended, including Quartet special envoy Blair and an official "U.S. presidential delegation" led by special envoy Mitchell and including Dep. Treasury Secy. Neal Wolin. More than \$950 million (mostly from the U.S., France, and Italy) was pledged for a variety of small and medium private sector development projects involving information and communication technology, housing, and tourism.

In keeping with Fayyad's call to take practical steps toward statehood, the PA in 6/10 revived efforts to establish a Palestinian currency. While during peace talks in 2000, Israel and the PA had agreed in principle that the PA could establish its own currency, the move is seen as more symbolic than economically necessary. Nonetheless, options apparently discussed were reviving the defunct Palestinian pound and tying it to the dollar or the Euro, or adopting the dollar or Euro directly. Also debated

was whose image might appear on various denominations. On a more practical matter, construction on a new Palestinian Central Bank building with high-tech vaults for holding currency began this quarter.

On 8/15, the PA issued a report covering its achievements in the West Bank over the past year, which included opening 34 new schools and expanding 23 others, opening 11 clinics and renovating 30, launching 44 new housing projects (including the planting of 370,000 trees), paving 16 roads and upgrading 40 others, and raising tax revenue by 20%.

The PA continued efforts to undermine Hamas in the West Bank. The PASF in Nablus arrested (ca. 7/6) 8 al-Najah University professors and students for ties to a charity suspected of links to Hamas. In early 8/10, the PASF arrested another 8 al-Najah University administrators and employees for ties to Hamas and for allegedly planning to open a new West Bank university as a covert way of expanding Hamas's influence. The 8 administrators and employees were released on 8/12 without comment.

Hamas Governance in Gaza

There were growing signs this quarter that the Hamas authorities in Gaza were increasingly feeling the pressure of Israel's siege and internal opposition, with repercussion on their actions. As a result, tensions within the Strip became even greater.

On 5/16, baton-wielding Hamas-affiliated police beat and evicted Palestinians from at least 26 homes in s. Rafah before bulldozing the houses, rendering 31 families (190 individuals) homeless. Hamas authorities claimed the homes had been built illegally on government land, but analysts noted (Reuters 5/18) that Hamas had recently begun to collect taxes and enforce property laws as part of a "good governance" campaign apparently aimed mainly at increasing revenue. OCHA estimated (5/16) that Hamas authorities planned to demolish a total of 200 homes on the Rafah border, though no further action was taken this quarter. The move sparked outrage among Palestinians, who denounced Hamas authorities for taking the same oppressive actions as the IDF.

Hamas-affiliated police raided (6/27) the Palestine Islamic Bank presenting a warrant for the seizure of all the money (\$16,000) in the account of a Hamas-affiliated educational organization whose assets

had been frozen by the PA, stating that a court (unspecified) had ruled that the PA action freezing the account was illegal and that it should be reopened. When the teller refused to hand over the frozen fund, the police seized cash at gunpoint. This marked the second such incident in Gaza since 3/10 (see Quarterly Update in *JPS* 156).

In late 5/10, Hamas authorities in Gaza shut down 6 Palestinian NGOs and confiscated some of their property without explanation, prompting UN special coordinator Serry to express (ca. 5/31) concerns about the impact of the closures on Palestinian civil society. By 8/8, the Hamas-controlled Interior Min. in Gaza issued an order stating that “[p]ublic servants who refrain from going to their work are not allowed to join a general assembly of a charitable society [or] nongovernmental organization.” The order specified that these public servants could not work in these organizations as employees or board members, and that any such board or organization comprising civil servants who failed to report for work at their government jobs would not be granted charitable or NGO status. The order was seen as targeting Fatah-affiliated NGOs for closure and punishing Fatah-affiliated public servants. After Hamas’s 6/07 takeover of Gaza, the PA had ordered civil servants to boycott their jobs and refuse to work for Hamas’s acting government if they wished to continue being paid.

At the inauguration (7/27) of a new police building in Gaza, Hamas’s acting interior M Fathi Hamad said that his ministry was considering expanding the Hamas-led security force (estimated at 18,000 members) and was “open to the idea of voluntary recruitment and then going to conscription,” an unprecedented and highly controversial step for the Hamas movement. Queried later by the media, Hamas’s Interior Min. spokesman denied (7/27) that the ministry would impose a draft, saying that the Hamas government was only considering voluntary recruitment. An anonymous Hamas security official in Gaza said (7/27) that conscription would be out of the question, since Hamas would be unable to finance it.

Meanwhile, the Salafist group Ansar al-Sunna continued to challenge Hamas (see Quarterly Update in *JPS* 156), especially by firing rockets into Israel (e.g., 5/19) in violation of the Hamas-declared cease-fire.

In addition, on 5/23, some 20 armed Palestinians (suspected Salafists) vandalized and set fire to a UN Relief and Works Agency (UNRWA) beachside summer camp for refugee children under construction w. of Gaza City, binding the caretaker and leaving him with a letter to UNRWA authorities threatening UNRWA senior staff. In a similar attack on 6/28, suspected Salafists destroyed another UNRWA summer camp near Dayr al-Balah, tying up guards, setting a fire, and destroying toys and an inflatable pool. Islamist extremists have previously condemned UNRWA for corrupting Gazan youths by introducing them to activities at odds with Islam. In an apparent effort to burnish Hamas’s Muslim credentials in light of the Salafist challenge, Hamas authorities began enforcing (6/17) a ban announced the year before on women smoking water pipes in public.

Hamas-affiliated police in Gaza executed (5/18) 3 Palestinians convicted of murder. The executions did not appear to be politically motivated. As a goodwill gesture to mark the start of Ramadan, the police released (8/10) 100 Fatah-affiliated prisoners, while the PA in the West Bank released 8 Hamas-affiliated prisoners.

Also of note: Ca. 7/23, a privately funded “shopping mall” opened in Gaza City—an event that Israel played up as proof that there was no economic or humanitarian crisis in Gaza. Comprising 10 stores in a refurbished 20-year-old building on a quarter acre lot, the mall was a modest affair by Western standards but an attraction to local Gazans, who enjoyed the air conditioning and display windows but did not necessarily buy. Most goods sold reportedly (*NYT* 8/23) were smuggled into Gaza through the Rafah tunnels, and prices were not significantly higher than for smuggled goods purchased elsewhere in the Strip.

Security Coordination

The U.S. Government Accountability Office (GAO) submitted (ca. 7/26) a report to the House Comm. on Foreign Affairs assessing the effectiveness of U.S. security assistance to the PA since 2007, when the road map peace plan required PA security reform as a prelude to the implementation of the two-state solution. Citing officials from the State Dept. and U.S. Security Coordinator’s Office (USSC), the report accused Israel of delaying transfer of military

equipment (including AK-47 rifles, radios, vehicles, and uniforms) to the PASF and undermining the effectiveness of U.S. training and reform efforts. It also cited U.S. military consultants as saying that the improvements in the security situation in the West Bank likely could not be linked directly to their work but to the changing political situation on the ground. Sources close to the USSC mission reported that Israeli officials complained to the USSC that the concerns had not been raised with them directly and that a fruitful dialogue had ensued in which a number of issues were addressed (not further described). The GAO report noted that the U.S. had invested \$392 m. in rehabilitating and training the PASF since 2007, including more than \$160 m. to fund the new Dayton-trained security units, \$89 m. for vehicles and nonlethal equipment, and \$99 m. for the renovation or construction of security installations. By 8/15, the State Department had requested an additional \$150 m. for the security mission for 2011.

On 7/12, U.S. Air Force Maj. Gen. Michael R. Moeller was named as the next U.S. Security Coordinator to Israel and the PA replacing Lt. Gen. Keith Dayton, who was slated for regular rotation to a new post as of 10/1/2010. Sources close to the Dayton mission called Moeller a weak choice as Dayton's replacement, indicative of a push by some in the administration to bring the security mission under special envoy Mitchell's purview.

The Israeli daily *Ha'Aretz* leaked (7/12) word that Shin Bet head Yuval Diskin had recently made a day-long working visit to Jenin as a guest of the PASF. According to *Ha'Aretz* it was Diskin's second visit aimed at coordinating security ties and discussing confidence-building gestures between Israel and the PA. (The first day-long working session had been held in Ramallah several months earlier and included IDF West Bank cmdr. Brig. Gen. Nitzan Alon and the head of the Civil Administration in the West Bank, Brig. Gen. Yoav Mordechai.) According to *Ha'Aretz*, Diskin, Central Command head Maj. Gen. Avi Mizrahi, and lower-ranking IDF officials regularly hold routine coordination meetings with their PASF counterparts in Ramallah and Qalqilya but senior strategy meetings are rare. Although Israel and the PA had agreed to keep them secret, the PA confirmed the meetings after the 7/12 press report. On

7/15, Mizrahi and Mordechai made a high-profile visit to the PASF's main security compound in Jericho to assess the possibility of allowing Israeli civilians to enter Jericho as tourists under the protection of the PASF. They were welcomed by a full honor guard and received by PASF commander Diab al-Ali and head of the PA Presidential Guard Munir Zuabi. The Israeli officers observed a training exercise by PASF cadres (including drills simulating prevention of a terrorist attack and an assassination and seizure of a building from hostile gunmen) and were given a tour of Jericho's historical sites.

Of interest: The IDF made (7/15) an unusual late-night incursion into Tulkarm town and refugee camp (r.c.), patrolling around and photographing the PA military intelligence headquarters, the main PA security compound, and the al-Salam Mosque from various angles. On 8/3, the IDF made a predawn incursion into Salfit to photograph a PASF building. No explanation of the incidents was given.

PALESTINIAN OPINION

The following data are excerpted from a poll conducted by the Palestinian Center for Public Opinion (PCPO) between 17 June and 2 July 2010. Results are based on a survey of 1,002 men and women from the West Bank (including East Jerusalem) and Gaza. The poll, the 171th in a series, was taken from PCPO's Web site at www.pcpo.org.

1. Who do you believe is benefiting most from the flotilla sent to break the Gaza blockade?

	Total
a. The Gazans	65.2%
b. Hamas	25.7%
c. Israel	1.4%
d. Fatah	1.4%
e. International Islamic Movements	6.3%

2. PM Salam Fayyad's government has postponed the municipal elections until further notice. Are you with or against this decision?

	Total
a. With	46.8%
b. Against	41.2%
c. Don't know	12.0%

3. Do you think that the Palestinians must renounce their right of return in exchange for having an independent Palestinian state and the conclusion of a peace deal with Israel?

	Total
a. Yes, the Palestinians must do that	14.0%
b. No, they shouldn't do that even if the price would be the absence of a peace deal with Israel	81.7%
c. No opinion	4.3%

4. If the Palestinian leadership waived the right of return in exchange for financial compensation, would you accept or refuse?

	Total
a. I would accept	13.1%
b. I would refuse	81.8%
c. Don't know	5.1%

5. Some people have confidence in Hamas's political leadership, others in Fatah's political leadership. Which is closer to your opinion?

	Total
a. I have confidence in Hamas	33.7%
b. I have confidence in Fatah	46.0%
c. I have no confidence in either	16.5%
d. I don't know	3.8%

6. Do you think the Israelis are concerned about making peace with the Palestinians?

	Total
a. Yes	10.9%
b. To some extent	32.3%
c. No	53.3%
d. Don't know	3.6%

FRONTLINE STATES

JORDAN

Jordan continued to maintain a low-profile regarding the Israeli-Palestinian peace talks, though King Abdallah remained in close contact with Israel, the PA, and the U.S. and generally supportive of U.S. strategies. In advance of an Arab League session on 7/29 to discuss whether to endorse the U.S.-Israeli call for direct Israeli-Palestinian talks, the king received (7/26) Abbas for a briefing on the status of the peace process, U.S.-Israeli pressure on the Palestinians, and Abbas's own thoughts on the matter; no details were released. The next

day (7/27), Israeli PM Netanyahu himself visited to press the king to support the call for direct talks and to urge Jordan to take part in more joint economic projects with Israel, especially the building of a rail link between the countries.

In a 6/28 *New York Times* op-ed, former Israeli negotiator Yossi Beilin revealed that Jordan was currently soliciting bids to build a 1,100-megawatt nuclear reactor, the first of several it hopes to build to capitalize on uranium deposits in the country. (Jordan has the 11th largest known uranium deposit in the world and could become a major regional energy supplier to the region if it could develop a nuclear energy program. Experts believe a basic nuclear energy distribution system could be built by 2030.) According to Beilin, the U.S., concerned about the possibility of an eventual weapons program, was actively working to prevent Jordan from acquiring the necessary technology to enrich uranium unless it agreed to purchase nuclear fuel on the open market instead of using its own uranium. The U.S. stance apparently infuriated Jordan, which believed that Israel was pressing the U.S. on the matter.

LEBANON

Relations this quarter between Lebanon and Israel were increasingly tense. Early in the quarter, the Lebanese government criticized Israel's 5/31 attack on the Gaza flotilla, and Lebanese activists considered chartering their own aid boats to Gaza. Meanwhile, Israel stepped up warnings that Hizballah was rearming in s. Lebanon in violation of UN Res. 1701 that ended the 2006 Lebanon war.

A Fatal Border Incident

Tensions peaked on 8/3 when a border clash between Lebanese and IDF soldiers—the most serious confrontation since the summer 2006 war—left 1 IDF officer, 3 Lebanese soldiers, and 1 Lebanese journalist dead and 1 IDF platoon commander critically wounded. Israel said (8/3) that its soldiers came under fire while clearing trees and brush on the Israeli side of the disputed border to improve lines of sight into Lebanon and returned fire in self-defense. The Lebanese army said (8/3) that it fired warning shots at the IDF soldiers to caution them that they had

entered Lebanese territory, that Israel had responded with artillery, helicopter, and small arms fire, and that Lebanese soldiers had shot back in self-defense. After the 2006 Lebanon war, Israel had installed a fence on land n. of the internationally recognized "blue line" delineating the unofficial border. According to the Lebanese army, the IDF soldiers were operating in the area between the fence and the blue line, whereas the IDF said it was operating s. of the blue line. The UNSC held an emergency session on 8/3 to discuss the clash and called on all parties to exercise maximum restraint. Meanwhile, the UN Interim Force in Lebanon (UNIFIL) investigated the matter and sided (8/4) with Israel, saying the incident raised "serious concerns." UNIFIL commander Maj. Gen. Alberto Asarta Cuevas quickly hosted (8/4) Lebanese and Israeli officers for a rare joint meeting to discuss ways of reducing tensions in the border area. Afterward, Israel said (8/4) it would reconsider its rules of engagement on the Lebanese border and possibly tighten its open fire restrictions.

The border clash also had reverberations in the U.S. Before the clash, on 7/26, Israeli DM Barak held talks with Secy. Clinton in Washington focused equally on Iran (see below) and Lebanon. He warned that Israel would strike Lebanese government institutions if Hizballah launched rockets at Israeli towns and expressed concern over Obama's proposal to increase U.S. military aid to Lebanon by \$100 m. in 2011 on the grounds that the aid could fall into "terrorist" hands. Within days, House Foreign Affairs Comm. chairman Rep. Howard Berman (D-CA) put (8/2) a hold on the \$100 m. in military aid to Lebanon that had already been allocated for the 2010 fiscal year (FY) but not yet disbursed, citing concerns that Hizballah's influence over the Lebanese army was increasing. In response, Lebanese officials warned that the hold on funds was "unwarranted" and indeed hurt the U.S.-endorsed efforts to build up the Lebanese army as a counterbalance to Hizballah. After the 8/3 border clash, at least 3 more members of Congress (Reps. Eric Cantor [R-VA], Howard McKeon [R-CA], and Nita Lowey [D-NY]) joined Berman's effort to block the aid, citing both Hizballah's influence over the army and the army's failure to secure s. Lebanon and guarantee security on Israel's border. (While the aid had already been appropriated and

congressional holds are not legally binding, in practice the executive rarely ignores a hold.) The State Dept. said (8/10) that the administration would address Congress's concerns but that "we continue to believe that our support to Lebanon is in the national interest and in the long-term interest of the region." Meanwhile, Frederic Hof, senior advisor to special envoy Mitchell, already in Lebanon to brief the government on Israeli-Palestinian peace efforts, met (ca. 8/8) with senior Lebanese civilian and military leaders to discuss the 8/3 border incident and warned that if another clash were to occur, the administration might not be able to prevent Congress from eliminating the aid. Lebanese DM Elias Murr publicly stated (8/11) that if U.S. lawmakers wanted "to make military aid conditional on not protecting [Lebanon's] land, people, and borders against Israeli aggression[,] . . . let them keep their money or give it to Israel. We will confront [Israel] with the capabilities we have."

Shi'i Cleric Fadlallah's Death

On 7/4, Lebanon's top Shi'i cleric, Grand Ayatollah Muhammad Husayn Fadlallah, died in Beirut. A strong critic of Israel and supporter of armed resistance, he was widely considered Hizballah's spiritual guide, though he never had authority over the movement and distanced himself from it when it named Iranian Ayatollah Ali Khamenei as its spiritual marja in 1989 after the death of Ayatollah Khomeini. The day Fadlallah died, CNN senior editor Octavia Nasr posted on her private Twitter account that she was "sad to hear of the passing of . . . [o]ne of Hezbollah's giants I respect a lot" (Nasrallah was considered a socially progressive force, particularly on women's issues). The media watchdog group Honest Reporting immediately launched an Internet campaign calling it "disturbing" that a senior CNN editor would admire a "terrorist." On 7/8, CNN fired Nasr, saying that her credibility had been compromised. Meanwhile, Britain's amb. to Lebanon Frances Guy wrote (7/12) a blog piece stating that "Lebanon is a lesser place the day after" Fadlallah's passing. After the Israeli FMin. denounced the statement, she expressed "regret" for any offense caused.

Tensions over the UN Tribunal

On 7/22, Hizballah leader Hasan Nasrallah held a press conference to say that

he expected the UN tribunal investigating the 2005 assassination of former PM Rafiq Hariri and other political killings to issue indictments against Hizballah members as early as in 9/10, stressing that any charges of Hizballah involvement in Hariri's death were false. Nasrallah said Hariri's son, PM Sa'ad Hariri, had informed him of the pending indictments and downplayed Hizballah's involvement, calling the accused men Hizballah members with "tenuous" ties to the group. Over the next week, Nasrallah made numerous televised appearances stating that Hizballah would fight any charges brought against its members, strongly denying involvement in the assassination. On 7/24, Hariri stated in an address to Future Movement supporters that his father's death should "not be a reason to renew civil strife in Lebanon."

On 7/30, Lebanese pres. Michel Suleiman, Hariri, and parliamentary speaker Nabih Birri received Syrian pres. Bashar al-Asad and Saudi Arabia's King Abdullah on a diplomatic mission to calm the rising tensions over the UN tribunal's expected indictments. (This marked Asad's first visit to Lebanon since Hariri's killing and was seen as symbolic of Syria's renewed influence in Lebanon since Syria withdrew its forces in 2005.) Separately Syrian FM Walid al-Moualem met (7/30) with Hizballah lawmakers to discuss ways of strengthening national accord within Lebanon and preventing internal violence.

On 8/9, Nasrallah gave a 2-hour live televised address from an undisclosed location, laying out a case for Israel being behind Hariri's assassination, offering video clips of Lebanese confessing to spying for Israel and intercepted Israeli surveillance footage showing that Israel monitored Hariri's usual travel routes, arguing that Israel would have been motivated to kill Hariri simply to pin the assassination on Hizballah. Israel dismissed (8/9) Nasrallah's allegations as "simply ridiculous." In light of Nasrallah's claims, the UN tribunal asked (8/11) Hizballah to turn over any evidence it had linking Israel to the killing, but it did not do so before the end of the quarter.

Spy Cases

Lebanese authorities arrested (ca. 7/20) 2 Lebanese employees of Lebanon's largest mobile phone service company Alfa and a third unidentified telecommunications worker on charges of spying for Israel,

reviving fears that Israel had infiltrated Lebanon's telecommunications and security sectors. (Hizballah had long suggested that Israel manipulated evidence such as phone records to implicate Hizballah in Hariri's assassination.) Days later, authorities reported (7/22) that another 5 Lebanese Alfa employees (including a former senior army officer) who had been under surveillance on suspicion of spying for Israel had fled the country before charges against them could be filed; 4 took a flight to Germany, and 1 was believed to have escaped across the s. border into Israel. Ca. 7/26, a senior technician at Ogero, the state-owned company that runs Lebanon's land-line network, was also arrested on spy charges, followed by Fayes Karam, a retired Lebanese army colonel and member of the Hizballah-allied Christian party, the Free Patriotic Movement, on 8/5. By the end of the quarter, Lebanese security forces had arrested at least 70 and perhaps more than 100 suspected spies for Israel since 4/09, including a high proportion of telecom employees, members of the security forces, and active duty soldiers. Israel allegedly recruited the spies during its 1982-2000 occupation of s. Lebanon.

Meanwhile, Israel charged (5/27) 2 Israeli Palestinians, Ameer Makhoul (director of Ittijah, a union of Arab organizations in Israel) and Omar Said (a political activist), with espionage for allegedly passing information on the location of IDF facilities and identities of suspected Israeli spies in Lebanon to Hizballah during a meeting with a Hizballah member in Denmark in 2008 and via email. The men, who denied the charges, were arrested in early 5/10, but Israel's censor imposed a gag order on the case until the indictments were filed. Lawyers for the men said (5/27) that during their 3 weeks of interrogation they were held in solitary confinement, deprived of sleep and food, and shackled in a painful position to a small chair to coerce their confessions.

Security Situation

Between 6/29 and 7/9, there were 3 civilian attacks on the French UNIFIL contingent in s. Lebanon, leaving 1 French soldier lightly injured. Local Lebanese in several pro-Hizballah areas had for months accused the contingent of exceeding its mandate and "snooping" on Hizballah in their villages. In the 3 incidents, unarmed

villagers barred entry to patrols, stoned and threw eggs at troops, and stole weapons and equipment from patrol vehicles. Both UNIFIL and its French contingent recently received new commanding officers, and analysts speculated (see *Christian Science Monitor* 7/9, Carnegie Endowment 7/14) that the new officers may “have misread the local situation” and patrolled more aggressively and deeply into villages, initiated more searches for weapons, and coordinated less with local Lebanese army officials than previous commanders. In response, the new UNIFIL commander, Maj. Gen. Asarta Cuevas, issued (7/8) an open letter to the Lebanese people stating that UNIFIL’s mission “has no other purpose than helping you to live in peace, contributing with all our means to your protection and the stability of the area.” On 7/9, the UNSC issued a statement “strongly deploring” the incidents and calling on Lebanon to reinforce the border area with Israel. Meanwhile, Israel released (7/9) aerial photographs allegedly showing a 90-member Hezbollah unit storing weapons close to hospitals and schools in al-Khiyam in Lebanon in violation of UN Res. 1701. In response to the UNSC statement, the Lebanese army immediately announced (7/9) that it would deploy an additional 5,000 troops in Lebanon.

The Lebanese army also fired (7/25) anti-aircraft weapons at Israeli aircraft that were violating Lebanese air space. Since the weapons did not have sufficient range to hit the planes, the fire was seen as a symbolic protest to Israel’s near daily overflights of Lebanese territory, which the UN considers violations of UN Res. 1701. Israel stated (7/25) that the overflights were necessary to monitor Hezbollah efforts to rearm.

On 8/7, the Israeli navy fired warning shots at a Lebanese fishing boat that strayed into Israeli territorial waters after it ignored several verbal warnings to turn back, apparently suspecting that it was a boat of activists seeking to deliver aid to Gaza. The boat was not damaged and the crew was not harmed.

Lebanese security forces killed (8/14) ‘Abd al-Rahman Awad, a Palestinian leader of the radical Islamist group Fatah al-Islam, and his aide Gazi Faysal Abdullah in a shootout in the Biqa’ Valley. Awad had been on Lebanon’s most wanted list since the summer 2007 battle between Fatah al-Islam

and the Lebanese army that destroyed Nahr al-Barid r.c. (see Quarterly Updates in *JPS* 145–46 and the article by Ismael Sheikh Hassan and Sari Hanafi in this issue). Some analysts (e.g., *NYT* 8/24) saw the incident as an attempt by the army to prove to the U.S. that it could impose security in light of recent congressional actions to block further military aid to Lebanon after the 8/3 IDF–Lebanese army border clash (see above).

SYRIA

Syria kept a low profile with regard to the peace process this quarter, involving itself only in the context of the Arab League and indirectly in terms of encouraging internal stability in Lebanon (see Lebanon section above). The Israeli-Syrian track was not even on the radar until Syrian president Bashar al-Asad in a 6/27 interview with the Brazilian daily *Estado de S. Paulo* offhandedly suggested that in light of Brazil’s effort to broker a nuclear dialogue with Iran (see Iran section below) it should consider mediating among Israel and the Arab states to ease tensions over Israel’s Gaza flotilla attack and to get peace negotiations back on track. (Brazil did not publicly comment.) Soon after, Sen. Arlen Specter (D-PA) made an unexpected trip (ca. 7/12) to Israel and Syria to explore possibilities of reviving peace talks, stopping first in Israel to see if officials wanted to convey any messages to Asad. Israeli Dep. FM Ayalon sent word that Israel was ready to resume talks without preconditions, had no intention of launching strikes across its northern border, and would appreciate Syria making a goodwill gesture of intervening with Hamas to seek captured IDF soldier Gilad Shalit’s release. Specter and Asad met the same day but neither agreed to comment on the talks or whether Syria sent a formal response. It was unclear why Specter made the trip, with some analysts (see *Washington Jewish Week* 7/15) speculating that, given his longstanding contacts with both countries, he may have hoped to end his career on a high-note by mediating an Israeli-Syrian peace deal.

On 8/5, Israeli authorities indicted 3 Israeli Palestinians from Majdal Shams in northern Israel on charges of spying for Syria and plotting to kidnap a man in Israel they thought to be a Syrian pilot who defected to Israel in 1989. The arrests were made in

7/10 but announced only after the Israeli censor's gag order was removed when the indictments were handed down.

REGIONAL AFFAIRS

The main regional meeting this quarter related to the peace process was the 7/29 Arab League session about whether to endorse a Palestinian move to resume direct negotiations with Israel (see "Full-Court Press' for Direct Talks" above). Other regional actions were mostly in response to the 5/31 Gaza flotilla incident. In the wake of the flotilla attack, Arab League Secy.-Gen. Musa made a rare visit to Gaza on 6/13 to press for Israel to lift the blockade immediately and for Hamas and Fatah to reach a national unity agreement as quickly as possible, but no understandings were reached. Musa's visit was the first by an Arab League representative since Hamas won elections in 2007.

Egypt's move to open (6/2) the Rafah crossing to individual Palestinian travel for medical and humanitarian purposes only 7 days a week following the Gaza flotilla incident as a challenge to Israel (see "The Flotilla Incident" above) was widely praised by opponents of the siege internationally but created a problem domestically for Mubarak. With the crossing now open to individuals by 6/14, Mubarak was coming under increasing pressure to open Egypt's border with Gaza to unlimited trade or stand complicit with Israel in maintaining the siege. Mubarak refused, with aides arguing (6/14) that opening the border would potentially lift the burden of responsibility for Gaza from Israel, which was legally responsible under international law as Gaza's occupier, and place it on Egypt, playing into Israel's long-term final status goals. Though unstated, the Mubarak regime also feared the deep, long-standing ties between the Gazan wing of Hamas and Mubarak's opposition, the Muslim Brotherhood, and was concerned that opening the border wide to all Palestinians (and even to others) could bolster the Brotherhood's popularity and strength. Any concerns about challenges to Egypt's leadership were amplified by growing rumors (e.g., *WT* 7/19) that the ailing 82-year-old Mubarak, who had ruled the country since 1981, was terminally ill with cancer and might have as little as a year to live.

Responding to the Gaza flotilla attack, Libya's Qaddafi Foundation (run by Libyan leader Mu'ammarr Qaddafi's son) dispatched (7/11) an aide ship carrying 2,000 tons of food and medical supplies to challenge the Gaza blockade. Israel vowed (7/11) to block its passage. At the last moment, the ship diverted to Egypt's al-Arish port, where the Egyptian Red Crescent Society took the goods to the UN in Gaza though the Rafah crossing. On 8/9, the Qaddafi Foundation announced that it would fund UNRWA's reconstruction of 1,250 Palestinian homes in Gaza destroyed during OCL, reporting that Israel had agreed to allow the import of construction material for the project provided it was overseen by the UN. The same day (8/9), Libya freed a dual Tunisian-Israeli citizen jailed in Libya in 3/10 on charges of spying, saying it had demanded that Israel facilitate the Libyan-funded UNRWA project in exchange for the release. (The man had traveled to Libya on a Tunisian tourist visa and was arrested while photographing a building that once served as a Jewish community center.) Israel confirmed (8/9) only that Libya's demands for the man's release "were reasonable and responsible. We will honor their demands which all relate to issues regarding the Palestinians."

INTERNATIONAL

UNITED STATES

U.S. actions related to the Palestinians and the Middle East this quarter focused primarily on containing fallout over the Gaza flotilla incident, maintaining momentum of the Israeli-Palestinian peace talks, and securing tougher sanctions against Iran to curb its nuclear program. These priorities were in keeping with the administration's belief that progress on the peace process and containing Iran's nuclear ambitions can be mutually reinforcing (see Quarterly Update in *JPS* 154).

U.S.-Israel Relations

Just as Israel and the U.S. were recovering from the dispute over Israel's new settlement construction in Ramat Shlomo in East Jerusalem announced during VP Biden's 3/10 visit to the country (see Quarterly Update in *JPS* 157), its 5/31 attack on the *Mavi Marmara* flotilla threatened to reopen tensions between Obama

and Netanyahu. While the U.S. and Israel largely succeeded in working out most of their differences over the flotilla affair behind closed doors, relations remained strained through the end of the quarter. To offset the public criticism of Israel's actions in Gaza, the administration reiterated its unwavering commitment to Israel's security.

After delaying for more than 2 years, the Pentagon approved (7/30) the sale to Israel of up to 25 F-35 Joint Strike Fighter (JSF) jets with an option to buy 50 more in coming years as part of the U.S. commitment to maintain Israel's qualitative military edge. (Israel first requested the purchase in 5/08.) Israel is the first country besides the 9 countries that jointly developed the JSF to be given authorization to buy. On 8/15, Israeli DM Barak gave final approval for the purchase of 20 JSFs, including training and maintenance gear, using an estimated \$2.75 b. of the \$3 b. military aid grant Israel receives annually from the U.S. Final Israeli government approval was expected in 9/10, with the jets to be delivered between 2015 and 2017.

On 5/20, the House approved H.R. 5327 (410-4), agreeing in principle to fund Israeli DM Barak's 4/26/10 request, endorsed by Obama (see Quarterly Update in *JPS* 156), for \$205 m. in supplemental aid above the regular \$3 b. annual allocation of military aid to fund Israel's manufacture of 10 Iron Dome antimissile batteries for deployment along the Gaza and Lebanon borders to intercept short-range rockets. The Senate introduced a companion measure (S. 3451) on 5/27. Thereafter, the House and Senate began work on finalizing the 2011 defense appropriations bill (H.R. 5126 had been passed on 5/28; S. 3454 had been approved by subcommittee on 6/4 for consideration by the full Senate), both recommending inclusion of the full \$205 m. supplemental aid. The bill had not been finalized by the end of the quarter. The *Washington Post* noted (7/16) that almost a quarter of Israel's annual defense expenditures is typically funded by the U.S. On 7/19, Israel reported that the Iron Dome system successfully passed its last tests and that the first battery would be deployed outside Sederot near the Gaza border by 11/10.

Israel denied or delayed entry to U.S. citizens in 3 high-profile incidents this quarter. Most notably: Israeli border

officials on 5/17 barred renowned U.S. scholar and political activist Noam Chomsky from entering the West Bank via Jordan to give a lecture at Birzeit University, citing security concerns. The incident sparked debate within Israel over the government's right to bar entry to individuals on security grounds when in fact the issue is differing views. Netanyahu spokesman Mark Regev claimed (5/17) that the decision to bar Chomsky was a "mishap" by an Interior Min. employee at the crossing, but Chomsky challenged (5/17) this explanation, saying that during hours of questioning, the employee had been in phone contact with superiors and had asked questions relating to his political opinions and plans to visit a Palestinian institution. In early 7/10, former Clinton cabinet member Donna Shalala, who is of Lebanese descent, was detained by Israeli security at Tel Aviv's Ben-Gurion airport and questioned for 3 hours before being granted entry, with interrogators clearly alluding to Arab lineage as a security risk. (Ironically, she was traveling as part of an American Jewish Comm. delegation in part as a personal protest against academic boycotts of Israel.) On 5/16, immigration officials at Ben-Gurion airport denied entry to U.S.-born U.S. citizen Abeer Afana, who was part of a month-long Wayne State University study abroad program to Israel dealing with conflict resolution, because her parents were originally from Gaza and she once held a PA passport. Israel said it considers any person who has ever been given a Palestinian identification number to be Palestinian; they must use a Palestinian travel document to enter Israel and must enter via the Allenby Bridge from Jordan. Afana was deported to the U.S. after lengthy interrogation.

Congress

The Obama administration's handling of Middle East affairs took on added importance this quarter as the Democratic and Republican parties geared up for midterm elections in 11/10. The *Washington Post* noted (7/6) that Democrats were worried that Obama's pressure on Israel in the wake of the 5/31 flotilla attack, particularly following his row with Netanyahu over the Ramat Shlomo incident last quarter (see Quarterly Update in *JPS* 156), could cost them seats in local and congressional elections. Meanwhile, Republicans intended

to play up the perception of Obama as not sufficiently committed to Israel and as having been too hard on Israel over the peace process generally and the flotilla incident in particular. The Republicans also seemed poised to portray the administration as having excessively watered down the Iran sanctions package to secure Russian and Chinese backing, while the Democrats intended to play up Obama's successful push for new UN and bilateral sanctions on Iran (see Iran section below). The administration's own eagerness at the close of the quarter to secure an Israeli-Palestinian agreement on direct negotiations before 9/26 with a 1-year deadline to reach a final status agreement was also linked to elections: in addition to averting a crisis when Israel's temporary settlement freeze expired, it would mark a victory on the peace process just before midterm elections and potentially set Obama up for a major victory (i.e., a final status peace agreement) on the eve of his 2012 run for reelection.

In an example of partisan posturing, House Rep. Louie Gohmert (R-TX) introduced (7/22) a draft res. (H.R. 1553) co-sponsored by 46 House Republicans that would support Israel's "right" to "use all means necessary to confront and eliminate nuclear threats posed by the Islamic Republic of Iran." By the end of the quarter, the nonbinding res. had been referred to the House Comm. on Foreign Affairs but was not expected to be brought before the full House, where it would almost certainly be defeated by the Democratic majority. The move was seen as largely symbolic and an intentional ploy to portray Democrats as "soft on Iran" as midterm campaigning got underway.

Senate Majority Leader Harry Reid (D-NV) and Minority Leader Mitch McConnell (R-KY) sent (6/23) a letter to Obama signed by 87 U.S. senators that opposed an international inquiry into the 5/31 flotilla incident, defended Israel's unfettered right to self-defense, and called on Obama to order an investigation into IHH, the Turkish group that helped organize the Gaza flotilla, and whether it should be added to the U.S. list of designated terrorist organizations. On 6/29, U.S. Reps. Gary Peters (D-MI) and Ted Poe (R-TX) sent a companion letter to Obama signed by 338 House reps. calling on the president to veto any UN resolution denouncing Israel's attack

on the Gaza flotilla. The letters were supported by AIPAC, the American Jewish Comm., the Conference of Presidents of Major American Jewish Organizations, and the United Jewish Communities. J Street opposed both letters for "fail[ing] to address the impact of the present closure of Gaza on the civilian population, the deep American interest in resolving this conflict diplomatically, and the urgency of moving forward with diplomacy before it is too late," suggesting that Congress members write their own letters incorporating these details.

To mark the fourth anniversary of IDF Cpl. Gilad Shalit's 6/25/06 capture, the House unanimously passed (6/24) a non-binding resolution calling on Hamas to release him immediately. A similar measure passed unanimously in the Senate on 7/1.

Also of note: Chairman of the House Foreign Affairs Comm. Rep. Howard Berman (D-CA) sent (ca. 6/3) a letter to all members of the House urging against criticizing the Obama administration's efforts to expand outreach to the UN because the efforts (see especially Quarterly Updates in *JPS* 152, 153) have "reaped important dividends" for Israel, adding that "without a strong presence at international organizations, we risk leaving our ally Israel to battle alone against countries seeking to delegitimize the Jewish state," especially Iran.

Lobbies

U.S. Jewish groups strongly supported Israel's 5/31 flotilla attack and viewed the Obama administration as rebuffing their calls for strong support of Israel, with Anti-Defamation League (ADL) head Abraham Foxman stating (6/1) that "The U.S. should reiterate its support and understanding for Israel, that as a sovereign and democratic nation it has the right to act on behalf of its national security and express its confidence that Israel can conduct its own investigation into the matter without the intrusion of international bodies."

Pro-Israel groups in Washington, including AIPAC and the ADL, also warned (6/9) that they would be unlikely to support Turkish causes on the Hill after the Gaza flotilla incident. Summing up the mood, former AIPAC exec. dir. Morris Amitay said: "If someone asked me now if I would try to protect Turkey in Congress, my response would be: You've got to be kidding."

Several days after the 5/31 flotilla incident, activist Rabbi David Nesenoff released (by 6/7) a videotape that he recorded at a White House Jewish heritage event on 5/27 for his online blog *Rabbilive.com* in which he asked veteran White House correspondent Helen Thomas, of Lebanese descent, whether she had any comment for Israel. Thomas says: "Tell them to get the hell out of Palestine" and "go home" to the U.S., Poland, and Germany. Her statements caused an uproar, deflecting public attention in the U.S. almost completely from the flotilla incident and forcing her resignation (6/7) from *Hearst Newspapers*.

Christians United for Israel (CUFI) held its fifth annual conference in Washington from 7/20–22. More than 4,500 participants attended (7/21) the conference's main event, the "Night to Honor Israel" gala dinner at the Washington Convention Center. The main themes of the conference were the need to support Israel's right to defend itself, to stop pressure on Israel to curb settlement construction, and to increase pressure on Iran to abandon its nuclear program (see the special report on the CUFI summit in this issue). Many speakers (including Sen. Joe Lieberman [I-CT] and CUFI founder pastor John Hagee) criticized Pres. Obama for having "turned on Israel" during the Gaza flotilla incident and the earlier Ramat Shlomo settlement dispute. Of note: CUFI director David Brog informed attendees that CUFI membership had grown from 9,000 in 2006 (its first year) to 300,000 in 2009 and 428,000 in 2010, making it the largest pro-Israel lobbying group in the U.S., surpassing AIPAC.

After a coalition of 12 Jewish groups expressed grave concerns over the recommendations in a draft report on the Middle East compiled by the Presbyterian Church (USA) that included recommendations to implement boycott, divestment, and sanction measures to protest Jewish settlements and the siege of Gaza, the church invited the groups to discuss the report at its annual general assembly meeting from 7/5–9 in Minneapolis. Based on the discussion, the church agreed to amend the report and recommendations, including by rejecting sanctions and divestment as a means of protest and by dropping wording equating Israeli actions with apartheid. The church did not release the final

compromise report, instead tasking the committee that wrote it to come up with "8 representative, authentic narratives—4 Israeli, 4 Palestinian." The much-anticipated discussion at the annual assembly of another draft paper on Presbyterian-Jewish relations was deferred.

JTA's *Fundermentalist* blog reported (7/16) fundraising statistics for a number of U.S. Jewish organizations with their FY2010 ending on 6/30. Overall, organizations saw a slight recovery in donation levels after the 2009 economic crisis but reported that donors and boards were allocating more money to services for local Jewish communities (especially programs for the poor and elderly) and were significantly reducing their contributions to fund programs in Israel and overseas. The largest U.S. Jewish federation, the United Jewish Appeal-Federation of New York, raised \$180.7 m. (no details); the Jewish Federation of Baltimore raised \$43.9 million (up 2.4% from FY2009 but including a \$703,000 drop in funding for Israeli and overseas programs); and the Jewish Federation of Greater Philadelphia raised \$27.8 m. (with an increase in restricted donations, including \$400,000 for local campus Hillel programs, and a decline in funding for programs in Israel).

The Jewish Community Relations Council of Greater Washington (JCRC) held (6/9) its annual fundraising dinner in Chevy Chase, MD, pledging to allocate donations toward the creation within a year of a "full-time, fully staffed" Israel Action Center that would "fight to defend the Jewish state's reputation" during public relations crises such as the Gaza flotilla incident. (The organization did not disclose how much it raised.) The JCRC envisioned 3 full-time professionals, 1 graduate student fellow, and several interns working to educate community leaders and the public about Israel, "eradicate misinformation," and generate enough "pro-Israel good will" that when there is a PR crisis, those groups and individuals can "resist and counter derogatory propaganda." The JCRC also honored Sen. Benjamin Cardin (D-MD) for "effectively championing Israel during more than two decades in Congress."

The American Jewish Congress (AJC), one of the oldest and historically most powerful U.S. Jewish groups, temporarily suspended operations on 7/15 citing financial problems. AJC lost nearly 90% of its

\$24 m. endowment in the 2009 Bernie Madoff ponzi scandal. AJC officials said they were in “constant” talks with the American Jewish Comm., hinting at a possible merger.

Of related note: In California, some 800 labor and pro-Palestinian activists blocked (6/20) the gates of an Oakland pier to delay for 24 hours the unloading of an Israeli commercial vessel as a protest against the 5/31 flotilla incident. The International Longshore and Warehouse Union refused to cross the picket lines to unload the ship. The Palestinian General Federation of Trade Unions and the Workers’ Central of Cuba issued (6/20) statements heralding the action as “a milestone in international solidarity.”

Legal Actions

A group of 91 Israelis filed suit (7/13) in U.S. federal court in Manhattan court seeking \$1.2 b. in damages from the Qatari satellite TV al-Jazeera claiming that its coverage of the 2006 Lebanon war, which included reporting on Israeli sites hit by missiles, was designed to aid Hizballah in better targeting its fire. The plaintiffs claimed that real-time reporting violated Israeli military censorship rules.

The U.S. Supreme Court unanimously ruled (6/1) that former Somali PM and DM Mohamed Ali Samantar, now residing in Virginia, is not protected by the Foreign Sovereign Immunities Act and may be prosecuted on charges of committing torture and serious human rights crimes in Somalia in the 1980s and early 1990s, though lower courts could find him entitled to immunity under common law. The ruling potentially sets precedent for pro-Palestinian groups to bring similar cases against Israeli officials in U.S. courts (see Quarterly Update in *JPS* 156 for background).

A U.S. district court in Maryland sentenced (5/26) Israeli American Samuel Shamai Leibowitz to 20 months in prison for leaking information to a journalist. Leibowitz was contracted by the FBI as a linguist when he leaked documents (which have not been publicly revealed) to an unnamed blogger. While details of the leak were not declassified, Leibowitz has a history of controversial activism: As lawyer in Israel, he worked with groups that encouraged IDF officers to object to serve in the Palestinian territories, that urged divestment from and boycott of Israel, and

that supported a 1-state solution to the conflict; served on Fatah leader Marwan Barghouti’s 2002 criminal defense team; and was reprimanded by the High Court for leaking a judge’s private comments. In 2006, he worked as a Hebrew teacher at the State Dept.’s Foreign Service Institute, where associates said (*Politico* 12/21/09) that he lost the job “after ideological enemies learned of where he was working and complained in Israeli press reports that he had no business teaching American diplomats about Israel.”

RUSSIA

Russia mostly limited its involvement to participation in the Quartet to press for Israeli-Palestinian peace talks and in the P5+1 (Russia, the 4 other permanent members of the UNSC, and Germany) in the discussions on imposing new sanctions against Iran (see Iran section below). Russian FM Sergey Lavrov made a quick trip (6/28–29) to Israel and Ramallah to touch base with Israeli FM Lieberman and PA Pres. Abbas on the status of proximity talks and bilateral relations. Lieberman conveyed Israel’s “deep concerns” regarding Russia’s direct contacts with Hamas, but Lavrov defended the ties on the grounds that Hamas “was elected by a large Palestinian majority in free elections” and that contact with Hamas authorities was necessary to improve the humanitarian situation in Gaza.

EUROPEAN UNION

Europeans, bilaterally and within the context of the EU, reacted strongly against Israel’s 5/31 flotilla attack and the continued siege of Gaza. The EU was among the first to condemn the attack and renew calls for an easing of the siege (see “The Flotilla Incident” above). In the wake of the attack, the EU announced (6/14) plans to grant duty-free, quota-free access for Palestinian exports to the EU in the coming months, thereby accelerating an existing bilateral trade agreement under which Palestinian industrial goods are allowed duty-free access to the EU and tariffs on EU exports to the Palestinian territories are to be phased out over 5 years. The move was aimed at promoting PA private sector reform and development. The same day (6/14), the EU once again denounced

Israel's blockade of Gaza as "unacceptable" and offered to assist Israel in inspecting goods entering Gaza if that would help ease the siege.

EU foreign policy advisor Ashton visited (7/17-18) Israel and the occupied territories, meeting with PA PM Fayyad in Ramallah, visiting Gaza and Sederot, and holding separate meetings with Israeli PM Netanyahu, DM Barak, and FM Lieberman. She praised Israel's easing of restrictions on Gaza but stressed the EU's position that the blockade must be lifted entirely. Ashton's meetings with Israeli leaders also touched on regional security and bilateral issues.

Separately, former EU commissioner Christopher Patten, current president of Medical Aid for Palestinians and still a very influential voice in European politics, visited Gaza on 7/18, where he stated that the EU must not leave Mideast peacemaking to the U.S. but should launch its own initiatives. He strongly criticized U.S. dominance of the Quartet, which he referred to (borrowing Arab League Secy.-Gen. Musa's phrase) as the "quartet *sans trois*." He also called Israel's blockade of Gaza a "terrible failure—immoral, illegal, and ineffective" that has "deliberately triggered an economic and social crisis which has many humanitarian consequences." In an opinion piece published by the *Financial Times* on 7/28, Patten (like Russian FM Lavrov; see Russia section above) urged bringing Hamas into the dialogue in order to achieve peace. He also denounced Israel's siege of Gaza, called Netanyahu's temporary settlement freeze a ploy to deflect attention from unprecedented settlement expansion, and raised concerns that Fayyad's reform efforts lack the necessary substance for even a nascent Palestinian state.

On a bilateral level, British PM David Cameron in a speech to Turkish business leaders in Ankara on 7/27 called Gaza a "prison camp" under Israeli siege, denounced Israel's attack on the Gaza flotilla as "completely unacceptable," and called on Netanyahu to launch a serious inquiry into the incident but also urged Turkey and Israel to rebuild their friendship. The Israeli emb. in London issued (7/27) a statement in response, saying that "the people of Gaza are the prisoners of the terrorist organization Hamas."

Under pressure from pro-Palestinian groups, 2 major Italian supermarket chains,

COOP and Nordiconad, announced (5/22) that they would boycott products from Agrexco, Israel's principal exporter of produce, until Agrexco certified that no produce sold to its chains is grown in Jewish settlements.

In early 7/10, the Methodist Church of Britain decided to boycott goods made in Jewish settlements, encouraging all Methodist affiliates to do the same. In response, the *Jerusalem Post International* ran (7/9-15 edition) a full-page opinion piece accusing the church of "hav[ing] succumbed to an agenda of hatred, hypocrisy, and barbarism . . . sadly emblematic of the degraded spirit of our times."

Germany announced (6/12) that it was seeking extradition of an Israeli man arrested in Poland who allegedly obtained the authentic German passport that was expertly falsified to produce the travel documents of one of the assailants in the 1/10 assassination of Hamas's Mahmud al-Mabhuh in Dubai (see Quarterly Updates in *JPS* 155 and 156). German authorities said the quality of the forgeries clearly indicated "links to a foreign intelligence agency" (i.e., Mossad). The Israeli emb. in Warsaw had already intervened to urge Polish authorities not to extradite the suspect. Similarly, Ireland expelled (6/15) an Israeli emb. official (thought to be the local Mossad director) to protest Mossad's suspected use of forged Irish passports in the Mabhuh assassination. Israel continued to refuse to confirm or deny its involvement in the Dubai killing.

Also of note: Israeli DM Barak canceled (6/12) a planned visit to France to avoid negative media attention in the wake of the 5/31 flotilla attack.

UNITED NATIONS

Monitoring Israel's occupation of Palestinian territory was a main UN focus this quarter, as always. UN Secy.-Gen. Ban was personally involved in pressing Israel to ease the Gaza blockade, particularly in light of the 5/31 flotilla attack. Ban received Israeli PM Netanyahu during the latter's visit to New York on 7/7 for talks on regional affairs and the peace process, including the flotilla incident. Ban welcomed Israel's 7/5 lifting of the blanket ban on imports to Gaza in keeping with the security cabinet's 6/20 decision to ease Gaza import restrictions (see "Moving Forward"

above) but pressed Netanyahu again to accept and participate in a UN-led independent investigation of the flotilla affair. On 8/2, Israel agreed to facilitate a UN probe, but an anonymous Israeli official said the government was motivated primarily by a desire to improve relations with Turkey. (Turkish officials publicly welcomed the decision but off the record said they would have to see how the commission actually functioned to gauge its credibility.) The same day (8/2), Ban announced that a UN inquiry as called for by the UNSC (see “The Flotilla Incident” above) would open on 8/10 and issue a final report by mid-9/10. The team was headed by former New Zealand PM Geoffrey Palmer and outgoing Colombian pres. Alvaro Uribe and included one member each from Israel and Turkey, not the 5 members as originally proposed by Ban (see “The Flotilla Incident” above). Ban’s spokesman clarified (8/2) that the team would not be conducting a criminal inquiry but would be “looking into existing national inquiries that are underway already, then, if necessary, ask for further clarification.” At least 1 anonymous UN diplomat criticized (8/2) Ban for compromising too much to secure Israel’s participation in the panel, saying the final result would amount to no more than a “book report.” Meanwhile, the HRC had opened (by 6/2) its own separate inquiry (see “The Flotilla Incident” above).

Of note: Israeli amb. to the UN Gabriela Shalev, who announced on 6/20 that she would leave her post in 2011 to head Israel’s Ono Academic College, warned (7/19) that the greatest threat to Israel was not Iran but international efforts to delegitimize the state, expressing concern over Ban’s push for an international investigation into Israel’s handling of the Gaza flotilla incident and the U.S.’s failure to automatically oppose the idea. At a farewell reception for Shalev on 7/14 organized by the Conference of Presidents of Major American Jewish Organizations, U.S. amb. to the UN Susan Rice pledged that the U.S. would “combat all international attempts to challenge the legitimacy of Israel—including and especially at the United Nations.”

Israel’s Nuclear Program

On 5/28, the UN closed its month-long conference to review the NPT—a major affair held once every 5 years—issuing a final statement (see Doc. A1) that affirmed

the intention of the 189 NPT signatories to hold a special conference in 2012 on establishing a nuclear-free zone in the Middle East, specifically urging Israel to join the NPT. The U.S. did not want Israel specifically named in the final statement, and after conference members first agreed to call for a special session on 5/3, VP Biden spent several weeks lobbying Arab ambassadors in Washington and phoning Egyptian pres. Mubarak to urge against such wording (see Quarterly Update in *JPS* 156). The Arab states, however, threatened to block other conference initiatives if it was not included. Despite this, Israeli officials privately complained (see *NYT* 7/6) that the U.S.’s “allowing” Israel to be named was “a sign of the unreliability of the United States.” The final statement did not explicitly mention Iran but called on all countries to fulfill their obligations on nuclear inspections, wording reportedly intended for Tehran. (Iran had not been mentioned in the statement because, as a member of the NPT, it could block the final statement.) While the U.S. approved the final statement on the grounds that the overall progress made at the conference was valuable, NSA Jones stated (5/28) that the U.S. “deplores” the decision to single out Israel and would not allow the 2012 conference to “jeopardize Israel’s national security.” Meeting with Netanyahu on 7/6, Obama personally reassured him that the U.S. would not allow any regional meeting on nuclear issues to be used as an opportunity to target Israel’s nuclear program, stating that the U.S. “strongly believe[s] that, given its size, its history, the region that it’s in and the threats . . . against it, that Israel has unique security requirements.” Of special note: While the NPT conference was in session, the British *Guardian* newspaper reported (5/24) that a U.S. scholar, Sasha Polakow-Suransky, researching a book on Israel’s relations with South Africa had uncovered the first official document providing concrete evidence that Israel has nuclear weapons: minutes of a meeting in the mid-1970s between Israeli DM Shimon Peres and South African PM P.W. Botha in which Israel offered to sell South Africa nuclear warheads.

Meeting in Vienna on 6/7–10, the 35-member board of governors of the UN’s International Atomic Energy Agency (IAEA) discussed for the first time in 19 years Israel’s nuclear capabilities as an agenda item,

added at Arab request. On 6/10, the board formally called on Israel to join the NPT, which would allow IAEA inspectors access to suspected Israeli nuclear sites. On 7/26, Israeli FM Lieberman sent a letter in response, saying that Iran and Syria were the “real proliferation challenges” and that the motion was “a politically motivated attempt to divert attention from them.” (Israel is commonly believed to have nuclear facilities, including a reactor in Dimona, and 100s of nuclear warheads, but has never publicly acknowledged existence of the program.) Also at the board of governors’ meeting, IAEA head Yukiya Amano’s opening address on 6/7 for the first time mentioned Iran as a “special case” because of growing concerns that it was developing a military nuclear program.

Operation Cast Lead

Israel (7/21) and the PA (ca. 8/15) this quarter submitted their reports to the UN General Assembly responding to the Goldstone commission’s investigation into OCL; Hamas authorities in Gaza apparently did not formally respond. Israel’s report stated that the government had investigated the instances cited by the commission as potential violations of international law or war crimes and taken appropriate legal action, as well as making “numerous changes” to its operational procedures and policies to further enhance the protection of civilians in the future. The IDF had already announced (ca. 7/2) that it had drawn up plans to “evacuate entire Palestinians villages and refugee camps from areas of conflict” in the event of another Israeli incursion into Gaza, because of its finding that dropping leaflets and making automated phone calls warning Palestinians to evacuate, as during OCL, was insufficient to save Israel from accusations of war crimes and crimes against humanity. The PA’s report essentially blamed Hamas’s takeover of Gaza and the PA institutions there for undermining Gaza’s legal system, thereby leading to violations of international humanitarian law and undermining human rights in Gaza. The report stressed, however, that there was no moral equivalence between Israeli and Palestinian violations during OCL.

IRAN

The U.S. and its P5+1 partners continued their 2-pronged strategy to pressure

Iran into giving up its nuclear program, focusing on passing tough new international and bilateral sanctions to punish and constrain Iran’s nuclear efforts while also offering to revive diplomatic talks toward an agreed solution.

Sanctions or Diplomacy

As the quarter opened, the U.S. was close to securing Chinese and Russian backing for the fourth UN resolution since 2006 imposing sanctions on Iran, this time targeting Iran’s petroleum sector and the Iranian Revolutionary Guard Corps (IRGC; believed to control most aspects of Iran’s military nuclear program). However, Brazil and Turkey (both rotating members of the UNSC, supported by Qatar and Syria, had attempted to block new sanctions by opening their own diplomatic channel to Tehran, offering to broker a negotiated compromise aimed at allowing Iran’s civilian nuclear program to continue, while guaranteeing that Iran would never hold sufficient stocks of highly enriched uranium to produce a weapon. (The Obama administration had spent its first year in pursuit of this same goal but had abandoned the effort in frustration as of 1/10, concluding that Iran was deliberately delaying and manipulating the diplomatic process while rapidly accelerating its weaponization program; see previous Quarterly Updates for details.) Though Secy. Clinton had personally urged Brazil and Turkey to halt their mediation effort, they had vowed to go forward.

On 5/16, Brazilian pres. Luiz Inácio Lula da Silva and Turkish PM Erdogan met with Iranian pres. Mahmud Ahmadinejad in Tehran, presenting him with details of their modified version of a 10/09 Russian-French nuclear swap offer (see Quarterly Update in *JPS* 156) that would include an exchange in Turkey of Iran’s low-enriched uranium for nuclear fuel for Tehran’s medical research reactor. Details on how this compromise differed from an earlier Turkish offer to make the exchange on Turkish soil were not released; Iran had rejected that offer insisting that the swap occur in Iran, which the P5+1 had rejected. At the close of the 5/16 meeting, Brazil and Turkey announced that they had reached tentative agreement with Iran on the “principles” to revive stalled talks on the 10/09 Russian-French deal. Analysts noted (e.g., *NYT* 5/17), however, that even if

Iran accepted the original deal as written, the U.S. likely would not find the terms acceptable since Iran had been enriching uranium at a steady pace since 10/09, meaning the P5+1 would want Iran to ship even more uranium abroad.

Days later, on 5/18, the U.S. announced that it had secured full P5+1 endorsement (including China and Russia) of a draft sanctions resolution to be put before the UNSC for approval, with Clinton saying, "This . . . is as convincing an answer to the efforts undertaken [by Brazil and Turkey] in Tehran over the last few days as any we could provide." Obama followed up on 5/19, spending more than an hour on the phone with Erdogan explaining why the Turkish-Brazilian approach undermined U.S. efforts, vowing that the U.S. push for tough sanctions would continue, while Erdogan stressed the importance of encouraging diplomacy.

The proposed UN sanctions at this stage were significantly watered down from what the U.S. had first proposed last quarter. China and Russia had successfully blocked steps that would have halted Iran's oil exports and gasoline imports, as well as foreign investment in Iran's energy sector. Instead, proposed sanctions would target Iranian financial institutions that support the IRGC, prohibit foreign investment in Iranian uranium enrichment schemes and nuclear technology, and bar Iran from investing in other countries' nuclear industries. The measures would also expand the arms embargo and encourage countries to inspect ships or planes headed into or out of Iran for banned materials, but there was no support for wording that would require inspections or authorize countries to use force to board ships at sea.

As part of the deal to secure Russia's support for a sanctions resolution, the U.S. included an exemption that would explicitly permit Russia to go forward with a planned sale of S-300 surface-to-air missiles to Iran by declaring the missiles to be defensive weapons. The U.S. also removed (5/21) bilateral sanctions on 4 Russian companies involved since 1999 in weapons trade with Iran and Syria, stating that "Russia's ability to work with us on non-proliferation has given us the confidence that we can take this step while protecting our nonproliferation interests." (Last quarter, the U.S., in an effort to secure P5+1 support for a UN sanctions package, had

offered to include a sanctions exemption clause for companies from the P5+1 countries negotiating over a nuclear deal with Iran but made no mention of extending this provision to U.S. bilateral sanctions on Iran; see Quarterly Update in *JPS* 156.)

On 6/9, the U.S. formally rejected the tentative agreement that Brazil and Turkey reached with Iran on 5/16, and later in the day, the UNSC passed (12-2, with Brazil and Turkey voting against, and Lebanon abstaining) the sanctions resolution as UNSC Res. 1929. To demonstrate that sanctions do not preclude diplomacy, Clinton made a statement immediately after the vote, calling on the EU and European nations bilaterally to approach Iran as soon as possible to negotiate a deal to end its nuclear program, making no mention of Brazil and Turkey. Iran threatened (6/10) to reduce cooperation with IAEA inspectors in retaliation. Russian PM Vladimir Putin quickly declared (6/11) that Russia would continue to freeze the S-300 sale even though it had been exempted. In an apparent but unstated quid pro quo, France announced (6/11) that it would speed up the long-delayed sale to Moscow of 4 Mistral transport ships.

The EU and U.S. acknowledged (6/9) that they did not win the "crippling sanctions" they had hoped for but vowed to enact even tougher bilateral sanctions and to lobby other nations to do the same. In a special report in the *New York Times* on 6/11, U.S. officials anonymously claimed that no one in the Obama administration believed the new sanctions package alone would work and that the U.S. has "a Plan B, C, and D" to get the job done. The additional steps, they said, would include a "ramped up . . . Bush-era covert program to undermine Iran's nuclear weapons infrastructure" comprising old-school military containment (via recent agreements to buttress U.S. allies in the Gulf and increase deployments in the Persian Gulf), a CIA program known informally as "Project Brain Drain" to lure defectors out of the country, and covert sabotage of Iran's nuclear program.

The U.S. quickly followed up by extending (6/16) existing bilateral sanctions to more than 12 Iranian companies and individuals tied to Iran's nuclear program. On 6/24, the Senate (99-0) and House (408-8) voted to approve parallel versions of the Comprehensive Iran Sanctions, Accountability, and Divestment Act. The measure,

signed into law by Obama on 7/1, imposed new sanctions on companies and individuals that aid or invest in Iran's petroleum sector (with the aim of curbing gasoline and refined petroleum exports to Iran, which lacks its own refining capacity and imports about a third of its gasoline), barred U.S. banks from doing business with foreign banks that provide services to the IRGC, and banned foreign companies that have previously violated sanctions from participating in the U.S. economy. On 8/3, the U.S. named another 21 Iranian businesses it said were secretly owned or controlled by the IRGC and 7 senior Iranian officials that it claimed had given "financial and material support to terrorists" (to include Hizballah and the Taliban) and placed these individuals and companies under U.S. sanctions restrictions.

The EU followed suit, barring (6/17) European companies from investing in or otherwise assisting Iran's energy sector and approving (7/26) new bilateral sanctions targeting Iranian energy, banking, trade, and transportation companies tied to the IRGC—measures that surpassed the new UNSC sanctions but did not go as far as cutting gas sales to Iran, as some had hoped. By 8/15, Australia (7/29), Canada (6/22), and Japan (8/11) had passed their own bilateral sanctions that went beyond the UNSC measure, and others, including South Korea, were drafting bilateral sanctions. In response, Iran declared (6/28) that it was "postponing" further nuclear talks with the P5+1 and warned that it would retaliate against any country that searched its vessels.

Though data were sketchy, the international and bilateral sanctions did seem to be having effect by the end of the quarter. For example, the *Washington Post* reported (7/21) that Iran's shipping industry was suffering because some of the world's major insurance companies (including Lloyd's of London) had started denying coverage to Iranian shippers for fear of being penalized for violating the sanctions. Ports and freight companies were reportedly rejecting Iranian vessels, especially those transporting crude oil and industrial equipment, not only because they were uninsured but because doing business might violate sanctions. BP, among other fuel companies, had canceled contracts with Iran Air and refused to refuel Iranian planes out of fear that

U.S. companies would be forced to suspend business dealings with them to comply with U.S. sanctions. In an unintended consequence of U.S. bilateral sanctions (which the administration had expressly wanted to avoid penalizing Iranian citizens), the U.S.-based Educational Testing Service stopped administering ESOL tests to Iranian students because it could no longer accept payments from banks with ties to the Iranian government. By early 8/10 anecdotal evidence suggested (see *NYT* 8/8) that gasoline shipments to Iran had declined (Lukoil, Royal Dutch Shell, and Total issued statements saying they had halted shipments), some banks in Europe and Asia had cut ties to Iranian banks, and Iranian diplomats had encountered trouble securing foreign investment for major oil and gas projects.

On 8/7, certain that Iran had begun to feel the impact of sanctions, the U.S. made a new appeal to Iran to open diplomatic talks on its nuclear program. Secy. Clinton stated (8/7) that the administration had sent a "very clear message" to the Iranian leadership via EU officials in recent weeks seeking to reopen dialogue and that it had received indications that Iran might be willing to start some kind of talks in 9/10.

Fears of an Israeli Strike

Meanwhile, Israel had been growing increasingly frustrated with the U.S.'s inability to secure an iron-clad diplomatic agreement to end Iran's nuclear program and its willingness to whittle away its draft UN sanctions package to secure broad international backing. Israeli military sources said (5/21) that they had pressed the U.S. for details about how it intended to respond if sanctions failed to halt Iran's nuclear program and had not received a clear answer, raising concerns and the prospect that Israel would carry out a preemptive strike. On 5/23, Israel began a 5-day nationwide civil defense exercise to test the preparedness of civilians, emergency services, and local authorities in case of war, though Netanyahu stressed (5/23) that the drill did not mean Israel was expecting or planning a major security engagement.

Raising concerns further, the *Times of London* cited (6/12) anonymous U.S. defense and Saudi government sources as confirming that Saudi Arabia had given Israel permission to use a narrow air corridor over the kingdom to carry out a strike

on Iran and had practiced standing down its anti-aircraft systems to make sure its warplanes and missiles would not shoot down an Israeli aircraft in the event of an overflight. Saudi amb. to Britain Prince Muhammad bin Nawaf al-Saud vehemently denied (6/12) the report.

Israeli DM Barak traveled (6/21, 7/26) to Washington for high-level consultations on Iran and other regional affairs with Secy. Clinton, NSA Jones, and Defense Secy. Robert Gates. Barak's main purpose was to stress Israel's belief that sanctions alone would not halt Iran's drive to obtain nuclear weapons, to press the U.S. to consider how much time should be given for sanctions to work and what should happen next if they do not, and to discuss ways of coordinating Israeli and U.S. pressure on Tehran. He reportedly (*Washington Jewish Week* 7/2) hoped to convince Netanyahu and the U.S. that Netanyahu should make a bold peace move to generate enough goodwill to free up the Israeli military to make a controversial preemptive strike on Iran. Neither Israel nor the U.S. commented on this rumor.

Days after Barak's 6/1 visit, U.S. Adm. Michael Mullen, chairman of the Joint Chiefs of Staff, made (6/27) an unscheduled visit to Israel to meet with Barak, IDF chief of staff Ashkenazi, and senior IDF commanders for further talks on Iran. Though no details were released, Mullen's intervention may have been an attempt to put a brake on Barak's drive for a preemptive strike by injecting his archrival Ashkenazi into the discussion. Mullen and Ashkenazi have a strong personal bond (having met 13 times previously) and had both previously cautioned that a strike on Iran could have dangerous unintended consequences (see Quarterly Update in *JPS* 155). Ashkenazi and Barak, on the other hand, have been bitter rivals for years because of their strong differences over key security issues (especially Iran and Hizballah) and Ashkenazi's far greater popularity in the military and generally. In an effort to curb Ashkenazi's influence within the government and military, Barak, supported by Netanyahu, had already prematurely announced (in 4/10) that he would not renew Ashkenazi's 4-yr. term as IDF chief of staff when it expires in 2/11.

Also of note: In a blunt public response to a press question, UAE amb. to the U.S. Yousef Al Otaiba stated (7/6) that the long-

term benefits of a preemptive strike on Iran's nuclear sites far outweighs the short-term costs (e.g., lost trade, rioting, and protests).

TURKEY

Turkey's attention on the Middle East this quarter was taken up with the Gaza flotilla incident and diplomatic outreach toward Iran. While Turkey was quick to spar with Israel, it was also quick to quietly minimize the fall-out. Thus, though Israel never apologized for the flotilla attack as progress on Israeli-Palestinian proximity talks resumed, Turkish FM Davutoglu and Israel's Industry, Trade and Labor M Benjamin Ben-Eliezer met secretly in Zurich on 6/30 to discuss repairing bilateral relations in the wake of the incident. Netanyahu and the Turkish FMin. confirmed the meeting on 7/1 after it was reported in the media but released no details. (Israeli FM Lieberman publicly denounced Netanyahu for not having informed him of the talks, calling it an insult and a "heavy blow" to his Yisrael Beitainu party's confidence in the coalition, but it was already clear by Barak's trip to the U.S. to deal with Iran issues that Netanyahu was deliberately keeping his volatile FM away from the public eye and from major issues of national interest.) Soon after, Davutoglu publicly warned (7/5) Israel that it must "either apologize [for the flotilla incident] or [accept] an impartial international inquiry and its conclusion. Otherwise, our diplomatic ties will be cut off." Though Lieberman publicly responded (7/5) that Israel had no intention of apologizing, Israel agreed to participate in the UN inquiry on 8/2, appeasing Turkey for the moment.

Ultimately, it was unclear the extent to which bilateral relations had been affected. Turkey recalled (5/31) its ambassador and banned Israeli planes from its air space. Israel had warned (5/31) its citizens against traveling to Turkey but lifted the warning on 7/20. While some joint business ventures slowed, most did not and neither side threatened to revoke their bilateral free trade agreement that generates \$3 b. in trade annually. Though some expected (see *NYT* 7/3) that Israel would cancel a \$141 m. contract to upgrade intelligence-gathering equipment on Turkish warplanes out of concern it could be used against Israel, this did not happen this quarter. While 2 Israeli

defense contractors recalled (ca. 6/12) their employees from Turkey to protest the Gaza flotilla, the program to train Turkish soldiers on how to use Israeli-made Heron unmanned aerial vehicles merely moved locales; the team had resumed training in Israel by 7/1 and there was no sign that the overall \$190 m. drone deal of which the training was a part had been scaled back.

The flotilla incident's impact on Turkish-U.S. relations may have had more important ramifications. Erdogan publicly criticized (5/31) the U.S.'s initial statements on Israel's attack as "weak," prompting Obama to phone Erdogan on 6/1 to express condolences. Erdogan stressed that Israel's actions must be condemned and punished. Obama vowed to press Israel to repatriate Turkish activists immediately, agree to "a credible, impartial, and transparent investigation of the facts surrounding this tragedy," and take steps to ease the siege of Gaza. Some analysts believed (*NYT* 6/1) that the Obama administration feared that if the U.S. did not react strongly enough to condemn Israel's actions, Turkey might deny the U.S. further use of Turkish air space to resupply troops in Iraq, possibly influencing Obama's decision to remain engaged and press Israel for positive steps. The attack also derailed the discussions planned for Davutoglu's Washington visit on 6/1, as virtually the sole focus became the flotilla incident. In separate talks with Secy. Clinton and NSA Jones, Davutoglu stressed that "We expect the United States to show solidarity with us. It should not seem like a choice between Turkey and Israel . . . [but] a choice between right and wrong, between legal and illegal." He also reiterated Turkish demands that Israel issue a "clear and formal apology," accept an independent investigation, release all passengers immediately (including bodies of the dead), and lift the siege of Gaza.

As noted in the Iran section above, U.S.-Turkish relations were strained early in the quarter over Brazilian and Turkish efforts to revive diplomatic discussions with Iran aimed at curbing its nuclear program. The U.S. effectively blocked the joint effort, which in any case was overshadowed by the events off Gaza.

VATICAN

The Permanent Bilateral Working Comm. of the Holy See and the State of

Israel met 3 times this quarter (5/20, 6/15, 7/27-28) to finalize an agreement on financial issues (e.g., tax exemption and property rights for the Church) left unresolved when the Vatican and Israel signed a 1993 accord establishing diplomatic relations. Negotiations on the outstanding issues have continued intermittently ever since. Talks were described as productive.

Pope Benedict XVI met (6/6) in Cyprus with bishops from across the Middle East, who presented a working paper for a major meeting of bishops to be held in Rome in fall 2010. The working paper expresses concern about the declining Christian population in the Middle East and suggests that its cause is instability generated by the Israeli-Palestinian conflict, the war in Iraq, and political tensions in Lebanon. The document also denounced "certain Christian fundamentalist theologies [that] use sacred scripture to justify Israel's occupation of Palestine, making the position of Christian Arabs an even more sensitive issue."

OTHER

The 36th **World Zionist Congress (WZC)**, held every 4 years, convened in Jerusalem 6/15-17, with over 540 official delegates attending (over a quarter from the U.S.). This WZC, unprecedentedly, broke up in disarray before all 109 draft resolutions tabled were put to the vote, leaving key policy questions unresolved, especially regarding settlements, of particular importance to the peace process. The plenary reportedly went awry as a result of an expected procedural change. The WZC chairman, noting that time was running short and fearing that all 8 agenda items could not be covered, skipped 2 items (settlements and Zionist organizations) to go directly to the last, on constitutional amendments. After the constitutional amendments were voted on and with time still remaining, the chairman returned to the bypassed items. By that time, however, many of the delegates (mostly belonging to right-wing parties), had already left, apparently having understood that there would be no more voting after the constitutional amendments. The first of the bypassed items was settlements, a particularly contentious issue and where some of the draft resolutions submitted conflicted with others. The first resolution to be voted on had been submitted by the World

Union of Meretz (but in fact drafted under its umbrella by 3 progressive U.S. Zionist organizations—Meretz USA, J Street, and Ameinu). The resolution, which endorsed a two-state solution and supported Netanyahu's temporary settlement freeze (see Doc. A3), passed by a large margin in the reduced assembly, triggering an outcry that closed down the congress prematurely. Notwithstanding, the resolution, having been duly passed, became official World Zionist Organization policy and marks the first resolution curtailing the settlement enterprise ever passed. The draft resolutions not acted upon were referred to the Zionist General Council (ZGC) to complete the work left unfinished. Given the exceptional nature of the single settlement resolution passed, the ZGC may face a difficult task reconciling the other drafts submitted by the settlement committee. The incident—and the resolution itself—highlights the most noteworthy development of the quadrennial conference, which is the growing influence of the more liberal elements of the Diaspora on the Zionist movement.

The **International Air Transport Association (IATA)**, a trade group representing 230 airlines worldwide, warned (7/27) that Israel's "complicated and counterintuitive" system for identifying commercial aircraft entering Israeli air space could result in an air tragedy. The statement came a week after an Ethiopian Air flight to Tel Aviv was intercepted by Israeli fighter jets as it approached Israeli air space. The plane's pilots had failed to correctly transmit security codes confirming their identities as required by a new Israeli security program that had been in place for about a year. The plane was ultimately identified and escorted safely to Tel Aviv, but it marked the second such instance since the program went into effect. Under the new program, individual pilots are required to apply for special Israeli security clearance to fly to Israel and receive a code they must transmit before entering Israeli air space, with no safeguards should a pilot improperly enter the code. The IATA issued its stand after numerous commercial pilots, including Israelis, expressed concerns that the system creates burdensome logistical problems for airlines and safety hazards for flights without significantly

improving security, and fears it creates a serious risk that a commercial flight could be accidentally shot down.

Australia expelled (5/24) the Israeli emb.'s Mossad representative, citing suspicion that Israel was involved in falsifying Australian passports used by assassins in the 1/19 killing of Hamas official Mahmud al-Mabhuh in Dubai. Britain had expelled Israel's senior Mossad official in London for the same reason in 3/2010 (see Quarterly Update in *JPS* 156).

The **Conference on Interaction and Confidence Building Measures in Asia (CICA)**, an intergovernmental forum based on the recognition that there is close link between peace, security, and stability in Asia and the rest of the world, held (6/8) its fourth summit since 2002 in Istanbul. A joint statement supported by 21 of 22 members states expressing "grave concern and condemnation" of Israel's flotilla attack and calling for a nuclear-free Middle East did not pass. Since the group operates by unanimous consensus, Israel as the sole member state dissenting was able to block the statement.

DONORS

There were no major donor meetings this quarter. Of the 4 main donor "strategy groups" (SGs), only the infrastructure SG met on 7/29; the economic policy, social development and humanitarian assistance, and governance and reform SGs did not meet. Various SG subcommittees also held regular follow-up meetings. These included the economic SG's fiscal sector working group (SWG; 7/17), private sector development and trade SWG (7/7), agriculture SWG (7/29), and micro and small finance task force (5/26, 7/11); the governance SG's judicial reform SWG (7/19) and public administration and civil service sector reform SWG (6/16); the infrastructure SG's environmental SWG (6/2), water and sanitation SWG (5/31), municipal development and local governance SWG (6/10), and solid waste thematic subgroup (6/14); and the social and humanitarian assistance SG's health SWG (6/15), education SWG (6/24), and "social protection" SWG (which addresses the Social Safety Net Reform Project funded though PEGASE; 7/14).