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QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

16 MAY-15 AUGUST 2009

COMPILED BY MICHELE K. ESPOSITO

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

THE PALESTINIAN-ISRAELI CONFLICT

This quarter marked the rocky opening of a new chapter in the Israeli-Palestinian peace process as the freshly elected Israeli and U.S. administrations set to work, laying out approaches toward the peace process that were markedly different from their predecessors' and nearly diametrically opposed to each other. A major policy clash between U.S. pres. Barack Obama and Israeli PM Benjamin Netanyahu over settlements overshadowed most of the quarter.

The other striking feature of the quarter overall was the extremely low level of Israeli-Palestinian violence. Though Israel's siege of Gaza (in place since 6/07) continued, the Gaza cease-fire held without major violations. In the West Bank, Israel scaled back routine military operations and facilitated Palestinian movement between major population centers, particularly in the north, improving trade and quality of life.

At the opening of the quarter, however, Israeli-Palestinian cross-border violence in Gaza was moderate and rising while in the West Bank violence remained low. Israel's siege of Gaza, intended to pressure the Hamas government there, entered its 24th month, hampering efforts to maintain basic services and repair infrastructure and other damages from Israel's Operation Cast Lead (OCL) offensive targeting the Strip, which ended on 1/18/09 (see *JPS* 151 for background). Israel allowed an average of 106 truckloads/day of humanitarian goods and commodities into Gaza through Kerem Shalom crossing 6 days/week (far less than the 500 truckloads/day the UN estimated were necessary to meet Gazans' basic

needs); limited fodder and seed through the Qarni crossing; enough fuel through the Nahal Oz crossing to maintain emergency services and run Gaza's electricity plant at 69% capacity, as well as some cooking gas. Only a very limited number of medical cases, employees of international organizations, and VIPs were allowed to transit through the Rafah and Erez crossings. Restrictions on Palestinian movement and access in the West Bank remained tight, with more than 630 Israel Defense Forces (IDF) checkpoints and roadblocks dividing the territory into 3 cantons, and Palestinian access to Jerusalem and the Jordan Valley strictly limited. As of 5/15, at least 7,516 Palestinians (including 50 Israeli Arabs and 19 unidentified Arab cross-border infiltrators), 1,090 Israelis (including 348 IDF soldiers and security personnel, 214 settlers, 528 civilians), and 64 foreign nationals (including 2 British suicide bombers) had been killed since the start of the al-Aqsa intifada on 9/28/00.

Netanyahu and Obama Face Fundamental Differences

As the quarter opened, the newly elected Obama and Netanyahu administrations were fully staffed and briefed, and Obama was ready to move forward with campaign pledges to take early action to revive the peace process. His hope was to meet personally with the main players in the Israeli-Palestinian conflict to discuss his developing policy initiatives, as well as regional and bilateral issues, before making a major address to the Muslim world on 6/4 in fulfillment of another campaign promise. Late last quarter, he had met with

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Jordan's King Abdallah, tapping him as his intermediary with the Arab states (see Quarterly Update in *JPS* 152). Scheduled next were White House meetings with PM Netanyahu, Palestinian Authority (PA) pres. Mahmud Abbas, and Egyptian pres. Husni Mubarak (whose envoys were mediating Palestinian national unity talks, and cease-fire and prisoner release negotiations between Israel and Hamas).

Netanyahu was scheduled to visit first, 5/18–19. Since its 3/31/09 inauguration, his government had been engaged in a comprehensive review of Israeli policy, with the intention of issuing its formal government platform timed with the Washington visit (see Quarterly Update in *JPS* 152). Even while the review was underway, however, Netanyahu had laid out a number of strong baseline positions, including: (1) stating that containing the threat from Iran was more important than achieving peace with the Palestinians and the Arab states; (2) demanding a halt to Iran's nuclear program and Palestinian recognition of Israel's right to exist as a Jewish state as preconditions for resuming final status talks with the Palestinians; (3) refusing to express support for a 2-state solution, preferring an "economic peace" aimed at improving Palestinian quality of life and allowing a greater measure of self-rule while maintaining ultimate Israeli security control; (4) vowing continued Israeli settlement construction in the West Bank and East Jerusalem; and (5) pledging that a united Jerusalem would remain under sole Israeli control. The Obama administration, meanwhile, had repeatedly expressed (1) "vigorous" support for a 2-state solution and implementation of the 2003 road map plan, including an immediate and complete halt to Israeli settlement construction in East Jerusalem and the West Bank; and (2) the strong belief that progress toward Israeli-Palestinian peace would put added pressure on Iran to halt its nuclear program, meaning these 2 goals should be pursued in parallel. The U.S. had also strongly urged the Arab states (via King Abdallah) to make gestures to Israel, ideally dropping demands for the Palestinian refugees' right of return and taking preliminary steps toward normalization, to encourage Israel to come to quick final status agreements on all tracks (see Quarterly Update in *JPS* 152). The strong and conflicting positions of the 2 administrations raised concerns

that the Obama-Netanyahu meeting would be tense and could mark the opening of a serious diplomatic dispute.

As Netanyahu prepared to depart for Washington, Israeli DM Ehud Barak (5/16) and Pres. Shimon Peres (5/17) gave public assurances that Netanyahu would abide by Israel's previous agreements with the Palestinians, including the 2003 road map—which they each described as calling for "2 peoples living side by side in peace and security." Peres also stated that progress toward this end would ultimately depend on the outcome of Palestinian national unity talks (i.e., the PA's ability to curb Hamas) and "greater Palestinian efforts to ensure Israel's security." In fact, the 2003 agreement had not called for 2 peoples but 2 states living side by side. While the U.S. did not publicly challenge Israel's new formulation, the lack of official acknowledgment (much less welcoming) of Israel's "assurances" indicated the administration's awareness of Israel's attempt to reinterpret the road map's goal and its unwillingness to paper over core differences with an ambiguous formulation.

Ultimately, Israel did not issue a formal government platform, which allowed Netanyahu a greater margin to avoid public clashes on sensitive issues. The 5/18 talks went forward as planned, with visible policy gaps but no outward tension. Statements issued afterward by Obama and Netanyahu were bland, stressing shared goals of preventing Iran from developing nuclear weapons (see Iran section below) and pursuing peace between Israel and the Palestinians. Netanyahu stated that he was ready to reopen talks with the Palestinians "immediately" regarding limited self-rule, provided the Palestinians first recognized Israel as a Jewish state and agreed to "allow Israel the means to defend itself" (i.e., to retain parts of the West Bank as buffer zones). Obama publicly restated support for the creation of a Palestinian state; reiterated outstanding Israeli responsibilities under existing treaties, including stopping settlement expansion and removing restrictions on Palestinian movement and access; called on Israel to improve the humanitarian situation in Gaza; and said that Arab states had "to be more supportive and be bolder in seeking potential normalization with Israel." The U.S. and Israel agreed to set up 3 working groups that would meet periodically to discuss progress toward:

(1) peace with the Palestinians, (2) normalization with Arab states, and (3) curbing Iran. Netanyahu went on to hold talks with Secy. of State Hilary Clinton (5/18), Defense Secy. Robert Gates (5/19), and leaders of Congress (5/19) that outwardly seemed unremarkable.

Only after Netanyahu returned home did details emerge of the heated nature of the Washington talks (e.g., *Washington Post* [WP] 5/24, *New York Times* [NYT] 5/29, *Ha'Aretz* [HA] 6/11). In the 2-hour closed-door meeting, Obama reportedly pressed Netanyahu to support the creation of a Palestinian state. Netanyahu nuanced his position, stating that Palestinian statehood was still the ultimate goal but far in the future because Palestinian institutions and the Palestinian economy needed to develop and Palestinian education and discourse needed time to evolve to the point of promoting coexistence. Obama pressed Netanyahu to fulfill 2003 road map obligations to halt settlement construction and remove all unauthorized settlement outposts. Netanyahu agreed to consult with his government on taking steps to remove outposts, but said he must allow expansion of authorized West Bank settlements to accommodate natural growth. He agreed to send DM Barak to Washington on 6/1 with a formal Israeli counterproposal on settlements. Netanyahu aides later revealed (HA 6/11) that the PM was “stunned” . . . to hear what seemed like a well-coordinated attack against his stand on settlements . . . from congressional leaders, key lawmakers dealing with foreign relations, and even from a group of Jewish members” of Congress, describing their statements against settlement expansion as “harsh and unequivocal.” Historically strongly pro-Israel rep. Robert Wexler (D-FL) confirmed (5/23) that he had told Netanyahu that the mood on settlements in Washington had changed, stating that for Obama to secure “a substantive down payment on the normalization of relations with Israel” from the Arab states, Israel would have to address settlements “in a serious manner.” Another congressional aide, speaking anonymously, said Jewish lawmakers had felt “it was their responsibility to make [Netanyahu] very, very aware of the concerns of the administration and Congress.” Adding to Israel’s unease, Secy. of State Clinton stated in an interview with al-Jazeera on 5/19 immediately after Netanyahu’s

departure: “We want to see a stop to settlement construction, additions, natural growth—any kind of settlement activity. That is what the president has called for.” Her statements reportedly (NYT 5/29) surprised Israeli officials who thought Obama would keep the settlement dispute private until Netanyahu consulted with his government.

By contrast, Abbas’s first meeting with Obama in Washington on 5/28, just when U.S-Israel relations were particularly tense over the settlement issue (see below), was described by U.S. officials privy to the talks as much more amicable. Obama praised the PA’s stand against forming a unity government with Hamas until it renounced violence and recognized Israel’s right to exist; reiterated strong U.S. support for a 2-state solution as being in the interests of the Palestinians, Israel, and the U.S.; and applauded the PA’s “great progress” on improving security in coordination with U.S. security envoy Lt. Gen. Keith Dayton, though he stressed that Palestinians still had much more to do to meet their requirements of improving security as laid out under the 2003 road map. Afterward, Obama publicly reiterated that Israel must build momentum for peace by halting all settlement activity and alleviating restrictions on Palestinian travel and commerce. Abbas also met with Secy. Clinton and Obama’s national security adviser (NSA) Gen. James Jones.

Meanwhile, Mubarak canceled (5/20) his scheduled visit to Washington on 5/26 after the sudden death of his 12-year-old grandson. Since Obama had already announced that he would give his major address to the Muslim world in Cairo (see below), where the two could consult on the sidelines, the cancellation was not seen as a problem.

Netanyahu Responds to U.S. Pressure

Netanyahu returned from the U.S. eager to change the emerging dynamic and create openings where possible to tone down the U.S. demands, deflect U.S. pressure, and sway Obama to make his 6/4 speech less categorical. In the days immediately following the visit, Israel responded to the U.S. pressure in 4 main ways: (1) laying the groundwork for settlement compromise, (2) counterbalancing this by strongly underscoring Israel’s sovereignty

over Jerusalem, (3) forcefully challenging Obama's interpretation of Israel's road map requirements, and (4) taking modest steps to improve West Bank Palestinians' quality of life as goodwill gestures in line with Netanyahu's vision of an economic peace. This approach was pushed through the end of the quarter.

Seeking a Settlement Freeze Compromise

Immediately upon his return to Israel, before the U.S. pressure on him was revealed, Netanyahu initiated quiet steps aimed at finding an accommodation between the U.S. and right-wing settlement supporters on a settlement freeze. Israeli DM Barak met (5/20) with Jewish settler leaders to emphasize that unauthorized settlement outposts were damaging Israel's foreign relations and the settlers' own cause, stating that the government would remove outposts "if not through dialogue, then through swift and aggressive enforcement." The next day, the IDF evicted (5/21) the 4 settler families comprising the outpost of Maoz Ester (previously evacuated and rebuilt twice) near Ramallah; another 3 tiny outposts near Hebron and Nablus were removed by the IDF on 5/27 and 5/30. All 4 sites were quickly reoccupied by settlers, who vowed to expand them.

Meanwhile, Netanyahu held (5/25) a closed-door meeting with his Likud party to inform them that Israel must sacrifice some outposts in exchange for U.S. support on Iran, asking their backing for a proposal Barak would carry to Obama reviving an unfulfilled 2003 offer to remove 26 of more than 100 unauthorized outposts in exchange for U.S. agreement that natural growth in authorized settlements could continue. Senior Netanyahu advisers, led by Israeli dep. PM and intelligence M Dan Meridor, traveled to London on 5/27 to run the proposal by U.S. special envoy George Mitchell to test the U.S.'s reaction. The meeting, according to Israeli officials (5/27), went "poorly": Mitchell, who had been concentrating on crafting reciprocal Israeli and Arab confidence-building gestures (e.g., Arab states taking normalization steps such as granting visas to Israelis or opening reciprocal trade offices in exchange for Israeli steps on settlements) that could nudge the sides toward final status talks, stated that he would be

unable to secure serious normalization gestures from the Arab states if Israel limited settlement actions to half steps on unauthorized outposts only. A Mitchell aide reaffirmed (5/27) afterward that the U.S. position "hasn't changed one bit and they [Israel] know that. We want them to stop settlement activity." An Israeli spokesman publicly rejected the U.S. call for a total settlement freeze on 5/28.

Separating Jerusalem from the Settlement Issue

While Netanyahu sought to broker a definition of a settlement freeze acceptable to Israel, he simultaneously publicly emphasized that restrictions on construction in East Jerusalem were completely out of the question. He used his Jerusalem Day speech (5/21) marking the 42d anniversary of the "reunification" of Jerusalem to vow that "Jerusalem was always ours and will always be ours. It will never again be partitioned or divided." Underscoring Jerusalem as an executive priority, he also created (5/24) a Ministerial Comm. on Greater Jerusalem Affairs, chaired by himself, to oversee all parliamentary issues regarding Jerusalem as the capital of Israel, including development and welfare plans. Addressing the committee's opening session on 5/24, Netanyahu vowed that Israel would continue to build in existing West Bank settlements but would not authorize new ones.

Redefining Israel's Road Map Obligations

As news of the pressure on Netanyahu during the Washington meetings began to leak, Netanyahu's spokesman Mark Reggev laid out (5/23) Israel's official line that "the issue of settlements is a final status issue, and until there are final status arrangements, it would not be fair to kill normal life inside existing communities," adding that Israel was relying on Obama to uphold secret verbal assurances given by former U.S. pres. George W. Bush to former Israeli PM Ariel Sharon in 5/03 that Israel could continue to expand settlements to accommodate natural growth while peace talks were ongoing and could expect to keep major Jewish settlements under a final status deal. The State Dept. "declined to affirm" these terms on 5/29, while Secy. Clinton reiterated (5/27) that "the president was very clear when PM

Netanyahu was here: He wants to see a stop to settlements—not some settlements, not outposts, not natural growth exceptions.” Former Sharon aide Dov Weisglass pressed the issue publicly (5/31), claiming that Bush and Sharon had agreed to define a “settlement freeze” as (1) no budget allocations to encourage settlements, (2) no expropriation of Palestinian lands for settlements, (3) no new settlements, and (4) no settlement construction outside existing settlement lines, with the sides agreeing to set up a joint committee to define more fully what the existing settlement lines were. Only on this basis, according to Weisglass, did Israel agree to the road map, making these terms effectively part of the deal. An unnamed U.S. official confirmed (5/31) the gist but called the agreement “tentative . . . contingent on drawing up lines,” which “never got done, therefore the [understanding] was never formalized.” (See also the article by Daniel Kurtzer in the Settlement Monitor in this issue.)

On 6/5, Secy. Clinton denied another round of Israeli claims regarding secret Bush-Sharon understandings, stating, “We have the negotiating record, that is the official record, that was turned over to the Obama administration by the outgoing Bush administration. There is no memorialization of any informal and oral agreements.” Even if such understandings were reached, they were not official and therefore “not to be viewed as in any way contradicting the obligations that Israel undertook pursuant to the road map,” which states that Israel in phase 1 “freezes all settlement activity (including natural growth of settlements).” (Weisglass much later, on 7/21, countered Clinton on this point, stating: “There was an agreement,” it was simply “willingly neglected” by both sides. Dep. PM Meridor concurred, adding, “We never had an agreement with the previous administration. We had an agreement with America . . . [that remains] binding on us and them.”)

Pursuing an “Economic Peace”

Netanyahu also quickly took steps to change the measure of Israeli willingness to advance the peace process from halting settlements to improving the Palestinian economy and supporting the PA, albeit in a tightly controlled manner. To this end, he convened (5/27) the first session of his new (created 5/7) Ministerial Comm. on

Improving the Situation of the Palestinian Residents of Judea and Samaria to fast track the review of some 100 West Bank development proposals sought by the PA (many of which had been endorsed at the PA’s 5/08 Bethlehem investment conference; see Quarterly Update in *JPS* 149). While Israel highlighted this as an effort to facilitate Palestinian development, in fact, it underscored Israel’s total control of the West Bank economy. Netanyahu vowed that only “worthy” projects would be approved, with preference given to projects that would be financed with donor aid and would “positively contribute to both sides” (i.e., Israel and the Palestinians). Israeli regional development M Silvan Shalom stressed (5/27) that “the active participation of [Israeli] government ministers is a basic condition for moving forward” on any of the PA’s development plans. Concurrently, Likud MKs held (5/27) a conference to discuss alternatives to a 2-state solution at which Netanyahu’s strategic affairs M Moshe Ya’alon stated that Israelis should stop speaking of a “solution” to the Israeli-Palestinian conflict, but rather speak in terms of “conflict management” and “long-term coping strategies.” Combined, these steps constituted unilateral implementation of Netanyahu’s economic peace, which Obama had already declared insufficient.

In a nod to Obama’s requests to ease restriction on Palestinian movement to help boost the Palestinian economy and quality of life, the IDF announced (6/2) that effective immediately the Atara and al-Tayba checkpoints would no longer be staffed, easing Palestinian movement between the n. West Bank and Ramallah, and between Ramallah and Jericho, respectively. The IDF also began (ca. 6/2) vacating 3 checkpoints around Qalqilya (including completely dismantling 1: Izbet Jalud) and increased the operating hours of 4 main checkpoints around Nablus (Asira al-Shamaliyya, Bayt Iba, Hawara, Shavei Shomron) to around the clock—changes (completed by 6/9) that significantly eased Palestinian travel between Nablus and Qalqilya. The UN Office for the Coordination of Humanitarian Affairs (OCHA) noted (6/11), however, that this easing of checkpoints was consistent with the trend noted last quarter (see Quarterly Update in *JPS* 152) of facilitating Palestinian travel between main population centers while

reinforcing overall control of Palestinian movement and access.

Positions Harden

By the end of 5/09, it was clear that Israel and the U.S. were at loggerheads over the settlement freeze and that the public nature of the debate had not helped matters. Frustrated with Israel's unwillingness to offer a serious compromise, the U.S. reportedly (e.g., *WP* 5/29, *NYT* 6/1, *HA* 6/30) considered escalating diplomatic pressure, including exploring whether Jewish members of Congress would issue a statement declaring that "people in the American Jewish community . . . are sick of settlement activity. The whole zeitgeist has changed," hoping that demonstrating a firm united resolve among the administration, Congress, and the American people would give Netanyahu the leverage he would need at home to convince Israelis that continued settlement construction was not in Israel's interest. (Ultimately, the White House could not secure the backing of enough members to make a statement credible.) The administration also reportedly debated such measures as becoming more critical of Israel in the UN, refraining from instantly vetoing UN Security Council (UNSC) measures critical of Israel, and having Obama make more direct statements opposing settlements. (The U.S. had already imposed restrictions on loan guarantees: Israel had been granted \$9 b. in loan guarantees since 2001, of which \$1.1 b. had been deducted as penalties for settlement and separation wall construction.) The rumors of such steps only seemed to harden Israel's stand.

When Israeli DM Barak traveled to the U.S. as planned on 6/1 for 2 days of talks with Obama, Mitchell, VP Joe Biden, NSA Jones, and Defense Secy. Gates, the meetings, planned in hopes of defusing the settlement dispute, ended in a standoff. Barak presented the same proposal criticized as unworkable by Mitchell on 5/27, adding only an offer to provide the U.S. with regular detailed reports on settlement construction and allow U.S. officials to verify them, saying a regular reporting system could be in place within weeks. Obama and his senior advisers reiterated that anything short of a complete freeze was insufficient. Obama and Netanyahu also faced off in public statements on 6/1. Speaking to National Public Radio (see Doc. D1 in this

issue), Obama repeated U.S. support for a 2-state solution and stated that a freeze on settlements, including natural growth, was part of Israel's road map obligations, adding that part of being a good friend to Israel meant being honest when Israel's actions were "profoundly negative, not only for Israeli interests but also U.S. interests." Briefing the Knesset Foreign Affairs and Defense Comm., Netanyahu again rejected Obama's call for a settlement freeze.

The Israeli public also began losing patience. While the settlement movement had generally muted its response to the IDF's move to shutter small outposts right after Netanyahu's 5/18 meeting (see above) in hopes that the U.S. would respond positively, settlers revived their "price-tag doctrine" of retaliating against Palestinians for any steps to curb settlements (see Quarterly Update in *JPS* 149) when Israel removed (6/1) several tiny settlement outposts near Nablus timed with Barak's arrival in the U.S. Around 100 Jewish settlers from nearby Gilad, Kedumim, and Yitzhar rampaged (6/1) through Palestinian areas, burning large plots of Palestinian olive trees and crops, blocking roads, and ambushing a minivan of 15 Palestinian workers (beating and seriously injuring 6); an Israeli gunman fired (6/1) on a group of Israeli Palestinians at a bus stop in East Jerusalem in an apparently related hate crime, killing 1 and seriously wounding another before being arrested; and settlers declared (6/3) a new unauthorized outpost near Bethlehem. By the eve of Obama's 6/4 speech, Israelis across the political spectrum increasingly expressed a sense that Obama was unduly interfering in Israel's internal politics by taking harsh stands on settlements, with some, especially in Likud, feeling he was attempting to force Netanyahu's government to bring Kadima into a coalition. Even some Kadima members feared that this growing perception might undermine their party's popularity.

Arab nations, meanwhile, unhappy with Netanyahu's hard line, stated (6/2) that Israel must make the first goodwill gesture in response to the 2002 Arab League initiative (such as removing West Bank settlements or endorsing a 2-state solution) before the Arab states could be expected to make another gesture. Saudi Shura Council member Muhammad Abdullah al-Zulfa expressed (6/2) the mood, stating, "What do you expect the Arabs to give without

getting anything in advance, if Israel is still hesitating to accept the idea of two states in itself?" Egyptian spokesman Husam Zaki similarly stated (6/2), "If the Israeli side remains evasive and does not commit to any substantial move to redress the situation and put it on the right track, it is unlikely to see that Arab countries are going to be responsive to any request of gestures." Arab officials did suggest (6/2) that the Arab states would respond to a substantive gesture from Israel by agreeing to participate in multilateral committees on regional issues like trade and security.

Conditions on the Ground

Meanwhile, from 5/16 through 6/3, Israeli-Palestinian violence was tapering from moderate to low (see Chronology for details), though heavy IDF restrictions remained in place. In total, as many as 12 Palestinians (10 in Gaza, 1 in the West Bank, 1 in East Jerusalem) and 1 Jewish settler were killed as a result of the Israeli-Palestinian conflict, bringing the comprehensive toll to 7,528 Palestinians and 1,091 Israelis.

In Gaza, Israel doubled (5/23) its no-go zone along the Gaza side of the border with Israel from 150 to 300 meters, and Israeli naval vessels and soldiers along the border routinely fired on Palestinians who strayed near IDF-declared buffer zones, wounding 2 Palestinian civilians (including a child). Of the 10 Gazans killed during this period, 7 were killed in tunnel-related incidents (6 in collapses; 1 by electrocution); 2 were Islamic Jihad members ambushed by the IDF inside Gaza on 5/22 while laying a roadside bomb; and 1 was a 7-month-old Palestinian boy who died (6/3) of a respiratory infection that doctors believed could have been successfully treated if Israel had approved requests to transfer him abroad for medical treatment. In addition, an 8-year-old Palestinian boy was injured when he accidentally triggered unexploded IDF ordnance (UXO) left from OCL. Palestinians fired several rockets and mortars into Israel (no exact numbers reported), causing no injuries. Only 1 rocket on 5/19 caused damage, prompting the IDF to retaliate with 7 air strikes (5/19) on smuggling tunnels along the Rafah border (injuring at least 1 Palestinian) and Hamas targets in Gaza City (wounding 1). Palestinians also detonated 1 roadside bomb along the border as an IDF patrol passed inside Israel, causing no damage or injuries.

The level of imports permitted by Israel dropped significantly between 5/16 and 6/3, from an average of 106 containers/day to 63 containers/day. By 5/31, Israel had also verbally informed the Palestinian Gas Stations Owners Association in Gaza that it intended to permanently close the Nahal Oz pipeline and crossing within a week and reroute all fuel transfers via new pipelines through the Kerem Shalom crossing (though the infrastructure at Nahal Oz would remain in place), but by the end of the quarter this had not happened.

In the West Bank, the IDF continued frequent late-night arrest raids and house searches, and also demolished 2 homes in and near East Jerusalem. On 5/28, the IDF made a predawn raid on caves in the Hebron hills, killing senior Hamas military commander 'Abd al-Majid Dudin (wanted by Israel since 1995) in an exchange of fire. As noted above, Jewish settler violence against Palestinians increased sharply as of 6/1, possibly including an attack that left 1 Israeli Palestinian dead and 1 wounded in East Jerusalem on 6/2. A Jewish settler found dead near Eli settlement between Ramallah and Nablus on 5/22 may also have been a victim of a hate crime.

Major Policy Speeches by Obama, Netanyahu, and Fayyad

Obama gave his long-anticipated address to the Muslim world in Cairo on 6/4 as planned (see Doc. D2 in this issue). Though only a portion of the 55-minute speech addressed the Arab-Israeli conflict, the prominence and planning that went into the address made all parties view it as Obama's formal policy declaration on the peace process. The president critically assessed past practices of Israel, the Palestinians, and the U.S. without directly apologizing for previous U.S. policy. He referred to Israel's "occupation" as "intolerable" and noted the "daily humiliations—large and small" that Palestinians are made to suffer, but also stressed the U.S.'s "unbreakable bond" with Israel and, referring to the Holocaust and alluding to Iran, stated that "threatening Israel with destruction or repeating the vile stereotypes about Jews is deeply wrong." He reiterated that the U.S. "does not accept the legitimacy of continued Israeli settlements," saying that "it is time for these settlements to stop," balancing these statements with a call on Palestinians to halt violence. He also

strongly reaffirmed support for a 2-state solution, stating that “Israelis must acknowledge that just as Israel’s right to exist cannot be denied, neither can Palestine’s.”

While the invited crowd of 3,000 gave him a standing ovation, many Israelis and U.S. Jews bristled at what they saw as the equivalence drawn between Israeli and Palestinian history and suffering. Pro-Israel members of Congress criticized (6/4) Obama’s conciliatory stand toward the Arab regimes hostile to the U.S., while the Zionist Organization of America issued (6/5) a statement calling Obama’s speech strongly biased and possibly marking “the beginning of a renunciation of America’s strategic alliance with Israel.” Whether supportive or critical, analysts agreed (e.g., *WP* 6/5) that Obama’s clear identification of specific issues such as statehood, settlements, Palestinian freedom of movement, and incitement would lead the parties to start looking for specific improvements, concluding that Obama had “raise[d] the stakes, and the pressure is going to mount to deliver something more than just dialogue.”

En route to Cairo, Obama had stopped (6/3) in Saudi Arabia, where he had appealed to King Abdallah to make overtures to help jumpstart the peace process, bringing him “wish lists” of gestures from the Israeli and PA governments (not detailed, but likely including normalization steps for Israel and disbursement of pledged donor aid for the PA). Talks also touched on regional issues related to Afghanistan, Iran, Iraq, and Pakistan. During Obama’s 1-day Cairo stay, he and Mubarak held (6/4) their postponed private meeting to discuss the peace process and Iran; no details were released. On 6/5, Obama left for Europe for consultations, with no Arab gestures to Israel immediately forthcoming. Israel reportedly (*Washington Times* [*WT*] 6/4) felt snubbed that it had not been included on the itinerary of Obama’s first Middle East visit, adding to bilateral tensions.

Only when he returned to Washington on 6/8 did Obama phone Netanyahu personally to outline his peace goals based on his 6/4 Cairo speech, announcing that special envoy Mitchell would arrive in the region the next day (his fourth trip) to begin work toward meeting them. Mitchell stopped first in Israel to reassure (6/9) officials that there was no fundamental breakdown of Israeli-U.S. relations and that the

U.S. commitment to Israel’s security was “unshakeable,” but he also pressed the settlement issue once again. He then met (6/10) with Abbas and other Palestinian officials in Ramallah, reiterating U.S. support for the creation of a Palestinian state as “the only viable solution” to the Israeli-Palestinian conflict. He also urged the PA to take further steps to meet its road map obligations to reform security and crack down on militant groups. He then headed to Lebanon and Syria for consultations (see Lebanon and Syria sections below).

On 6/14, Netanyahu gave his first major policy speech on Israeli peace and security (see Doc. C1 in this issue), drafted as a rebuttal to Obama’s 6/4 Cairo address and to inject a Zionist narrative of Israel’s creation. In an effort to appease Obama, he agreed for the first time to support the creation of a Palestinian state, but only under a host of “fundamental prerequisites” that would essentially redefine Palestinian sovereignty. For Israel to recognize a Palestinian state and accept a final status agreement, Abbas’s PA would have to (1) meet all of its road map requirements, including halting all incitement and violence and dismantling militant groups; (2) extend control over Gaza and “defeat” Hamas; (3) issue “a public, binding, and unequivocal Palestinian recognition of Israel as the nation state of the Jewish people” and “the right of the Jewish people to a state of their own”; (4) agree that the Palestinian state would be demilitarized, with no air force, army, or heavy weapons, including securing “ironclad” international guarantees that it would remain as such; (5) cede its right to sign treaties with powers hostile to Israel; and (6) grant Israel unfettered access to air space, air waves, and the full electromagnetic spectrum, as well as the right to station Israeli troops on the Palestinian state’s e. and s. borders. Netanyahu also rejected the idea of accepting any Palestinian refugees in Israel and insisted that Jerusalem would remain undivided under sole Israeli control. He pledged that no new settlements would be built and no new confiscations of Palestinian land would be made for settlement expansion, but vowed to continue construction within existing settlements to accommodate “natural growth.”

Though Netanyahu’s positions remained fundamentally unchanged, Obama initially welcomed (6/14) his statements

as an “important step forward” and an endorsement of his own goals for ensuring Israeli security and fulfilling Palestinians’ “legitimate aspirations for a viable state.” PA negotiations adviser Saeb Erakat, however, denounced (6/14) Netanyahu’s positions, saying, “Netanyahu spoke to us of negotiations, but left us with nothing to negotiate as he systematically took nearly every permanent status issue off the table. Nor did he accept a Palestinian state. Instead, he announced a series of conditions and qualifications that render a viable, independent, and sovereign Palestinian state impossible.” Indeed, the only real difference with Netanyahu’s earlier statements was to shift recognition of Israel’s right to exist as a Jewish state from a precondition for negotiations with the Palestinians (see Quarterly Update in *JPS* 152) to a precondition for an agreement with them. Obama backtracked slightly on 6/15, stating that “overall, I thought there was some positive movement” in Netanyahu’s speech, “at least the possibility we can restart serious talks.”

Ron Pundak, a member of the Israeli negotiating team that reached the 1993 Oslo accords, noted (*WP* 6/24) that “the issue of the characteristics of our state was never an issue” until around 2007: As a side letter to the 9/93 accord, Yasir Arafat gave Yitzhak Rabin a letter stating that “the PLO recognizes the right of the State of Israel to live in peace and security,” and this was seen as enough. Any further recognition was viewed as something to be tackled at the end of final status negotiations. Palestinians noted that Egypt and Jordan were not asked to recognize Israel’s right to exist as a Jewish state and that Netanyahu advisers themselves had said they would not make such demands of Syria if talks resumed. Israel’s incoming amb. to the U.S. Michael Oren said (ca. 6/23) that recognition was a “super-core issue” for Netanyahu, defining the fundamental basis of the conflict, which Netanyahu viewed as the Arabs’ refusal to accept the 1947 partition plan to divide Mandatory Palestine into Arab and Jewish states.

On 6/22, PA PM Salam Fayyad (seen as a potential challenger to Abbas in upcoming PA elections, tentatively set for 1/2010) gave an address (see Doc. B1 in this issue) intended in part as a response to Obama and Netanyahu, calling for the establishment of a Palestinian state within 2 years,

a timeline he considered possible if Israel stuck to its road map commitments, if the PA built up its civic and government institutions (a nod to Netanyahu’s 5/18 Washington demands; see “Netanyahu and Obama Face Fundamental Differences” above), and if the international community supported and pressed for implementation. (Fayyad’s call was expanded and given in detail in the PA’s 13th government platform issued just after the close of the quarter; see Doc. B4 and the Fayyad interview in this issue.) He also urged Palestinian factions (alluding especially to Hamas) to take advantage of growing international support for the creation of a state by recognizing the PA as the sole entity responsible for Palestinian security and the institutional basis of a future state. The address was given at al-Quds University in Abu Dis in symbolic reference to the Palestinian claims on East Jerusalem as the capital of a Palestinian state. Israel did not comment. Meanwhile, Abbas limited his statements to an op-ed in the Israeli daily *Ha’Aretz* (6/16), assuring Israelis that the PA had made significant strides in improving West Bank security in fulfillment of its road map obligations, stating that the time had come for Israel to freeze settlements as the road map required of it. He also called on the U.S. to enforce the road map implementation.

The U.S.-Israeli Settlement Dispute Takes Center Stage

Over the next several weeks, through the end of 7/09, public attention centered on the U.S.-Israeli clash over a settlement freeze, which, thanks to the leaks following Netanyahu’s 5/18 visit, played out under a media spotlight. Since both Obama and Netanyahu in their 6/09 speeches had firmly and publicly laid out their opposing positions in moralistic and philosophical tones, it was very hard for either to back down and reach a compromise.

Soon after Netanyahu’s 6/14 address, Israeli FM Avigdor Lieberman was dispatched to the U.S. (6/17–21) to reiterate Israel’s position on settlements yet again, without offering anything new. Lieberman’s meeting (6/17) with Secy. of State Clinton and NSA Jones (Obama refused a request to meet) was described (*Financial Times* 6/18) as “one of the most tense encounters between the sides for several years,” with Lieberman dismissing

Clinton's call to end settlement expansion completely and Clinton again rejecting (privately and publicly) Lieberman's claims that the Bush administration had secretly authorized Israel to continue expanding existing settlements. Lieberman also met with congressional leaders in Washington before heading to New York to meet with UN Secy.-Gen. Ban Ki-moon, the Council of Presidents of Major American Jewish Organizations (CPMAJO), and other U.S. Jewish leaders to explain Israel's position.

Israel's opening stand having once again been rejected by the U.S., Netanyahu canceled (6/23) a planned 6/25 meeting with Mitchell in Paris (on the sidelines of talks with French pres. Nicholas Sarkozy), saying DM Barak would meet Mitchell in Washington on 6/30 instead to give Israel and the U.S. more time to bridge gaps on settlements and other issues. Days later, Quartet reps. and G8 FMs meeting in Italy issued (6/26) separate statements increasing pressure on Israel by endorsing Obama's call for an immediate settlement freeze, including a halt to natural growth, as well as an "unequivocal end to violence and terrorism" by both Israelis and Palestinians.

To generate goodwill in the run-up to Barak's trip, Israel took at least 5 significant steps between 6/23 and 6/30 to ease freedom of movement and support the PA: First, it scaled back (6/25) IDF operations in the West Bank, allowing the PA security forces (PASF) greater leeway to patrol in areas A and B. Second, Israel allowed 3 days (6/27-29) of significant Palestinian transit across the Rafah border, mostly medical cases (a total of 1,518 Palestinians traveling into Egypt and 3,160 returning to Gaza). Third, Israel revoked the "back-to-back" and permit systems imposed on commercial trucks entering Nablus and facilitated the travel of Israeli Palestinians to Nablus for shopping. This move, in combination with earlier steps to open checkpoints around Nablus, prompted OCHA to report (6/29) the "gradual revival" of the Nablus economy. (By 6/29, the value of weekly sales in Nablus had doubled since the start of the quarter; the number of Israeli Palestinian shoppers had increased from a few 100/week to around 3,000/week; and the number of commercial trucks bringing goods into Nablus had increased from 250/week to 750/week.) Fourth, Israel removed or reduced staffing

at a number of major IDF checkpoints elsewhere in the West Bank, significantly improving Palestinian travel between the towns of Jericho, Nablus, Qalqilya, and Ramallah (though the total number of West Bank barriers to Palestinian travel fell only slightly, from around 630 as of 5/16 to 613 as of 6/24, holding steady at that level through the end of the quarter). Fifth, Israel released elected Hamas-affiliated Palestinian Council speaker 'Aziz Dwayk, jailed nearly 3 years earlier during an IDF arrest sweep targeting Hamas leaders in the wake of the capture of IDF cpl. Gilad Shalit. This last move sparked speculation that a Hamas-Israeli prisoner exchange deal to free Shalit was imminent, although formal Israeli-Hamas talks were not reported this quarter.

At the same time, however, Israel continued to create facts on the ground that would influence the contours of Israel's final borders: OCHA reported 6/09 as having the highest monthly level of Israeli demolitions in West Bank area C since OCHA began keeping records in 2005—109 structures and 27 residential tents demolished, displacing 162 Palestinians, mostly around East Jerusalem and in the n. Jordan Valley (see Chronology for details). In addition, Israeli authorities declared (6/26) a total of 138,500 dunams (d.; 4 d. = 1 acre), 2% of West Bank land, near the Dead Sea as "state land," ordering Palestinians to place ownership claims within 45 days or consider the land forfeited. (Israel's Custodian of State Property argued that the lands were originally part of the Dead Sea but had been uncovered as a result of evaporation, and that the government had registered them to prevent the land from being taken over by private individuals.) The IDF razed (6/23) 500 d. of Palestinian land in Issawiyya on the outskirts of Jerusalem to "preserve the natural beauty of the city [i.e., Jerusalem]." Also near Jerusalem, the Israeli High Court approved (6/29) construction of the first 50 of 1,450 housing units in Adam settlement, intended to house families to be resettled from the unauthorized outpost of Migron (see Quarterly Update in *JPS* 151). In addition, Israeli internal security M Yitzhak Aharonovitch (Yisrael Beitainu) made (6/23) a highly controversial 90-minute visit to the al-Aqsa Mosque compound, including entering the mosque, allegedly to "review police deployments" at the site. He claimed

his visit was coordinated with Muslim authorities, but Waqf officials denied this. (A similar visit to the compound by Ariel Sharon in 9/00 sparked the al-Aqsa intifada.)

Further offsetting the goodwill gestures, Netanyahu during his Paris visit stressed (6/25) long-standing demands now repackaged as his 5 principles for resuming final status talks with the Palestinians and called on the international community to endorse them: (1) Palestinian recognition of Israel as a Jewish state, (2) demilitarization of a Palestinian state, (3) international guarantees that Israeli-Palestinian agreements would be implemented; (4) solving the Palestinian refugee issue "outside Israel's borders"; and (5) acceptance that a final status agreement would constitute an end to all Palestinian claims against Israel. (He went into further details on these points in an address to the Knesset on 7/22; see Doc. C3 in this issue.)

DM Barak came to Washington on 6/29, portraying Israel (*NYT* 6/29) as "being driven to its knees and delivered to the other side, rather than asked to join in a shared effort" to reach peace, but nonetheless willing to make painful compromises for the sake of peace. As evidence of the latter, he pointed to recent moves to dismantle tiny settlement outposts, ease restrictions on West Bank transit, and expand control of the PASF, and suggested that it was time for the U.S. and the Arab states to reduce their demands in return. He offered (6/30) Mitchell a "complete freeze" on settlement construction for 3–6 months provided that the Arab states reciprocated with immediate confidence-building gestures (e.g., allowing overflights of Israeli planes, granting limited academic and tourist exchanges, permitting Israeli citizens to transit through airports). The "complete freeze" would include new construction to accommodate natural growth but exclude construction already underway (around 2,000 buildings) and construction in East Jerusalem. After 4 hours of talks, U.S. officials rejected the offer, stating that "we have not changed our position at all. Nor has the president authorized any negotiating room."

Barak and Mitchell met again briefly in London on 7/6 to exchange more details on how Israel intended to address the settlement and the 2-state issues, and what the U.S. expected to secure in terms of Arab movement toward normalization and

Palestinian steps on security and ending incitement. No details were released. Afterward, they separately stated (7/6) that the exchange had been constructive but did not involve substantive progress. Mitchell made another swing through the region in late 7/09, holding further talks with Israeli and Palestinian officials, including Abbas (7/27) and Netanyahu (7/28); once again no progress was reported and no details were released. (Mitchell's talks with Israeli leaders dealt not only with the Israeli-Palestinian peace track but also with the Israeli-Syrian track and Iran.) The meetings marked a milestone of sorts, however, for successfully pushing the settlement discussion back behind closed doors and restricting the media coverage with the aim of cooling the debate.

Publicly, Israel continued to play up small steps toward removing settlement outposts, while simultaneously making significant moves to secure control of Jerusalem. The IDF, Israeli border police, and police held (ca. 7/15) joint exercises to role-play evacuating unauthorized settlement outposts. The IDF then demolished several structures in 4 outposts on 7/20 and 7/27. When Jewish settlers declared 11 new outposts (to symbolize the 11 settlements established by Zionists in the Negev in 1946 in defiance of British prohibition) timed with the Mitchell-Netanyahu meeting (7/28), the IDF quickly removed most if not all of them.

Meanwhile, Israel approved (ca. 7/12) U.S. developer Irving Moskowitz's controversial plans to build 20 Jewish settler housing units on the site of the Shepherd Hotel, an absentee property in East Jerusalem's Shaykh Jarrah neighborhood leased by the government in 1985 (and a former residence of the Mufti of Jerusalem). Clinton delivered a formal U.S. protest concerning the Shepherd Hotel project to Israel's amb. to the U.S., but did so in a private meeting at the State Dept. in keeping with new efforts to play down the spat over settlements. When Netanyahu used his weekly cabinet session on 7/19 to issue a strong public rejection of the heretofore unpublicized U.S. protest, Clinton refused (7/19) to comment, saying negotiations on settlements were "intense and ongoing."

Israel also publicized (7/23) that the first occupants (many of them American Jews from Miami) had moved into the new, upscale East Jerusalem settlement

Nof Zion in the Palestinian neighborhood of Jabal Mukabir. The government then facilitated settler attempts (7/26-8/1) to seize 4 Palestinian properties in Shaykh Jarrah. After settlers evicted Palestinian families from 2 of them (the Farhan and Hijazi properties), an Israeli court ruled (7/28) that the settlers could remain in, and build on, the sites until a court date to decide ownership, set for 9/09. In the case of the 2 other sites (the Ghawi and Hanun properties), the Israeli High Court ruled (8/1) that Israeli police could evict the Palestinian families and allow settlers to take up residence before a court hearing to decide on the authenticity of the settlers' deeds. (The evictions were carried out before dawn on 8/2, leaving 52 Palestinians, including 20 children, homeless.) Settlers occupied but voluntarily evacuated (7/27) a fifth Shaykh Jarrah site (the Abu Diyab property). The U.S., along with Britain and the UN special coordinator for the Middle East Robert Serry, publicly criticized the 8/2 Shaykh Jarrah evictions as, in Serry's words, "heighten[ing] tensions and undermin[ing] international efforts to create conditions for . . . achiev[ing] peace." The other incidents went without public comment by the U.S.

Significant Developments in the Background

While the U.S.-Israeli settlement dispute led the news, the Obama administration was actively pursuing a broader regional peace, including encouraging reactivation of the Syrian-Israeli peace track (see Syria section below), containing Iran (see Iran section below), maintaining channels of communication with Arab states to encourage peace gestures and assure them that their interests would be taken into account, nudging the Palestinians to take further steps to fulfill their road map obligations (particularly security reform), and advocating (though not pressuring for) continued reconciliation talks among the Palestinian factions and permanent ceasefire talks between Hamas and Israel. (For more details on how the U.S. envisioned these pieces coming together in a "grand bargain" to secure regional peace, see the Quarterly Update in *JPS* 152.)

Though little reported in the press, at least 3 significant developments affecting the Israeli-Palestinian track quietly unfolded during 6/09 and 7/09, in the background of the U.S.-Israeli settlement

dispute. These included: a semi-official U.S. overture to Hamas; U.S. lobbying of Arab states to take normalization steps; and the drafting by senior Israeli and Palestinian experts of an unofficial draft security annex addressing final status issues, circulated to the PA, U.S., EU, and some Arab states for serious consideration.

A U.S. Opening to Hamas?

Following Obama's 6/4 Cairo speech, there were indications that the Obama administration was quietly considering opening contact with Hamas's political leadership. (The previous Bush administration had declared Hamas in both its political and military wings to be a "terrorist organization" in 1/95.) Indeed, Obama had created an indirect opening to Hamas in the Cairo speech itself, acknowledging that Hamas had a significant Palestinian following and indicating that it could become a valid player if it assumed its responsibilities, including halting violence and recognizing Israel's right to exist (an allusion to the 1/06 Quartet demands). On 7/15, senior Hamas official Bassem Naim revealed that he and Hamas's acting FM in Gaza, Mahmud Zahhar, had met with former senior U.S. diplomat Thomas Pickering in Switzerland in 6/09, shortly after the 6/4 speech, to examine the possibility of opening formal contacts "without any commitment on any side." The U.S. denied (7/15) Naim's claims that Pickering's advance had been officially sanctioned, saying Pickering had met with the Hamas officials of his own initiative and briefed the administration of his impressions after the fact, emphasizing that the U.S. continued to classify Hamas as a "terrorist organization."

Soon after the Swiss meeting, former U.S. pres. Jimmy Carter made (6/16) a private trip to Gaza to survey the damage from OCL, during which he met with Hamas's acting PM Ismail Haniyeh. Carter called on Israel to lift the siege of Gaza immediately, stating that "Never before in history has a large community been savaged by bombs and missiles, and then deprived of the means to repair itself." He also stated that Israel was treating Gazans "more like animals than human beings." Carter urged Hamas to find a way to fulfill the 1/06 Quartet demands so that it might join peace talks, adding that Hamas had already made statements and taken actions indicating willingness to do so. Carter, who

earlier on his tour had visited Syria, the West Bank, and Israel, also delivered Haniyeh a letter from the family of captured IDF soldier Gilad Shalit.

On 6/25, Damascus-based Hamas leader Khalid Mishal, apparently encouraged by the Carter and Pickering initiatives, issued a public statement that Hamas welcomed Obama's approach to the region as laid out in his 6/4 speech and hoped it would be a first step toward direct U.S.-Hamas dialogue. Secy. of State Clinton reaffirmed (7/15) that the U.S. would expect Hamas to abide by the 1/06 Quartet demands before the U.S. would sanction official contact.

Securing Gestures from the Arab States

Meanwhile, Mitchell and Clinton worked steadily behind the scenes to persuade the Arab states to make gestures toward normalization so as to encourage Israel to take partial steps toward peace, such as halting settlement construction. If they were not willing to implement any steps at present, the U.S. hoped they would at least give Israel a concrete picture of what normalization in exchange for peace would entail. Mitchell made a side trip to Abu Dhabi ca. 7/25 to push this agenda, and Obama reportedly (*WP* 8/1) made this appeal in letters to Arab leaders (exact dates not released). The only product of this diplomacy was an op-ed piece in the *Washington Post* (7/16) by Bahrain's crown prince Shaykh Salman bin Hamad al-Khalifa in which he appealed in his own words to the Arab states to implement the U.S. suggestion, though linking it to the 2002 Arab League initiative to reconcile U.S. requests with Arab demands. No Arab states responded to the call during the quarter.

The U.S. was particularly keen for Saudi Arabia to take the lead on normalization, to which the kingdom had been opposed. Clinton pressed the issue with Saudi Arabia's FM Prince Saud al-Faisal during his visit to Washington on 7/31. Timed to coincide with the visit, 225 House reps. sent (7/31) a letter to King Abdallah calling on Saudi Arabia to make "a dramatic gesture toward Israel" to spur the peace process forward. (A companion letter signed by 71 senators was sent on 8/7.) After meeting with Clinton, Prince Saud publicly praised Obama's "early and robust" efforts on the peace process but strongly rejected the

idea of trading peace gestures to jump start the process, saying that the Arab states firmly believed that temporary measures and partial steps would not bring peace and that the onus was on Israel to act. Jordanian FM Nasir Judah echoed Saud's statements in his meeting with Clinton in Washington on 8/3, saying that confidence-building measures and intermediate steps were not sufficient to produce a lasting peace.

An Israeli-Palestinian Draft Security Agreement

Also behind the scenes, a group of leading Israeli and Palestinian experts (including close advisers to Abbas and former officials from both sides involved in previous formal negotiations) revived efforts to draft comprehensive final status security arrangements based on their unofficial 2003 draft peace agreement, the Geneva Accord (see special document and Quarterly Update in *JPS* 130). The experts reportedly (*Yedi'ot Abaronot* 7/24) had been inspired to revive the 2003 plan in 5/09, after senior White House advisers commented that Obama saw the Geneva Accord as the obvious basis of any final status agreement. The goal then became to revise and flesh out the 2003 outline to make the security arrangements line up with the PA security training received under the Dayton mission and Netanyahu's demand that a Palestinian state be "nonmilitarized." By late 7/09, the teams reportedly had drawn up "a detailed security annex" that had been reviewed unofficially by the Pentagon, the White House, and the FMins. of Britain, France, Egypt, and Jordan. While Abbas reportedly closely followed the discussion and endorsed the draft, the Netanyahu government apparently did not participate officially or comment.

Israeli-Palestinian Violence Declines, Movement Improves

Between 6/4 and 8/2, direct Israeli-Palestinian clashes declined markedly, largely due to a scaling back of IDF operations. Nonetheless, Palestinian casualties increased significantly, especially in Gaza where 24 Palestinians were killed compared to 2 in the West Bank. (No Israelis died during this period.) Of the 24 Gazans, 15 were killed in tunnel-related incidents (14 in collapses; 1 by electrocution) in which at least another 26 Palestinians

were injured. (The UN attributed the high casualties to a dramatic increase in the number of tunnels under the Rafah border, many of them built hastily after OCL, estimating that as of 7/30 about 600 tunnels employed 1,000s of Gazans to import “almost all possible goods” barred by Israel, including construction material, livestock, food, fuel, cash, and weapons.) Another 4 of the Gaza deaths were members of the Soldiers of the Companions of God (SCG; a militant Salafist group that emerged in 11/08, claiming to take inspiration from al-Qa’ida) who were killed in a major exchange of fire with the IDF near the Nahal Oz crossing on 6/8. Another 2 cross-border exchanges of fire (6/29, 7/2) between the IDF and Palestinian militants left 1 Palestinian child dead and 3 Palestinians (including at least 1 civilian) wounded. A disabled Palestinian was fatally shot (7/19) by the IDF when troops made an incursion into Gaza City for unknown reasons. Two Palestinians died (6/5, 6/14) of injuries sustained during OCL. In addition, the body of a Palestinian shepherd missing since 4/09 was found (6/14) near the Gaza border fence, apparently shot by the IDF when he strayed near the fence.

Palestinian fire from Gaza into Israel declined significantly (including a total lull from 7/3 to at least 7/29), causing no damage or injuries. Most was mortar fire, the IDF itself reporting (see *NYT* 7/24) that during 6/09, Palestinians fired only 2 rockets from Gaza into Israel (IDF figures for 7/09 were not available). The IDF made (6/13) 2 air strikes on smuggling tunnels on the Rafah border in retaliation, causing no reported injuries. Between 6/4 and 8/2, Palestinians also detonated 4 roadside bombs along the border fence, causing no damage or injuries. The Israeli navy continued occasionally to fire on and halt Palestinian fishing boats, as well as a boat organized by the Free Gaza Movement that attempted to run (6/30) the Israeli blockade with a shipment of humanitarian aid. The IDF made 4 incursions into Gaza (7/14, 7/21, 7/25, 7/28) to clear lines of sight.

The overall state of siege remained little changed. Israel, which had reduced the permitted Gaza fishing zone to 3 nautical miles last quarter, further restricted (7/26) the zone off the Bayt Lahiya coast to 500–1,000 m. The level of imports permitted by Israel between 6/1 and 6/15 rose

steadily from an average of 63 containers/day to 112 containers/day (still far below the 500 containers/day necessary to meet basic needs), and then declined steadily to 71 containers per day by 7/28. On 7/27, Israel, acknowledging that the Gazan demand for diesel and gasoline was being fully met by fuel smuggled from Egypt, allowed limited quantities of such fuel for personal vehicles into Gaza for the first time since 11/08; the imports were to test if there was any demand left for “legally imported” Israeli fuel, which costs twice as much as smuggled fuel. Israel approved (7/29) the one-time import of cement and steel for 3 construction projects, including a flour mill, but significant construction material to repair the damage from OLC remained banned. Electricity levels and access remained unchanged, though the summer weather setting in represented a worsening of conditions: 90% of Gazans experienced daily power cuts of 4–6 hours/day in 7/09, while the other 10% received no power. With the exception of the 3-day surge (6/27–29) in medical cases Israel allowed through Rafah, transit across Gaza’s borders continued at the same low level.

In the West Bank, OCHA reported a significant decline in Palestinian injuries due to IDF activity as of mid-6/09 through the end of the quarter, with most violence occurring during weekly Palestinian demonstrations against the separation wall (see “Separation Wall” below). The decline was largely due to the IDF turning over patrols to the newly minted PASF trained under Dayton (see “PA Raids on Hamas in Qalqilya” below). While late-night IDF arrest raids and house searches continued, rates were relatively low (around 20/day) and the number of Palestinians detained per arrest sweep was down significantly (exact figures not given). Israel also continued to ease restrictions on Palestinian movement, especially around Nablus, and opened the Allenby Bridge crossing to Jordan around the clock to improve trade. Israeli house demolitions continued apace, mostly in East Jerusalem and the Jordan Valley. The 2 West Bank Palestinians killed as a result of the ongoing conflict included a Palestinian fatally shot by IDF soldiers during a separation wall protest in Ni’lin (7 were wounded) and a 15-year-old Palestinian boy in Qalqilya hanged (6/10) as a collaborator.

Mitchell Encourages a More Positive Outlook

In many ways, the quarter constituted a learning experience for the new Israeli and U.S. administrations, the lesson being that the public airing of differences and iteration of unshakeable demands were deeply counterproductive to achieving ultimate aims. By late-7/09 the combination of secluding peace efforts from the media and the emerging quiet on the ground seemed to be creating an atmosphere more conducive to peace efforts.

On 8/3, Mitchell declared that the press portrayal of ongoing talks with Israelis and Arabs on reviving the peace process had been far more negative than the reality, stressing that the U.S. was asking both Israel and the Arab states to take significant steps, and that both sides were more forthcoming in their private responses than in their public statements (the 7/31 response of the Saudi FM was cited as an example). Mitchell stated that the U.S. planned to launch a public relations campaign in Israel and the Arab world in the coming weeks to elucidate U.S. plans for a comprehensive peace and “reframe a policy that has been overly defined by the American pressure on Israel to halt settlement construction.” Through the end of the quarter, no further major meetings were held and little else was reported on Mitchell’s quiet diplomacy. Focus instead shifted to Fatah’s long-delayed sixth General Conference, which opened on 8/4 and lasted almost to the end of the quarter (see “Fatah General Conference” below).

By 8/15, the situation on the ground was unusually calm: Israel opened the Rafah border for the transit of more medical cases, allowing 5,082 Palestinians out to Egypt and 4,054 into Gaza between 8/3 and the end of the quarter. Imports into Gaza crept up slightly to 94 containers/day. Casualties were down and confined to Gaza, and largely not the product of direct engagements: 5 more Palestinians were killed and 5 injured in tunnel collapses; 2 Gazan boys were injured by IDF UXO from OCL; and a 12-year-old Palestinian boy on the Rafah beach was seriously wounded by Israeli naval fire on nearby fishing vessels. During the same 12-day period, Palestinians fired only 2 mortars from Gaza at the IDF post at Erez, causing no damage or injuries (the IDF responded with 2 air strikes on the Rafah border, the first since

6/13, causing no injuries); little anti-Israeli violence was taking place in, or emanating from, the West Bank; and the Lebanon border was totally quiet. Despite this, the *New York Times* on 8/12 noted that Israel’s “airwaves and public discourse are filled with menace and concern,” with myriad warnings about the extreme threat from Iran and highlighting tensions with the U.S. over settlements. Dep. FM Daniel Ayalon warned (8/12) that Israel was experiencing “a deceptive quiet. . . . When a sunny day turns cloudy, it can happen very quickly.”

Intifada Data and Trends

In perhaps the quietest quarter since the outbreak of the al-Aqsa intifada in 9/00, there were no Israeli assassinations, no Palestinian suicide attacks, and no heavy exchanges reported. The incidence of Palestinian rocket and mortar fire was among the lowest since such fire began in 2002, and Israel carried out only 4 air strikes on smuggling tunnels on the Rafah border in largely symbolic retaliation (though at least 1 injury was reported). As noted above, the overwhelming majority of Palestinian fatalities were the result of tunnel collapses, which, while a direct result of Israeli policies against the Palestinians, were not products of active engagement by the IDF, which scaled back operations significantly in the West Bank and Gaza.

During the quarter, at least 37 Palestinians and 1 Israeli were killed in Israeli-Palestinian violence (compared to 41 Palestinians and 4 Israelis last quarter), bringing the toll at 8/15 to at least 7,553 Palestinians (including 51 Israeli Arabs and 19 unidentified Arab cross-border infiltrators), 1,091 Israelis (including 348 IDF soldiers and security personnel, 215 settlers, 528 civilians), and 64 foreign nationals (including 2 British suicide bombers).

The private U.S. Comm. for Refugees and Immigrants issued (6/17) its 2009 World Refugee Survey, noting that the 2.1 m. registered Palestinian refugees constitute the world’s largest and longest-suffering refugee population. The report ranked Gazan refugees among the most deprived refugee groups in terms of physical protection, access to courts, freedom of movement and resistance, and the right to earn a living based on standards set by the 1951 UN Refugee Convention.

Israel reported (ca. 6/7) that more than 16% of the West Bank labor force (47,868

workers) was currently employed in Israel, providing economic support to 15–20% of the West Bank population.

House Demolition, Land Leveling, and Judaization of Jerusalem

While overall violence was down this quarter, Israel proceeded with its Judaization measures, including house demolitions. In total this quarter, the IDF demolished 9 Palestinian homes completely and 3 partially, all in East Jerusalem, marking a marginal increase from last quarter. Israel also began (as of 6/11) forcing Palestinians to demolish their own homes, threatening them with substantial fines (up to \$5,000) if the IDF were left to implement the demolition order. In 2 incidents (7/13, 7/18), the IDF demolished homes even though the owners had paid \$17,500 and \$25,000 in fines, respectively, levied by Israel for having built the homes without permits.

In addition, OCHA reported (see monthly Humanitarian Reports) that Israel demolished Palestinian structures in West Bank area C at a record pace during 6/09 and 7/09, especially in areas bordering East Jerusalem and the Jordan Valley that Israel intends to keep under final status. For example, the IDF partially bulldozed (6/4, 6/17) 2 Bedouin tent communities in the n. Jordan Valley (displacing 128 Palestinians, including at least 66 children, in the 6/4 incident alone; totals for the other incident were not reported) and 1 along the Ramallah-Jericho road (displacing 50 Palestinians, including 32 children). OCHA noted (6/29) that more than 80% of all Palestinians displaced in area C in 2009 were removed from areas the IDF had recently declared closed military zones, indicating a “clear trend” in Israel’s method of confiscating land. OCHA also reported (Humanitarian Report 7/09) a significant increase in the number of stop-work and demolition orders issued to Palestinians in the Jordan Valley (affecting 314 Bedouins, including at least 168 children, in al-Hadidiyya, Khirbat al-Ras al-Ahmar, and Khirbat Samra). The Palestinian Center for Human Rights (PCHR) noted (7/5) a similar increase in demolition orders issued for homes in Silwan (East Jerusalem) and the Bethlehem district. Though none of the new orders were implemented this quarter, the UN feared the communities were in jeopardy. As of 7/31/09, more than 3,000 Palestinian structures in the West Bank had demolition

orders pending against them that could be implemented at any time.

In addition to the various Israeli moves to Judaize Jerusalem mentioned above, Israeli authorities removed (early 7/09) remains from 300 graves at the Mamilla cemetery, one of the most important Muslim cemeteries in the region, located near the Jaffa Gate at the w. (main) entrance to the Old City, to make way for construction of Israel’s national Tolerance Museum; the remains were reburied in a mass grave elsewhere.

Israel also took steps to curb Palestinian political expression in Jerusalem, especially prohibiting Palestinian celebration in East Jerusalem of the Arab League’s designation of Jerusalem as the Arab cultural capital of 2009 (see Quarterly Update in *JPS* 152). For example, Israeli police raided (7/5) the East Jerusalem offices of a Palestinian folklore music group and banned upcoming performances celebrating Jerusalem as a cultural capital, stating that the shows constituted illegal Palestinian political activity. Israeli police broke up (7/16) a press conference held by al-Hamra Castle hotel to open an art exhibit celebrating Arab Jerusalem and attended by several PA officials for the same stated reason. Israeli authorities also raided (7/16) East Jerusalem’s Nidal Center for Community Development, closing it until 8/11/09 for “supporting terror activities” (not further described).

Israeli authorities also harassed Palestinian figures in Jerusalem: On 7/9, Israeli police stormed (7/9) the al-Aqsa Mosque compound, detained employee ‘Ali ‘Umar al-‘Abbasi, and deposited him on the West Bank side of the Hizma checkpoint, stating he did not have valid Jerusalem residency documents. ‘Abbasi was born in Jerusalem and had lived with his family near the mosque, working there for more than 20 years. On 7/15, the IDF made a late-night raid on the Bethlehem home of PA pres. Abbas’s adviser Brig. Kifah Barakat, stating that he had “overstepped red lines” in Jerusalem (not further explained).

Also of note, Israeli mayor of Jerusalem Nir Barkat withdrew (7/23) his municipal master plan for Jerusalem (submitted to the Interior Min. on 5/5/09) after the Interior Min. indicated (ca. 6/15) that it would not act on it. Barkat had been under pressure from right-wing activists and city council members who complained that the

plan authorized too much construction in East Jerusalem for Palestinian residents and not enough for Jewish neighborhoods (see Quarterly Update in *JPS* 152 for details).

West Bank Movement and Access

As noted above, Israel significantly improved Palestinian travel between major towns in the n. West Bank as a goodwill gesture to Obama, with the IDF removing structures at some large crossings, reducing checkpoint staffing, and removing earthen mounds on secondary routes. According to OCHA, by 6/24: 1 of the 7 checkpoints around Nablus was no longer staffed full time and had been partially dismantled, while the other 6 checkpoints were intact but permit requirements on Palestinians leaving the city had been lifted; in Qalqilya, 1 of 2 checkpoints controlling access to the city had been totally removed (Izbat Jalud), the other was no longer permanently staffed, and soldiers when present were not stopping traffic; the Ramallah checkpoint controlling travel northward was no longer staffed permanently, but those controlling access from the s. (Qalandia, Jaba), e. (Beit El), and w. (Beitunia, for goods only) were unchanged; the main checkpoint controlling access to Jenin (Tayasir) was operating around the clock; the main checkpoint controlling access to Jericho from the s. (DCO checkpoint) was unstaffed and most infrastructure had been removed, but checkpoints controlling access from the n. and e. were unchanged. Throughout the West Bank, however, OCHA still reported (and the IDF corroborated, 6/29) a total of 613 barriers to Palestinian travel (68 permanently staffed, only 5 fewer than 1 month before; 24 staffed part time; and 521 unmanned), down only slightly from the approximately 630 reported last quarter. In addition, there were 84 obstacles to Palestinian movement inside Hebron and an average of around 70 flying checkpoints set up across the West Bank each week. These figures remained steady through the end of the quarter. Israel also allowed (7/8) the Allenby Bridge crossing between the West Bank and Jordan to remain open 24 hours/day for a 2-month trial period.

The UN reported (8/09) that Israeli border officials had recently begun using new visa stamps for foreigners entering the West Bank that said either "Israel only" or "Palestinian Authority areas only," requiring some

to sign pledges that they would not enter PA areas without prior approval, under penalty of legal action. The change marked the first enforcement of a 2006 order aimed at tightening control of access to Palestinian areas. It was unclear whether PA areas were defined as only the Oslo Accord area A (full PA control) or areas A and B (full and partial PA control). The U.S. formally protested (ca. 8/15) after U.S. citizens of Palestinian background were denied West Bank visas at Ben-Gurion airport.

By 6/16, Israel, citing security concerns, imposed new restrictions on Gazans residing in the West Bank, threatening to reclassify 1,000s of them as "illegal aliens," making them vulnerable to expulsion to Gaza. Prior to the outbreak of the al-Aqsa intifada in 2000, Israel required no special permit for Gazans to stay in the West Bank, only a permit to transit from Gaza to the West Bank via Israel (in keeping with Oslo obligations to recognize the West Bank and Gaza as a single territorial unit). After the outbreak of the al-Aqsa intifada in 9/00, Israel increasingly delayed or rejected Gazans' requests to travel to the West Bank to study (even revoking some student exit permits after they were issued) and virtually stopped approving Gazan requests to officially relocate to the West Bank for family reunification, typically only approving entry to Israel for 1 day to ensure that visits would be brief. By 2003, with its new policy to divide the West Bank and Gaza, Israel began routinely deporting Gaza residents who were detained during West Bank operations, even if they had been living in the West Bank for years and had entered the West Bank legally on a valid Israeli transit visa. In 2007, Israel began requiring special "stay permits" for Gazans wishing to remain in the West Bank for more than a day, but rarely approved any. The new 6/16 restrictions limited stay permits to strictly defined "humanitarian" cases: Effective immediately, only orphans, chronically ill people, or "elderly invalids" would be allowed to relocate to the West Bank, and only if they had no relative in Gaza with the means to care for them and would be joining a "first-degree relative" (i.e., parent, sibling) in the West Bank. Qualified individuals would initially receive a 6-month temporary permit, renewable for 1-year intervals; after 7 years of qualified residency, the IDF would consider granting the individual permanent West Bank residency. The measure seemed to

eliminate the possibility that Gazans would be able to obtain permanent West Bank residency based on family reunification.

Separation Wall

No major new construction on the separation wall was reported this quarter. As of 7/09, OCHA reported that 58.3% of the planned route had been completed and 10.2% was under construction (see Doc. A1 in this issue). These numbers have changed little since the wall construction stalled in late 2007 when the Israeli government adjusted budget allocations away from the wall and toward other DMin. projects (see Quarterly Updates in *JPS* 147, 150 for background).

The UN reported on 7/26 that in the previous week, Palestinian residents of the part of Bayt Yatir village near Hebron between the separation wall and the Green Line had their “permanent resident” permits allowing them access to the area revoked by the IDF. Instead, they were given “worker” permits, raising concerns that Israel intended eventually to evict them. The IDF had declared the Bayt Yatir area behind the wall a closed military zone in 1/09.

Of note: This quarter, far fewer international and Israeli activists seemed to take part in the weekly nonviolent demonstrations against the separation wall in Bil’in, which pioneered media-savvy high-profile nonviolent protests against Israel’s occupation. Organizers and observers could not identify any incident that would have precipitated a change, but the trend since late 4/09, based on PCHR reporting, was undeniable (see Chronologies in *JPS* 152 and 153 for details). Part of the reason for the change may have been the decline of the Christian Peacemakers Team (CPT) program in Hebron, which had regularly participated in the Bil’in protests. CPT closed its Hebron office in fall 2009, stating it had been unable for months to fund a full-time staff.

Settlers and Settlements

The IDF reported (7/09) that the Jewish settler population in Israeli-authorized West Bank settlements (excluding East Jerusalem) reached 304,569 as of 6/30. The overall West Bank settler growth rate was 2.3%, with the growth rate in “fervently Orthodox communities” as high as 6%. Meanwhile, Bloomberg News Service reported (ca. 7/30) that American donors had

given \$24.5 m. over the past 5 years to build Jewish settlements in East Jerusalem.

Settler violence was up significantly this quarter, starting out low but increasing in response to the U.S.-Israeli dispute over a settlement freeze (see Chronology for details). The number of individual incidents of settler violence this quarter was 53 (up from 36 last quarter). In addition to at least 21 attempts (most foiled) to seize Palestinian land to set up new enclaves or expand existing settlements (6/3, 6/23, 6/26, 7/6, 7/14, 7/24, 7/26, 11 on 7/28, 3 on 7/31), incidents included: settlers rampaging through Palestinian population centers (7/20); vandalizing Palestinian property (5/23, 6/1, 6/11, 6/27, 7/19, 2 on 7/20, 7/21, 7/23, 8/1, 8/10); uprooting trees and damaging crops (5/22, 4 on 6/1, 2 on 6/6, 6/15, 6/20, 7/20, 7/21, 7/31, 8/2); beating Palestinian farmers (6/21, injuring 3); opening fire on Palestinians (7/19, causing no injuries); and a deliberate hit-and-run (7/4, injuring 1 Palestinian teenager). This quarter, most incidents occurred in Hebron (17) and Nablus (15). The remaining incidents took place in East Jerusalem (3), Salfit (2), Tulkarm (2), Bethlehem (1), Qalqilya (1), and near Homesh (1). (The exact locations of the 11 new outposts initiated and quickly removed on 7/28 were not reported.)

Palestinians of Israel

Several legal steps were taken this quarter with potentially grave effects for Israel’s Palestinian citizens. Most importantly, the Knesset passed (61–45) on 8/3 the Israel Land Administration Law that would replace the existing Israel Land Administration, which controls 93% of land inside Israel (including “state land” and “absentee property” claimed by Palestinian refugees), with a Land Authority Council that would have the power to privatize some state-controlled land (excluding land controlled by the Jewish National Fund and reserved for Jewish use only). According to the Israeli human rights group Adalah (see Doc. C2 in this issue), the new council would be restricted by guidelines intended to ensure that privatized land would be granted “only to candidates approved by Zionist institutions working solely on behalf of the Jewish people.” The stated aim was to transfer land to developers who would build on it quickly to spur the growth of the housing stock and the overall Israeli

economy, though doing so could also place disputed land permanently out of Palestinian reach.

On 5/31, the Israeli cabinet rejected draft legislation by Yisrael Beiteinu requiring Israel's Arab minorities to pledge a loyalty oath to retain their citizenship. At the same time, it referred to the Knesset another Yisrael Beiteinu bill that would prohibit any public expenditure to commemorate the Nakba; it would have to pass 3 rounds of voting to become law. (The bill was an amended version of a draft outlawing any commemoration of the Nakba, which the cabinet determined would constitute a violation of free speech.) In addition, Israel's new education M Gideon Sa'ar ordered (ca. 7/25) the Arabic word "Nakba" removed from all Israeli textbooks, stating "it is inconceivable that in Israel we would talk about the establishment of the state as a catastrophe."

Israel's transportation M Israel Katz (Likud) ordered (7/13) signs on all major roads in Israel, East Jerusalem, and West Bank area C (the 60% of the West Bank under full Israeli control) to be "standardized" to English and Arabic transliterations of Hebrew place names, eliminating traditional Arabic and English place names (e.g., replacing "al-Quds" and "Jerusalem" with "Yerushalayim"). Adalah and the Association for Civil Rights in Israel sent (7/17) a letter to Israeli atty. gen. Menachem Mazuz urging him to void the order (no response was received by the end of the quarter). Separately, Meir Margalit, a former Jerusalem municipal official, explained (7/16) that official Israeli policy was "to make the Palestinian population in East Jerusalem as invisible as possible, including by ignoring their neighborhoods on many signs." Katz's order came amid reports that right-wing Jewish groups had been defacing street signs in the Jerusalem environs, spray painting over Arabic names.

INTRA-PALESTINIAN DYNAMICS

This quarter, at least 36 Palestinians were killed and 177 injured in inter-factional fighting, bringing the total number of Palestinians killed since 10/06 in such fighting to around 470 (not including those killed in internal fighting during OCL, when cases were hard to confirm; see Quarterly Update in *JPS* 151). Of those

killed this quarter, 12 died in the West Bank as a result of ongoing Fatah-Hamas disputes and 24 died in Gaza when Hamas put down its Salafist opposition (see below).

Intra-Palestinian affairs were dominated by Abbas's moves to cement his control over Fatah and the PA. By holding elections within Fatah, rejiggering his PA cabinet, not coming to any accommodation with Hamas in national unity talks, and complying further with Israeli and U.S. dictates on PA security reform, he laid the groundwork to defend his position that his government was the sole legitimate political address for the Palestinians.

Fatah General Conference

As the quarter opened, Abbas announced plans to convene the long-delayed Fatah sixth General Conference (GC) on 7/1/09 to hold elections for party institutions and vote on a new party platform (the last GC was held in 6/89). Major differences within the party capable of derailing the GC remained, however, including: how many delegates would attend, where it would be held, what issues would be included on the agenda, and the text of a new party platform. Location of the GC was a main issue: It was commonly believed that holding it in the West Bank would give Abbas a lift and Israel potential influence, since it was uncertain whether diaspora members (typically more critical of Abbas) would be able or willing to attend a conference held under occupation. When the GC's Amman-based Preparation Comm. decided (ca. 5/20) to hold the GC abroad, Abbas abruptly dissolved (ca. 5/20) it and declared that the GC would be held in the West Bank, deepening the rift between Abbas's supporters and opponents, including Fatah secy.-gen. Faruq al-Qaddumi (an opponent of the Oslo accords who has refused to return to the Palestinian territories), chief negotiator Ahmad Qurai', and security chief Nasr Yusuf. Heated debate within Fatah on GC logistics continued, embittering the sides and ultimately resulting in the postponement of the conference by almost a month.

When Abbas succeeded in securing the backing of the majority of Fatah Central Comm. (FCC; Fatah's main executive body) members to hold the GC in Bethlehem on 8/4, Abbas's leading party opponent Qaddumi convened (7/13) a press

conference in Amman at which he revealed the “minutes” (which he claimed had been given to him by Arafat) of an alleged 6/03 meeting attended by Abbas (at the time PA PM), Gaza security chief Muhammad Dahlan, Israeli PM Ariel Sharon, Israeli DM Shaul Mofaz, and an American delegation led by State Dept. envoy William Burns at which Sharon pressed for the assassination of Arafat by poison. While the minutes show Abbas objecting to Arafat’s assassination, his involvement in discussions of a plan whereby the PASF would penetrate Palestinian organizations (not only Hamas, Islamic Jihad, and the Popular Front for the Liberation of Palestine [PFLP], but also Fatah’s own al-Aqsa Martyrs Brigades [AMB]) in order eventually to “be able to dismember and liquidate them” (Dahlan’s words in the transcript; see *The Faster Times* 7/15/09) would be deeply compromising if the minutes were proven to be genuine. Though the poisoning allegation meshed with the widespread Palestinian belief that Arafat’s brief, mysterious illness and death in 11/04 was the result of poisoning by Israel (a conviction fueled by Sharon’s public statement on 4/23/04 that U.S. pres. George W. Bush had “freed” him from the “obligation not to physically harm Arafat”; see Quarterly Update in *JPS* 132), most independent analysts concluded that the alleged transcript was a clever mix of various genuine minutes with some extra “doctoring.” In any case, the enormous stir created by the Qadumi press conference soon died down and failed in its goal of disrupting the GC planning.

The long-awaited sixth Fatah GC, the first to be held in 20 years and the first on Palestinian soil, finally opened in Bethlehem on 8/4. Initially scheduled to last 3 days, the GC was extended to 8/11 because of heated debate among members of the various Fatah factions. Attended by 2,325 delegates from the West Bank and 80 countries, the major absence was the delegation from Gaza. While Israel (which facilitated delegates’ entry to the West Bank) had agreed to allow some 400 Fatah members to transit from Gaza, Hamas officials in Gaza barred their exit because the PA had rejected Hamas’s precondition to release all Hamas political detainees held in the West Bank and give Gaza new blank passports (see Quarterly Update in

JPS 149). Following this stalemate over the Gaza delegates in the run-up to the GC, the PA asked Syrian pres. Bashar al-Asad (via Mitchell) to intervene with Damascus-based Hamas leader Khalid Mishal, who gave his assurances that all Fatah members could travel. However, Gaza’s Izzed-din al-Qassam Brigades [IQB] head Ahmad al-Jabari countermanded Mishal’s order, vowing the IQB would shoot the Fatah delegates dead if they tried to leave the Strip; the delegates ended up participating by phone. In addition, Zakariya Zubaydi, the charismatic former military commander of the Fatah offshoot AMB, was turned away from the GC despite having been invited as a delegate from Jenin; AMB members denounced Abbas for “stabbing the resistance in the back” and vowed the insult would not go unchallenged.

Key issues debated by the delegates included: (1) whether to reaffirm the right to armed struggle; (2) voting procedures to elect the new leadership; (3) demands by some delegates for an internal investigation of the party’s activities and spending since the last GC to hold Abbas and his generation of leaders accountable to the party rank and file; (4) accusations by younger reformers that Abbas and his allies had packed the conference with their own supporters at the last minute; (5) responsibility for the fall of Gaza to Hamas; and (6) Fatah’s relationship to the PA. Meetings were described by participants (e.g., *NYT* 8/7) as “overwhelmingly angry” and “bordering on anarchy,” but positive for allowing all factions within the movement to air their positions and differences. Outside observers, however, tended to view (e.g., *WT* 8/9) the GC as “only highlight[ing] how the U.S.-backed party remains fractured.”

Abbas, in his opening 2-hour address, attempted to set a new direction for the movement by underscoring peace as Fatah’s strategic choice, reserving the right under international law to resist occupation but stressing that resistance should be nonviolent only. This theme was central to the 41-page draft revised party platform presented to the delegates for debate and ultimately approved during the session (perhaps with modifications based on the debate; details were not released) to be sent to the newly elected Fatah Revolutionary Council (FRC; Fatah’s legislative body) for ratification. Since the new FRC was not

expected to meet until later in the fall, the final text was not publicly released. Instead Fatah issued a 4-page document (see Doc. B3 in this issue) culling from the platform the party's 11 principles for negotiations with Israel, 5 options if the national unity dialogue with Hamas failed, 4 steps for confronting the siege imposed on Gaza, and 7 forms of legitimate struggle. The full draft as presented to the GC reportedly (*WT 8/4*) also set a total Israeli settlement freeze as a precondition for resuming talks with Israel, rejected the idea of a provisional state as an interim step toward statehood, and called for the right of return and compensation for refugees.

Leadership elections finally got underway on 8/8. Abbas, running unopposed, was overwhelmingly reelected (8/8) as Fatah's chairman by voice vote (only 65 opposed). (Arafat had been chairman and secy.-gen.; when he died, Qaddumi had been named secy.-gen. and the chairman title was retired. The FRC revived it in 2006, appointing Abbas to the position in a power play to curb Qaddumi.)

Elections for the FCC and the FRC were held on 8/9, with vote counting lasting 3 days. The tallies of both races indicated that candidates from inside the territories (described as young, "pragmatic" individuals, many of whom had been jailed by Israel, speak Hebrew, and have worked with Israelis) won more seats than those described as "exiled hardliners from places such as Syria and Lebanon," but overall the make-up of both bodies was "broadly representative of Fatah's major power centers." While the committees were not expected to serve as rubber stamps for Abbas, Fatah was at least seen as now having a single, functioning address, which would enhance Abbas's authority (see *WP 8/12*, International Crisis Group 11/12/09 for analysis).

On the FCC, 18 of 23 seats were up for election (of the remaining 5 seats, 1 automatically goes to the party head, who may appoint 4 members), with 104 candidates (including 8 unable to leave Gaza) running. Results for the FCC (see Doc. B2 in this issue) in particular were seen as strengthening Abbas. Only 4 seats went to Gazans, all Abbas allies currently residing outside the Strip: Dahlan, former PLO envoy to the UN Nasir al-Kidwa, veteran negotiator Nabil Shaath, and PNC speaker Salim al-Zanun. Only 1 seat went to a member living in the

diaspora. While 14 of the elected members had not previously served on the FCC, many were well known, including the 4 Gazan reps., Abbas's negotiation adviser Saeb Erakat, and former PA security chiefs Jibril Rajub and Tawfiq al-Tirawi. Jailed West Bank member Marwan Barghouti also won a spot, while Qaddumi and chief negotiator Ahmad Qurai' notably lost. After these results were released, Abbas made the highly controversial move of ordering a recount (8/12) of the FCC votes, which concluded that his closest aide Tayyib 'Abd al-Rahim had not lost by 3 votes as first thought but had placed fourth to last. Since the recount left Shaath and PA housing M Muhammad Shatayyeh tied for last, the decision was made to expand the elected membership to 19, reducing the number of appointed slots to 3—a technicality to save face for both Shaath and Shatayyeh. Of note: candidates could not run for both the FCC and the FRC, meaning the 85 senior Fatah members who lost the FCC race were left out of leadership bodies altogether.

In the FRC race, 650 candidates (including 127 unable to leave Gaza) ran for the 81 open seats on the 123-seat assembly (remaining seats are appointed by the elected members). Of the 81 elected, at least 70 had never served on the FRC, 20 were Gazans (only 2 of whom currently resided in Gaza), 11 were women (including Marwan Barghouti's wife Fadwa), 4 were Christians, and 1 was Jerusalem-born Israeli Jew Uriel "Uri" Davis (a member since 1984 and the first Jew ever elected to the leadership).

While Abbas hailed the elections as "democratic and successful," allegations of rigging were rife. Fatah's higher leadership committee in Gaza, which oversees party operations in the Strip, was widely reported to have resigned (8/12) in protest against the outcome, alleging "massive fraud," though the committee head, Abbas ally Zakariya al-Agha, said (8/12) that the resignation was a formality to allow the new FCC to endorse the local leadership. Still, a significant number of delegates claimed that "dozens" had been prevented from casting their vote during the elections, including Gaza delegates who had trouble phoning in their votes. Qurai', bitter over his loss, warned (8/11) that discussions were underway among some members to form a new breakaway group.

National Unity Talks

After holding 4 rounds of unsuccessful Cairo talks last quarter, Fatah and Hamas, perceiving an urgent need to reach a national unity agreement in the wake of OCL (see Quarterly Update in *JPS* 152), met again in the Egyptian capital on 5/16–18, once again without narrowing differences. At the close of the 5/09 session, Egypt set 7/7 as the new target date for the factions to either declare a national unity government or accept an Egyptian proposal put forward last quarter (see Quarterly Update in *JPS* 152) to create a joint committee to focus on 2 issues only: coordinating Gaza reconstruction and preparing for Palestinian elections set for 1/2010.

As a goodwill gesture in advance of the 7/7 talks, the PA announced (6/22) that it had established a special committee to review the cases of some 700 Hamas detainees currently held by the PASF without trial, with the intention of quickly releasing as many as possible. Fatah called on Hamas to reciprocate by releasing Fatah detainees held in Gaza. Each side waited for the other to act first and meanwhile continued to arrest members of the opposing faction, prompting both sides to cancel the planned meeting on grounds of bad faith.

To get talks back on track, the Egyptian mediator, intelligence chief Omar Sulayman, sent (ca. 7/9–11) emissaries to Damascus and Ramallah to meet with the internal and external leaderships of the various Palestinian factions. Fatah and Hamas leaders were presented with an Egyptian questionnaire asking them to spell out their positions on the main issues dividing them (including prisoners, security reform, elections, principles of a national unity platform). Their responses were to form the basis of negotiations that would resume in Cairo on 7/25. Fatah and Hamas initially agreed to attend, but then announced (7/20) that they had jointly decided to push back the next round to 8/25, after the Fatah GC.

Abbas Restructures His Government

Meanwhile, a day after the 5/09 round of Palestinian national unity talks failed to produce progress, Abbas went ahead (5/19) with plans shelved last quarter to dissolve PA PM Salam Fayyad's government and reappoint it, replacing 8 independent technocrats with Fatah members, giving

Fatah nearly 50% control of the cabinet, to appease members of his Fatah faction who had demanded a greater say in PA affairs (see Quarterly Update in *JPS* 152). None of the 8 were members of Fatah's elected parliamentary bloc, which refused to participate in the new government (the PA's 13th) because they felt they were not properly consulted on the cabinet choices. Two of the 8 tapped by Abbas (Rabiha Diab and PA prison affairs M Issa Qaraq) refused to assume their new posts, and the PFLP and Palestinian People's Party refused offers from Abbas to join in a coalition, both citing lack of transparency. The government adjustment was the first since Abbas unilaterally dissolved the elected Hamas-led government after Hamas's takeover of Gaza in 6/07, appointing his own hand-picked government of technocrats unaffiliated with Hamas, in keeping with the preferences of Israel, the U.S., and the Quartet.

PA Raids on Hamas in Qalqilya

Throughout the quarter, PASF units trained under the Dayton mission continued their crackdown on Hamas across the West Bank, known as Operation Dawn of the Nation (begun in 10/08; see Quarterly Update in *JPS* 150). In a major incident on 5/31, newly trained PASF units launched a late-night raid into Qalqilya to arrest 2 wanted Hamas members, sparking a heavy exchange of gunfire that left 6 Palestinians dead (3 PASF officers, 2 Hamas members, and the owner of the building raided) and 4 PASF officers and 1 bystander wounded, marking the deadliest PASF-Hamas clash in the West Bank since 6/07. The PASF imposed a day-long curfew on Qalqilya on 6/1 and stepped up arrests of Hamas members and supporters (at least 200 were already in custody). PASF officers and Hamas members exchanged fire in Qalqilya again on 6/4, leaving 2 Hamas members and 1 PASF officer dead.

The PA refused to brook any criticism for the crackdown. PA PM Fayyad attended the funeral for the first fallen PASF officers on 5/31, stating that the PA "will not apologize for what happened because our security forces have done their national duty." Abbas, referring to Hamas members as "outlaws," vowed (5/31) that the PASF would "strike with an iron fist against anyone harming the interests of the Palestinian people," sparking memories of Israel's

Iron Fist policy against Palestinian resistance in the territories during the first intifada. The PASF also prevented (6/5) the families of the dead Hamas members from erecting mourning tents, receiving condolence calls, or allowing anyone other than immediate relatives to attend the funerals so as to prevent the men from being celebrated as martyrs; at the same time, PA-sponsored posters commemorating the PASF officers who had been killed were plastered around town. In protest, Hamas supporters in Gaza took to the streets (5/31); Hamas-affiliated police arrested dozens of Fatah activists (73 by 6/3); and the Hamas leadership threatened to pull out of national unity talks in Cairo scheduled to resume in 7/09.

Israel highly praised (6/25, 7/17) the Qalqilya operations as “evidence of a new determination on the part of the Palestinian security apparatus,” saying such actions should become less the exception and more the rule of PASF conduct. “Amazed” by the PA crackdown, Israel agreed (6/25) to limit military incursions in 4 major Palestinian cities (Bethlehem, Jericho, Qalqilya, and Ramallah), allowing the PASF to operate there 24 hours/day, instead of requiring them to remain in barracks overnight from midnight to 5:00 A.M. as had been the case earlier. The agreement was seen as a compromise by the PA, which had requested the IDF to turn over full security control to area A, as outlined under the 1993 Oslo accords. By 6/25, senior IDF and PASF commanders were meeting biweekly to coordinate operations—a level of security cooperation not seen since the early days of Oslo implementation. Israel also allowed (7/09) a second batch of 1,000 Kalashnikov rifles to be transferred to the PASF, but first conducted forensic ballistic tests of each weapon “to prepare a precise list so that in the event that these weapons are involved in terrorist activity aimed against Israelis, [each weapon] can be identified.” Of note: As Israel scaled back operations, giving the new PASF units increasing responsibility not just for civil policing but “counterterrorism” operations, Israeli arrests of Palestinians declined and PASF arrests of Palestinians increased. During the quarter, OCHA recorded 4 weeks in which PASF arrests surpassed IDF arrests, which had never occurred before.

In describing the new levels of coordination, PASF Bethlehem governorate

commander Col. Sulayman Omran gave (6/25) details of how his contingent had reacted to Israel’s launch of OCL in 12/08, stating that initial plans had included increasing guards near Rachel’s Tomb and other sites visited by Jewish settlers, deploying around Jewish settlement to protect against Palestinian sniper fire, putting PA intelligence agents on overtime to monitor the local Palestinian population for tips on planned demonstrations or attacks, and calling in local political leaders to press them to clamp down on incitement against Israel.

Security coordination did experience some snags, however. For example, IDF undercover units entered (ca. 5/26) Qalqilya in an ice cream truck with Palestinian license plates to carry out an operation. Suspicious PASF officers ordered the truck to stop for inspection, sparking an exchange of gunfire that left 1 PASF officer and 2 IDF soldiers wounded.

Also of note: This quarter, 3 Hamas members died (ca. 6/15, 8/4, 8/10) of injuries apparently sustained in PA custody (see Chronology for details). In all the cases, Hamas, the families, and local human rights groups accused the PASF of torture and demanded independent investigations.

In addition, PASF officers shot and wounded (6/10) a Palestinian driver who allegedly breached Abbas’s motorcade in Ramallah.

Hamas Governance in Gaza

Meanwhile, Hamas continued efforts to secure its control of Gaza. Notably, the *New York Times* reported (7/24) that Hamas had launched a major public relations campaign in Gaza to promote the culture of resistance, including organizing a 2-day conference, plays, a feature-length movie (aired publicly 8/3), art exhibits, books, poems, and a documentary contest on that theme. Hamas also appointed (ca. 7/24) poet and Islamic University literature professor ‘Abd al-Khalik Alaff as its chief consultant on government efforts to use artists and writers to press Gaza’s concerns abroad.

Hamas efforts to provide for Gazans in the wake of OCL remained severely constrained by Israel’s siege. For example, Hamas officials were reportedly able to provide (by 6/3) only 190 mobile homes this quarter to Palestinian families left

homeless by OCL. Though they assured that the delivery would be the first of several, no others were reported by 8/15. Distribution of the limited humanitarian aid entering Gaza was also a political issue: The Palestinian NGO al-Mezan Center for Human Rights accused (6/16) Hamas-affiliated police of confiscating 674 humanitarian aid kits intended for distribution to Bayt Hanun residents through a local NGO, giving them out to a different group of families than had been authorized by the PA Min. of Social Affairs; Hamas likely feared the aid would only go to families affiliated with Fatah.

Internal security also continued to be an issue. The only major intra-Palestinian clashes in Gaza this quarter took place between Hamas forces and the Salafist SCG, following the cross-border exchange of fire on 6/8 in which a group of 10 SCG members laying landmines clashed with an IDF border contingent. Hamas, which had largely managed to keep the Gaza factions from attacking Israeli targets, went after the SCG on 7/22, with Hamas-affiliated police besieging a building in Khan Yunis, seeking 4 SCG members. Local clerics intervened to mediate the stand-off, securing the SCG members' surrender. Then, on 8/15, SCG leader Shaykh 'Abd al-Latif Musa used his Friday sermon to declare the establishment of an Islamic emirate in the Palestinian territories and denounce Hamas for failing to enforce shari'a law in Gaza. Responding to the challenge to the Hamas leadership, IQB members immediately surrounded his Rafah mosque, while Hamas police cordoned off the neighborhood. In the 7-hour battle that ensued, including Hamas rocket-propelled grenade fire on the mosque, 24 Palestinians were killed (12 SCG, 6 Hamas, 6 bystanders) and 130 injured (including a boy in Egyptian Rafah). Some 95 SCG supporters were arrested. The dead included Shaykh Musa, who reportedly detonated a suicide belt, killing s. Gaza IQB commander Muhammad Jibril Shamali, who led the raid. Fatah accused Hamas of executing and maliciously wounding SCG members taken into custody. Senior Hamas member Ahmed Yousef stated that Hamas's willingness to confront groups that support al-Qa'ida should make the U.S. more open to dialogue.

Also of note: On 7/21, a bomb exploded at the wedding of a former Fatah-affiliated

PA security officer in Khan Yunis, injuring 42 Palestinians. No group claimed responsibility.

PALESTINIAN OPINION

The following data are excerpted from a poll conducted by the Jerusalem Media and Communication Center (JMCC) between 20 and 24 June 2009. Results are based on a survey of 1,199 men and women from the West Bank (including East Jerusalem) and Gaza. The poll, the 68th in a series, was taken from JMCC's Web site at www.jmcc.org.

1. Some believe that a two-state formula is the favored solution for the Israeli-Palestinian conflict, while others believe that historic Palestine cannot be divided and thus the favored solution is a binational state on all of Palestine where Palestinians and Israelis enjoy equal representation and rights. Which of these solutions do you prefer? (*These answers were not included as part of the options read to the interviewee.)

	West Bank	Gaza	Total
a. Two-state solution	55.4%	54.9%	55.2%
b. Binational state	23.9%	14.8%	20.6%
c. Palestinian state*	6.6%	18.2%	10.8%
d. Islamic state*	0.8%	1.4%	1.0%
e. Other	0.3%	0.2%	0.3%
f. No solution	10.0%	8.2%	9.3%
g. Don't know/No answer	3.0%	2.3%	2.8%

2. Five months after Obama assumed his post as president of the U.S., and according to your observation on the performance of the new U.S. administration toward the Middle East, do you think that there is improvement in the methods adopted by the U.S. in dealing with the Middle East problems?

	West Bank	Gaza	Total
a. Improvement	42.0%	38.3%	40.6%
b. Retreat	7.9%	4.3%	6.6%
c. No change	46.2%	56.0%	49.8%
d. Don't know/No answer	3.9%	1.4%	3.0%

3. Do you think that the policy of the new U.S. president Obama will increase or reduce the chances of reaching a just peace between the Palestinians and Israelis?

	West		Total
	Bank	Gaza	
a. Increase	36.3%	33.9%	35.4%
b. Reduce	12.1%	10.5%	11.5%
c. No difference	46.8%	53.1%	49.1%
d. Don't know/ No answer	0.9%	0.7%	0.8%

4. Are you satisfied or dissatisfied with the way [Mahmud Abbas] is performing his job as PA president?

	West		Total
	Bank	Gaza	
a. Very satisfied	16.2%	23.2%	18.8%
b. Somewhat satisfied	31.2%	26.4%	29.4%
c. Somewhat dissatisfied	15.5%	15.5%	15.5%
d. Very dissatisfied	33.9%	33.9%	33.9%
e. Don't know/ No answer	3.2%	1.0%	2.4%

5. In general, how would you evaluate the performance of PM Salam Fayyad?

	West		Total
	Bank	Gaza	
a. Good	32.8%	25.3%	30.0%
b. Average	36.3%	38.1%	41.2%
c. Bad	25.3%	31.0%	27.4%
d. Don't know/ No answer	1.0%	0.2%	0.7%

FRONTLINE STATES

JORDAN

Jordan's King Abdallah, who last quarter at Obama's request played a significant role in transmitting the new administration's peace ideas to the Arab states and their responses back to Washington (see Quarterly Update in *JPS* 152), continued to take a more active role than usual in the peace process, especially supporting U.S. calls for the Arab states to be more explicit about the benefits of normalization for Israel in exchange for peace. From mid-5/09, the king strongly pushed the idea of expanding the 2002 Arab League proposal into an offer under which all 57 Muslim nations would accord Israel full

normalization in exchange for full peace, but the idea went nowhere. King Abdallah also received Israeli pres. Peres for talks on the peace process on 5/17; no details were released.

In reaction to events last quarter, including the installation of Netanyahu's right-wing government and efforts by the Obama administration to press the Arab states to drop demands for the Palestinian refugees' right of return (see Quarterly Update in *JPS* 152), Jordan's interior M Nayif al-Qadi acknowledged on 7/20 that the Jordanian government had started revoking the citizenship of Palestinians living in the kingdom and seizing their Jordanian passports to avoid them being permanently settled in the country as part of a peace deal with Israel. He assured the Palestinians that they would be allowed to keep their residency status (yellow ID cards). Officially, the government claimed (7/20) that this was a tactical move to prevent Israel from barring the refugees' return to their homes inside Israel, saying, "We are only correcting the mistake that was created after Jordan's disengagement from the West Bank [in 1988, when Jordan ceded all claims to the West Bank to the PLO but allowed those refugees who had been granted full citizenship in the wake of the 1967 war to remain citizens]. We want to highlight the true identity and nationality of every person." By 7/20, the kingdom had already formally notified the PA of the decision and had revoked the citizenship of some PA and PLO employees. The PA said (7/20) that Abbas on several occasions has expressed deep concern to King Abdallah over Jordan's actions but that the king had refused to change the policy. Palestinians are thought to make up well over half of the Jordanian population.

Tensions in Jordan over refugees' final status worked their way down to the popular level as well, with reports (mid-7/09) of local Jordanian-Palestinian relations deteriorating since Netanyahu's election as PM. Tensions broke to surface on 7/19 at a soccer game in Zarqa, when a riot broke out between 10,000s of fans of Jordan's al-Faysali team and fans of the Palestinian team from Wihdat r.c. The Jordanians threw empty bottles and fireworks at the Palestinians, calling them traitors and collaborators with Israel, and chanting slogans against Palestine, the PLO, Jerusalem, and the al-Aqsa Mosque.

LEBANON

Lebanon was largely focused on internal matters this quarter, particularly on the 6/7 parliamentary elections and efforts to form a new coalition government (not completed by 8/15). Nonetheless, U.S. special envoy Mitchell made a brief visit (6/11) to Lebanon shortly after Obama's 6/4 Cairo speech to assure the government that the U.S. viewed Lebanon as playing a key role in regional peace and that peace would not come at Lebanon's expense.

Elections

Just 2 weeks before the Lebanese parliamentary elections, amid predictions of a tight race that Hizballah might win, U.S. VP Biden made (5/22) a high-profile visit to Lebanon to show support for Lebanese pres. Michel Suleiman and the ruling March 14 coalition led by Future Party head Sa'ad Hariri, publicly warning that continued U.S. aid to Lebanon would depend on the composition of the next government and its policy platform. Hizballah held (late 5/09) talks with the International Monetary Fund and the EU regarding continued financial aid to Lebanon should Hizballah win the elections outright, but no details were released. Some analysts (e.g., *NYT* 5/28) saw the meetings themselves as a sign that the international boycott of Hizballah was weakening.

The elections were held as planned on 6/7, with voter turnout at 55% (up from 28% in the 2005 elections). Returns showed the U.S.-allied March 14th coalition picking up 1 seat, giving it clear control of 71 of 128 parliamentary seats, leaving the Hizballah-led opposition with 57 seats. Influencing the outcome, many Christians had shifted their support from Michel Aoun's Free Patriotic Movement (allied with Hizballah) to Christian factions (e.g., Lebanese Forces) allied with the March 14th coalition. Though the allocation shifted only slightly, the vote was seen as a decisive victory for the March 14 coalition and a resounding defeat for Hizballah.

On 6/27, Pres. Suleiman (after gaining the support of the March 14 coalition and the Hizballah-led opposition, and after a private meeting between Hariri and Hizballah leader Hasan Nasrallah) tapped Hariri to form a government, requiring Hariri to work with the Hizballah opposition he had so strongly denounced, as well as with

Syria, which he had accused of orchestrating his father's 2005 assassination. Hariri vowed (6/27) to include Hizballah in his cabinet but said he would not give the opposition veto power over major cabinet decisions, as had been the case in the outgoing government and which could lead to government paralysis. (Around this time, members of PM-designate Hariri's Future Party exchanged gunfire with members of pro-Hizballah parliamentary speaker Nabih Birri's Amal movement in Beirut on 6/28, killing 1 bystander and wounding 2. It was not clear what sparked the gunfight.) Meanwhile, Birri was reelected (6/25) to his post of parliamentary speaker in what was seen (e.g., *WT* 6/26) as an indication that the parliament, including the March 14 coalition, sought a broad-based unity government. At the end of the quarter, Hariri was still trying to build a coalition, consulting on a limited basis only with those outside the March 14 coalition and ignoring opposition demands for specific portfolio allocations.

Complicating matters, Walid Jumblatt's Progressive Socialist Party (PSP; 10 seats) unexpectedly withdrew from the March 14 coalition on 8/4, transferring his support to independent pres. Suleiman. Even though Jumblatt had been seen as drifting away from the March 14 coalition for more than a year, his decision to break formally was seen (e.g., *al-Dustur* 8/5) as a "major political earthquake" that could lead to a considerable realignment of political alliances in Lebanon. While the PSP officially remained part of the governing coalition (the division of seats in the cabinet would remain 15 seats for March 14, 10 for the opposition and 5 to be hand picked by Suleiman), Jumblatt's decision cost Hariri an assured parliamentary majority (leaving him in control of only 61 of 128 seats) and his entire Druze representation. Jumblatt made his announcement at a PSP convention as part of a self-critical speech reflecting on his own political actions in recent years in which he called his own siding with the Bush administration a mistake, said that the rebuilding of ties with Syria was necessary, and accused Hariri of having taken his political feud too far, to the point of encouraging sectarianism.

As Hariri worked to craft a coalition, Netanyahu publicly warned (8/10) that if Hizballah became part of the new government, Israel would hold Lebanon

“accountable for any aggression against Israel coming out of its territory.” Hizballah leader Shaykh Hasan Nasrallah responded (8/14) by warning that Hizballah would hit Tel Aviv with rockets if Israel attacked Beirut again.

Security Issues

At the opening of the quarter, the UN revealed (5/20) that after 3 years of requests, Israel had turned over (5/9) to the UN Interim Force in Lebanon (UNIFIL) maps indicating where it had dropped or fired cluster munitions (each containing 200–600 mini-bomblets) in s. Lebanon during the 2006 war, which would aid UNIFIL in cleaning up UXO endangering civilians. The UN has estimated that Israel dropped as many as 4 m. bomblets, with perhaps 40% failing to explode. Human Rights Watch said in 9/06 that the density of unexploded cluster bombs in s. Lebanon was higher than in any place it had seen, with bomblets littering people’s homes, yards, farmlands, and streets.

The Lebanese government crackdown on individuals suspected of spying on Hizballah for Israel continued this quarter (see Quarterly Update in *JPS* 152), with authorities arresting more than a dozen (mostly Lebanese) in s. Lebanon and the e. Biqa’ Valley. On 5/22, the Lebanese government sent an official protest to the UN regarding Israel’s spying, stating that 21 Lebanese had been arrested on spying charges in recent weeks, including a car dealer who planted tracking devices in the cars he sold to Hizballah members and a Future Party member allegedly assigned to track Hizballah leader Nasrallah; 13 were considered major cases and 8 minor. By 6/5, 55 persons had been charged with spying for Israel, 34 of whom were in custody (including 2 Palestinians). On 5/18, 2 Lebanese men suspected of spying for Israel fled across the s. Lebanon border into Israel with their families. Lebanese authorities subsequently revealed (5/18) that a third wanted Lebanese escaped across the border into Israel on 5/5, apparently with the foreknowledge and help of the IDF.

In addition, Lebanese authorities stated (7/21) that they had arrested 6 Fatah al-Islam (FI) members, most of them foreigners, for plotting to carry out attacks against UNIFIL, the Lebanese army, and targets abroad, as well as planning to sneak “wanted terrorists” (possibly including the

group’s leader Shakir al-Abssi, a Syrian national) out of ‘Ayn al-Hilwa r.c., where they had reportedly been hiding since the Lebanese army-FI clashes in 2007 (see Quarterly Updates in *JPS* 145–46).

Late in the quarter, a mysterious explosion leveled (7/14) a building in Lebanon’s Khirbat Slim, 12 mi. from the Israeli border, causing no casualties. Lebanese and Hizballah authorities secured the site, barring access to UNIFIL soldiers. Israel claimed (7/14) that the site housed a Hizballah arms cache, indicating that Hizballah is rearming in violation of UN Res. 1701 that ended the 2006 Lebanon war. Hizballah claimed that the explosion was caused by unexploded IDF cluster munitions left over from the war. When UNIFIL troops arrived in the village on 7/18 to investigate the incident, the villagers stoned and beat the contingent, lightly injuring 14 soldiers. The soldiers fired in the air to disperse the villagers, causing no injuries. The UN stated (7/18) that this was the most serious confrontation between its forces and local Shi’i residents loyal to Hizballah since the 2006 war.

Citing the 7/14 explosion and the Lebanese handling of the investigation as evidence, Israel also accused (ca. 7/30) Hizballah and senior officers within the Lebanese army of agreeing to a secret pact under which Hizballah would train Lebanese soldiers (variously described by Israel as constituting a “battalion,” “150 troops,” and numbering in the “dozens”) and provide the army with access to its arms in exchange for allowing Hizballah fighters to serve within army units in areas of s. Lebanon currently off limits to Hizballah under UN Res. 1701, should there be another military engagement with Israel. Israel has shared its evidence with the U.S. and the EU, neither of which issued an official comment. Simultaneously, Israel moved (7/28) 4 tanks closer to the Lebanon border near the disputed Shaba’ Farms region and conducted (7/29) rare overflights of n. Lebanon, prompting Lebanon to file a formal complaint with the UN and place its forces on high alert. (Israeli overflights of s. Lebanon, while also violations of UN Res. 1701, had been common for years.)

Israel also challenged Hizballah in cyberspace: Israeli MK Avi Dichter and the Jewish Internet Defense Force (JIDF), which combats what it calls “anti-Semitism and terrorism” on the Internet, claimed

(ca. 7/31) success in pressuring the online social networking group Facebook to remove a fan page for Hizballah leader Nasrallah that had about 9,000 supporters. JIDF said that after finding out about the page on 7/24 it sent “action alerts” to nearly 100,000 people on 7/25 via Facebook and Twitter, urging them to write Facebook demanding the page be removed; Facebook quickly complied. JIDF said it also recently successfully pressured Facebook to remove a fan page for Hamas’s Gaza leader Ismail Haniyeh, but this could not be corroborated.

Hariri Investigation

The German weekly *Der Spiegel* ran (5/23) a special report citing sources close to the UN tribunal investigating former Lebanese PM Rafiq Hariri’s 2/05 assassination and confidential tribunal documents as concluding that Hizballah orchestrated Hariri’s killing. (Hariri supporters have long accused Syria of being behind the assassination, but no one previously had accused Hizballah.) The paper claimed that the tribunal independently concluded a month earlier that Hizballah was behind the attack but had not issued its findings because of the “explosiveness of the allegations.” Hizballah denied (5/23) the charges, saying the report was propaganda aimed at undermining its chances in the 6/07 parliamentary elections, stating it would not comment further until the tribunal made an official statement. The tribunal spokeswoman replied (5/23), “We do not comment on speculation,” stating that the investigation would remain confidential until the prosecutor deemed the probe complete, at which time he would issue a formal statement.

SYRIA

As the quarter opened, Netanyahu for the first time stated (5/20) that he was willing to reopen peace talks with Syria “without preconditions—either Israeli preconditions or Syrian ones,” but added that any peace deal “must [include] a solution to Israel’s special security needs.” Separately, Israel’s Dep. FM Ayalon said (5/20) that Syria could not “desire peace and at the same time support and arm Hizballah, Hamas, and . . . Islamic Jihad.” Syria did not take the statements seriously, noting (6/9) that Damascus and Ankara had officially

informed Israel of their desire to resume Turkish-brokered indirect peace talks with Israel from where they left off under former Israeli PM Ehud Olmert’s administration, but had not received a formal Israeli response.

Meanwhile, Syria continued efforts begun last quarter to improve ties with the U.S. to demonstrate serious intentions to contribute to regional stability (see Quarterly Update in *JPS* 152), notably agreeing (5/31) to allow a delegation of U.S. military commanders to visit Damascus to discuss joint efforts to curb the insurgency in Iraq. (Syrian and U.S. military officials had met at regional security meetings on Iraq but had not sat down for years to hold in-depth joint discussions on Iraq.) Syria at the same time agreed (5/31) to receive U.S. special envoy Mitchell in 6/09 to discuss reviving peace talks with Israel, which would mark the highest level U.S. visit since the U.S. scaled back diplomatic relations in the wake of the 2/05 Hariri assassination.

Following Obama’s 6/4 Cairo address, Mitchell made (6/12-13) a 2-day trip to Syria, where he personally assured Pres. Asad that “Syria has an integral role to play in reaching comprehensive peace” and stressed that the Obama administration hoped to rebuild bilateral relations with Syria on a foundation of mutual interests and respect. They also discussed the security situation in Iraq. Syrian officials described the 90-minute meeting as “very positive.” Days later, the U.S. State Dept. informed (6/23) the Syrian embassy in Washington that Obama had decided to return a U.S. ambassador to the embassy in Damascus, having concluded that the lack of diplomatic representation in Syria has strengthened Iran’s regional position. An ambassador was not appointed before the end of the quarter.

Not long after, Frederic Hoff, a senior adviser to Mitchell and the State Dept. official in charge of the Israel-Syria file, made (ca. 7/15) a quiet 4-day trip to Israel and Syria to discuss reviving this bilateral peace track, meeting with Israeli dep. FM Ayalon, Israeli NSA Uzi Arad, Syrian pres. Asad, and Syrian FM Walid al-Moualem. Though the U.S. would not discuss the trip, detailed reports in the media (e.g., *Washington Jewish Week* [WJW] 7/23) suggested that Hoff presented a draft U.S. peace plan for the Israel-Syria track that he himself had composed. The plan

reportedly envisioned the IDF withdrawing from the Golan Heights and an international force deploying in evacuated areas, part of which would become a “peace park” open to Israelis and Syrians during daylight hours. After “a long period . . . [of] gradually normalizing relations,” Israel would then dismantle settlements on the Golan and withdraw to the 1967 lines. Neither Israel, Syria, nor the U.S. officially commented on the reports.

Mitchell followed with another brief stop in Damascus on 7/26 to meet with Asad, then headed to Israel to meet with Barak (also 7/26) and Netanyahu (7/28), pressing both sides to revive the Turkish-mediated Israeli-Syrian peace talks. Mitchell also informed Asad that the Obama administration had approached Congress about easing economic sanctions against Syria (imposed under the 2003 Syria Accountability Act), particularly seeking to expedite individual waivers to fast-track sales of spare parts for civilian air craft, information technology, and telecommunications equipment that would augment Syria’s ability to monitor and seal its border with Iraq. Mitchell described (7/26) his talks with Asad as “candid and positive.”

Following in the U.S.’s tracks, Saudi Arabia named a new ambassador to Syria on 7/7 after having left the post vacant since 2/09 to protest Syria’s alleged interference in the Lebanese presidential crisis (see Quarterly Update in *JPS* 148) and deepening relations with Iran. Anonymous diplomats in Riyadh said (*WT* 7/8) that Saudi Arabia took the step because it was encouraged by Syria’s lack of interference in the 6/09 Lebanese elections, a factor that may have influenced the U.S.’s decision as well.

A remaining point of tension with Syria this quarter involved Syria’s nuclear program. The International Atomic Energy Agency (IAEA) reported (6/5) that routine testing of a declared Syrian nuclear energy facility in Damascus turned up uranium traces “of a type not included in Syria’s declared inventory of nuclear material,” raising concerns Syria has a clandestine weapons program. A former UN nuclear inspector said the IAEA discovery “implies at least some kind of experimentation” by Syria. Inspectors said that as of 6/5, Syria had not yet offered a “credible explanation” for the particles.

REGIONAL AFFAIRS

There was little regional action related to Palestinian affairs and the peace process this quarter. The Arab states waited for Obama to flesh out his peace proposals, in the meantime sticking by the 2002 Arab League plan as their basic offer, rejecting U.S. suggestions that the refugee right of return be dropped or that interim normalization gestures be made before a comprehensive final status agreement is reached. In this vein, the 57-nation Organization of the Islamic Conference, meeting in Syria on 5/25, issued a final statement that Muslim states would be open to improving ties with Israel if it took serious steps toward a “just and comprehensive peace that guarantees the restoration of rights and occupied land.”

Of note: Egyptian authorities reported (7/10) having arrested 25 persons on charges of plotting to bomb oil pipelines and ships in the Suez Canal. The cell allegedly was inspired by al-Qa’ida, led by a Palestinian, and had ties to Palestinians in Gaza (though the government did not allege a Hamas connection).

INTERNATIONAL

UNITED STATES

This quarter marked the true launch of the Obama administration’s Middle East engagement, and his major address in Cairo on 6/4 (see Doc. D2 in this issue) laid out the fundamental principles of the new government’s approach to the region and beyond. While focused in part on the Arab-Israeli conflict (see “Major Policy Speeches by Obama, Netanyahu, and Fayyad” above), the speech was intended primarily to call for a “new beginning” in relations between the U.S. and the Muslim world, acknowledging historical missteps and stressing mutual respect and a mutual interest in combating stereotypes. He also urged leaders to place the interests of their people above their parties. While not directly challenging the region’s autocratic leaders (including host Mubarak, whom he did not mention at all, which some considered a diplomatic slight), he affirmed his belief that democracies are more stable and that all people yearn for core ideals including self-rule, freedom of speech, and the rule of law. Hinting that the U.S.

might work with governments that include Hamas and Hizballah, he stated that the U.S. would “welcome all elected, peaceful governments—provided they govern with respect for all their people.” Analysts noted that he did not use the words “terrorism” or “terrorists.” After Cairo, Obama went to Germany (6/5) and France (6/6) to point up the importance of trans-Atlantic ties. In Germany, he visited Buchenwald concentration camp (which his great uncle helped to liberate) and met with wounded U.S. soldiers in Landstuhl. In France, he toured the Normandy beaches with French pres. Nicholas Sarkozy.

Most U.S. diplomacy during the quarter focused on reviving the Palestinian-Israeli and Syrian-Israeli peace tracks, the point man on the project being special envoy Mitchell. By the end of the quarter, however, there were indications (e.g., *NYT* 6/16; *WJW* 6/18, 7/2) that Mitchell was increasingly unhappy with his mission, feeling that: (1) he was not given adequate authority, independence, and leeway to mediate the peace process effectively; (2) his mandate had sometimes arbitrarily been expanded to include issues tangential to the peace process (including Iran and Iraq); and (3) he had at other times been sidetracked to handle details better left to other U.S. officials (such as securing Israel’s agreement to facilitate the movement of Fatah members from Gaza to the West Bank to take part in the sixth GC, a task appropriate for staffers on the Dayton team). Particularly galling, according to the reports, was a White House decision (6/15) to move Dennis Ross, the special envoy for the Persian Gulf and Southwest Asia, from the State Dept. to the National Security Council (NSC) staff, making him special assistant to the president and senior director of the NSC for the central region (Middle East, Persian Gulf, Afghanistan, Pakistan, and South Asia) and broadening his mandate to include advising the president on peace process issues. Precipitating the change, Ross reportedly had been unhappy at the State Dept., where he did not have strong ties with Secy. Clinton and had reportedly clashed with some career diplomats. At the same time, the White House reportedly had been eager to concentrate Iran policy planning under itself, as opposed to the State Dept. Ross’s transfer was finalized by 7/2.

U.S.-Israeli Bilateral Issues

Designated Israeli amb. to the U.S. Michael Oren submitted his credentials to the State Dept. on 6/22. A bureaucratic delay had left the post temporarily unfilled since outgoing amb. Sallai Meridor stepped down with Netanyahu’s election on 2/10.

In the wake of OCL, the U.S. seemed more cautious regarding military sales and joint ventures with Israel: The Pentagon informed Israel (ca. 7/21) that the U.S. would no longer give it unlimited discretion in how it spends the nearly \$3 b. of U.S. Foreign Military Financing (FMF) it receives and would hold Israel to the terms of the FMF legislation, which allows the money to be used only for weaponry and defense-related projects. (Previously, the Pentagon had allowed Israel to use some of the money for nonessential items such as uniforms and food.) This, combined with tensions between Israel and the U.S. over settlements, had some in Israel’s DMin. worried that the U.S. might move to cut the FMF aid to Israel. Israeli DMin. officials met on 7/21 to discuss the issue and decided that while a U.S. reduction in aid was unlikely, it would be wise for Israel to actively expand existing, and build new, relations with European countries that could serve as alternative sources of military equipment.

An anonymous U.S. government source reported (*World Tribune* 5/27) that the Obama administration was holding up Israel’s request to purchase 6 AH-64D Apache Longbow attack helicopters pending a review of whether Israel had used previously supplied Longbow helicopters inappropriately against civilians during OCL. The delay coincided with a separate Israel Air Force request for U.S. permission to integrate the Spike Multi-Purpose Anti-Armor Missile into the AH-64D (for background on Israel’s controversial use of Spike missiles during OCL, see the special document on Israeli armaments deployed during OCL in *JPS* 151).

Meanwhile, *Jerusalem Post International* reported (5/22) that negotiations between Israel and the U.S. regarding Israel’s proposed \$20 b. purchase of 75 F-35 Joint Strike Fighters was being held up because of a U.S. refusal to allow Israel to repair the F-35s’ computers by itself, fearing that Israel would steal classified U.S. technology. Israel expressed concern that outsourcing repairs to the U.S. could ground planes for

extended periods, leaving Israel vulnerable to attack. Israel rejected a U.S. offer to give it extra computers for the planes to enable them to return to service quickly, while the damaged computers would be shipped back to the U.S. for repair.

Despite possible tensions, Israel and the U.S. held (5/31-6/4) 5 days of war games in the region, especially to test antimissile systems. No details were reported.

Meanwhile, State of Israel Bonds, an Israeli government body, sponsored Operation Maccabee, a public relations tour bringing 8 IDF soldiers on a 10-day visit (mid-5/09) to the U.S. to meet with Israel Bonds investors, Jewish day schools, and other venues to “counter some of the negative spin that’s been ensuing over these past months” as a result of OCL. Soldiers disputed what they called the “misperceptions from the mainline press,” telling stories of serving in areas of s. Israel hit by Palestinian rocket and mortar fire, their service as medical doctors during OCL, training they received before going into Gaza on “methods to avoid injuring innocent civilians,” and the dangers they faced from Palestinian militants while fighting inside Gaza.

Congress

As mentioned above (see “Netanyahu and Obama Face Fundamental Differences”), members of Congress made a point of presenting a united front with the White House on the settlement freeze issue during Netanyahu’s 5/18 visit but were hesitant to take part in the public U.S.-Israeli dispute on the issue. As U.S. pressure on Israel to halt settlements increased, Sens. Evan Bayh (D-IN) and James Risch (R-ID), with the support of the American Israel Public Affairs Comm. (AIPAC), organized a letter (sent 7/23) by 71 senators to Obama that, while supporting the principles expressed in his 6/4 speech, urged him to apply equal pressure on Arab states to normalize relations with Israel and support the PA. (Americans for Peace Now, Brit Tzedek v’Shalom, and J Street had lobbied senators to withhold their signatures on the grounds that the letter should include reference to the need for both sides to take steps toward peace, especially Israel halting settlement construction, arguing that the spirit of the Bayh-Risch letter “contradicts and undermines” Obama’s peace efforts.)

Also of note: AIPAC released (5/28) a letter sent to Obama on 5/1 by House majority leader Steny Hoyer (D-MD) and minority whip Eric Cantor (R-VA) and signed by 329 reps. calling on the U.S. to allow Israelis and Palestinians to negotiate the details of a peace agreement themselves, without administration interference, and otherwise encouraging the U.S. to act as a “devoted friend to Israel.”

Legal Actions

More than 125 rabbis sent (ca. 5/21) a letter to the U.S. atty. gen. demanding that he open a formal investigation into whether the U.S. government wrongly opened a case against former AIPAC staffers Steven Rosen and Keith Weissman, alleging that pervasive “anti-Semitism and/or anti-Israel sentiments” within government agencies resulted in “an enormous miscarriage of justice.” U.S. prosecutors last quarter (see Quarterly Update in *JPS* 152) dropped charges against the men accusing them of illegally passing classified material to Israel. The reason given was that so much additional classified information would need to be released during trial in order to win the case that further prosecution would jeopardize U.S. security.

In mid-6/09, a U.S. federal judge dramatically reduced the sentence of former Pentagon staffer Larry Franklin, who had confessed in 2005 to leaking classified material to AIPAC’s Rosen and Weissman and an Israeli diplomat, giving Franklin probation plus 10 months community service. Franklin had been sentenced to 12 and a half years jail time but had been released pending his cooperation in the Rosen-Weissman case. His attorney appealed the sentence after federal prosecutors dropped that case last quarter. With the reduced sentence in hand, Franklin spoke (7/28) publicly about his case for the first time, stating that he had worked for the FBI as an undercover double agent for 10 weeks in 2004, covertly collecting intelligence on the pro-Israel lobby, and had felt deeply betrayed when the FBI accused him of spying. The FBI declined (7/28) to comment.

RUSSIA

Israeli FM Lieberman (a Russian immigrant) made an official visit to Moscow beginning 6/2, where he met with Pres. Dmitry Medvedev, PM Vladimir Putin, and

other Russian officials. According to analysts (e.g., *NYT* 6/14), Lieberman deliberately visited Russia before making his first official trip to the U.S. to emphasize that “Russia is a key player” in the region and that Israel might deepen relations with Moscow if the U.S. continued to pressure Israel on the peace process. Moscow, meanwhile, reportedly hoped that improved relations combined with close ties with Arab states would allow it to take on a more active “honest broker” role in the peace process. To this end, Russian officials revived (6/2) plans, first proposed after the 11/07 Annapolis summit but repeatedly postponed (see Quarterly Updates in *JPS* 147–49), that Moscow host an international peace conference to encourage movement on the process, ideally before the end of 2009. Egyptian pres. Mubarak (6/22) and French pres. Sarkozy (7/21) endorsed the idea, but no serious planning got underway before the end of the quarter. The Netanyahu and Medvedev governments were also seen as natural allies on issues of “combating terrorism,” especially at a time when Israel and Russia both faced stiff international criticism of their conduct in Gaza and South Ossetia, respectively. Despite these considerations, Lieberman was unable to convince Russia to take a harder line with Iran.

Of note: Israel agreed (6/24) to sell a dozen drones to Russia, provided that Moscow suspend a proposed sale of 8 advanced MiG-31 warplanes to Syria and pledge not to sell advanced anti-aircraft missile systems to Iran or Syria.

In a mystery possibly involving Israel, a Russian cargo ship, *Arctic Sea*, bound for Algeria mysteriously disappeared (7/28) in the Baltic Sea 4 days after reporting being boarded by masked gunmen wearing black commando garb similar to U.S. special forces units and speaking accented English who searched the ship for drugs and departed after 12 hours. The boat was found on 8/14 off the West African coast and was quickly seized by Russian commandos. After the boat’s recovery, abundant rumors (e.g., *YA* 9/2, *BBC* 9/9) suggested that Israel’s Mossad had discovered that the ship was smuggling either missiles or a Russian air defense system to Iran or Syria and had hijacked the vessel, never leaving as the crew had radioed to authorities on 7/24. According to the rumors, Israel had informed Russia of the incident, giving it

the opportunity to stop the ship before Israel went public; the suggestion was that the Russian government had orchestrated the stealth shipment to avoid openly violating pledges not to give Iran such items. Russian authorities denied these allegations but did not explain the incident and placed a gag order on the *Arctic Sea* crew with a penalty of up to 7 years in prison. The 8 alleged hijackers seized on the boat were still in Russia’s custody at the end of the quarter.

EUROPEAN UNION

One of the Netanyahu administration’s major moves this quarter was to explore improving and deepening coordination with the EU. On 6/15, Israeli FM Lieberman held regular talks on bilateral relations with EU FMs in Luxembourg, focusing on urging the EU to impose tough sanctions on Iran. The FMs replied that while Iran’s nuclear program was a key concern, the EU was reluctant to impose punitive economic sanctions. Continuing the linkage between bilateral relations and progress on the peace process that former Israeli PM Olmert had lobbied hard against (see Quarterly Update in *JPS* 151), the EU, citing Netanyahu’s 6/14 speech as inadequate to promote peace, deferred upgrading bilateral trade relations, urging Israel to declare a settlement freeze and ease the siege of Gaza. Swedish FM Carl Bildt, who would take over the 6-month rotating EU presidency on 7/1, said that “the fact [that Netanyahu] uttered the word ‘state’ is a small step forward,” but “whether what he mentioned can be defined as a state is a subject of some debate.” (The EU and Israel had been discussing a further upgrading of relations in late 2008, before the EU suspended talks over OCL.) At the same time, EU FMs issued a statement reaffirming support for a 2-state solution and praising Obama’s efforts to revive Arab-Israeli peace. The EU statement did not include, however, a clause that East Jerusalem should be the capital of a Palestinian state and did not water down the 1/06 Quartet demands to facilitate dealing with Hamas’s political wing—both possibilities had been debated by EU members but had been lobbied hard against by Israel.

Soon after, Netanyahu traveled (6/23–24) to Italy and France to present Israel’s position on a settlement freeze and

to press the EU to impose stronger sanctions on Iran. No understandings were reached.

Javier Solana, who had played a key role in the peace process as the EU's foreign policy adviser since 1999, confirmed (7/5) his intention first stated last quarter (see Quarterly Update in *JPS* 152) to let his term expire in 10/09 without seeking reappointment. Thus able to speak more freely, Solana accepted an invitation to give (7/11) the annual lecture at Britain's prestigious Ditchley Foundation, where he presented an unusually prescriptive address on the EU's regional role (see Doc. A2 in this issue), including calling on the UNSC to plan to recognize a Palestinian state in a set period of time, independent of progress in negotiations. Solana reportedly coordinated with and strongly supported the position of PA PM Fayyad, who had urged the creation of a Palestinian state within 2 years (see the interview with Fayyad and Doc. B1 in this issue).

On an EU state level: Britain withdrew (7/13) 5 licenses for arms exports to Israel after reviewing how Israel used British equipment during OCL. It did not detail which arms would be withheld, only that "there is a clear risk that [the] arms will be used for external aggression or internal repression." Israel said that the revocation would not have a significant impact on the IDF, noting that 177 British arms licenses remain in effect.

UNITED NATIONS

A group of 38 UN agencies and NGOs marked the second anniversary of Israel's imposition of a blockade on Gaza on 6/17 by issuing a statement expressing concern over the "indiscriminate" nature of the ongoing siege and its detrimental effects on ordinary women, children, and the elderly, and calling on Israel to allow the unimpeded import of humanitarian goods. To facilitate aid flows, the UN Humanitarian Coordinator for Gaza announced (5/31) a "Framework for the Provision of Humanitarian Assistance in Gaza" acceptable to Israel and the donor community that would enhance monitoring of the transfer and allocation of humanitarian assistance to Gaza to ensure transparency and guard against "the possible diversion and misuse of assistance." No details were released. The monitoring system went into effect in

6/09, and if successful in improving Israeli and donor confidence, might be extended to the West Bank. Despite this, there was no significant flow of reconstruction aid to Gaza by the end of the quarter. The UN Development Program, however, began (7/13) a \$12-m. project to remove the nearly 420,000 tons of rubble in Gaza created by OCL.

Meanwhile, the UN Human Rights Council (HRC) chief investigator Richard Goldstone and his team opened (6/1) the HRC's investigation into possible violations of human rights and international law by Israeli and Palestinians fighters during OCL. Israel refused to cooperate and called the probe "inherently flawed." Absent Israeli facilitation, the team entered Gaza through the Rafah checkpoint on 6/1 to observe damage and conduct interviews. The team later conducted 4 days (7/4-7) of public hearings, taking testimony regarding OCL from Israelis and Palestinians. The mission planned to release its final report in late 8/09. Meanwhile, Netanyahu set up (ca. 7/30) an interministerial committee charged with planning the government's response to the investigation.

Of note: The Obama administration declared (8/6) that it planned to pay the U.S.'s \$159-m. outstanding debt to UN peacekeeping missions, which had gone unpaid since 2005. (The Bush administration had withheld funds demanding specific UN reforms.)

IRAN

Israel continued to push Iran's nuclear threat as the region's primary concern in an apparent effort to deflect attention from the peace process, which Netanyahu was not eager to resume. As noted above (see "Netanyahu and Obama Face Fundamental Differences"), Netanyahu praised understandings reached with Obama regarding Iran as the high point of their 5/18-19 meeting in Washington, with his adviser Dore Gold reporting (5/18) "the beginning of a strategic convergence" between the U.S. and Israel on Iran. Netanyahu himself claimed (5/18) as a "major success" a "guarantee" from Obama that Israel's nuclear program would not be used as a bargaining chip in U.S. talks with Iran regarding halting its nuclear program. Obama did not back down, however, from his intention to focus first

on reaching a deal with Iran through dialogue and ignored Netanyahu's request (made for the first time last quarter and reiterated on 5/18; see Quarterly Update in *JPS* 152) to set a deadline for achieving diplomatic progress. Obama stated only that he would wait until after Iran's 6/12/09 presidential elections to press Tehran and that he expected clarity by the end of 2009 as to whether Iran was interested in making "a good-faith effort to resolve differences."

As a compromise, Obama agreed (5/18) to Netanyahu's request to form a high-level bilateral working group that would meet at least monthly to assess U.S. diplomatic efforts with Iran, to share intelligence on Iran's nuclear program, and to develop "contingency plans" if diplomatic efforts to halt Iran's nuclear program failed. Working group tasks reportedly (*WT* 5/20) would include setting "agreed standards for judging if engagement is working, next steps if engagement fails, under what conditions—if any—military force might be used, and coordinating our actions in the event of conflict with Iran." Sources familiar with the agreement said (*WP*, *WT* 5/20) that part of the U.S. aim in setting up the working group was to monitor Israel's plans to strike Iran should diplomacy fail; from the Israeli standpoint, the purpose was to keep pressure on the Americans to advance diplomacy or adopt punitive measures. There were no reports that the working group met before the end of the quarter.

After Netanyahu's visit and in the run-up to the Iranian elections, the U.S. made public statements indirectly threatening and encouraging Iran: Secy. of State Clinton told (5/20) Congress that the U.S.'s goal in pursuing diplomacy with the new Iranian regime would be to "persuade the Iranian regime that they will actually be less secure" if they move ahead with their nuclear program. Obama, in his 6/4 Cairo speech, shifted some pressure back on Israel, stating, in line with Iran's long-standing position that Israel should observe the nuclear nonproliferation treaty: "I understand those who protest that some countries have weapons that others do not. No single nation should pick and choose which nation holds nuclear weapons. And that's why I strongly reaffirmed America's commitment to seek a world in which no nations hold nuclear weapons."

Meanwhile, Iran conducted (5/20) its second successful test firing of a Sijil-2 solid-fuel rocket, capable of striking Israel and parts of Western Europe. The Pentagon called (5/20) the test "significant," because the missile could be mass produced, stored for long periods, and easily moved, fired, and hidden. Iran also sent (5/25) 6 warships into the Gulf of Aden to demonstrate its ability to control the waterway in the event of an attack by Israel or the U.S.

Presidential Elections Reshape U.S. Views

The results of Iran's 6/12 presidential elections were initially too close to call, with incumbent pres. Mahmoud Ahmadinejad and his main moderate challenger Mir Hussein Moussavi each declaring (6/12) victory. As recently as 2 months before the election, Ahmadinejad had been expected to be the clear winner, but in the weeks leading up to the vote, he had lost ground to Moussavi, whose late entry into the race had rallied predominantly young, urban, middle-class intellectuals and academics and old revolutionaries who seized power from the Shah (e.g., former pres. Ali Akbar Hashemi Rafsanjani). These groups felt alienated by the current regime, whose power base was among poorer, rural Iranians, hard-line Islamic clerics, and members of the Revolutionary Guard. The two camps were divided primarily over domestic issues, with Moussavi supporters generally supportive of Ahmadinejad's foreign and nuclear policies but critical of his defiant posture toward the West. During the campaign, the candidates exchanged heated words and supporters traded accusations that the other camp would try to steal the election. In the final 2 weeks before the elections, Moussavi supporters took to the streets nightly in Tehran for massive rallies calling for change and denouncing Ahmadinejad in what a senior member of the Republican Guard denounced (6/10) as a "velvet revolution" (referring to the 1989 nonviolent revolution in Czechoslovakia). No serious violence during the campaign or the election itself was reported.

On 6/13, amid reports of disappearing ballot boxes and military interference in voting, Iran's Interior Min., controlled by Ahmadinejad, declared him the official winner with 63% of the vote compared to 34% for Moussavi, and a voter turnout of

86%. (The remaining votes went to 2 moderate opposition candidates.) The results sparked riots across Tehran by Moussavi supporters, who set fires and engaged in stone-throwing clashes with police and military. Despite appeals by Moussavi, Iran's supreme leader Ayatollah Ali Khamenei declined to intervene in the election dispute, issuing a statement (6/13) declaring Ahmadinejad the victor and urging Iranians to unite in support of his presidency.

Over the next several days, however, riots and massive (10,000s) peaceful protests in Tehran (the largest since 1979) grew and spread to some outlying areas. Government forces arrested scores of opposition figures. On 6/19, Khamenei used his Friday sermon to put his full weight behind Ahmadinejad, warning the opposition that it bore full responsibility for any bloodshed resulting from further demonstrations, hinting at a violent crackdown if protests continued. Iranian police and military forces stepped up repression of demonstrations as of 6/20, sparking major clashes involving police use of tear gas, water cannon, batons, and gunfire in the air, wounding several people. The government arrested 100s of demonstrators and opposition figures and created special courts to try them, raising international concerns.

By 6/24, after the widely publicized 6/22 death by police gunfire of a young female bystander to the Tehran protests, and in light of increased police repression, the demonstrations began to taper off, with crowds now only in the 1,000s in Tehran. As of 6/25, analysts described (e.g., *NYT* 6/26) continued "wide-spread public anger and resentment toward the leadership, but no organization to channel it." On 6/26, with clerics warning that protest organizers might face the death penalty and election officials repeating assertions that there had been no major voter fraud, Moussavi stopped actively encouraging the protesters, agreeing to seek government permits for any further demonstrations. Protests continued at a low level, meeting sustained heavy police and military opposition through 6/30, when they petered out.

In the early days after the vote, the U.S. administration had said (6/13) it would move forward with diplomatic efforts to engage Iran despite the election results and concerns of fraud, and would expect shortly a formal response from the new government to Obama's diplomatic

overtures. (Israel, meanwhile, had stated on 6/13 that Ahmadinejad's win underscored the Iranian threat and the "need for a tough response rather than patient diplomacy.") As protests and government arrests increased, however, Obama's stance hardened. On 6/19, he warned that the escalation could force the U.S. to reexamine its policies and on 6/20, he called on the Iranian government to "halt all violent and unjust actions against its own people," saying that if Iran "seeks the respect of the international community, it must respect the dignity of its own people and govern through consent, not coercion." At the same time, facing diplomatic pressures at home to vocally denounce Ahmadinejad, he argued (6/16) that doing so would be counterproductive because it would be seen as meddling in Iran's internal affairs, making diplomatic efforts to secure a halt to Iran's nuclear program all the harder. Complicating Obama's domestic positions, Khamenei revealed in a sermon on 6/19 that a month before the elections (ca. 5/4-10), Obama had sent him a letter personally appealing for improved relations. Anonymous Iranian officials confirmed (ca. 6/24) this, saying the letter had been relayed by Switzerland (which has long represented U.S. interests in Iran); the U.S. refused to comment.

As of early 7/09, U.S. public statements hardened significantly: the chairman of the Joint Chiefs of Staff Adm. Michael Mullen repeatedly made (7/2-9) statements on Iran emphasizing that "all options [are] on the table, including, certainly, military options." VP Biden stated (7/5) that while the U.S. would not be swayed from attempting diplomacy first, "If the Netanyahu government decides to take a [different] course of action . . . that is their sovereign right to do that." Israeli officials quickly clarified (7/5) that Netanyahu had not sought U.S. aid or permission for a possible military strike on Iran, assuming Obama would oppose it. Obama stated (7/7) that Biden's comments were "absolutely not" meant to indicate approval for an Israeli strike, while at the same time shortening his deadline for a positive Iranian response to his diplomacy: at a G8 summit in Italy on 7/8, he stated that the U.S. now expected a "September time-frame" (i.e., by the UN General Assembly [UNGA] opening session) for an Iranian response to offers to discuss its nuclear program. G8 members

issued (7/8) a joint statement, saying they were committed to finding a diplomatic solution to the Iranian nuclear issue and would “take stock” of the situation again in 9/09, in keeping with the new U.S. timetable. In response, Iranian FM Manouchehr Mottaki said (7/11) that Iran was preparing a package of offers for the West, covering political, economic, security, and international affairs, that could be the basis for future talks.

On 7/22, Secy. of State Clinton, speaking in Thailand, warned that the U.S. would consider extending a “defensive umbrella” over the Middle East if Iran pursued a nuclear weapons program. For years, there had been widespread assumption that the U.S. would take such a position if Iran obtained nuclear weapons, but Clinton’s declaration marked the first time that the U.S. officially stated this position. On 7/23, however, the jointly developed Israeli-U.S. Arrow antimissile defense system failed a series of tests, raising concerns over the U.S.’s ability to provide a defensive umbrella. On 7/26, Clinton publicly warned Iran that any pursuit of nuclear weapons capability was “futile” and that the U.S. would under no condition allow Iran to produce its own nuclear fuel.

Meanwhile, Israel also ratcheted up pressure by announcing (7/14) the passage of 2 of its missile class warships through the Suez Canal for maneuvers in the Red Sea and confirming (7/14) that one of its Dolphin class submarines had sailed through the canal in late 6/09 and returned from maneuvers on 7/5. (The submarine and warships were capable of firing nuclear missiles.) The maneuvers were routine, but Israel’s public acknowledgment of them was extremely rare. The Israeli DMin. explained (7/14) that “Israel is investing time in preparing itself for the complexity of an attack on Iran. These maneuvers are a message to Iran that Israel will follow up on its threats.”

In an effort to keep Israel in check, U.S. defense secy. Robert Gates made a 2-day visit (7/27–28) to Israel to meet with Netanyahu, Barak, and other Israeli officials on bilateral defense concerns, especially Iran. Though the talks were billed as routine U.S.-Israeli consultations, they marked the first time in more than 2 years that the U.S. defense secy. had met with his counterpart or the Israeli PM. Insiders said (see *NYT* 7/26) that the U.S. had decided “that

it is better to have close U.S.-Israeli consultations in assessing the situation in Iran than having a situation in which Israel feels isolated. . . . In the context of isolation, Israel is more likely to strike out on its own.” Gates promoted a combination of diplomacy and economic sanctions as the best route to curbing Iran’s nuclear ambitions, saying the U.S. would press for tough sanctions if Iran did not respond positively to U.S. overtures by late 9/09. In a joint press conference after their meetings, Barak twice stressed that the military option against Iran was on the table. In response, the U.S. clarified (7/28) that Gates had not discussed a blueprint to attack Iran. Just as Gates was leaving Israel, NSA Jones and his special adviser on Iranian affairs Ross arrived for 3 days (7/28–30) of meetings on Iran; no details were released.

To pressure the Obama administration to support Israel’s view on Iran, CPMAJO and AIPAC began (7/6) planning major rallies in 9/09, coinciding with the opening of the UNGA session, to press for sanctions against Iran. CPMAJO also planned a day of lobbying Congress and the White House for 9/10, during which some 300–500 Jewish leaders would be on hand to speak with members of Congress, laying the groundwork for a massive rally in New York on 9/24 for the opening of the UNGA session, at which Ahmadinejad was scheduled to speak.

TURKEY

Turkey did not play an active role in the peace process this quarter, though it did urge the Netanyahu government to revive its Turkish-mediated peace talks with Syria (see Syria section above). On a bilateral level, Israeli FMin. dir. gen. Yossi Gal received Turkish FMin. undersecy. Ertugrul Apakan in Tel Aviv on 6/22 for the 12th round of an Israeli-Turkish political dialogue aimed at enhancing their existing economic, trade, tourism, maritime, and cultural ties. They also discussed regional affairs. No significant agreements were reached.

LATIN AMERICA

Marking a significant change of policy, the new Israeli government increased its diplomatic focus on Latin America aimed at enhancing relations with regional allies. Recent Israeli administrations had not seen

Latin America as a priority, closing missions and scaling back staff in the region to reduce expenses. One of the Netanyahu government's first diplomatic moves was to announce (5/21) plans to reopen Israel's consulate in Sao Paulo, Brazil, which was closed in 2002 because of budgetary constraints.

Israeli FM Lieberman made his second high-profile tour abroad to Latin America (7/20–29; the first tour had been to Russia, Europe, the U.S., and Canada), holding talks with the governments of Brazil, Argentina, Peru, and Colombia aimed at “stemming Iranian infiltration” on the continent. Israel was particularly concerned by the pro-Iranian, pro-Hizballah stances of Bolivia, Ecuador, and Venezuela and worried that the lawless border regions of Argentina, Brazil, and Paraguay could be transformed into militant Islamist training grounds. Prior to Lieberman's tour, a classified Israeli report was leaked (5/25) to the Associated Press alleging that Bolivia and Venezuela had been supplying Iran with uranium for its nuclear program. (Both countries have uranium deposits, but Venezuela was not believed to be mining its reserves.) Neither country commented. During the tour, Lieberman explicitly accused (7/26) Bolivia of supplying Iran.

Also of note: After 15 years, Argentina initiated steps this quarter to reopen the case of a 1994 bombing of the Argentine Jewish Mutual Aid Association in Buenos Aires that killed 85 and wounded more than 300. In 1994, the Argentinean judicial system had been failing and the courts ruled most of the evidence inadmissible after an investigating magistrate tried to bribe a witness. In 5/09, Argentina's Supreme Court reviewed the initial investigation of the bombing and ruled that evidence admissible, creating the opportunity for the case to be reopened. In 6/09, an Argentinean federal judge issued an international warrant for Colombian citizen Samuel Salman El Reda on charges of helping to coordinate a local Hizballah cell believed to be responsible for the attack, possibly with Iranian financing.

DONORS

The major donor event of the quarter was an Ad Hoc Liaison Comm. (AHLC) meeting on 6/7–8 in Oslo to follow up on

Palestinian economic affairs since the 3/09 Sharm al-Shaykh pledging conference (see Quarterly Update in *JPS* 152). Norwegian FM Jonas Gahr Støre, as host, emphasized that no new pledges were expected at the meeting, stressing that if pledges made at the 12/07 Paris summit and the 3/09 Sharm al-Shaykh summit had been fulfilled according to schedule, the PA would be on target with its development plans as laid out in its 3/09 reconstruction and development program. Fulfillment, however, had been poor (Støre gave no figures to save donors embarrassment), due in part to the global economic downturn and the lack of a political horizon for Israeli-Palestinian peace. He urged donors to be more forthcoming with aid by the next AHLC meeting planned for the sidelines of the UNGA session in New York in 9/09. At the Oslo AHLC meeting, donors announced the reactivation of their Joint Liaison Comm. (JLC), the highest-ranking donor coordinating body to meet regularly in the territories, involving full participation of Israel and the PA along with senior donors (the EU, UN, U.S., and World Bank, with Norway as shepherd). The JLC was created in 4/95 as part of the Oslo process and last met in 4/00, but was suspended by Israel and the PA after the outbreak of the al-Aqsa intifada in 9/00. The revived JLC's first task was to oversee preparations for the 9/09 AHLC meeting.

In its report to the AHLC, the World Bank noted 3 “fundamental truths” of donor support that run counter to the political policies of many donor governments: (1) continued PA economic development and provision of basic services can occur only if the PA functions reliably and is fiscally and monetarily stable, meaning that donors' “neglect of PA budget support and bypassing of PA institutions in disbursement of aid is counterproductive, particularly given the PA's good performance in public financial management”; (2) an economically viable Palestinian state can be achieved only if Gaza and the West Bank remain an integrated economic unit; and (3) stand-alone development projects that do not contribute to long-term private sector development and a sustainable economy will have little lasting impact.

Among the routine donor meetings this quarter, the Local Development Forum (the coordinating body representing all donor states operating in the territories) met on 6/17 to discuss the PA's reform

and development priorities and budget issues, as well as to prepare for the AHLC on 6/7-8. Of the 4 main donor “strategy groups” (SGs), the economic policy SG met on 7/2 and the social development and humanitarian assistance SG met on 6/30; the infrastructure SG and the governance and reform SG did not meet. Several SG subcommittees also held regular follow-up meetings to address specific priority issues. These included the economic SG’s fiscal sector working group (SWG; 5/28, 7/2), private

sector development and trade SWG (6/17), and agriculture SWG (5/19, 7/28); the governance SG’s election reform SWG (8/11) and judicial reform SWG (7/8); the infrastructure SG’s municipal development and local governance SWG (6/23, 8/10); and the social and humanitarian assistance SG’s health SWG (6/9), education SWG (5/27, 8/11), and “social protection” SWG (which addresses the Social Safety Net Reform Project funded through PEGASE [the EU financing mechanism in support of the PA]; 7/9).



An Israeli policeman stands guard as Jewish settlers start construction on a Palestinian property in the East Jerusalem neighborhood of Shaykh Jarrah, 26 July 2009. During the quarter, the Israeli government facilitated settler attempts to seize four Palestinian homes in this neighborhood. (Gali Tibbon/AFP/Getty Images)