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QUARTERLY UPDATE ON CONFLICT AND DIPLOMACY

16 AUGUST-15 NOVEMBER 2007

COMPILED BY MICHELE K. ESPOSITO

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

THE PALESTINIAN-ISRAELI CONFLICT

The focus of the Israeli-Palestinian track this quarter was on plans for a fall peace conference hosted by the U.S., tentatively slated for 11/07, as called for by U.S. Pres. George W. Bush in a policy speech in 7/07 (see Doc. C3 in *JPS* 145). U.S. Secy. of State Condoleezza Rice made three trips to the region this quarter to prepare for the event, bringing to 8 her total trips to Israel and the occupied territories in 2007, reflecting the Bush administration's new goal of achieving a Palestinian state by the end of Bush's term in 1/09.

At the same time, Palestinians internally, and the region as a whole, continued to grapple with the fallout of Hamas's 6/07 takeover of the Gaza Strip and ouster of Fatah, and the consequent Israeli siege imposed on the Strip. The West Bank and Gaza were effectively severed, with Palestinian Authority (PA) Pres. Mahmud Abbas (Fatah) governing the West Bank and ousted PA PM Ismail Haniyeh (Hamas) governing in Gaza. The PA had cut off all financial support for Haniyeh's acting government and was tacitly supporting Israel's heavy restrictions on imports, near-total ban on exports, and severe travel limits on all but VIPs and medical cases. Gazans were experiencing shortages of food and medicine, as well as rolling blackouts stemming from the lack of spare parts to maintain Gaza's power plant. Unable to import raw materials, only 10% of Gaza industries remained partially functioning; 95% of construction projects had been halted. Some 1,000 Gazans remained stranded in Egypt. The Israel Defense Forces (IDF) was conducting daily incursions, air strikes, and cross-border attacks on Gaza, while routine IDF military operations continued in the West Bank. As of 8/16, at least 5,260 Palestinians (including 49 Israeli Arabs and 17 unidentified Arab cross-border

infiltrators), 1,033 Israelis (including 318 IDF soldiers and security personnel, 209 settlers, 506 civilians), and 60 foreign nationals (including 2 British suicide bombers) had been killed since the start of the al-Aqsa intifada on 9/28/00. In addition, at least 344 Palestinians had been killed in intra-Palestinian political violence since the fighting first began to take the tones of civil war in 10/06.

The Abbas-Olmert Meetings

At the opening of the quarter, PA Pres. Abbas and Israeli PM Ehud Olmert were positioning themselves in response to Bush's surprise 7/16 call for an international summit to revive final status negotiations. Bush had proposed the summit without seeking the prior endorsement of Olmert or Abbas. While Abbas had welcomed the idea, Olmert had quickly acted to limit the scope of any talks (see Quarterly Update in *JPS* 145), proposing that he and Abbas open negotiations on an "agreement in principle" on the characteristics of a future Palestinian state in Gaza and "most of the West Bank" as an interim step toward renewing final status talks. Abbas and Olmert had held their first such meeting on 8/6. Though they stated afterward that they had made no breakthroughs, rumors circulated by 8/17 that they had in fact reached "substantive understandings" on aspects of several core issues, including Jerusalem, borders, and refugees (see Quarterly Update in *JPS* 145). Few details were released even to the leaders' immediate circles, raising concerns on both sides that Olmert and Abbas were outlining deals without input from experts or senior advisers and that too many concessions might be made.

By late 8/07, further rumors indicated (e.g., *Ha'Aretz* 8/23) that Olmert had proposed that the agreement in principle link creation of a safe passage between the West Bank and Gaza to Israel's retention of West Bank settlement land (the 1993 Oslo Accord

provided for a safe-passage route, never implemented; in later attempts to renegotiate the Oslo Accord, Israel had not suggested linking it to the other final status issues). Furthermore, according to rumors, Palestinians would receive control of the route once the current PA leadership retook control of Gaza, but Israel would maintain sovereignty. Abbas was also said to have agreed to drop objections to a state with temporary borders (based on the separation wall) provided that the agreement in principle includes an internationally guaranteed timetable for completing negotiations on permanent borders. (Abbas had previously rejected this idea, fearing that the Palestinians would be left in a legal limbo with no sovereign state; see Quarterly Update in *JPS* 143.) Regarding refugees, Olmert was reportedly willing to consider recognizing Palestinian refugee suffering, accepting some indirect responsibility for the 1948 refugees, and participating in an international project to rehabilitate refugees in the West Bank, Gaza, and other areas Israel would transfer to the Palestinians, as well as in current host countries (similar ideas were agreed to by the Israeli and Palestinian teams at the semi-official 2001 Taba negotiations; see the Moratinos nonpaper in the Special Document File on Taba in *JPS* 123).

While speculation swirled, the immediate priorities of the two sides remained the same: the PA required a significant easing of restrictions on Palestinian movement and immediate improvement in the dire Palestinian economic situation so as to have the legitimacy to conduct serious negotiations, while Israel demanded the PA's eradication of Palestinian militant groups and a total halt to Palestinian violence before it would commit to any peace deals. To this end, Israeli FM Tzipi Livni and PA PM Salam al-Fayyad held (8/27) talks in Jerusalem on the deteriorating Palestinian economic situation. They agreed in principle to revive coordination on economic issues, social affairs, and environmental protection and to hold direct talks to advance joint economic initiatives. Fayyad complained that Israel was moving too slowly on previous pledges to ease restrictions on Palestinian movement in the West Bank (see Quarterly Update in *JPS* 145). Livni replied that the Defense Min. was still studying what could be done without compromising Israel's security.

On 8/28, Abbas and Olmert held their second meeting in Jerusalem to discuss the agreement in principle, conferring for

3 hours, the first 90 minutes alone. Discussions centered on the broad principles that would guide future talks, once again touching on Jerusalem, borders, and refugees. No details were released, but Abbas reportedly felt that Olmert's positions on these core issues were too general and pressed the Israeli PM to give specific proposals. Afterward, the sides announced (in keeping with the 8/27 Livni-Fayyad talks) their agreement to revive by mid-10/07 their joint economic comm. to work with Quartet special envoy Tony Blair, charged with rehabilitating PA institutions and the Palestinian economy (see Quarterly Update in *JPS* 145), and to meet again within 2 weeks.

Shortly before the third Abbas-Olmert meeting 2 weeks later, Israel passed (early 9/07) to the PA its draft of the agreed principles (leaked to the Arab press on 9/10, the day of the meeting), which called for restricting the right of return to the Palestinian territories, resettling Palestinian refugees in host countries, transforming Jerusalem into an "open religious capital," swapping land to allow Israel to keep major West Bank settlement blocs in exchange for barren Negev land, and creating a safe-passage route linking Gaza and the West Bank—all proposals that Israel has raised in previous negotiations. Still, the Bush admin. reportedly welcomed the proposals as positive, hoping that Abbas and Olmert would agree on a draft on final status issues detailed enough to encourage other Arab states to attend Bush's proposed summit. (In meetings with U.S. Secy. of State Condoleezza Rice last quarter, Arab leaders had stressed that a conference should be aimed at concluding a broad, specific peace agreement and that they would not attend a mere "photo opportunity"; see Quarterly Update in *JPS* 145.)

When Abbas and Olmert met in Jerusalem on 9/10, however, talks apparently focused almost exclusively on security issues and Palestinian freedom of movement, with Olmert stating that the Defense Min.'s plan to reduce checkpoints in the West Bank was not yet finished. The leaders agreed to devolve discussion of "issues central to the creation of a Palestinian state" to 8 cabinet-level committees that would address individual topics, including borders, refugees, security, communications, water rights, and environmental protection. No time frame was mentioned nor was a date set when Abbas and Olmert would next meet. As a gesture to Abbas, Olmert agreed to consider releasing another 100 Palestinian

prisoners ca. 10/12 to mark the end of Ramadan (255 prisoners had been released on 7/20; see Quarterly Update in *JPS* 145). While, in light of the rumors and leaks, it seemed that Abbas and Olmert were scaling back potentially ambitious discussions on final status, the decision to move core-issue talks to joint committees did not reduce widespread popular Palestinian suspicion of Abbas for “not telling anyone anything about [his meetings with Olmert], preferring to keep the secrets to himself” (see *al-Quds al-Arabi* 9/10), or concerns within Olmert’s opposition (led by Likud leader Benjamin Netanyahu, coalition partner DM Ehud Barak of the Labor party, and Olmert’s own Kadima party colleague, Transportation M Shaul Mofaz) that mere discussion of concessions to the PA, particularly on Jerusalem, could embolden Hamas.

Aside from possible pressure from inside Abbas’s and Olmert’s camps to scale back their private talks, another reason for the apparent cooling of the Abbas-Olmert talks may have been the steadily worsening situation in Gaza as of mid-8/07. Israel had suspended fuel transfers through the Nahal Oz pipeline on 8/15; by 8/17, Gazans were experiencing longer blackouts resulting from fuel shortages. Under international pressure, Israel authorized (8/19) the delivery of enough fuel to meet basic humanitarian needs (i.e., enough to keep hospitals and sanitation works running, but not enough to fuel civilian cars or provide round-the-clock electricity), but the EU, which underwrites PA fuel costs, delayed the reopening pending assurances that none of the profits from fuel sales would benefit the acting Hamas government in the Strip. Assurances were given and restricted imports resumed on 8/22, but not before Gaza’s main power plant ran out of fuel and shut down completely on 8/20.

By the time of the Abbas-Olmert meeting on 9/10, cumulative private sector losses in Gaza after 3 months of siege had reached \$51 m., according to the UN (9/13). The UNRWA and World Food Program reported (9/13) that they had each incurred additional costs of around \$65,000/month to import food aid to Gaza because of new Israeli requirements to palletize commodities; the figure did not include additional accumulated costs for container storage and demurrage. The IDF had also rejected (8/26) UNRWA appeals to allow 5 truckloads of paper into Gaza to print textbooks for the upcoming academic year, which was to open on 9/1, stating the paper might be used to

print books “with Hamas ideology . . . or for other propaganda endeavors,” and to allow construction materials into Gaza for homes, schools, and other infrastructure projects, the deterioration of which constituted a public health concern. By 9/10, the Israeli Defense Min. was drafting an assessment of the impact of further fuel, water, and electricity cuts to Gaza ostensibly to deter Palestinian rocket and mortar fire. (The rate of rocket fire remained unchanged since 6/15 at the relatively low rate of around 21/week, typically causing no damage or injuries, though 2 strikes on 8/28 and 8/30 had injured 4 Israelis.)

In the run-up to the 9/10 Abbas-Olmert meeting, the IDF had been carrying out near-daily cross-border attacks on and incursions into Gaza (see Chronology for details), killing 25 Palestinians (including at least 8 bystanders, as well as 2 Executive Support Force (ESF) officers and 4 Hamas members assassinated in a strike on 8/20) and wounding at least 14 (including at least 6 bystanders). Between 8/16 and 9/10, raids into Khan Yunis (8/23 and 9/6) resulted in serious clashes, heavy damage, and widespread IDF bulldozing. In one raid on 9/7, the IDF sent undercover units dressed in ESF uniforms into Rafah to seize a Hamas military commander believed to have information on captured IDF soldier Gilad Shalit. During the same period, Palestinians made 2 significant attacks on the IDF from Gaza: On 8/25, 2 armed Palestinians representing the al-Aqsa Martyrs Brigade (AMB) and the Popular Resistance Committees (PRCs) infiltrated the Israeli border and opened fire on the IDF post at Erez crossing, lightly wounding 2 soldiers before being shot dead. On 9/6, 6 Islamic Jihad members attempted to break through the Gaza border fence to attack an IDF post inside Israel but were shot dead by the IDF. In the West Bank, the IDF assassinated 2 Islamic Jihad members in Jenin on 8/25 (also wounding Islamic Jihad members, 1 of whom died on 10/7) and 1 AMB in Balata refugee camp (r.c.) on 9/15, killed another 9 Palestinians (including 6 civilians) in exchanges of gunfire, and demolished 11 Palestinian homes. Daily incursions into Palestinian areas to conduct arrest raids and house searches also continued.

Following the 9/10 Abbas-Olmert meeting, the IDF markedly stepped up strikes on rocket-launching sites in Gaza and launched prolonged raids into al-Fakhari in s. Gaza (9/15–16) and ‘Ayn Bayt al-Ma’a r.c. outside Nablus (beginning on 9/18). The 4-day IDF

operations in 'Ayn Bayt al-Ma'a, targeting Hamas and the Popular Front for the Liberation of Palestine (PFLP), were reminiscent of the 2002 Operation Defensive Shield, with the IDF imposing a round-the-clock curfew, firing on residential areas, occupying several homes as operational bases, and moving from building to building by breaking through walls, damaging 50 homes and 2 shops by the time the operation ended on 9/21; in total, 2 Palestinian civilians, 1 armed Palestinian, and 1 IDF soldier were killed; 50 Palestinians were arrested. While overall Palestinian fire did not increase, a predawn rocket strike on 9/11 claimed jointly by Islamic Jihad and the PRCs hit a tent full of sleeping soldiers inside the IDF's Zikim base near the Gaza border, critically wounding 1, seriously wounding 2, and moderately wounding 7, marking the highest casualty toll in a rocket strike to date; 60 soldiers were lightly injured or treated for shock. In total, between 8/16 and 9/18, at least 52 Palestinians and 1 IDF soldier died as a result of Israeli-Palestinian violence, bringing the cumulative toll since the outbreak of the intifada to 5,312 Palestinians and 1,034 Israelis.

Rice Urges Movement

Meanwhile, the Bush administration, which had been taking a relatively low profile since its 7/07 launch of the summit proposal, expecting the Abbas-Olmert contacts to lead to serious progress (and believing that achievements made without U.S. pressure would carry more legitimacy with the Israeli and Palestinian publics), realized the need for more active intervention as talks began to stall by mid-9/07. Rice went to the region on 9/18 to nudge the sides. Even before her formal meetings began, however, Olmert convened (9/19) his security cabinet and declared Gaza a "hostile territory" controlled by a "terrorist organization" (Hamas). Already, as seen above, intensified military operations had been stepped up, reaching new heights (i.e., the raid on 'Ayn Bayt al-Ma'a) even as meetings with Rice were underway. At the same time, Israel imposed additional sanctions on Gaza, further reducing exports and travel permits for individuals (already restricted to VIPs and medical cases; Israel said it would henceforth allow only "life-threatening medical emergencies" to leave Gaza) and declaring additional cuts to fuel and electricity services (the EU, UN, and human rights groups immediately intervened with Israel to prevent these from being implemented). Rice had little comment on

these Israeli actions, stating (9/19) only that Hamas was "a hostile entity to the United States as well" but that "we will not abandon the innocent Palestinians in Gaza."

In meetings with Rice on 9/19, Olmert and Livni stressed that Israel was not ready to discuss final status issues at a 11/07 peace conference, and that after an extensive study by the IDF, the army had determined that only 24 unmanned barriers (of 572 manned and unmanned IDF checkpoints and barriers) in the West Bank could be removed without causing security harm to Israel. (The UN reported ca. 9/22 that the number of IDF checkpoints and barriers in the West Bank had increased by 40 in the previous 2 months.) The remainder of the meeting focused on Israel's broader regional concerns regarding Iran and political instability in Lebanon (see Iran and Lebanon sections below). Abbas and Fayyad pressed Rice in talks the next day (9/20), reiterating that the conference must address final status issues, including borders, Jerusalem, refugees, settlements, water, and security, stating that it was the U.S.'s duty as conference sponsor to make the parameters of the agenda clear in advance. Fayyad also warned that the IDF plan for removing checkpoints fell far short of what was needed to demonstrate to Palestinians that moderation brings more results than militancy.

On leaving the region, Rice once again essentially left it to the two sides to work out their differences themselves, stating (9/20) vaguely that the aim of the 11/07 conference would be to "move the process forward to a document that will help lay the foundation so there can be serious negotiations . . . as soon as possible," affirming that Abbas and Olmert had agreed to issue a "joint statement" at the conference that would "memorialize understandings" they had reached. Off the record, U.S. officials indicated that Rice intended to head to the region twice more before the 11/07 conference to ensure its success. In the only sign of progress resulting from Rice's trip, Abbas and Olmert named (9/20) their negotiating teams for the 11/07 conference, stating that team talks would begin within a week to formulate the conference agenda. Former PLO negotiator and PA PM Ahmad Qurai' would head the PLO team, which would include Abbas's negotiation adviser Saeb Erakat, former PA Information M Yasir 'Abid Rabbuh, and former political adviser to Yasir Arafat, Akram Haniyeh—all high-powered Fatah personalities with a history of tensions among them.

FM Livni would head the Israeli team, one of whose members would be coalition partner and Olmert critic DM Barak, the former PM who failed to reach an agreement with Arafat in 2000—indicating the Israeli team could suffer its own internal problems. Neither team included experts on the final status issues.

Groundwork for a Summit

After Rice's return from the region, the Bush administration used the sidelines of the opening of the UN General Assembly (UNGA) session in New York the following week (9/23–10/1) to begin serious preparations for the peace conference, formally announcing (9/28) that the summit was planned for 11/15 at the U.S. Naval Academy in Annapolis, MD. Rice met (9/23) with Quartet reps. and Quartet special envoy Tony Blair (who had just completed his first extended visit to the region in his new capacity) to discuss the summit. Pres. Bush held separate talks (9/24) in New York with Abbas and Fayyad and with Blair, stating afterward that he was confident a Palestinian state could be achieved before he left office in 16 months. (Of note: Bush's address to the UNGA session on 9/25 mentioned the peace process only in passing.) While Abbas stressed again (in his meeting with Bush and his 9/28 address to the UNGA) that the conference must discuss "issues of substance that would lead to full negotiations on the permanent status," French FM Bernard Kouchner stated (9/23) that the clear impression from the Quartet meeting with Rice was that the summit would offer "a little paper" and have a "very light framework."

There was also some question over who would attend Annapolis. On 9/23, Rice hosted a dinner for Arab envoys (attended by Egypt, Jordan, Qatar, Saudi Arabia, Syria, and the UAE), after which she first publicly stated (9/23) the U.S.'s intention to invite Syria and a range of Arab states, but emphasized that "coming to this meeting also brings certain responsibilities," including renouncing violence and recognizing Israel's right to exist. On 9/24, State Dept. officials stated, however, that the administration was still debating the guest list and that no final decisions had been made. (VP Dick Cheney and National Security Adviser Stephen Hadley reportedly strongly opposed Syria's inclusion.) Saudi Arabia's FM Prince Saud al-Faisal spoke out on 9/26, stating that a conference would be pointless without Syria and that Hamas also should be included as part of a

revived Palestinian unity government, warning that "peace cannot be made by one man [Abbas] or half a people [Fatah]." He also called on Israel to demonstrate its serious desire for peace by halting separation wall and settlement construction in advance of the summit. Syrian pres. Bashar al-Asad stated (10/1) from Damascus that Syria would not attend the summit unless discussion of the Golan Heights was on the agenda. The U.S. responded (9/26) that Israel would need something in return from the Arab states for agreeing to discuss final status issues, suggesting that they (especially Saudi Arabia) extend Israel formal diplomatic recognition. Israeli FM Livni used her 10/1 address to the UNGA to tell Arab states to "stop imposing terms for new talks."

Meanwhile, at U.S. urging, Israel and the PA traded small confidence-building gestures to keep the momentum going: Olmert presented (9/23) a list of 100 Palestinians (of nearly 11,000 in prison) to be released for Ramadan; the cabinet approved 90. Ultimately, 86 were released: 57 from the West Bank on 10/1, and 29 from Gaza on 10/2 (after a day's delay when Israeli pres. Shimon Peres briefly refused to sign the Gaza releases to protest the continued detention of the IDF's Cpl. Shalit). Israel also allowed (10/4) a technical team from the German company Siemens to enter Gaza with a shipment of spare parts and tools to perform maintenance on Gaza's power plant. On the Palestinian side, PA security forces (PASF) turned over (9/26) 2 homemade rockets they discovered in Bethlehem to the IDF. (The IDF, playing down the hand-over, acknowledged receiving 2 pipelike "objects" that possibly could be used as rocket launchers.) By 9/26, senior Israeli and PA security officials had met to discuss security coordination, though Israel described (9/26) the talks as in their "initial stages."

Back in the region after the flurry of diplomatic activity in New York, Abbas, Olmert, and their negotiating teams met (10/3) in Jerusalem to set the ground rules for talks to begin on 10/8 toward drafting an agenda and joint statement for the 11/15 conference. While the sides apparently agreed that committees to negotiate final status issues would not meet before the Annapolis summit, they differed over the scope of the joint statement. Abbas wanted it to be a detailed, binding document with a timetable for concluding final status negotiations within 6 months of the summit. He also wanted it to state that negotiations would

be held on the basis of the 2000 Clinton parameters (see Doc. D1 in *JPS* 115), which summarized where the last round of formal negotiations left off after the collapse of the 2000 Camp David summit. Olmert called for the joint statement to be a general outline of the principles on which future discussions would take place, with no timetable. He also wanted the basis of final status talks to be the 2003 road map (see the Special Documents section in *JPS* 128), which Israel claims requires the Palestinians to halt all violence before Israel must take any peace steps, and Bush's 4/04 letter to Ariel Sharon (see the Special Documents section in *JPS* 132), recognizing the need to adjust the 1967 borders so that Israel's permanent borders would include densely populated settlements around Jerusalem and near the Green Line.

The day before the Israeli and Palestinian teams began their first round of talks, Olmert convened (10/7) his cabinet to assure them that while "diplomatic moves" with the Palestinians could not be avoided, there would be no move toward a Palestinian state until the Palestinians had fulfilled all of their road map requirements (i.e., a complete halt to violence). Despite this assurance, and although the negotiating teams met on 10/8 without making progress, opposition leader Netanyahu addressed the opening of the Knesset winter session on 10/8, warning that any land turned over to the Palestinians could eventually be controlled by Hamas, while Olmert's Kadima colleague Mofaz warned that dividing Jerusalem would damage Israel on a national and security level and would "never pass an Israeli government." Meanwhile, a new umbrella group of Jewish settlers launched an advertising campaign stating that any agreement with Abbas "will blow up in our faces." The day after the negotiation teams met, Olmert's government announced (10/9) that it had begun building a 10-mi. Palestinian-only road around Ma'ale Adumim settlement, linking Jericho and Bethlehem and bypassing Jerusalem. While Israel touted this as an effort to create "transportational contiguity" between Palestinian communities that would otherwise be cut off by the separation wall, the PA denounced (10/9) it as political move to secure Israel's hold over Ma'ale Adumim settlement under final status, arguing that Israeli efforts to create a separate road system for Palestinians was meant to cement Israeli control over wide swaths of the West Bank. Critics noted that the IDF had appropriated 56 acres of privately owned Palestinian land and 352 acres

of "state land" for the road, which would also create a large buffer zone for the expansion and linkage of Ma'ale Adumim, Mishor Adumim, and Kedar settlements.

On the ground, violence was continuing. Immediately after the Israeli cabinet declared (9/19) Gaza a hostile territory, the IDF stepped up (9/19) cross-border attacks and air strikes, killing 23 Palestinians and wounding at least 51 by 10/13. Among the dead were 5 Army of Islam members assassinated near Gaza City on 9/26 and 1 Hamas member assassinated in Rafah on 10/3. The IDF also made a failed assassination attempt on an Islamic Jihad commander on 10/5 and 2 Hamas members on 10/8. In response to the 10/5 assassination attempt, Islamic Jihad firing a Grad rocket (more accurate and of longer range than homemade Qassam rockets) as part of a rocket and mortar barrage on 10/7 that caused light damage in the Israeli border town of Netivot, marking the 4th time Palestinians fired a Grad. Major IDF raids into al-Shuka in s. Gaza (9/18-21), in central Gaza (9/19-20), outside Khan Yunis (9/24), and in Bayt Hanun (9/26-27) left 11 Palestinians (including at least 5 civilians) dead, scores arrested, 22 Palestinian homes demolished or heavily damaged, and more than 150 d. of agricultural land bulldozed. The IDF bulldozed another 250 d. of agricultural land and 2 greenhouses in Bayt Hanun on 10/9 and 10/11.

Humanitarian conditions in Gaza also deteriorated. On 10/9, the UN reported that the new Israeli restrictions on Gaza imposed on the eve of Rice's 9/18-20 visit had sharply reduced the number of trucks allowed into Gaza through the Sufa and Kerem Shalom crossings, bringing much-needed food and humanitarian aid to Gaza's 1.5 m. Palestinians, from an average of 106/day between 6/10 and 9/13 to around 50/day between 9/13 and 10/9. The UN noted (10/9) a similar trend in the number of Gazan medical cases allowed to cross into Israel or to the West Bank, which had dropped from an average of 40/day in 7/07 to fewer than 5/day. In light of the Israeli cabinet's 9/19 "hostile territory" declaration, Israel's Bank Hapoalim and Discount Bank announced (9/25) that they would terminate all transactions with banks in Gaza, fearing they could be targeted for legal action for supporting terrorism. At the request of the Israeli government, they postponed the cutoff until 11/23 and 11/15 respectively, to give the Israeli Postal Bank (a government entity immune from prosecution) time to expand its capacity to take over

the role of the sole institution to clear international financial transactions with Gaza banks.

In the West Bank, in addition to the major raid into 'Ayn Bayt al-Ma'a (9/18–21), the IDF conducted major arrest raids in Nablus (9/22–23), blowing up a home and 4-story apartment building owned by wanted Palestinians, displacing 5 families. IDF undercover units assassinated an AMB member in Jenin on 10/11 and fatally shot 2 unidentified Palestinians in Nablus on 10/10 in what may have been an assassination. On 9/25, the IDF raided the al-Bireh home of Change and Reform PC member Maryam Saleh, confiscating documents and a computer and arresting her son. By 10/13, the comprehensive death toll since the start of the al-Aqsa intifada had reached 5,347 Palestinians and 1,034 Israelis.

The U.S. Investment in Peace

Meanwhile, the White House assessed the results of its meetings on the sidelines of the UNGA and determined (by 10/4) to send Rice back to the region 10/14–18 to monitor Abbas and Olmert's progress. Depending on their success, she might issue invitations to the summit or consider delaying it until sometime after Thanksgiving. Another goal of the mission was to correct the *laissez-faire* image of the U.S. that had emerged from the previous Rice visits by stressing the president's personal investment in the peace process while not appearing to pressure the sides. Rice would also articulate the Bush admin.'s view that the Israeli-Palestinian negotiations were only 1 of 3 parallel tracks, all of which needed to show significant progress if Bush's goal of achieving a Palestinian state by the end of his term were to be achieved. The other two tracks were (a) institutional development of the PA, led by Blair; and (b) "efforts to improve the environment surrounding the talks," including reducing the level of violence, stepping up PA security efforts, improving Palestinian freedom of movement, and releasing additional Palestinian prisoners.

Rice's 7th visit of 2007 comprised 5 days of intensive shuttle diplomacy, during which she met not only with Olmert (10/14, 10/17) and Abbas (10/15, 10/17), but also with Knesset opposition leaders (10/17), Israeli and Palestinian intellectuals and activists (10/15, 10/17), Egypt's Pres. Husni Mubarak (10/16), Jordan's King Abdallah (10/18), and Arab League secy.-gen. 'Amr Musa (10/17) to encourage their support of the

Abbas-Olmert efforts. Israeli, Palestinian, and other Arab officials remained firm in their positions regarding the summit. Publicly, Rice tried to give weight to each side's concerns, stating (10/15) that a joint declaration at Annapolis should "seriously and substantively" address core issues (as demanded by Abbas and Arab states), but playing down the need for timetables (opposed by Israel). She also stressed the admin.'s dedication to the peace process, emphasizing that "the United States sees the establishment of a Palestinian state, a two-state solution, as absolutely essential to the future of not just Palestinians and Israelis but also to the Middle East and, indeed, to American interests." In Washington, Bush supported (10/18) Rice's mission by stating, "The reason why there needs to be a vision of what a state could look like is because the Palestinians that have been made promises all these years need to see there's a serious, focused effort to step up a state." Rice was also more firm with Israel than usual, reprimanding Olmert (10/14) for Israel's latest confiscation of West Bank land for construction of a Palestinian bypass road around Ma'ale Adumim (see "Preparations for a Summit" above), stating that it could hamper peace talks even if it were intended, as Israel argued, to improve Palestinian mobility.

Ultimately, the trip had mixed results for Rice. She and her aides reportedly were "buoyant" after their meetings in Cairo, from which the heretofore deeply skeptical Mubarak and Musa emerged "encouraged" by what Rice had told them, saying they felt, in the words of Egyptian FM Ahmad Abu al-Ghayt, "a great desire on the American side to push matters positively toward a serious conclusion." This endorsement, an anonymous State Dept. official hoped, would bring "the rest of the relatively silent Arab world on board" to support Annapolis.

Talks with Abbas and Olmert, however, were less encouraging, in large part because of several major IDF raids launched soon after Rice arrived (Qalqilya 10/15, Nablus 10/16, Abasan nr. Khan Yunis 10/17; see Chronology for details) that left 3 Palestinians and 1 IDF soldier dead, 16 Palestinians wounded, 2 homes destroyed, and other homes and electricity and water networks seriously damaged. In addition, an IDF arrest raid in the Nablus area on 10/17 targeted at least 1 AMB member among the 178 to whom Israel had granted amnesty in 7/07 (see Quarterly Update in *JPS* 145), raising questions as to whether the IDF had

revoked the amnesty deal. The Israeli and Palestinian negotiating teams held (10/16) their second round of talks on a joint statement for Annapolis, but rather than being able to report serious movement to boost Rice's efforts, were able to report only that they had narrowed some gaps. In meetings with Rice on 10/17, Abbas flatly accused Israel of not taking the negotiations seriously and of refusing to discuss issues that the Palestinians viewed as essential to holding a peace conference, warning that there were limits to his willingness to attend a summit. Israeli FM Livni, questioned by Rice later that day, responded that Israel was ready to compromise for peace but would continue "protecting our national and security interests."

By 10/16, State Dept. sources hinted that the Annapolis summit might have to be pushed off until at least 11/26 to give the sides more time to work out their differences. Rice publicly downplayed a possible delay, stating (10/17) that "the president has said this will take place in the fall. There are two months left in the fall, November and December." On leaving the region on 10/18, she acknowledged disappointment that Israel and the PA had not moved significantly closer, but denied that Bush's initiative was in jeopardy, stating, "The teams are serious. . . . The issues are serious. So I am not surprised . . . that there are some ups and downs." She vowed to make an 8th visit to the region shortly to check on Abbas's and Olmert's progress; on 10/24, the State Dept. announced that she would head back 11/4-6.

Road Map Progress before Annapolis

In the run-up to Rice's next visit, the State Dept. confirmed (10/19) that the Annapolis summit would be held on the basis of the road map (as preferred by Israel; see "Groundwork for a Summit" above), stating that both sides must take immediate steps to fulfill their obligations. Specifically, U.S. Dep. Secy. of State Nicholas Burns stated (10/19) that "Israel should halt settlement expansion, remove unauthorized outposts and reduce its footprint in the West Bank. . . . The Palestinians have to seriously undertake reforms to show that they can govern themselves. . . . They have to work harder to combat terror and extremism in their communities to prove that a Palestinian state can thrive peacefully alongside its neighbors." The White House also submitted (ca. 10/24) to Congress a request for \$410 m. in new aid

for the Palestinians to fund the PA's budget, security and health care reforms, employment generation and infrastructure projects, and other initiatives meant to "strengthen moderate elements in the Palestinian government" and demonstrate to Palestinians that "moderates can deliver jobs and provide hope for a better economic future."

In response, Abbas and Olmert met on 10/26 and agreed to form a joint committee headed by Israeli DM Barak and PA PM Fayyad to oversee road map implementation. Abbas, with the assistance of U.S. security coordinator Lt. Gen. Keith Dayton, launched (11/2) a new security effort "to restore law and order to all the Palestinian territories" in keeping with his road map requirements, deploying in Nablus the first contingent (308 members) of a new police unit trained by Western advisers at a multimillion dollar facility in Jericho to "operate in coordination with Israeli forces to fight crime and terrorism." If successful in Nablus, new units would be established in other West Bank districts. Though the PA stressed that the primary responsibility for acting against "terrorists" would still be Israel's (specifying that the unit would patrol during the day only, while the IDF would continue night operations), Israel was not prepared to cede any of its security control. To drive home this point, the IDF not only continued major day and night raids in and around Nablus without coordination with the PASF (see Chronology for details), but also seized (11/3) a shipment of body armor from the U.S. meant for PA presidential guard units in Nablus—moves that the U.S. publicly complained (11/7) undermined the PA's security effort. While Israel announced (10/24) that the IDF had removed 24 West Bank barriers to Palestinian travel (as pledged to Rice on 9/19) to reduce its West Bank footprint, by 11/1, the UN reported that the number of permanent IDF barriers was back up to 561, only 11 fewer than it had reported on 9/19, suggesting that after removing 24 barriers, the IDF had erected 13 new ones.

By early 11/07, Israeli officials were anonymously complaining (see *New York Times* 11/5) that the U.S.'s more aggressive push for progress since Rice's last visit was "too hard and too fast, risking a collapse of the talks." Indeed, to limit Olmert's margin of maneuver, 61 of Israel's 120 MKs signed (10/19) a petition opposing any attempt to divide Jerusalem. Publicly, Olmert repeatedly downplayed (e.g., 10/18, 10/23) the upcoming summit, stating that it would

produce only "a short joint statement that will not provide solutions." While the Qurai' and Livni teams continued meeting to draft the joint statement for Annapolis, by 11/3, they had reportedly abandoned hopes of agreeing on parameters for a final settlement or even for negotiations and were leaning toward wording that would simply state their intentions to implement the road map as the first step toward reviving negotiations on final status issues.

On the ground, violence in Gaza escalated on 10/23 with the IDF assassination of PRC leader and Gaza Interior Min. official Mubarak Hasanat in an air strike on Gaza City. Over the next day, the PRCs fired 28 rockets from Gaza into Israel, causing light damage but no injuries. Though the increase in rocket fire was not dramatic relative to earlier periods, DM Barak authorized (10/24) the IDF to cut electricity for several hours to the parts of Gaza from which rockets had been fired, stating that targeted power cuts increasingly would be used to punish the Palestinians if rocket fire continued. As a consequence, the DMin. anticipated that electricity would be cut by two-thirds in the coming weeks, but vowed that Israel would maintain essential services to hospitals. (Israel supplies roughly 70% of Gaza's power through 5 power lines, while Egypt provides another 5% through 2 lines, and Gaza's sole electricity plant, dependent on fuel imports from Israel, provides the remaining 25%. The 3 power grids overlap only slightly.) The Israeli High Court ordered the IDF to suspend the electricity cuts on 10/25 pending its ruling on a petition by Israeli human rights groups arguing that the cuts constituted collective punishment, illegal under international law. The IDF agreed (10/25) to comply but announced instead (10/28) cuts to fuel shipments to Gaza by 11% and the permanent closure of the Sufa commercial crossing, leaving the Israeli-controlled Kerem Shalom crossing the sole entry point for goods and humanitarian aid. Henceforth, Israel stated, at most 55 trucks/day would be allowed entry so as to leave Gazans with only "the minimum amount of food and medicines necessary to avoid a humanitarian crisis." Notwithstanding Israeli statements, the PA reported on 10/28 declines of 40-50% for diesel and benzene imports (predominantly for private use), 12% for fuel for Gaza's electricity plant, and 30% in Gaza's electricity supply from Israel. Israel's Atty. Gen. Menachem Mazuz and UN Secy.-Gen Ban Ki-moon urged (10/29) the

government to reconsider the cuts, with no result.

The IDF also stepped up attacks on suspected rocket-launching sites, cross-border raids, and bulldozing operations in Gaza, often clashing with Palestinian gunmen (see Chronology for details). Between 10/23 and 11/3, at least 20 Palestinians (mostly gunmen) were killed and 51 wounded (including at least 24 civilians and 1 Islamic Jihad member targeted for assassination) in IDF operations in Gaza; in addition, 2 IDF soldiers were killed, and 4 were wounded. Raising tensions in the West Bank, the IDF bulldozed (10/30) the farming community of Khirbat Qussa, located between the separation wall and the Green Line near Hebron; demolishing the 15 homes, 12 cave dwellings, and 27 sheep pens that made up the village; and evicting the 267 residents to the "Palestinian" side of the separation wall. The IDF also slated (10/30) for demolition another Palestinian community located between the wall and the Green Line near Bir Nabala n. of Jerusalem. Palestinians interpreted the demolitions as further proof that Israel intended the separation wall to become its permanent border, thereby constituting Israeli steps to prejudice final status in violation of the road map, pledges to the U.S., and earlier signed agreements. By 11/3, the comprehensive death toll since the start of the al-Aqsa intifada had reached 5,381 Palestinians and 1,037 Israelis.

Annapolis Uncertainty

With the atmosphere surrounding the talks deteriorating (undermining 1 of Bush's 3 pillars for success of Annapolis), Rice went to the region 11/4-6 with low expectations. The visit itself was very low-key: In private meetings with Olmert, Livni, and Abbas, Rice stressed the U.S.'s expectation that both Israel and the Palestinians would take immediate steps to fulfill their road map obligations, simultaneous with the resumption of final status talks following the Annapolis summit. Indirectly nudging the sides, Rice used her address (11/4) to a gathering in Jerusalem organized by the Washington-based Brookings Institute to warn that the alternative to serious and successful talks on a 2-state solution was the real possibility that the "moderate center" of Palestinian politics "could collapse forever. . . . The next generation of Palestinians could be lost souls of unbridled Palestinian extremism." Publicly, Olmert stated (11/4) that Israel would be willing to open "all basic questions, all the

substantive problems, all the historical questions" for discussion with the Palestinians, while Abbas declared (11/5) that he had hopes that Annapolis would "launch a genuine peace process." (As an indication of the State Dept.'s pessimism going into the visit, aides traveling with Rice were reportedly "jubilant" over these statements, saying they "exceeded Rice's most optimistic expectations"; see *New York Times* 11/5, *Washington Post* 11/6.)

Livni, however, emphasized (11/4) that there were differences over the road map, stressing that "the Israeli decision to enter this [current] dialogue is based on the principle that future understandings between Israel and the Palestinians will be subject to the implementation on the ground of the road map" and that "creation of a Palestinian state should occur only after Israel's security is established." (She later stated in a speech to the Knesset on 11/12 [see Doc. C2] that Israel would expect the Palestinians to fulfill all of their road map obligations as well as any future agreements reached regarding Israeli's security before Israel would implement any of its obligations.) Separately, on 11/5, Livni stated, "The Arab world should come to the conference with no preconditions, support every resolution adopted by the Palestinians and every compromise," and reiterated that the Arab states should extend diplomatic recognition to Israel immediately to encourage the negotiations. While Abbas privately told (11/5) Rice that he expected substantive progress on all final status issues within 6 months of Annapolis (as opposed to completion of a deal within 6 months, as he stated on 10/3), U.S. and Israeli officials speaking anonymously (11/5) viewed the 6-month goal as "unlikely."

At the end of the quarter, the U.S. had still not issued invitations to the Annapolis summit, tentatively planned for less than 2 weeks from the quarter's end, and the Livni-Qurai' talks (now meeting almost daily) on the joint statement were faltering. On 11/10, Abbas phoned Rice to complain that Olmert (reportedly under increasing pressure from coalition partners not to get too specific with the Palestinians on any issues) was backing away from some of the few areas of agreement reached in earlier talks. On 11/11, Qurai' called off a planned meeting to protest the IDF's refusal to allow him through a checkpoint into Jerusalem. Meanwhile, the Knesset passed (54-24) the first reading of a motion proposed by the right-wing Likud and Shas parties stipulating that

any change in Jerusalem's boundaries must be endorsed by two-thirds of MKs.

On the positive side, Israeli military operations (which continued to be heavy during Rice's visit, especially in Gaza) tapered off significantly as of 11/8 in both Gaza and the West Bank (see Chronology), likely under pressure from the U.S. to calm the situation before Annapolis. Palestinian rocket fire from Gaza into Israel consequently also declined significantly. Still, IDF fire into Gaza between 11/8 and 11/15 killed 5 Palestinians (including at least 3 civilians) and wounded 11 (including 7 bystanders). The IDF also arrested Reform and Change Palestinian Council members Khalid Tafish (Bethlehem) and Maryam Saleh (Ramallah) on 11/11.

Intifada Data and Trends

During the quarter, at least 132 Palestinians and 4 Israelis were killed in Israeli-Palestinian violence (compared to 173 Palestinians and 3 Israeli last quarter), bringing the toll at 11/15 to at least 5,392 Palestinians (including 49 Israeli Arabs and 17 unidentified Arab cross-border infiltrators), 1,037 Israelis (including 322 IDF soldiers and security personnel, 209 settlers, 506 civilians), and 60 foreign nationals (including 2 British suicide bombers). An additional 28 Palestinians were killed this quarter in interfacional violence, down from around 153 last quarter (see Intra-Palestinian section below).

This quarter also marked the 7th anniversary of the outbreak of the al-Aqsa intifada on 9/28/00. As of the close of 9/27/07, *JPS* had recorded 5,332 Palestinians, 1,034 Israelis, and 60 foreign nationals killed. Well over 45,000 Palestinians and 1,500 Israelis had been injured. (Israeli figures include cases of shock; for methodology on estimating casualties, see Doc. A6 in *JPS* 138). Around 489 Palestinians had been killed in targeted assassinations that also left 227 bystanders dead and 976 wounded.

As the Palestinian economy slid into ever greater decline (as detailed in the main Palestinian-Israeli section above), Israel's Central Bureau of Statistics reported (10/16) that the Israeli economy was experiencing its 5th straight year of growth, marking the longest growth period in Israel's history. Cumulative growth for the period 2003-07 was expected to be 23.5%. In 2007, GDP for 2007 was expected to rise 5.2%; private consumption 6% (up 15% in 2005-07); and the standard of living 4.2% (for a cumulative 7.1% increase in 2005-07). Exports were

predicted to rise 8.1%, imports 9.4%, and investment in fixed assets 10.4%. As of 10/21, the IMF reported that Israeli per capita GDP had doubled to \$31,767 since the uprising began in 9/00, while the World Bank estimated that Palestinian per capita GDP had shrunk 30% to \$1,129 during the same period.

Overall this quarter, Israel significantly escalated military attacks on Gaza; in the West Bank, daily incidents of IDF arrest raids, house searches, house demolitions, closures, and the like, as well as significant settler harassment, continued to take a heavy toll. Palestinian attacks were fewer, particularly the number of rockets fired from Gaza, though Israeli casualties resulting from attacks were higher. Trends are outlined below; for details, see the Chronology.

Assassinations, Suicide Attacks, and Heavy Attacks

This quarter, at least 18 deaths were clear assassinations (down from 23 last quarter), during which 6 bystanders were wounded. Those assassinated this quarter were the **AMB's** Yusuf al-Assi (9/26), Hussein Ahil (9/26), Fawzi al-Ashram (9/26), Ayman Dalul (9/26), Osama al-Rifi (9/26), Sami al-Za'im (9/26), and Muhammad Abu Sorour (10/11); **Hamas's** Ismail Abu Abda (8/20), 'Abid Abu Hilu (8/20), Ahmad al-Qrainawi (8/20), Muhammad al-Qrainawi (8/20), and Muhammad Hassan (10/3); the **ESF's** Muhammad Abu Arab (8/20) and Ali Baroud (8/20); **Islamic Jihad's** Ala' Sorour (8/25), Mustafa 'Atiq (8/25), and Ali Abu Rmila (targeted 8/25, died 10/7); and the **PRC's** Mubarak Hasanat (10/23). The **IDF** killing of 2 Palestinians (no names or affiliations reported) in a shooting by undercover units in Nablus on 10/10 that may have been an assassination (no bystanders were injured). Attacks targeting 5 Hamas members (2 on 10/8, 3 on 10/20) and 2 Islamic Jihad members (10/5, 10/31) were clear failed assassination attempts that wounded 6 bystanders.

There were no Palestinian suicide bombings or other suicide attacks this quarter, for the third quarter in a row. The last Palestinian suicide attack was carried out on 1/29/07.

Palestinian use of rockets remained at an average of around 21 rockets/week throughout the quarter—a relatively low level that has been maintained since Hamas took over Gaza on 6/15 and halted its own rocket fire. Once again this quarter, most rockets were fired by Islamic Jihad and the PRCs. Hamas did continue to fire mortars; mortar strikes

were up to an average of 32/week, compared to 24/week last quarter. Israeli casualties from Palestinian rocket and mortars strikes, however, reached a new high this quarter, with 14 Israelis moderately or seriously injured. This includes 10 IDF soldiers injured in a single rocket strike on 9/11 that hit a tent of sleeping soldiers on the IDF's Zikim base on the Gaza border. The IDF reported an additional 60 IDF soldiers lightly injured in that incident (IDF figures typically include cases of shock), which was claimed jointly by Islamic Jihad and the PRCs. At least 4 other rocket strikes this quarter (8/21, 8/28, 10/30, 11/1) resulted in light damage.

Restrictions on Palestinian Movement

As noted in the main Israeli-Palestinian section above, Gaza remained sealed throughout the quarter, with no exports and only limited humanitarian imports allowed through. The Rafah crossing was closed to Palestinian travel as of 6/12. Israel allowed only a handful of extreme medical cases to exit through Erez crossing during the quarter. The IDF permanently closed the Sufa commercial crossing on 10/28. Minimal food and medicine stocks were allowed transit through the Israeli controlled Kerem Shalom crossing. Qarni operated an average of only 2 days a week and for wheat imports only.

In the West Bank, IDF restrictions on movement remained tight. All Palestinian males aged 16–30 from Jenin, Nablus, and Tulkarm (some 106,000 men) were barred from traveling south of Nablus without special permission. Restrictions imposed last quarter barring Palestinians aged 16–25 from traveling southward through 8 major northern checkpoints (Anabta-Kifriyat tunnel and al-Ras in Tulkarm; Awarta, Hawara, and Yitzhar in Nablus; Jit in Qalqilya; Dayr Ballut and Za'atara in Salfit) remained in place. Access to the Jordan Valley for non-residents remained virtually off-limits, as it has since 10/11/06. As of 10/9, the UN estimated that there were around 1,032 mi. of West Bank roads (mostly settler only bypass roads) that were off limits to Palestinians except by special permit.

In early 9/07, the IDF informed the UN that all crossings into the West Bank would be standardized by the end of 2007, by which time the separation wall was expected to be completed. The UN reported on 9/10 that it was already seeing increased restrictions at crossings into the West Bank “similar to those already in place in Gaza,” and expected that “existing and planned restrictions will

seriously impair the ability of humanitarian organizations to operate." Under the new IDF plans, the number of crossing points for commercial trucks will be reduced from 12 to 5. A 6th commercial crossing, currently under construction near Bethlehem, is expected to open in late 2008. Transport through these 6 crossings will be "back-to-back" (i.e., requiring goods to be offloaded from trucks on one side of the crossings, shuttled through the crossing for security checks, and on-loaded to different trucks on the other side of the crossing). Once the new policies go into effect, Palestinians who work for UN agencies and humanitarian organizations will no longer be given preferential treatment at crossings and will be subject to the same restrictions as other Palestinians with regard to permits and searches. The UN expects that this will make it particularly difficult for Palestinian aid workers to reach Palestinian communities located between the separation wall and the Green Line.

House Demolitions and De-Arabization

Israeli demolitions of Palestinian homes were up this quarter (43 this quarter compared to 29 last quarter) after being relatively low for two quarters. Of the 43 homes destroyed, 18 were in the West Bank (7 in Qalqilya, 4 each in Jerusalem and Nablus, 2 in Bethlehem, and 1 in Salfit) and 25 were in Gaza (14 in central Gaza, 10 in the south, and 1 in the north). In addition, as mentioned above, the IDF expelled (10/30) all of the more than 250 residents of Khirbat Qussa, virtually erasing the village located between the separation wall and the Green Line near Hebron. The IDF also blew up a 4-story apartment building in Nablus on 9/23, displacing 4 families, and bulldozed 15 greenhouses near Khan Yunis on 9/24.

An Israeli court convicted (11/6) 2 Israeli Jews, Yaakov Rabinowitz and David Morgenstern, charged in 2000 with forging the signature and seal of the Greek Orthodox patriarch and pretending to represent his interests in a real estate leasing deal with the Jewish National Fund worth \$20 m. (see Peace Monitor in *JPS* 117 for background). The court described the case, involving church properties in Jerusalem's Rehavia and Talbieh neighborhoods, as "one of the most sophisticated cases of real estate fraud in the State of Israel." There was no word on whether the property was returned to the church.

Settlers and Settlements

Reports of Jewish settler violence were up this quarter. Incidents included settlers beating or otherwise attacking Palestinians (8/24, 8/31, 9/10, 3 on 9/22, 2 on 10/16, 2 on 10/20, 10/21, 10/28, 11/2, 11/3); attempting to occupy Palestinian land or property to establishing new settlement outposts (8/25, 8/31, 9/11, 3 on 9/30, 10/1, 2 on 10/2; new sites were evacuated promptly by the IDF); destroying or stealing Palestinian trees and crops (9/19, 9/27, 9/29, 10/4, 10/17, 10/20); barring Palestinians access to their land or local roads (8/31, 10/11, 10/13, 10/18, 10/24, 2 on 10/30); and vandalizing Palestinian property (2 on 8/23, 8/25, 2 on 10/8, 10/26, 11/2, 11/15). There were also 6 reports of deliberate hit-and-runs by Jewish settlers that killed 3 Palestinians (9/17, 10/21) and injured 4 (8/26, 9/15, 9/22, 10/11), including a 2-year-old girl. Settlers also reportedly opened fire on a Palestinian wedding near Nablus (8/24), wounding 2 Palestinians, and a settler was reported to have stabbed and wounded a Palestinian outside Jerusalem (9/23). Of 51 confirmed incidents (up from 40 last quarter), most continued to occur in Hebron (25) and Nablus (12), with other incidents reported in Qalqilya (5), Bethlehem (2), East Jerusalem (2), Salfit (2), and at the former Homesh settlement site (3). There were six reported incidents (9/14, 10/24, 10/26, 10/31, 11/5, 11/13) of Palestinians firing on or stoning Jewish settler vehicles, injuring a total of 8 settlers.

Separation Wall

This quarter, most construction of the West Bank separation wall took place around Jerusalem, Bethlehem (between al-Khadir and al-Nashashah), Ramallah (between Rantis and Bayt Nuba), Hebron (near Askhelot settlement), and on the "Ariel finger" (around Ofarim and Bayt Arye settlements). The IDF issued military orders confiscating at least 1,130 dunams (4 d. = 1 acre) of Palestinian land in Abu Dis and Sawahara (10/10) and 390 d. elsewhere for construction of the wall.

The Israeli High Court rejected (8/29) 2 petitions seeking to change the route of the separation wall near Alfe Menashe settlement southeast of Qalqilya: 1 by settlers seeking to move the wall further to the east to create a larger buffer around the settlement; 1 by local Palestinians seeking to move the wall west, closer to the settlement, taking less of their land. The High Court also ruled (9/4) that the separation wall around

Bil'in, site of weekly nonviolent protests, must be moved westward to prevent the de facto annexation of more than half of the village's agricultural land, rejecting the government's claim that a wide buffer zone was needed to protect nearby Mod'in Ilit settlement and determining that the original route took into consideration plans to expand the settlement "as much as possible." The decision allows the government a "reasonable period of time" to take down and move portions of the wall, which is expected to return 250 acres of land to Bil'in residents.

In early 10/07, Israel altered the planned route of the separation wall near the Dead Sea in a way that would increase the total amount of West Bank land annexed by the wall from 9% to 12%.

Palestinians of Israel

Israel's High Court ordered (9/24) the Jewish Agency to change its policy of leasing land only to Jews within 3 months, ruling in favor of Israeli Palestinian petitioners who charged that the agency's policy was racist. (For further information, see the *Ha'Aretz* editorial in the Hebrew Press section.)

On 8/23, the IDF raided a Palestinian home in Wadi al-Juz in East Jerusalem where some 25 Palestinian religious figures from Israel were having dinner, ordering the group to disband because they were holding an "illegal meeting." When the group refused, the IDF fired percussion grenades into the home, injuring 4.

On 10/30, some 100 Israeli police officers made an overnight raid on the Galilee Druze village of Pekiin to arrest men suspected of vandalizing a cell phone antenna. Police fired live ammunition at stone-throwing residents who protested the predawn incursion, wounding dozens.

INTRA-PALESTINIAN DYNAMICS

Intra-Palestinian relations remained extremely tense this quarter following the Hamas-Fatah fighting in 6/07 that effectively severed the West Bank and Gaza, leaving Fatah in control of the former and Hamas of the latter. While incidents of interfactional violence were much lower this quarter than last, they were still high in historic terms, leaving 28 Palestinians dead (down from 153 last quarter) and bringing the total number of fatalities in intra-Palestinian violence since 10/06 to at least 372. (This figure includes only those killed in intra-factional

fighting and does not include felony deaths, which also escalated dramatically in the past year due to deteriorating internal security and increasing pressures of poverty and closure; see the weekly reports compiled by the Jerusalem-based UN Office for the Coordination of Humanitarian Affairs at www.ochaopt.org.)

Perhaps most notably, Amnesty International reported (10/24) that Fatah-Hamas infighting had led to increased Palestinian human rights violations in the West Bank and Gaza, concluding that random arbitrary detentions, abductions, and torture had become commonplace on both sides. Amnesty Middle East program dir. Malcolm Smart urged that "the leaders of both the PA and Hamas must take immediate steps to break the cycle of impunity that continues to fuel abuses."

Generally, most Fatah-Hamas violence took place in Gaza in connection with Fatah demonstrations that escalated into riots. All interfactional fatalities occurred in Gaza, most of them (19 of 28) during demonstrations or ESF arrest raids that went out of control (see "Haniyeh Tries to Stabilize Gaza" below). Incidents in which Hamas and Fatah targeted each other for attacks of the kind seen during the 6/07 fighting were relatively few; all took place in Gaza and most targeted Hamas and the ESF (see Chronology for details). These included shootings and bombings targeting individuals' vehicles and homes (e.g., 8/29, 9/1, 9/3, 9/16, 3 on 10/5, 10/20, 10/27), attacks on ESF patrols and posts (e.g., 9/4, 9/12, 2 on 9/19, 9/24, 9/26, 9/27, 10/2, 10/4, 10/17, 11/15), attempted kidnappings and beatings of members of opposing factions (e.g., 8/28, 10/14), and raids on rival offices (e.g., 8/19, 9/11, 10/24) that caused damage but few casualties. In total, 5 Palestinian were killed in such attacks and 9 were injured; the dead included 4 AMB members killed when explosives they were planting outside an ESF office detonated prematurely. One bombing of a Hamas member's car on 9/4 was claimed by the previously unheard of Security Members Martyrs Brigades, thought to be made up of Fatah security officers still in Gaza, who had been underground since Hamas took over in mid-6/07.

In the West Bank, Fatah-Hamas clashes were scarce. With the exception of gunfire directed at Abbas's Ramallah home by unidentified assailants on 10/31 (causing no injuries), all incidents took place in Hebron: PASF violently dispersed (9/10) a

demonstration by students at the predominantly Hamas Hebron University who were protesting tuition increases, beating and detaining 2 journalists covering the incident. The PASF closed the campus of Hebron's Palestine Polytechnic University on 11/6 to prevent tensions between the Hamas-dominated student council and a Fatah-affiliated student group from erupting into violence; some 100 Hamas members burned tires and attacked a local PA police station in retaliation, causing no injuries. Unidentified assailants fired on PASF patrols on 9/27 and 10/29 (wounding 5 PASF officers), and set fire to a PASF vehicle on 11/1.

Abbas Secures the West Bank

Once again this quarter, Abbas rejected repeated calls (e.g., 8/16, 9/11, 11/15) by Hamas leaders for reconciliation talks, reiterating that Hamas must first return control of Gaza to the PA and apologize for the 6/07 "coup" before dialogue could open. While some Arab states (such as Saudi Arabia) made efforts to bring the two together, Hamas spokesman Ahmad Yousef accused (9/8) Abbas of suspending all such contacts until after Bush's planned 11/07 peace conference. In fact, Abbas did meet with 4 Hamas officials (including former PA education minister Nasser al-Sha'ir and PC member Hussein Abu Kwaik) in Ramallah on 11/2; his aides stressed that the meeting was not the beginning of a formal dialogue with Hamas but an effort to encourage moderate West Bank Hamas leaders to split from their Gaza counterparts.

Abbas continued to take legal steps to secure control of the PA and to undermine Hamas's influence in the West Bank. Most significantly, he issued a presidential decree changing the Palestinian electoral system to make it more difficult for Hamas to win the presidency or retain its majority in the Palestinian Council (PC) in the next elections. The decree did away with the 2005 election law under which half of the PC seats were elected by proportional representation from party lists and half by direct election of individuals from local district lists. Under the new system of full proportional representation based on national party lists, each party will run a list of candidates; voters will cast a single vote for a party, and the number of seats for each party will be in proportion to their percentage of votes. Under the old system (used in the 1/06 elections), Fatah ran more district candidates than there were seats, while Hamas ran 1 candidate per seat;

as a result, Fatah candidates as a group took the majority of votes cast but individually took fewer than their Hamas challengers, allowing Hamas to win the majority of seats in the parliament (see Quarterly Updates in *JPS* 136, 137, and 139 for background on the balloting system).

In addition, Abbas issued (8/17) a presidential decree rescinding all nominations and promotions of ministry officials and other civil servants made between 3/7/07 and 4/15/07, firing 10s of Hamas-affiliated civil servants hired immediately after the national unity government was installed. PM Fayyad halted (9/19) salary payments to all Hamas-affiliated Reform and Change PC members and exempted (10/24) Gaza businesses from paying taxes in order to curb funding to the acting Hamas government there. In early 11/07, the PA banned West Bank media outlets from reporting on Hamas and detained (11/14) an editor for violating the order. In response, Hamas tightened restrictions on anti-Hamas reporting in Gaza and detained (mid-11/07) several Palestinian and foreign journalists.

The PA also heavily targeted Hamas's social network in the West Bank: On 8/31, PA Interior M 'Abd al-Rizq Yahya closed 103 charitable associations in the West Bank (80% affiliated with Hamas) for being "improperly registered," claiming it was inappropriate for registration forms for bodies located in the West Bank to have been signed in Gaza. (The organizations argued that forms were processed there because the PA interior minister at the time was based in Gaza). Abbas also imposed (10/27) new "money laundering" laws, making the channeling of money to Hamas via foreign donations to local Palestinian charities punishable by jail sentences of up to 15 years and fines of up to \$145,000; it was uncertain how rigorously the law would be enforced, since Hamas charities accepting foreign donations provide basic services to the poor that otherwise would be severely lacking. The PASF stepped up (9/19) surveillance of Hamas imams in West Bank mosques. PASF raids on Hamas charities also continued (see Quarterly Update in *JPS* 145). By late 9/07, PASF officers were ordering shopkeepers to remove boxes collecting donations for another Hamas-affiliated group, the Society of Orphans, stating it was illegal.

In a move that some analysts saw as a PA attempt to compete with Hamas, during Ramadan (9/13-10/12), the PA deployed a new 8-member police unit called the Ethics

Police to patrol the streets of Ramallah to make sure that Palestinians did not publicly break fast, seizing violators' ID cards and taking them to an interrogation center. According to one officer, the unit was also instructed to detain "men who flirt in public and cars that park illegally in front of mosques." By 10/3, the PA reported detaining a "few dozen" violators. While there has never been a move by any party to pass laws to enforce observance of the fast, the PA argued (10/3) that "preserving Ramadan doesn't require a law."

Abbas also continued to face divisions within Fatah stemming from the Gaza crisis. Of note: The 9-member Fatah Higher Leadership Comm. that he appointed on 6/19 to reconstitute the movement in Gaza (see Quarterly Update in *JPS* 145) resigned (9/20) to protest his government's failure to pay salaries to 19,000 Fatah-affiliated PASF members in Gaza affected by his decision last quarter to halt payments to all civil servants hired after 12/05 (i.e., after Hamas's 1/06 election victory). (Most of the PASF in Gaza were hired before 12/05 and, as of 6/07, continued to receive salaries provided they did not work [and thereby aid the Hamas government].) The PA never explained why the security officers' pay was not reinstated (it was still suspended at the end of the quarter), but some Fatah officials speculated that the men were being punished for having failed to defend their posts during the 6/07 fighting with Hamas. In late 10/07, 6 low-ranking PA security officers (all Fatah members) were tried and sentenced to jail by a PA court for deserting their posts during the Hamas takeover of Gaza.

Billionaire Palestinian businessman Munib al-Masri launched (11/15) a new political grouping called the Palestine Forum with video-linked meetings in Ramallah and Gaza. Masri stated that he hoped to transform the group into a political party appealing to disaffected, peace-minded Fatah supporters and to field candidates in the next Palestinian elections.

Also of note: The new PA police unit deployed in Gaza on 11/2 as part of Abbas's new security initiative made a raid on Balata r.c. on 11/5 to detain a group of Fatah-affiliated AMB members perceived as challenging its authority. The raid sparked heavy clashes with the AMB that left 10 Palestinians (mostly bystanders but including at least 1 PA security officer) wounded.

Haniyeh Tries to Stabilize Gaza

Meanwhile, in Gaza, Haniyeh attempted with mixed success to keep government services functioning absent PA or donor financing and in the face of a near total seal on Gaza borders. To his credit, Palestinians in Gaza reported (e.g., *New York Times* 9/8) a dramatic overall improvement in internal security since the Hamas takeover, praising in particular Hamas's ban on carrying weapons in public and the reduced security presence on the streets. Khan Yunis residents in particular heralded Hamas volunteers for undertaking a clean-up campaign in the city during a mid-8/07 strike by local municipal sanitation workers over salary issues. Still, Haniyeh's inability to improve or stabilize the dire economic situation in Gaza, especially to cover the salaries of civil servants, fed widespread discontent with Hamas, which many blamed for the ongoing siege. Some Palestinians also complained (see *Washington Post* 9/17) that Hamas cadres were taking over beach clubs in Gaza, previously the preserve of the secular Fatah elite, and noted that more women were veiling in Gaza since Fatah's ouster, though there was no evidence of coercion.

Hamas continued efforts begun last quarter (see Quarterly Update in *JPS* 145) to organize a military-style border patrol system, with the participation of other Palestinian factions (minus Fatah), that increasingly challenged the IDF when it attempted incursions into the Strip. (At least 1 IDF unit was forced to retreat back into Israel under heavy Palestinian fire on 10/5.) This quarter, there was also a small but noticeable increase in the number of incidents (e.g., 8/25, 9/16, 9/17) in which IDF vehicles crossing into Gaza triggered roadside bombs (causing damage but no injuries), suggesting that the factions were augmenting the patrols with additional border defenses. The increased incidence of cross-border shootings by the IDF on Palestinians near the border and of cross-border exchanges of fire between the IDF and armed Palestinians who otherwise did not try to infiltrate the border (e.g., 9/8, 9/13, 9/17, 10/6, 10/25, 10/28, 10/31, 11/15) might also be indicative of the new border defense operations. The IDF commander assigned to Gaza, Gen. Moshe Tamir, acknowledged (10/29) that these changes posed a challenge for his soldiers, stating that "we are constantly modifying our tactics, and they are watching what we do." Hamas reportedly (e.g., *New York Times*

9/19) also clamped down on smuggling along the Rafah border with Egypt (including destroying 3 tunnels on 10/7 and 10/12), not only to impress the international community but to control the flow of arms and materials used to make explosives (especially to Fatah and Islamic Jihad), reportedly taking a percentage of imports and profits from smugglers.

Still, there was no question that the central government in Gaza had broken down. Amid the desperate conditions created by Israel's siege, clans started to take on a larger role in Gaza society, not only providing social support for the extended family but also forming militias to ensure family security, protect family interests, and create broader patronage networks to expand personal power bases. Thus, as Hamas attempted to stabilize the situation in Gaza, it found itself more frequently clashing (literally and figuratively) with powerful clans that questioned the provisional government's policies and priorities, particularly its ban on all weapons not held by Hamas security forces and its efforts to assert security control across the Strip. As a result, a higher percentage of the intra-Palestinian violence that occurred in Gaza this quarter had familial as well as factional overtones, similar to the overlap of the Daghmarsh clan and the Army of Islam in previous quarters (see Quarterly Updates in *JPS* 142–44). For example, a number of major ESF clashes (e.g., 10/16, 10/18) involved the pro-Fatah Hillis clan (Fatah Revolutionary Council member Ahmad Hillis is close to the AMB and a staunch critic of Abbas's former national security adviser Muhammad Dahlan). One serious clash erupted in Gaza City on 10/20 when members of a Fatah-affiliated clan fired on Hamas members driving in the area; 3 Palestinians were killed and 35 were injured.

Haniyeh took his own steps, not unlike Abbas's against Hamas in the West Bank, to keep Fatah in check. For example, on 8/16, the ESF detained pro-Fatah PA Atty. Gen. Ahmad Mughami when he returned to Gaza (which he fled during the 6/07 fighting) and ordered him to stay away from his offices; Mughami refused to resign, was released, but apparently did not attempt to carry out any official duties. The ESF forced the closure (8/28) of at least 4 clinics observing a work slowdown (8/26–9/17) ordered by Fatah to protest the acting Hamas government's imposition of authority and replacement of senior health officials at several clinics

and hospitals last quarter (see Quarterly Update in *JPS* 145). Hamas also removed (9/29) a Fatah imam from a Khan Yunis mosque (sparking Fatah demonstrations and clashes with the ESF that left 21 Palestinians injured) and took over management (8/21) of the Rafah Labor Association, formerly headed by Fatah (though it was unclear whether this was to curb Fatah or to revive an association that had languished since Fatah's ouster). The ESF raided (9/6) the offices of the independent *al-Hadath* newspaper in al-Bureij r.c., confiscating documents and computers to prevent negative reporting on the unit.

Fatah, for its part, actively stepped up the campaign begun last quarter to challenge Hamas's control of the Strip (see Quarterly Update in *JPS* 145). As the quarter progressed, the more the ESF was challenged, the less restraint it seemed to employ. On 8/24, the Fatah leadership called on supporters to begin boycotting Friday prayers in mosques and hold weekly public prayer gatherings followed by marches and demonstrations to protest Hamas's "persecution" of Fatah members in Gaza. That day, some 500 Fatah supporters took part in prayer vigil outside Gaza City's main security headquarters, afterward throwing stones at ESF officers guarding the building who responded by firing in the air and beating back the demonstrators, injuring 15. Violence escalated following larger rallies on 8/31 by 5,000 Fatah supporters in Gaza City and 7,000 in Rafah, when protesters attacked Hamas-controlled buildings with stones and pipe bombs and attacked the home of a prominent Hamas member in Rafah. In both cities, the ESF violently dispersed the crowds, firing in the air, beating demonstrators, tossing percussion grenades, and arresting scores, leaving up to 20 Palestinians (including 2 reporters) moderately to seriously injured. Fatah and Hamas accused each other of exploiting Friday prayers for political ends. Haniyeh's acting government quickly declared (by 9/6) a ban on outdoor prayer gatherings, which Fatah denounced as a limit on free speech. Haniyeh retracted the ban within days, saying the prayer meetings could continue so long as they were peaceful. On 9/7, however, prayer protests in al-Bureij r.c., Gaza City, Jabaliya r.c., Khan Yunis, and Rafah turned violent, leaving a total of 51 Palestinians injured, 20 Fatah members arrested, and 3 journalists temporarily detained. Fatah and Hamas disputed whether

the ESF had intervened to violently disperse the crowds or whether they had resorted to using batons and percussion grenades against the crowds only after Fatah supporters had attacked them.

At the end of the quarter, Fatah planned massive rallies in Gaza to mark the 3d anniversary of Yasir Arafat's death on 11/11/05. In the days preceding, Hamas authorities confiscated a shipment of 1,000s of pro-Arafat hats, scarves, and posters for the memorial celebration whose entry into the Strip from the West Bank had been facilitated by Israel. Hamas argued that it could not in good conscience allow the items entry when food, fuel, and commercial imports were banned. The ESF violently dispersed a massive Fatah memorial rally (estimates ranged from 150,00 to 200,000 participants) in Gaza City on 11/12, firing live ammunition and beating demonstrators, killing 7 Palestinians, wounding around 85, and arresting around 450 Fatah members on charges of incitement. Haniyeh apologized for the violence and ordered an investigation on 11/15. Almost all of those detained were released by 11/16. Fatah also held a rally in al-Maghazi r.c. on 10/11 to honor local members killed in the 6/07 violence; 700 supporters attended, and no violence was reported.

Hamas also had increasing difficulty this quarter in reining in Islamic Jihad, which, along with the PRCs, was responsible for most of this quarter's rocket fire into Israel. Haniyeh held talks (e.g., 9/18, 9/20) with Islamic Jihad leaders in Gaza, and Damascus-based Hamas leader Khalid Mishal met with Syria-based Islamic Jihad officials (e.g., 9/18) to urge the group to halt its fire on IDF posts at the border crossings into Gaza and to halt fire altogether during the month of Ramadan to encourage Israel to agree to a mutual cease-fire and to ease the siege, but the efforts failed. There were also several reports (e.g., 9/18, 9/19, 10/19, 10/20, 10/21) of ESF officers exchanging fire with Islamic Jihad members, including a major clash in Rafah on 10/21 that involved trading RPG fire and the intervention of PRC officials to broker a truce. In the exchanges, 2 Palestinians were killed and at least 35 wounded.

Even daily policing by the ESF occasionally (e.g., 8/24, 8/28, 9/2, 9/4) erupted into violence. At least 21 Palestinians were injured during exchanges of fire that erupted during arrest raids, or raids on weddings

and other functions to halt celebratory gunfire. In an incident on 9/1, ESF officers fired into the air to disperse a rally by 1,000s of Hamas supporters protesting the closure of the Rafah crossing that got out of hand when Palestinians attempted to storm the crossing with Egypt; 1 Palestinian was killed and several were injured.

PALESTINIAN OPINION

The following data are excerpted from a poll conducted by the Jerusalem Media and Communications Center (JMCC) between 3 and 6 November 2007. Results are based on a survey of 1,200 men and women from the West Bank (including East Jerusalem) and Gaza. The poll, the 63d in a series, was taken from JMCC's Web site at www.jmcc.org.

1. In general, do you think the performance of the current government of Salam al-Fayyad is better (when compared to the previous government), hasn't changed, or has become worse?

	West Bank	Gaza	Total
a. Is better	39.5%	34.1%	37.5%
b. Hasn't changed	35.1%	36.4%	35.6%
c. Has become worse	18.8%	26.8%	21.8%
d. I don't know	5.7%	2.5%	4.5%
e. No answer	0.9%	0.2%	0.6%

2. Upon an initiative from the U.S., this fall will witness a Palestinian-Israeli peace meeting to be attended by international and Arab parties. To what extent do you expect this meeting to succeed or fail?

	West Bank	Gaza	Total
a. Will succeed to a large extent	3.9%	10.7%	6.4%
b. Will succeed to some extent	29.7%	27.5%	28.9%
c. Will fail to some extent	26.7%	23.6%	25.6%
d. Will fail to a large extent	35.9%	37.3%	36.4%
e. No answer	3.8%	0.9%	2.7%

3. To what degree do you trust that the Palestinian leadership will continue to insist on its negotiating position represented in ending the occupation on all of the West Bank, Gaza, and Jerusalem; the return of refugees; and the establishment of a Palestinian state?

	West Bank	Gaza	Total
a. Confident	20.7%	25.5%	22.4%
b. Somewhat confident	29.5%	27.5%	28.8%
c. Not confident to some extent	22.9%	23.2%	23.0%
d. Not at all confident	22.5%	22.0%	22.3%
e. Don't know	3.8%	1.4%	2.9%
f. No answer	0.6%	0.4%	0.6%

4. If the peace meeting to be held this fall fails, what do you expect as a result of this failure? Do you expect the renewal of the intifada, the intervention of a 3d party, or matters to remain the same?

	West Bank	Gaza	Total
a. Renewal of the intifada	22.6%	37.3%	28.0%
b. Intervention of a 3d party	20.9%	23.0%	21.7%
c. Matters to remain the same	51.6%	39.1%	47.0%
d. No answer	4.9%	0.6%	3.3%

5. Some believe that a 2-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 in all of Palestine where Palestinians and Israelis enjoy equal representation and rights. Which one of these solutions do prefer? (* = answer not included in options read to interviewees.)

	West Bank	Gaza	Total
a. Two-state solution	51.7%	55.2%	53.0%
b. Binational state	23.0%	24.3%	23.5%
c. Other solution	0.8%	0.2%	0.6%
d. No solution	12.0%	5.2%	9.5%
e. One Palestinian state*	7.8%	10.9%	8.9%
f. One Islamic State*	2.4%	2.5%	2.4%
g. No answer	2.3%	1.7%	2.1%

FRONTLINE STATES

JORDAN

Jordan was in close contact with the U.S., Israel, and PA Pres. Abbas regarding the Annapolis summit and the peace process this quarter but did not initiate any diplomacy. The Hamas takeover of Gaza and Palestinian infighting, however, affected Jordan's upcoming parliamentary elections, raising the government's concern that Jordan's Islamist opposition might make considerable gains at the polls. King Abdallah dissolved parliament as planned on 9/19 and set elections for 11/20, despite appeals from conservatives to postpone elections altogether in light of events in Gaza. The government did, however, postpone many liberalization plans that had been promised in connection with the elections to showcase Jordan as one of the U.S.'s exemplary democratic allies. The opposition complained (ca. 11/11) that the government had shelved plans to change the election law (maintaining restrictions used to prevent Islamists, secular liberals, advocates of Palestinian rights, and other government critics from seeking office) and to redistrict more fairly (currently rural tribal areas, which tend to be more conservative and supportive of government policies, are over-represented compared to urban areas, which tend to have both more secular liberals and pro-Islamists), and that it was backtracking on pledges to allow independent observers to monitor the balloting. By the end of the quarter, opposition supporters claimed that the government was actually undertaking last-minute redistricting of 10,000s of voters to guarantee election of pro-government candidates and was offering money for votes. Analysts, including Carnegie Endowment for International Peace expert Michele Dunne (*Washington Post* 11/27), viewed the government's steps as part of a trend whereby Arab governments have felt freer to curb Islamist parties since the Bush administration scaled back promotion of democratization in the region following strong Islamist showings in free elections in Egypt, Iraq, Lebanon, and the Palestinian territories in 2005 and 2006.

LEBANON

Lebanon faced increasing domestic instability this quarter in the run-up to presidential elections, set to open in 9/07. Palestinians in Lebanon were most deeply affected by the ongoing fighting between the

Lebanese army and Fatah al-Islam (FI), made up predominantly of foreign Islamists who had set up headquarters in the Palestinian refugee camp of Nahr al-Barid outside Tripoli.

Fatah al-Islam Clashes

As the quarter opened, heavy fighting between the Lebanese army and FI that had left an estimated 120 soldiers, 80 FI fighters, and 41 civilians dead by 8/15 continued in Nahr al-Barid r.c. The army maintained a siege on the camp, where fewer than 100 FI members were believed to remain, refusing surrender, while most of the devastated camp's 40,000 Palestinian residents took refuge in nearby Badawi r.c. (see Quarterly Update in *JPS* 145 for background). On 8/24, under a temporary cease-fire brokered by the Palestinian Clerics Association, the Lebanese army escorted the remaining families of FI members (22 women, 41 children) out of the camp before pressing its final assault. On 8/26, fighting resumed, leaving 3 soldiers dead in heavy exchanges.

On 9/2, after a week of the army's heavy shelling of Nahr al-Barid and reinforcement of troops in the area, the remaining FI members made a last-ditch, predawn effort to flee the camp, clashing with soldiers in exchanges that continued into 9/3 before the army secured control of the entire camp. During the 2-day battle, 5 Lebanese army soldiers and more than 50 FI members were reportedly killed, and 32 FI members were captured, bringing the toll since the crisis began on 5/20 to at least 168 soldiers, 222 FI members, and 42 civilians dead; 400-500 soldiers wounded; and 202 FI members captured. The army stated that as many as 240 FI members, including the group's leader Shakir Abssi, were unaccounted for and had likely escaped Nahr al-Barid earlier.

Though Nahr al-Barid was emptied, the army maintained its cordon around the camp, stating (9/3) the need to conduct demining operations to remove FI booby traps and unexploded army ordnance before refugees could return to their homes. Journalists who managed to enter the camp for the first time on 9/3 reported that "shell blasts honeycombed nearly every building," rendering most structures uninhabitable. Lebanese PM Fuad Siniora repeated (9/3) pledges to repair all damage. On 9/10, the Lebanese government and UNRWA launched a \$55-m. emergency appeal seeking donations to fund the first year of reconstruction

of the camp and to support those who had sheltered Nahr al-Barid residents during the 15 weeks of fighting. By the end of the quarter, the Lebanese government had secured only \$22 m. from international donors, including \$10 m. from the U.S., which pledged additional \$100,000 to renovate Lebanese areas surrounding the camp. The Lebanese government estimated the total cost of rebuilding Nahr al-Barid at \$382.5 m. (At the end of the quarter, the UNRWA was waiting until the army completed demining operations to enter and make its own assessment.) Some local Lebanese reportedly vowed to oppose the rebuilding of the camp.

On 10/10, Lebanese authorities began allowing a few Palestinian families to return to their homes. By the end of the quarter around 5,000 refugees had been permitted back in, all of them to what is called the "new camp," a ring around the original plot of land designated for Nahr al-Barid. The "old camp," or center area of Nahr al-Barid that saw the worst of the fighting, was still cordoned off and occupied by the Lebanese army as of 11/15. Those permitted to return were given special passes by the army and forced to undergo stringent security checks before passing through the sole checkpoint into the camp. The returnees, who were expressly banned by the army from taking photos inside the camp, reported very heavy destruction, as well as looting and vandalism apparently carried out by the army (e.g., nationalist graffiti signed by army units). Many apartments had been stripped bare of appliances and belongings. Some refugees reported seeing their property for sale in local markets. Lebanese officials denied (10/10) that soldiers had looted the camp or allowed outsiders to do so.

Lebanese Internal Politics

The Nahr al-Barid situation was secondary to growing tensions in Lebanon over the forthcoming presidential elections, set for 9/25, and the stalemate between the Western-backed Siniora government and the 14 March coalition (Saad Hariri, Walid Junblatt, and Samir Geagea) on the one hand and the Hizballah-led opposition on the other (see Quarterly Update in *JPS* 145 for background). By law, pro-Syrian pres. Emile Lahoud was to step down by 11/24. If the parliament failed to agree on a consensus candidate for pres. by then, the governing coalition could force a vote to elect its preferred candidate by simple majority, likely creating further domestic instability. If a

consensus candidate were not chosen and a vote not called by 11/24, powers would automatically remain with the Siniora government, which would sit as caretaker until a new pres. was elected, which could be equally destabilizing.

Domestic concerns escalated sharply on 9/19, when unidentified assailants detonated a car bomb in Beirut assassinating Christian Phalange party MP Antoine Ghanem—the 8th anti-Syrian figure killed in 3 years—reducing the governing coalition's majority in parliament to 67 of 128 seats only 6 days before the election process was to begin. (Ghanem's bodyguard and 5 bystanders were also killed and 56 people were injured, 19 of them seriously). Fearing that more of their number might be targeted in the days ahead to eliminate the coalition's slim majority, the 14 March MPs sequestered themselves in the luxury Phoenicia Hotel near the parliament until the elections were completed. (They were still there at the end of the quarter, with the 14 March coalition paying their hotel charges of \$575 a night per room plus expenses.) On 9/22, Siniora postponed the start of the elections process until 10/23, stating that the parliament would still convene on 9/25 but would focus on overcoming government-opposition disputes. Hizballah, however, boycotted the 9/25 session to prevent a quorum that could suddenly call a vote on the pres., calling instead for talks outside of parliament to agree on a consensus candidate. Negotiations were held through the end of the quarter without reaching an agreement, prompting Siniora to postpone the elections twice more on 10/22 and 11/11, ultimately moving the date to 11/21, three days before Lahoud's deadline to step down.

In light of the election postponement and fears of greater instability, the U.S. stepped up efforts to demonstrate its support of Siniora and the 14 March coalition. Even before the initial postponement on 9/22, the U.S. made its sentiments known. U.S. Amb. Jeremy Feltman addressed a military ceremony in Beirut on 9/3, where he praised the Lebanese army's "heroic fight against Fatah al-Islam terrorists," stating that "now, more than ever, the United States stands firmly behind the government of Lebanon and the Lebanese armed forces in their efforts to maintain a free, secure, democratic, and sovereign Lebanon." Soon after the 9/22 delay, Pres. Bush hosted (10/4) at the White House 14 March coalition leader Hariri, who pressed home his concerns that Syria

planned to disrupt the Lebanese elections, stating in a high-profile media briefing afterward that "at the end of the day, what the Syrians want is terrorism, and what we want is democracy. If we do not succeed as a moderate democracy in the region, there will only be terrorism, and extremist regimes like Syria will flourish." In mid-10/07, National Security Adviser (NSA) Hadley received Hariri's coalition partner Junblatt to express U.S. support for anti-Syrian forces in Lebanon. In testimony to Congress on 10/24, Rice reassured members that "we know who our allies are in Lebanon and we're in very close contact with them about what is acceptable to them and what is not," pledging that the White House would "stay active with them" in the run-up to elections and vowing to "call attention to the fact that the Syrian and Syrian-backed forces are trying to either intimidate or literally destroy the very people who would be able to bring about a democratic solution to Lebanon." Soon after, the administration authorized (11/5) the Treasury Dept. to impose sanctions on 2 Syrians and 2 Lebanese (Muhammad Nasif Khayrbik, Syria's dep. VP for security affairs; Col. Hafiz Makhluaf, a cousin of Syrian pres. Asad; Asad Halim Hardan, Lebanese parliamentarian and senior official with the Syrian Social Nationalist Party; and Wi'am Wahhab, a fmr. Lebanese parliamentarian) that the U.S. government had "linked to Syrian efforts to undermine Lebanon's sovereignty."

In the region, U.S. Central Command chief Adm. William Fallon made (9/29) an unusual visit to Beirut to meet with Siniora and DM Elias Murr to reiterate "the strength of the strategic partnership between the United States and Lebanon" and to praise the government's handling of the Nahr al-Barid situation. Uncorroborated reports (DEBKAfile 8/31) suggested that Fallon privately offered U.S. military intervention should the Lebanese situation erupt into violence and Iran and Syria take military action. The rumors were fueled by the presence of the amphibious assault ship *USS Kearsarge* in the Mediterranean near Lebanon, reportedly carrying a Marine expeditionary force capable of evacuating U.S. embassy staff. (Fallon made an additional 10-day tour of the Gulf states in mid-9/07 to urge Arab leaders to unite to counter Iran's efforts to expand its regional influence, alluding to the need to prevent Hizballah from gaining veto power in the Lebanese parliament.) U.S. Undersecy. of Defense for Policy Eric Edelman arrived

in Lebanon soon after (10/16) to discuss a possible U.S. military "strategic partnership" with the Lebanese army to build its strength so that "there will be less excuse for other armed groups [i.e., Hizballah] to continue to bear arms." Edelman stated (10/18) that it was in U.S. interests "to create circumstances in which Lebanon can have a strong state, strong army, a democratic system with the military accountable to civilian control and to the government and to the people's representatives in the parliament." Analysts speculated that the U.S. was also interested in a strategic partnership with Lebanon to counter Russia's growing influence in Syria, including discussions of a possible new Russian military aid package (see Iran section below). Anonymous Lebanese sources stated (*al-Safir* 10/18) that under the proposed partnership, the U.S. would provide military training and intelligence to Lebanon in return for (a) Beirut allowing the establishment of U.S. bases, radar stations, and other facilities; and (b) changing Lebanon's official view of Syria as a friendly state, Israel as an enemy state, and Hizballah as a legitimate resistance organization. The U.S. emb. in Lebanon denied (10/18) that bases would be part of the plan or that it would impose political conditions on any military arrangement. Hizballah's dep. chief Shaykh Na'im Kassim warned (10/23) that Hizballah would consider the establishment of U.S. military bases in Lebanon "a hostile act."

The Status of the Truce with Israel

The Israel-Lebanon border remained quiet this quarter, though Israel continued routine surveillance overflights of Lebanese territory in violation of UN Res. 1701, which ended the 2006 war. On 10/24, UN Secy.-Gen. Ban submitted to the UN Security Council (UNSC) an assessment of the situation in Lebanon written by special envoy Terje Larsen, in charge of overseeing implementation of Res. 1701, that suggested (citing Israeli assertions uncorroborated by UN forces on the ground) that Syria had been rearming Hizballah and other extremist Islamist groups in Lebanon, including Fatah al-Islam. Ban expressed his own "great concern" over the Israeli reports to the UNSC on 10/31, repeating Israeli charges that Hizballah had rearmed to a level higher than before the summer 2006 war, including reportedly deploying long-range rockets, shore-to-sea missiles, and an air defense unit, but did not cite any corroborating

evidence from UN Interim Force in Lebanon (UNIFIL) forces on the ground. Syria dismissed (10/24) the allegations, stating that it had doubled its number of border guards to prevent arms smuggling, that its military had clashed with Fatah al-Islam, and that another outside power (i.e., the U.S.) was responsible for destabilizing Lebanon. Of note: the UNSC extended the UNIFIL mandate for 1 year, through 8/31/08. As of 8/24, UNIFIL comprised 11,500 troops and a 2,000-member naval patrol, representing 30 countries.

On 10/15, Hizballah and Israel took part in a prisoner exchange at the Naqura crossing on the Lebanon-Israel border. Israel handed over the bodies of 2 Hizballah members killed during the 2006 war and 1 ailing Hizballah prisoner captured during the war for the body of an Israeli civilian who drowned and whose body drifted into Lebanese waters in 2005. Hizballah also turned over a letter from missing Israeli airman Ron Arad to his wife, written shortly after his plane was shot down over Lebanon in 1986. Olmert's office said the trade, overseen by the International Committee of the Red Cross and the UN, was "in the framework of negotiations to return the captured [IDF] soldiers, Eldad Regev and Ehud Goldwasser," captured by Hizballah in 7/06. The deal was brokered on behalf of the UN by German intelligence official Ernst Uhrlau and came 4 days after Germany released a Lebanese and an Iranian given life sentences by Germany in 1992 for assassinating dissident Kurds in Berlin.

On 8/29, Human Rights Watch (HRW) released its report on Hizballah's actions during the 2006 Lebanon war that accused Hizballah of indiscriminate rocket attacks on Israeli civilians and called on the Siniora government to "investigate and prosecute Hizballah members alleged to have individual or command responsibility for the commission of war crimes." HRW, however, canceled plans to hold a major publicity event that day in Beirut to mark the report's release after the report's executive summary, circulated in advance, sparked widespread outrage among Lebanese, who viewed the conclusions as unbalanced and out of context. PM Siniora denounced (8/29) HRW for not showing "similar enthusiasm toward crimes committed by Israel toward Lebanese civilians" during the war, which left 41 Israeli civilians and more than 1,200 Lebanese civilians dead. (In fact, HRW issued a report in 8/06. available online at

hrw.org, on Israeli actions during the war that condemned Israel for war crimes.)

On 9/6, HRW released another report summing up a 5-month investigation into the causes of civilian casualties on both sides during the war (see excerpts in Doc. D1). In addition to repeating its charges against Hizballah, HRW accused Israel of "frequent failure" to distinguish between military and civilian targets, stating that the "vast majority" of Lebanese killed were civilians, that "Israel wrongfully acted as if all civilians had heeded its warnings to evacuate southern Lebanon when it knew they had not," and that Israel's "issuing warnings [of pending attacks] doesn't make indiscriminate attacks lawful." The report also disputed Israel's claim that Hizballah used civilians as human shields, stating that most Hizballah fighters left populated areas when the war began and that most Hizballah arms caches were kept in bunkers in uninhabited areas. HRW also concluded that around 250 Hizballah members were killed during the fighting, far lower than Israel's claim of 600. Israel denounced and rejected (9/6) HRW's conclusions.

SYRIA

Syria remained aloof this quarter from the Israeli-Palestinian peace process and the Hamas-Fatah rivalry, though Pres. Bashar al-Asad did express interest (10/1) in participating in the Annapolis peace summit provided the Golan Heights was put on the agenda. The Bush administration was divided over whether to include Syria (see "Groundwork for a Summit" section above) and had not made a final decision by the end of the quarter.

Israel Strikes Syria

The main event on the Syrian-Israeli front this quarter was Israel's 9/6 air strike on a sparsely populated area near Syria's northern border, which caused no reported injuries. The strike, Israel's first inside Syria since its 10/5/03 air strike on an alleged Islamic Jihad training camp (see Quarterly Update in *JPS* 130), followed months of escalating military maneuvers by Israel and Syria, which engaged in shows of force since the 2006 Lebanon war. It was also preceded in recent weeks by several Israeli air reconnaissance missions into Syrian air space, apparently intended to test and map Syria's air defense and radar systems. Israel immediately issued a media blackout on the 9/6 incident, barring government spokesmen from commenting, and Israel and Syria each issued (9/6) calming

statements that neither side intended to be drawn into war. With no official explanation from the governments, initial media speculation suggested that Syria had finally reacted to Israel's probing missions and that its anti-aircraft had opened fire when 5 Israeli war planes had entered Syrian air space from the Mediterranean in the predawn hours of 9/6, prompting the planes to drop their payloads in order to climb quickly to avoid being hit.

In his weekly cabinet session on 9/9, however, Israeli PM Olmert went out of his way to praise the Israeli air force for its work, suggesting that the bombing was deliberate. Rumors shifted to the possibility that the strike targeted a nonconventional weapons site, an arms shipment en route to Hizballah, or new radar equipment from Russia. On 9/11, U.S. Defense Dept. officials confirmed that their intelligence showed that the 9/6 strike was a deliberate bombing raid on a single target, but released no other details. Anonymous Bush admin. officials later reported (see *Washington Post* 9/13) that Israel had informed the U.S. of the raid just before it was launched. They further reported that over the previous 6 months, Israel had provided senior administration officials with intelligence, including "dramatic satellite imagery," that purportedly proved North Korea had been helping Syria build a nuclear weapons installation, convincing many Bush advisers (including VP Cheney and NSA Hadley), but not Rice or Defense Secy. Robert Gates. (Syria has a small nuclear reactor, monitored by the International Atomic Energy Association [IAEA], to generate electricity, but has denied plans to expand its nuclear program.) NSA Hadley reportedly had restricted sharing of the intelligence to select senior administration officials, preventing U.S. intelligence officers who normally track and evaluate such data permission from evaluating the intelligence. On 9/14, without admitting to the intelligence sharing, the State Dept. publicly accused Syria and North Korea of nuclear collusion. Meanwhile, some U.S. intelligence experts publicly doubted (see *New York Times* 9/15) the allegations, stating that Syria lacked the interest and financial ability to build a nuclear weapons program. They also noted that North Korean technical advisers had been in Syria for years aiding Damascus's ballistic missile program, suggesting that Israel had misconstrued the evidence.

Slowly over the next several weeks, Syria and Israel acknowledged that a deliberate

attack occurred. On 10/1, Syrian pres. Asad gave a rare interview with the BBC in which he stated for the first time that Israel had hit a vacant military facility, warning that Syria was still weighing its response. The following day, the Israeli military sensor eased the media blackout, similarly stating that the IDF struck an unspecified "military target" deep inside Syrian territory. On a visit to London on 10/23, Olmert met with Turkish PM Tayyip Recep Erdogan to formally apologize for violating Turkish air space in staging the attack; a public apology was issued to Turkey on 10/28. By 10/19, satellite imagery indicated that Syria had begun disassembling and clearing the ruins at the targeted site, raising Israeli and U.S. suspicion that Damascus was acting quickly to remove evidence of wrongdoing. Significantly, however, by the end of the quarter (more than 2 months after the attack), neither Israel nor the U.S. had offered the IAEA any evidence that the target bombed was actually a nuclear site, which would have automatically triggered an inspection of Syria by the IAEA. Arms control experts view this as unusual, with Arms Control Association exec. dir. Daryl Kimball stating (10/19), "The reason we have an IAEA and a safeguard system is that, if there is evidence of wrongdoing, it can be presented by a neutral body to the international community so that a collective response can be pursued."

Other Events of the Quarter

The UN Disengagement Observer Force (UNDOF), which monitors the 33-yr-old truce on the Syria-Israel border, reported (10/17) that Israel in recent months had renovated and expanded trenches on the Syrian border, while Syria had made few updates to its border defenses. Maj. Gen. Wolfgang Jilke, the Austrian cmdr. of the UNDOF, strongly denied prior Israeli accusations of suspicious Syrian activity near the demilitarized zone or any sort of Syrian build up, stating, "We have not seen it. . . . This is misleading information." Indeed, UNDOF stated that as of mid-10/07, both Syria and Israel had almost entirely ceased military maneuvers along the border since Israel's 9/6 air strike. Israel relocated (10/26) military exercises scheduled to be held on the Golan Heights so as not to increase tensions with Syria.

Israel allowed (10/9) 2 Israeli Druze whose families were divided by the occupation of the Golan in the 1967 war to go to Syria through the Qunaytra crossing to receive condolences following the

deaths of their parents, marking the first time Israel has permitted direct passage into Syria for anyone who is not a religious official, student, or bride permanently leaving Israel. Israel said the permits were one-time gestures and did not indicate a change of policy.

REGIONAL AFFAIRS

This quarter, tensions between Egypt and Israel over security of the Rafah border escalated noticeably, with Israel accusing Egypt of failing to do all it could to halt smuggling into Gaza. On 9/19, Egypt confirmed that in response to Israeli and U.S. concerns, it had rotated all of its 750 border guards on the Rafah border to eliminate anyone who might have been bribed by smugglers and that it was in the process of searching some 1,000 homes on the Egyptian side of Rafah (the city has been divided by the border since 1982, when Egypt regained the Sinai but refused to take back Gaza as part of the peace agreement with Israel) that might hide entrances to tunnels. On 11/8, Israeli MK Yuval Steinitz (Likud) sent a letter to all U.S. senators asking them to support a House res. calling on the U.S. to withhold \$200 m. of the annual \$1.3 b. of military aid to Egypt unless it took greater action to secure its border. (Olmert's government did not formally endorse the letter.) Egypt replied (11/8) publicly that it was doing all it could given the restrictions of the 1979 Camp David peace accord with Israel, noting Israel's refusal of previous Egyptian requests to deploy additional military patrols along the border, and accused Israeli politicians of attempting to undermine U.S.-Egyptian relations. Egypt also angered Israel and the PA by allowing 2 groups of Palestinians who had been stranded in Egypt since Israel sealed the Gaza border on 6/12 to re-enter Gaza: the first group, comprising 85 Palestinians affiliated with Hamas, Islamic Jihad, and the PRCs (including 2 Reform and Change PC members), entered on 9/30; the second group, comprising 30 Islamic Jihad members and unaffiliated Palestinians, entered on 10/9.

Israel announced (9/5) that it would grant citizenship to around 500 Darfur refugees who had entered the country illegally, but that it would not accept any other Darfur asylum seekers and would continue with plans to deport to Egypt the roughly 1,500 other illegal Sudanese refugees currently in detention (48 had already been deported). Israel initially planned to deport the Darfur

refugees, but the issue sparked fierce debate in Israel over the nation's identity and duty to protect others from ethnic cleansing (see Quarterly Update in *JPS* 145).

Amnesty International issued (10/1) a report documenting the targeting of Palestinian refugees in Iraq by Iraqi militias angry over the perceived preferential treatment of Palestinians under Saddam Hussein's regime, cataloging the "threats, torture, killings and appalling living conditions" to which Palestinians in Iraq are currently subject.

INTERNATIONAL

UNITED STATES

The Bush administration devoted considerable efforts this quarter to organizing an Israeli-Palestinian peace conference intended to revive serious final status negotiations and ideally lead to the creation of a Palestinian state by the end of Bush's term in 1/09 (see "Palestinian-Israeli Conflict" section above). Since early 7/07, the administration has viewed significant improvement on the Israeli-Palestinian track as necessary for advancing the U.S.'s wider goals in the region, particularly securing stability in Iraq (see Quarterly Update in *JPS* 145). At the close of the quarter a conference was tentatively set for late 11/07 in Annapolis.

Advancing the U.S.'s broader regional policy aims this quarter, the administration acted to shore up its anti-Syrian allies in Lebanon, to curb Iran's nuclear program and growing regional influence, and to maintain a balance of power in the region with Russia, which took steps to cement its influence in the region through new trade and military ties with Syria and Iran. (See sections on Iran, Lebanon, and Syria for details.)

U.S.-Israeli Bilateral Relations

At a ceremony in Jerusalem, the U.S. and Israel formally signed (8/16) a deal for a new \$30 b./10 yr. military aid package, boosting U.S. military aid to Israel 25%, as finalized last quarter (see Quarterly Update in *JPS* 145).

Israeli DM Barak met with U.S. Defense Secy. Gates in Washington on 10/16 for talks on security cooperation and missile defense. Barak reportedly conveyed Israel's view that continued funding and completion of the joint anti-missile projects on the Arrow II (to intercept long-range ballistic missiles from Iran), David's Sling (to intercept medium-range Katyusha rockets from Hizballah in Lebanon), and Iron Dome (to

intercept short-range homemade Palestinian rockets) systems are a prerequisite for any future transfer of land to the Palestinians.

Legal Actions

Of particular note this quarter, the U.S. government suffered a significant legal setback when it lost its major anti-terrorism test case, 6 years in the making. The trial against the Holy Land Foundation (HLF), once the U.S.'s largest Islamic charity, on charges of funding " Hamas terrorist operations," conspiracy to fund terrorism, and money laundering went to a jury on 9/18. The case, brought by the government in 12/01, 3 months after the 9/11 attacks, was seen as a test of the Bush administration's counterterrorism policy. HLF lawyers argued that the government aimed to convict HLF for the political sympathies of some of its officials, not on the basis of evidence of any crimes. The U.S. named more than 300 individuals and organizations, including the Islamic Society of North America and the Council for American-Islamic Relations, as unindicted co-conspirators. The government's case hinged on proving that charities funded by HLF were controlled by Hamas. Prosecutors relied on intelligence supplied by Israel and the testimony of an anonymous Shin Bet official, while the defense presented Edward Abington, the former U.S. consul gen. in Jerusalem and the State Dept.'s second-highest-ranking intelligence officer, who testified that during his postings in the region, he received daily CIA briefings and was never warned of any linkage between the charities and Hamas. On 10/22, a mistrial was declared in the case, with jurors acquitting HLF chmn. Mohammad el-Mezain and 4 other HLF officials on virtually all 197 charges, deadlocking on the rest. One juror commented that the government's case "was strung together with macaroni noodles. There was so little evidence." Federal prosecutors vowed to retry the case.

After almost 21 years, the U.S. government dropped (10/31) all charges against Khader Hamide and Michael Shehadeh, the remaining members of the Los Angeles 8 who were originally charged in 1987 with supporting the "doctrines of world communism" for their affiliation with the PFLP. (The U.S. revised the charges after 9/11 using newly drafted anti-terrorism legislation, even though the PFLP had not been declared a terrorist organization at the time of the arrests.) The decision came 9 months after a federal judge dismissed deportation

proceedings against the men, citing the government for failing to comply with his order to disclose evidence that supported their innocence, calling the government's behavior throughout the case "an embarrassment to the rule of law" (see Quarterly Update in *JPS* 143).

The U.S. federal judge in the case of former AIPAC officials Steve Rosen and Keith Weissman, who were indicted in 8/05 on charges of violating the Espionage Act by conspiring to obtain classified U.S. intelligence and pass it to Israel and the media (see Quarterly Updates in *JPS* 137-38 and 140-41 for background), upheld (11/2) a defense request to issue subpoenas for as many as 20 current and former senior Bush administration officials, including Secy. of State Rice, to testify on the defendants' behalf. Other officials reportedly include NSA Hadley, Dep. NSA Elliot Abrams, National Security Council official Kenneth Pollack, former Defense Dept. officials Paul Wolfowitz and Douglas Feith, former Dep. Secy. of State Richard Armitage, Dep. Chief of Mission in Iraq David Satterfield, and U.S. Amb. to Russia William Burns; the latter two were senior State Dept. officials working on Middle East affairs when the transfer of classified material allegedly took place.

On 11/13, Lebanese-born CIA officer Nada Nadim Prouty, who previously worked as an FBI agent, pleaded guilty to charges of illegally attempting to obtain classified documents on Hizballah from government computers in 6/03 and fraudulently obtaining her U.S. citizenship. She faces up to 16 years in jail. Prouty's brother-in-law, Talal Khalil Chahine, is a fugitive from tax evasion charges in Michigan and is under investigation for funneling \$16 m. dollars through his Detroit restaurant chain to Hizballah.

Lobbying Efforts

The administration received a series of letters from groups recommending contradictory approaches toward the peace process. On 9/26, a group including 5 former senior State Dept. and Pentagon officials sent Rice a letter and 6-page policy statement applauding her efforts to convene the Annapolis summit but urging the Bush admin. to consider the summit as only the first step in an intensive U.S.-led international diplomatic campaign to secure a comprehensive final status agreement. Among the controversial recommendations were (a) that Hamas be an active participant in final status talks between Israel and the Palestinians, (b) that

the U.S. prepare to host a series of peace conferences to follow-up on the Annapolis meeting, and (c) that the U.S. be prepared to press its own bridging proposals should talks stalemate. The 5 former U.S. officials are Frederic Hof (Middle East advisor in the Pentagon), Samuel Lewis (amb. to Israel), Robert Pelletreau (an amb. to Egypt and assistant secretary of state), Thomas Pickering (an undersecretary of state and ambassador to Israel and Jordan), and Edward Walker (an amb. to Egypt and Israel).

A similar call for Annapolis to "deal with the substance of a permanent peace" and to set in motion a sustained process that would lead to a 2-state solution was made on 10/10 in a brief letter to Bush and Rice sponsored by the U.S.-Middle East Project, the International Crisis Group, and the New American Foundation (see Doc. D3). That letter was signed by former NSAs Zbigniew Brzezinski and Brent Scowcroft, former members of Congress Lee Hamilton and Nancy Kassenbaum, and Kennedy adviser Theodore Sorensen, among others.

On 10/2, Rice received a letter (see Doc. D2) drafted by the American Israel Public Affairs Comm. (AIPAC), sponsored by Sens. Charles Schumer (D-NY) and Lindsey Graham (R-SC), and signed by 79 senators (including presidential candidates Joe Biden, Hillary Clinton, John McCain, Barak Obama), calling on the U.S. to press "friendly" Arab states to take bolder action to foster the new U.S. peace effort by recognizing Israel's right to exist, end the boycott of Israel, and stop using recognition as a bargaining chip for Israeli concessions. The letter also calls on Arab states to pressure and isolate Hamas and to take serious financial and political steps to support Abbas.

On 10/18, the Zionist Organization of America (ZOA) ran a full-page ad in the New York Times carrying an open letter to Rice stating that "Palestinian Arab statehood should not be promoted at the November Mideast Conference. Nor should the U.S. give any more funding to the Palestinians. . . . And Israel should not be asked to make any more concessions to the Palestinians Arabs."

Anticipating that Israel and the Palestinians might open talks on Palestinian refugees as part of the Annapolis process, a newly formed group, Justice for Jews from Arab Countries (JJAC), held (11/5) a conference in New York to promote the "forced" and "forgotten exodus" of 856,000 Jews from Arab states after the creation of Israel in 1948. Though the keynote speaker,

former Canadian justice minister Irwin Cotler, admitted that JJAC seeks compensation from Arab states on behalf of "Jewish refugees" as part of any final status agreement, he stated that the group's main goal was "not about the money, it's about the . . . acknowledgement of the wrongs committed." JJAC's first campaign, launched at the conference, is to lobby Congress and UN bodies to include parallel references to "Jewish refugees" in any statement or resolution mentioning Palestinian refugees.

On 9/19, 16 of 30 Jewish members of the House of Representatives send a letter to Rep. Jim Moran (D-VA) condemning his statements in a recent issue of *Tikkun* magazine (see Doc. C1 in *JPS* 145), stating that Jewish lobbying influenced the White House's decision to go to war with Iraq in 2003. The letter was signed by Henry Waxman (D-CA), Rahm Emanuel (D-IL), Shelley Berkley (D-NV), Gary Ackerman (D-NY), Barney Frank (D-MA), Nita Lowey (D-NY), Janice Schakowsky (D-IL), Sander Levin (D-MI), Howard Berman (D-CA), Eliot Engel (D-NY), Allison Schwartz (D-PA), Ron Klein (D-FL), Jerrold Nadler (D-NY), Tom Lantos (D-CA), Jane Harman (D-CA), and Adam Schiff (D-CA).

Also of note: After New York City Comptroller William C. Thompson Jr. publicly criticized (8/28) several British unions who called last quarter for supporting a boycott of Israel (see Quarterly Update in *JPS* 145), leading New York City trade unionists Larry Adams, Marty Goodman, Mike Letwin, and Brenda Stokely published (10/19) an open letter in the influential union newspaper, *The Chief*, defending the international union boycott, stating, "This boycott—many of whose supporters are Jewish—DOES NOT target Israel for its ethnicity, but for theft and colonization of Arab lands, denial of equality to Arab-Palestinians in Israel, and violation of Palestinian Refugees' right to return home. . . . Moreover, apartheid Israel is sponsored by the U.S. . . . U.S. trade-union officialdom is a shameful accomplice, and tries to silence union members who oppose this apartheid regime. . . . Ending this support would strike a critical blow against war and racism—abroad and at home." On 10/26, *The Chief* printed 2 follow-up letters: one by Stuart Leibowitz, president of the District Council 37 AFSCME Retirees Association, denouncing union members for "ganging up on Israel"; the other by Mike Gimbel, a delegate to the New York City Central Labor Council from Local 375, one of the city's largest

unions, presenting himself as "a Jewish trade unionist who supports the just struggle of the Palestinian people and the boycott of Israel" and calling for "a dialogue on the rise of anti-Semitism but most importantly, [to] engage the labor movement in a dialogue about Palestinian human rights and the right of return. Let's not cover up the U.S.-sponsored crimes of Zionism," stressing that "unity cannot be achieved by silencing our Palestinian and Middle-Eastern members."

RUSSIA

Russia limited its participation in the peace process to the Quartet this quarter. Pres. Vladimir Putin, however, took several steps that alarmed Israel and the U.S. In late 8/07, Russia delivered to Syria \$900-m. worth of advance Russian SA-22E anti-aircraft missiles and artillery. The transfer followed a 7/07 report that Russia had agreed to sell Iran 250 long-range Sukhoi-30 war planes. Israel formally protested (ca. 8/24) the deals. During a visit to Tehran on 10/16, Putin reportedly discussed possible Russian financing of an Iranian arms sale to Syria, prompting Olmert to make (10/18) a hasty trip to Moscow to discourage the deal (see Iran section below).

EUROPEAN UNION

The EU generally maintained a low profile this quarter, supporting U.S. peace efforts and urging Israel and the Palestinians to halt violence. The European Parliament passed (10/11) by voice vote a res. (see Doc. A3) calling on Israel to lift the siege on Gaza and to observe its obligations to the occupied Palestinian population in the West Bank and Gaza under the Geneva Conventions. The motion also endorsed holding a peace summit "based on the relevant United Nations Security Council resolutions, the right of Israel to live within secure and recognized borders, and the right to a viable state for Palestinians."

EU foreign policy chief Javier Solana made 2 brief trips to the region ca. 9/3 and 11/14 to consult with Israeli and Palestinian leaders. German FM Frank-Walter Steinmeier, the current rotating pres. of the EU, toured the region in early 11/07 to promote an EU plan for an international military force to serve in the occupied territories, which he intended to present at the Annapolis conference. Steinmeier argued that an international force could help protect Palestinians from crime and help prevent attacks on Israelis until the PA is capable of providing

security. Neither Israel nor the PA publicly commented on the idea, but the Arab League said (11/1) that it would support the proposal if the Palestinians endorsed it. Of note: Australian FM Alexander Downer stated (10/24) that if an international force were created to help implement a peace accord, "we would be prepared to send some troops to help."

Israel continued efforts launched last quarter to improve relations with the EU, which has recently opened a number of EU programs to participation by nonmember states (see Quarterly Update in *JPS* 145). The EU and Israel signed (11/1) a memorandum of understanding allowing Israel to take part in the EU's Enterprise and Industry program, which promotes small- and medium-sized EU businesses. Israeli FMin. also hosted (11/13) an interministerial meeting with the head of the EU's Sector Coordination Unit for European Neighborhood Policy, Andreas Herdina, to discuss expanding Israel's participation in European agencies and programs. Israel was particularly interested in participating more directly in EU science and technology projects, including the GALILEO European Satellite Navigation System program. No agreements were reached by the end of the quarter.

The European Union's 9th Euro-Mediterranean ministerial meeting, held in Lisbon 11/5-6 and focused on environmental issues, also touched on ways to strengthen direct cooperation between Israel and the EU, build ties between Israel and the countries of the region, and support the peace process. The session was attended by reps. (mostly FMs) of 27 EU states along with regional reps., including of Israel, the PA, Egypt, Jordan, Lebanon, and Syria. Israeli FM Livni, who focused her speech on urging the Arab states to establish diplomatic relations with Israel immediately, held meetings on the sidelines with PA PM Fayyad and her Egyptian and Jordanian counterparts; no details were released.

In bilateral relations, French pres. Nicholas Sarkozy used his first major foreign policy speech on 8/27 to declare himself a "friend of Israel," vowing to "never compromise on Israel's security." He also cautioned against taking military action against Iran to curb its nuclear program. During Olmert's visit to Paris (10/22) to discuss the Iranian nuclear issue (see Iran section below), Sarkozy commented on the Palestinian issue that "it is not reasonable for the Palestinians to

demand both an independent state and also the refugees' return to the state of Israel, which even today has a minority of one million Arabs." He also called the creation of Israel "a miracle" and "the most significant event of the 20th century." During a 2-day visit to the U.S. (11/6-7), Sarkozy met with the heads of American Jewish organizations and accepted the Light Unto the Nations Award from the American Jewish Committee (AJC) at a private breakfast attended by more than one hundred guests, including members of Congress. In his acceptance speech at the ceremony and in an address to Congress later in the day, Sarkozy repeated (11/7) that "France will not compromise on Israel's security." Richard Prasquier, pres. of the Representative Council of French Jewry, accompanied Sarkozy on the visit as his personal guest and official member of the French delegation.

In the United Kingdom, senior officers of the British Union of Colleges and Universities, which last quarter recommended that its members consider a boycott of Israeli academics to protest the occupation (see Quarterly Update in *JPS* 145), canceled a tour of British campuses by Palestinian academics to debate the boycott issue, citing the advice of lawyers. The senior officers reportedly from the outset had been against the boycott recommendation approved by lower-level union reps.

Britain denied (8/23) visas to 22 members of a Palestinian youth soccer team that had been invited to play several British youth clubs, saying it feared that the Palestinians would seek asylum and not return if granted entry.

UNITED NATIONS

Of note this quarter, UN special rapporteur for human rights John Dugard, echoing statements last quarter by outgoing UN special coordinator for the Middle East peace process Alvaro de Soto (see Doc. A1 in *JPS* 145), stated (10/15) to the BBC that he believed the UN was doing itself "little good" by remaining in the Quartet, which he stated is "heavily influenced" by the U.S. and acts to hamper Palestinians' right to self-determination. He accused the UN of "not playing the role of an objective mediator as behooves it," stating that he would recommend to the secy-gen. that the UN withdraw from the Quartet, if the Quartet did not take a stand against Israel's "crushing" human rights violations. In formally presenting his latest 8/17 report to the UNGA on 10/24

(see Doc. A1), Dugard formally accused the Quartet of having paid little attention to the human rights of the Palestinians, stating that its support of sanctions against the Palestinians had led to a serious loss of confidence in the UN among Palestinians. He stated that if the secy-gen. were unable to persuade the Quartet to adopt an even-handed and impartial approach to the Israeli-Palestinian dispute, then the UN must examine whether its best interests were served by remaining in the Quartet, where the UN was used to "legitimize the pro-Israeli position of the Quartet." He also urged the secy-gen. to seek an advisory opinion from the International Court of Justice on the consequences of prolonged occupation for the Palestinians, Israel, and the international community. Israeli rep. Ady Schonmann denounced (10/24) Dugard's comments, accusing him of ignoring Palestinian terrorism and violence. In response, Dugard stated that as a South African, he grew up seeing opponents of apartheid, including Nelson Mandela, labeled as terrorist and noted that 2 former Israeli PM had committed acts of terrorism against the British occupation. He urged Israel to address the "real issues" (such as the legality of the separation wall, the humanitarian crisis in Gaza, and the checkpoint regime in the West Bank) and not focus so much on terrorism, as it did not help find a solution to the problem. Dugard's initial comments to the BBC were made on the sidelines of the UN Human Rights Council's (UNHRC) annual executive comm. meeting in Geneva on 10/15. That session was attended by some 270 pro-Palestinian NGOs from around the world who collectively urged the agency to "provide immediate effective protection and find rights-based durable solutions for Palestinian refugees, including voluntary repatriation."

The UN Committee on the Exercise of the Inalienable Rights of the Palestinian People (CEIRPP) sponsored (8/31-9/1) a 2-day conference in Brussels to explore how civil society and the legislature can work together to support the Palestinian people and promote peace. At the close of the conference, 10s of NGOs comprising the International Coordinating Network on Palestine issued an action plan for 2007-08 calling for grassroots organizations to focus on expanding nonviolent resistance to the occupation, especially by launching boycott, divestment, and sanctions campaigns; highlighting the 60th anniversary of the Nakba; and educating the public on Israeli policies within an

anti-apartheid framework. Israel denounced (8/31) the conference.

On 8/30, the UN Conference on Trade and Development (UNCTAD) issued its annual report on the occupied territories, stating that poverty had reached unprecedented levels since Israel's tightened restrictions on Palestinian movement in 1/06; concluding that it is "unrealistic" to expect economic recovery, a reduction in Palestinian dependency on foreign aid, or the emergence of a transparent economy as long as Israeli restrictions are kept in place. The report recommended that to achieve economic stability and growth, the Palestinians should switch focus to integrating their economy with the Arab regional economy, but warned that this could be successful only if Israel guaranteed reliable movement of goods across the Egyptian and Jordanian borders. Among the dramatic declines at the end of 8/07: 71% of public sector employees were living below the poverty line; 46% of public sector employees lacked enough food to meet their basic needs; 53% of household incomes in Gaza had declined by more than half since 1/06; reliance on imports had risen to 86% of the GDP; the trade deficit made up 73% of GDP; and the budget deficit had reached \$791 m. (19% of GDP).

At the International Atomic Energy Agency's (IAEA) annual general conference in Vienna (9/17-21), Egypt reintroduced a nonbinding res. that normally comes up for annual reaffirmation automatically in order to add 2 new clauses. To the usual res. urging all Middle East nations to adopt IAEA safeguards on nuclear work, Egypt added clauses that urged (a) all Middle East nations not to make or test nuclear arms or let them be deployed on their soil, and (b) big nuclear arms powers not to foil the new policy. Whereas in previous years, the res. has passed overwhelmingly, with only Israel and the U.S. opposed, this year the measure passed (12/20) by 53-2, with the U.S. and Israel voting against and 47 Western nations abstaining on the grounds that the new language threatened to politicize the organization and "ultimately detract from the technical role the IAEA plays in safeguarding nuclear material." As in past years, the Arab states also submitted (9/21) a res. to declare Israel a nuclear threat for failing to comply with the nuclear nonproliferation treaty but withdrew it under pressure from Western nations.

On 10/23, the 193 member states of the UN Educational, Scientific and

Cultural Organization (UNESCO) unanimously passed a res. proposed by Israel pledging "to explor[e] what role UNESCO could play in promoting awareness of Holocaust remembrance through education and in combating all forms of Holocaust denial."

Also of note: On 9/7, the U.S. Senate approved (92-0, with all the 2008 presidential candidates abstaining) an amendment to the draft foreign operations appropriation act for 2008 that would cut \$3 m. from the annual U.S. contribution to the UN budget earmarked to cover 25% of the UNHRC's annual budget, arguing that the body (re-constituted in 6/06) had "become a forum to bash Israel." The House passed a similar measure in spring 2007.

IRAN

Tensions between Iran on the one hand and the U.S., the other permanent members of the UN Security Council (UNSC), and Germany (collectively known as the P5+1) on the other over Iran's alleged nuclear weapons program continued this quarter. Iran continued enriching uranium, claiming its right to do so for civilian energy purposes, even as negotiations with the EU to halt the program continued and UN-imposed sanctions remained in place. The U.S., meanwhile, was pressing the P5+1 to reconvene to draft a new UN res. calling for additional sanctions.

On 8/27, IAEA head Muhammad El-Baradei released his own plan (negotiated with Iran) proposing a staged timetable for Iran to provide detailed answers to questions regarding past secret nuclear activities and to improve access to all existing nuclear sites for IAEA inspectors by the end of the year in exchange for staged concessions by the international community (one of which was that the U.S. provide Iran with copies of its intelligence documents that allegedly prove Iran's intention to obtain nuclear weapons). Initially, Britain, France, Germany, and the U.S. sent (8/28) a joint delegation to Baradei to denounce his actions as biased in favor of Iran, reckless, and a deliberate attempt to end-run the UNSC. Already on 8/30, the IAEA reported that Iran had reduced uranium enrichment and had given "significant" cooperation to the UN's investigation of its nuclear program. The U.S. downplayed (8/30) suggestions of progress, stating that tougher UN sanctions were still needed. On 9/7, however, the group praised the plan and agreed to give it time to work, pledging to hold off

on introducing a new sanctions res. until late 11/07, after a scheduled round of talks between Iran and the EU. (A possible explanation for the reversal emerged 3 months later in early 12/07, when the U.S. intelligence community publicly released its National Intelligence Estimate [NIE], concluding that Iran had halted its nuclear weapons program in fall 2003. NSA Hadley confirmed on 12/4 that Bush and other senior officials were first briefed on the report's conclusions in late 8/07 or early 9/07; see Quarterly Update in *JPS* 147, forthcoming.)

While U.S. intelligence agencies worked overtime to test their conclusions regarding Iran before issuing the final NIE, delaying the release of the report (usually released in the summer), the Bush admin. hosted (9/21) a day of talks with the P5+1 to debate parameters of a new sanctions package, assuming Baradei's plan would not bear fruit. Afterward, U.S. and EU officials stated plans to impose their own bilateral military and economic sanctions on Iran if China and Russia balked at passing stronger measures. China and Russia wanted the new IAEA work plan initiated by Baradei to play out for several months to see if it would yield significant progress, while the U.S. pressed for immediate steps to curtail Iran's ability to import military equipment or expertise. The U.S. had wanted a new res. since 6/07 (the deadlines set out in the previous res. expired at the end of 5/07), but Russia had insisted on putting off further action, at least until Pres. Putin's scheduled trip to Tehran on 10/16. Bush used his speech to the opening session of the UNGA on 9/25 (and he and Rice used their meetings on the sidelines) to call on world leaders to join the U.S. in a global "mission of liberation" against repressive governments such as Iran, lobbying support for new UNSC sanctions. The U.S. House the same day passed (397-16) and referred to the Senate a measure (H.R. 1400) to tighten restrictions on business dealings with Iran and to remove the president's ability to waive sanctions on Iran imposed by Congress.

Separately, the U.S. continued discussions with central European and former Soviet states regarding the possible installation of a U.S. missile shield in the region to defend allies (especially Israel) against Iran's medium- and long-range missiles. Moscow perceives such a system, which would place U.S. missile batteries in close range of Russia, as a security threat. Consequently, Putin used his visit to Tehran on 10/16 for bilateral trade and military cooperation talks to send a

strong message to the U.S., publicly pledging to support Iran's nuclear energy program and warning "outside forces" (i.e., Israel and the U.S.) against attacking Iran. While he reportedly privately urged Iran's pres. Mahmoud Ahmadinejad and Iran's supreme leader Ayatallah Ali Khamenei to consider halting uranium enrichment in exchange for removal of sanctions, they also discussed possible Russian financing an Iranian arms sale to Syria, alarming Tel Aviv (see Syrian section above). Olmert made a hasty trip to Moscow on 10/18 to urge Putin against the arms sale and to support new sanctions on Iran, followed by urgent trips to France (10/22) and Britain (10/23) for talks on Iran with Pres. Sarkozy and British PM Gordon Brown, who gave assurances that they would support stronger bilateral and UN sanction. The U.S. also escalated its rhetoric, with Bush stating (without explicitly naming Russia) on 10/17 that "If you're interested in avoiding World War III, it seems like you ought to be interested in preventing them [Iran] from having the knowledge necessary to make a nuclear weapon." Incoming chairman of the Joint Chiefs of Staff Adm. Michael Mullen also made a point of stating in his first press conference (10/18) that U.S. military forces were not too stretched by the war in Iraq to strike Iran if necessary.

As tensions rose, Iran's nuclear negotiator, Ali Larijani, who personally supported Iran's nuclear program but who was seen as a moderating force on Ahmadinejad, resigned (10/20) in what was seen as an indication that Iran's supreme leader Ayatallah Khamenei had decided to lend full support to Ahmadinejad's defiant position vis-à-vis the international community. The U.S. responded immediately: On 10/22, U.S. VP Cheney gave a foreign policy speech to Washington's pro-Israel Washington Institute for Near East Policy in which he called Iran "a growing obstacle to peace in the Middle East" and promised "serious consequences" if Tehran did not abandon its nuclear program. Then on 10/25, Secy. of State Rice and Treasury Secy. Henry Paulson announced the U.S. designation of Iran's Revolutionary Guard Corps (RGC) as a proliferator of weapons of mass destruction and the RGC's elite foreign operations unit, the al-Quds Force, as a supporter of terrorism. In addition to imposing stringent new sanctions allowing the U.S. to isolate financially anyone inside or outside the U.S. who does business with Iran's military, possibly affecting 100s of foreign businesses,

the measure also marked the first time that the U.S. has tried to isolate another country's military through economic sanctions. The admin. had been considering the move at least since early 8/07. The same day (10/25), Rice warned in testimony before the House Foreign Affairs Comm. that Iran's "pursuit of nuclear weapons technologies" constituted "perhaps the single greatest challenge for American security interests in the Middle East, and possibly around the world."

Despite the hardening of positions, Iran went forward with previously scheduled meetings with EU foreign policy chief Javier Solana in Rome on 10/23 to discuss ending Iran's enrichment program. Larijani accompanied his replacement as negotiator, dep. FM Saeed Jalili, to the talks as an adviser. Both sides called the talks constructive, without giving details, and agreed to meet again before the end of the month. Nonetheless, the P5+1 resumed talks in London on new sanctions on 11/2. The same day, the U.S. aircraft carriers and expeditionary assault ships began 5 days of war games in the Gulf in a show of force to Iran. On 11/15, IAEA chief Baradei issued a report confirming Iran's cooperation with the agency on clearing up the remaining ambiguities about Iran's nuclear activities.

Of note: Iranian pres. Ahmadinejad attended the annual UNGA opening session in New York, arriving on 9/24 amid huge protests against his visit. That day, he spoke at Columbia University, where university pres. Lee Bollinger, who had extended him the invitation, called him in his introduction "illiterate and ignorant," "astonishingly uneducated," lacking "intellectual courage," having a "fanatical mind-set," displaying all the signs of a "petty and cruel dictator," and "quite simply ridiculous." Bollinger then denounced Iran's repressive domestic policies and Ahmadinejad's previous questioning of the Holocaust. Through an interpreter, Ahmadinejad expressed shock and insult, criticizing Bollinger for judging his speech before it had begun, stating the comments were unforgivable in an academic setting and simply rude. In his prepared comments, Ahmadinejad denounced U.S. sanctions on Iran, insisted on Iran's right to pursue nuclear energy, and accused the U.S. of sponsoring "terrorist groups" and of engaging in other hypocritical policies, but expressed willingness to engage in a political dialogue with Washington. Regarding the Arab-Israeli conflict, he stated that Iran could not recognize Israel as long as "it is based on ethnic

discrimination, occupation and usurpation, and consistently threatens its neighbors." He also stated that the Palestinians should not have to pay the price for the Holocaust, "an event they had nothing to do with."

Also of note: A U.S. federal judge ordered (9/7) Iran to pay \$2.6 b. to 1,000 family members and 26 survivors of the 10/23/83 Beirut barracks bombing that killed 241 U.S. Marines. Though the bombing was carried out by Hizballah, the same federal judge in 2003 ruled that Iran was "legally responsible" because it supported Hizballah. The damages will be almost impossible to collect as the U.S. holds only around \$20 m. in frozen Iranian assets, most of it diplomatic property.

OTHER

The Associated Press reported on 9/25 that it had received 2 leaked "nonpapers" that Israel had submitted on 3/19/07 to the **Nuclear Suppliers' Group (NSG)**, a group of 45 nations (including the U.S.) that export nuclear fuel and technology under strict rules designed to lessen the dangers of proliferation of materials that could be used for nuclear weapons programs. Membership in the NSG requires participating states to pledge that they will transfer only such materials to other states that have signed the nuclear nonproliferation treaty (NPT), which Israel has not done. Israel's documents urged "the international community at large and NSG member states in particular" to consider "nuclear collaboration" with "non-NPT states with strong nonproliferation credentials," particularly any non-NPT state that can prove that it applies "stringent physical protection, control, and accountancy measures to all nuclear weapons . . . in its territory," effectively formally admitting that it holds nuclear weapons. The move was considered controversial because the U.S. was currently trying to negotiate a deal with the NSG that would allow special exemptions for India, which also has not signed the NPT; many countries opposed the exemption on the grounds that other states would seek to broaden the exemptions to include themselves, undermining the purpose of the NSG. The Israeli nonpapers were seen as the first of the feared cascade effect, which might scuttle approval for the U.S. plan for India. NSG debate on the India proposal was set to begin in 11/07, but no decisions had been taken at the close of the quarter.

Israel sponsored (10/22) a **NATO-Israel** symposium in Herzliya, attended by NATO

Dep. Secy-Gen. Claudio Bisogniero. In her welcoming statements, FM Livni stated that Israel seeks "to upgrade the bilateral relations between Israel and NATO, broaden the scope of cooperation, and promote joint activity," stating that Israel and NATO were "natural partners and strategic allies" because they share the same values (i.e., democracy), face the same threats (i.e., terrorism from Arab extremists), and both view "security as a central aspect in regional stability." Israel currently participates in one international cooperation program with NATO.

Israeli pres. Shimon Peres addressed (11/13) **Turkey's** parliament in Ankara, marking the first-ever speech by an Israeli pres. to a Muslim legislature. On hand for the historic event was PA Pres. Abbas, who warmly congratulated Peres. On the sidelines, Abbas, Peres, and Turkish PM Erdogan signed an agreement to build new West Bank industrial zones, uniting Turkish private investors with Israeli-Palestinian joint ventures. Erdogan also announced plans to fund a new West Bank university and hospital.

DONORS

This quarter the Local Development Forum (LDF; the central body overseeing donor activities from within the territories) resumed meeting monthly for the first time since 11/06, when the donor bodies' restructuring began; sessions were held on 9/12 and 10/18 in Ramallah. The main donor strategy groups each met at least once this quarter: social development and humanitarian assistance (9/5), economic policy (9/10), infrastructure development (9/11), and governance and reform (8/23, 9/19). Smaller sector working group meetings were also held on election reform (10/10), judicial reform (9/10), "social protection" (addressing the Social Safety Net Reform Project funded through the Temporary International Mechanism [TIM; see below]; 9/18), health (8/28, 11/14), agriculture (9/27), water and sanitation (10/30), and education (10/8).

The most important donor meeting of the quarter was the 9/23-24 meeting of the Ad Hoc Liaison Comm. (AHLC; the main donor body responsible for forming broad policy for development assistance to the Palestinians, comprising senior donors, the PA, and Israel), held on the sidelines of the UNGA opening session in New York. (The AHLC last met in London in 12/05 to discuss the postdisengagement rehabilitation

of Gaza; see Quarterly Update in *JPS* 139.) The IMF presented a report documenting the decline of the Palestinian economy in 2006-07. The World Bank presented an economic monitoring report covering 2005-07 (the period since the last AHLC meeting), which noted that the main hindrance to Palestinian economic recovery remained restrictions to Palestinian movement and reiterated its 2005 call on Israel to implement the 2005 Agreement on Movement and Access (see Doc. A2). The World Bank also reprimanded donors for committing their funding based on narrow, short-term political interests and goals, urging them to act collectively and to take a "longer-term view" in support of broader economic and governance reforms, and stressed that the PA and Israel must take steps in parallel with donors to ensure long-term success. PA PM Fayyad briefed the comm. on preparations for the PA's 2008 budget and the 2008-10 medium-term development plan, which the PA hoped to finalize by 12/07. Echoing the World Bank's recommendations, Fayyad called for a new era of "tripartite accountability" under which the international community, Israel, and the PA would each "assume and fulfill clearly defined obligations

and responsibilities." Israeli FM Livni, in her speech to the forum, urged the international community to increase support for PA financial, judicial, and economic reform initiatives. In closing, participants agreed to call a major donor pledging conference for 12/07, after the Annapolis peace summit, to help build momentum for serious peace negotiations. (The date was later set for 12/17 in Paris.)

The TIM (created by the EU in 6/06 as a mechanism for donors to route assistance to the Palestinians while bypassing the Hamas-led PA) reported as of 10/11 that it had received more than \$756 m. in contributions from the 15 EU states, Canada, Norway, and Switzerland. Of the \$756 m., \$77 m. was for window 1 (\$31 m. disbursed through the World Bank's Emergency Services Support Program) for essential supplies and operating costs for health, education, and social services; \$178 m. for window 2 (\$131 m. disbursed) for emergency fuel distribution to ensure a minimum necessary supply of electricity for hospitals, sanitation works, and homes; and \$501 m. for window 3 (\$417 m. disbursed) providing direct emergency support cash payments to 1 m. vulnerable and poor Palestinians.



Palestinians in Ramallah celebrate the last night of Ramadan, 11 October 2007. (Abbas Momani/AFP/Getty Images)