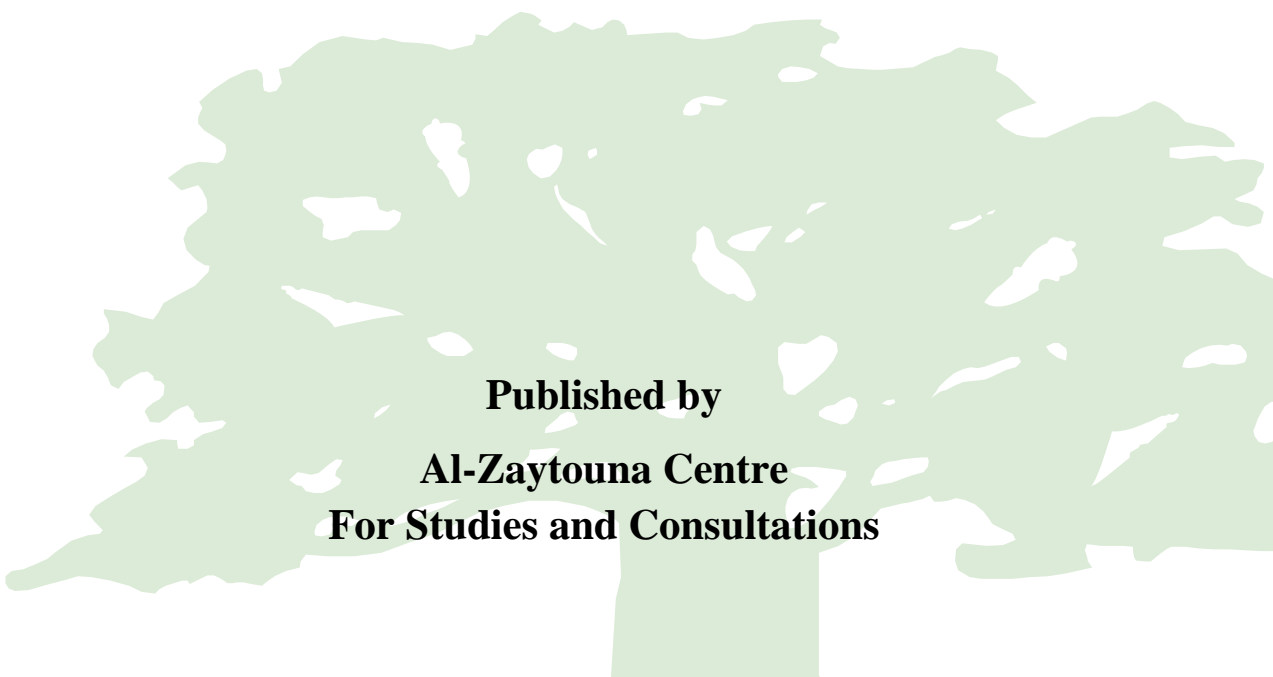




# **The Executive Summary of the Palestinian Strategic Report 2006**



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E-mail: [info@alzaytouna.net](mailto:info@alzaytouna.net)

Website: [www.alzaytouna.net](http://www.alzaytouna.net)

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## **Introduction**

The Palestinian Strategic Report is published on an annual basis by Al-Zaytouna Centre for Studies & Consultations. Al-Zaytouna Centre is an independent research institution, based in Beirut (Lebanon), that is concerned with strategic and futuristic studies, specifically focusing however on the Palestinian issue. The Centre has a distinguished board of consultants of eminent scholars, thinkers and researchers.

The subject of the Palestinian Strategic Report 2006 is the annual developments of the Palestinian issue in that specific year from its various aspects: the Palestinian internal scene; the economic and demographic indicators; the Palestinian lands and sanctuaries, and its expropriation; the Palestinian relations with Arab, Islamic and International actors; in addition to discussing the Israeli domestic scene; and the Arab-Israeli conflict through its two main trajectories: resistance and settlement. The 330-pages report is an objective assessment of the Palestinian situation based on observation, statistics and analysis, with adherence to strict academic measures and standards.

The report is the result of a team-work, of a selected committee of experts and professionals in the Palestinian issue and the Arab-Israeli conflict; Edited by Prof. Dr. **Mohsen Mohammad Saleh** (Associate Professor of Palestinian Studies & al-Zaytouna Centre's Director), and co-authored by, Dr. Bashir Nafie', Prof. Dr. **Mohsen Mohammad Saleh**, Dr. Hassan Naf'ah, Dr. Ahmad Sa'eed Noufal, Dr. Abdullah al-Ahssan, Dr. Muhammad Nour-Uddine, Dr. Talal 'Atrisi, Dr. Walid Abdul-Hayy, Dr. Ibrahim Abu-Jabir, Mr. Abdullah Najjar & Dr. Ahmad Mash'al. The revising committee included Dr. Anees al-Sayigh, Dr. Abdul-Wahhab Al-Missiri, and Mr. Mounir Shafiq.

### **The Internal Palestinian Scene: The Inevitability of Change and the Blockade**

1. The Palestinian internal political scene in the year 2006 started with the Palestinian Legislative Council (PLC) elections and their unexpected results, where Hamas (the Islamic Resistance Movement) obtained the majority of PLC seats (74 seats while Fatah only obtained 45 seats). Consequently, these results further established the legitimacy of the resistance movement (by adding the ballot-box legitimacy); The United States (US) and Israel were however severely disappointed with that, even the Europeans, since Hamas specifically is named among the "terrorist organizations", and so is the majority of the resistance movements, where resisting the Israeli occupation is by their double-standards, an act of terrorism.



2. The remarkable transparency of the electoral process and the impartiality of the election apparatus, during the elections go in favor of the Palestinian President Mahmud ‘Abbas. Despite the fact that the results were very disappointing to the Palestinian Authority (PA) leadership, ‘Abbas declared that he will never hesitate in requesting from Hamas the formation of the national Palestinian government. Thus, the Palestinian political domain was entering a new stage, with Hamas now a powerfully legitimate partner to Fatah in the cake of power; Fatah’s exclusive monopoly over the Palestinian national political decision-making and leadership was fading.
3. Hamas primarily chose the option of forming a national unity government, that includes Fatah and the other major Palestinian factions and affiliations. That aim seemed impossible to achieve, throughout the year 2006. It could be said that the various Palestinian sides that actively acted as obstacles in that sense, shoulder a great historical responsibility; because at a transitional state of change, a national unity government was a must then, especially within the critical context of the Palestinian issue, and the huge responsibilities and tasks awaiting.
4. The PA leadership, along with Fatah, tried to make a number of decisions and legislative modifications, aiming at increasing the presidential authorities and weakening those of the forthcoming government and the newly-elected PLC. Thus, Fatah representatives in the former PLC, misappropriated the “opportunity” of the last convention of the former PLC, and granted the Palestinian President an absolute authority regarding the formation of the Palestinian Constitutional Court and over the Civil Service Bureau. In addition, the Palestinian President issued presidential decrees about the state-owned media, putting it under his own direct supervision. Similarly on the security level, where he also issued a presidential decree to establish a special authority for managing the borders’ crossing points, and to put the Rafah crossing under the control of the Presidency Security Forces. The decrees issued also included the appointment of Rashid Abu Shabak as the Director of Internal Security, and as a General Supervisor of the Preventive Security, the Civil Defense and Police agencies; apparatuses that were previously affiliated to the Palestinian Ministry of Interior. Furthermore, Sulayman Hillis was appointed Director of the office of the National Security Forces. Hamas, on the other hand, considered the previously mentioned acts as obstacles in attempt to bring down its government, even before it going into operation. The newly formed government also complained of the uncooperative behavior of many of the civil service executives who are close to the president or pro-Fatah.
5. Undoubtedly, the roots of the crisis faced by the Palestinians in 2006, origin in the basic political crisis: the Israeli-American rejection of the democratic shift in the Palestinian arena, and the crisis caused by the adherence of the former PA



officials and executives to their authorities and thus their refusal to give up for the government formed by Hamas its legitimate rights and authorities within the PA. There remains, of course, the difference between Fatah and Hamas in terms of their political line. In the light of these crises, the international besiegement of the Palestinians -people and government- tightened.

6. The security disarray and continuous armed clashes between Hamas and Fatah affiliates were the most extreme revelations of the political crisis that provoked the Palestinian people. Statistically speaking, 322 Palestinians were killed during the period 1/1/2006-30/11/2006, 236 of whom were killed in the Gaza Strip (GS) and 86 in the West Bank (WB). This was almost double that of the whole year of 2005, that was 176 Palestinians killed.
7. What happened in 2006 proved that Hamas's goal of participation in the election, was grimly realistic; its participation was in attempt to avoid a targeting comprehensive military strike, and to protect and legitimize the military resistance as a national political agenda. However, it is likely that Hamas did not foresee the extent of the pressures and the enormous challenges, that will face it as soon as its participation becomes an actual reality in the PA or equivalently when it starts in implementing its reformist agenda.
8. Since the PA establishment in 1994, the PA leadership worked on the marginalization and negligence of the Palestinian Liberation Organization (PLO), through both actual and contextual practices; possibly in an endeavor to "prepare" the Palestinian public opinion for receiving the final status agreement and final settlement of the Palestinian issue. This negligence and marginalization, was also essentially a marginalization of the Palestinian Diaspora, the refugees and the factions. However, following Hamas's electoral victory, Fatah tried to resort to the organization's legitimacy, and to restore the latter, in order to further assure excluding the Hamas-led national government away from the settlement and negotiation files; and to impose the political program of the PLO on the government. This act however, maybe unintentionally on behalf of Fatah, reinforced the growing Palestinian tendency towards rebuilding the PLO and revitalizing its apparatuses.
9. The Mecca Agreement offered a golden opportunity to restore harmony on the internal Palestinian scene, and to form a national unity government. However, Hamas's electoral victory and its strong participation in the PA within the 1976 occupied territories, revealed yet farther complicated challenges, that could not be simply solved by the formation of a national unity government. Among those were the dangerous consequences of having the PA absolutely dependent on European and American aid, thus contingent on the Israeli wishes. This consequently exposes and threatens the whole Palestinian issue. Hence, the



national Palestinian priorities should include freeing the Palestinian will from this dependence and seeking support from Arab and Islamic parties, on both official and public levels. These priorities should also include the rebuilding of the PA on the basis of a national agenda; that is removing all corruption precipitations, of factional and selective discriminating nature, that are currently prevalent in the Palestinian bureaucracy, civil service agencies and military organs. The former are what make the PA today nearer to a “Fatah extension”, than to a national authority. It remains to emphasize that the most important national priority should be to start the actual work of reconstructing and reactivating the PLO and making it a more representative national institution, of the Palestinian political aspirations and trends, not only those of the Political factions but also those of the Palestinian public. Last but not least is the inevitable need to establish a national resistance agenda.

### **The Israeli-Palestinian Scene: The Year of Hesitation and Confusion**

10. Strategically speaking, the year 2006 was associated in Israel with the so-called remapping of the Israeli political and party-related partisan; the ebbing of the unilateral withdrawal options; and with the relative failure in handling appropriately the security and military portfolios.
11. The year 2006 was a year of confusion and card-reshuffling for the Israelis, who, at the year’s early beginning, had high hopes of being able to dictate their settlement conditions on the Palestinians and implement the unilateral withdrawal plan. However, Hamas’s electoral victory and Israel’s abject failure in its war on Hezbollah and Lebanon challenged the Israelis unexpectedly and led to the confusion and card-reshuffling, that eventually fogged the horizon for the Israeli decision-makers, and decreased their popularity. As a result, Israel retracted its unilateral withdrawal plan, and reconsidered its options and priorities.
12. The Israeli internal arena witnessed many “absences”; Ariel Sharon falling into a “coma”; the “absence” of determined political will to implement the unilateral withdrawal plan; an “abstention” on behalf of the Israeli generals from the Israeli decision-making process; a more obvious “absence” of any historical leadership figure to take over the task of piloting the Zionist project and the Jewish state. Add to this the mushrooming corruption within the Israeli political circles, and the waning trust of the Israeli public in governmental and army institutions. All this indicates that the Zionist project is in some kind of crisis situation.
13. The electoral platforms of the major Israeli parties (including Kadima, Labor and Likud Parties) converged on the majority of the critical issues of the Palestinian-Israeli settlement. Specifically they agreed on:



- Rejecting the return of the Palestinian refugees to their lands and homes.
- A united Jerusalem, a perpetual and permanent capital of Israel.
- Rejecting complete withdrawal from the Palestinian lands occupied in 1967 (the WB and GS).
- Not dismantling the Israeli settlements in the WB, and keeping them under the Israeli control.
- Completing the construction of the “Separation Wall”.
- Not negotiating with a Hamas-led PA.

Thus, not much hope should be pinned to any changes taking place within the Israeli political leadership, especially when it comes to the above mentioned critical issues.

14. The elections for the 17th Knesset witnessed the least participation in Israel’s history, with only 63.5% electoral return. The results of these elections reshaped Israel’s political map, where the less than 6-month-old Kadima expectedly made it to the top, while the Likud dramatically lost about 70% of its electorate and Knesset seats; the Labor Party got internally reshaped, while Shinui disappeared from the Israeli political sphere, and the Pensioners Party (Gil) received some selective, socially clustered, electorate patterns. As for the Arabs in Israel, these elections showed that Arab candidate lists enjoy a significant popularity in these areas, except for the Arab Druze and the Bedouin gatherings north Israel, who voted in favor of the Zionist parties, giving them an overwhelming majority. This observation requires a pause of notice and re-evaluation.

15. Ehud Olmert formed the 31st Israeli government since the declaration of the Hebrew State in 1948. This government gained confidence on 4/5/2006. Its platform included working for a permanent demarcation of the Israeli borders as a “democratic Jewish state”, emphasizing that even in the absence of negotiations with the Palestinians, it

[i.e., the government] will do that job of “defining the Israeli lands”. The government also reassured its determination to proceed in the construction of the Separation Wall. This government however ended up in failures, on both political and military levels; Consequently, the government’s popularity decline, while that of the right aligned political thought parties increased.

16. The total Israeli population was estimated by the end of the year 2006 by 7.114 million, of whom 5.392 million were Jews, namely 75.8% of the Israeli population. Statistics of the Jewish immigration to Israel continued to decline, and in the year 2006 it was only about 21 thousand. Israelis living outside Israel are estimated by 700-750 thousand. Israel’s demographic mania is attributed to the limitedness in the global Jewish population that is willing to immigrate to



Israel; Israeli fears increase when their demographic development is put in comparison with the increasing Palestinian population.

17. Israeli official statistics show that the Israeli economy developed by 5% in 2006, compared to a 5.2% growth in 2005. Israel's Gross Domestic Product (GDP) per capita in 2006 increased to 140.5 billion \$US, from a \$129.8 billion in 2005. The per capita income in 2006 was about 20 thousand \$US. The US is still Israel's principal supporter and major trade partner; the US granted Israel 2,630 million \$US in 2006. The total official American support for Israel, financially, between 1949 and late 2006, is estimated around \$96.8 billion \$US.
18. In 2006, the Israeli military institution was shaken because of Israel's big failure in its war against Hezbollah and Lebanon. The results of the July 2006 war exposed the shorts and flaws on behalf of the Israeli military leadership and institutions, touching also upon the reputation of the Israeli military, the Merkava tanks, the abuse of arms and violence; in addition to the resignation of many officers and commanders in the Israeli army. The total military expenditure in 2006 was around 11.4 billion \$US; except that the revenues of the Israeli military industry are usually added to the army's budget without officially being mentioned in the government's budget. The latter were \$4.4 billion in 2006.
19. The Israeli army troops in service count around 176,500 soldiers. Those on reserve are estimated by 445 thousands, in addition to 7,650 of border guards. In the year 2006, the Israeli army had 3,890 tanks, 845 jet fighters, 291 helicopters, about 200 nuclear heads, 3 submarines and 15 navy warships, and other arms... The Israeli army also received in 2006 the first array of the F-16I (nicknamed Sufa or Storm) jet fighters, and a set of offensive military helicopters "Apache Longbow [SRAF]". The navy will also receive two German submarines, "Dolphin", that can manipulate nuclear heads.
20. Israel tried to condition Hamas's participation in the PLC elections with the movement's disarmament. Hamas however was very popular and established in the internal Palestinian community, that it can no more be ignored or conditioned in this way. The unexpected victory of Hamas in these elections shocked and confused the Israelis, thus causing a state of undetermined policy, neither tactically nor strategically. Hamas's rise was considered by the Israelis a "strategic" challenge, while the Israeli expert analysts noted that "the peace process, which aimed at ridding the PA of terrorism, made the way for those leading terrorists to come to power".
21. Israel decided to boycott any Palestinian government formed by Hamas, unless it: recognizes Israel, gives up "violence and terrorism", disarms other "terrorist"





groups, and recognizes all the previously-signed accords between Israel and the PLO or the PA. These conditions were almost exactly the same ones that the International Quartet (the US, the European Union, Russia and the United Nations) later requested as apriori conditions for dealing with the Palestinian government. Israel imposed strict economic sanctions (strangling besiegement) on the Palestinians in the WB and GS; and used its occupation resources and power to close all land, sea and air borders, and prohibited the transfer of goods without its permission and direct supervision. The Israeli measures also included a determination to bring Hamas down, even if through physical force, and accordingly continued with targeted killings.

All the above measures reassure the extent of the Israeli international power, and the US-sponsored international cover that the Zionist project enjoys, regardless of all their illegal and denounced practices by all standards, “except” when they involve the Zionist interests!.

22. In 2006, the number of Israeli assassination attempts and incursions, against the Palestinians, increased especially in the GS. Toppling Hamas government and thwarting its experience were included on the Israeli military agenda. Meanwhile, the Palestinian resistance was mainly in the context of defense or retaliation against the Israeli incursions and attacks. The Palestinian resistance increasingly depended on firing rockets, especially from the GS, where 1,700 rockets were fired from the Strip in 2006, a significant increase from a total 400 rockets in the year 2005. Notable however was that much of the capabilities and resources of the Palestinian resistance movements were drained in the internal Palestinian conflict and clashes, especially those between Fatah and Hamas; these clashes consequently negatively affected the image of the resistance and weakened it.

23. As for the death tolls in 2006, 692 Palestinians were killed in total by Israeli army, of whom 556 are in the GS. 189 of the above 692 were killed in targeted assassination operations, that were estimated by 85 operations in the year 2006, with only 134 of them being among the targeted. On the other hand, 32 Israelis were killed in 2006 (not including the Israeli human costs in Lebanon War). Israelis admitted that the total number of attacks they experienced in 2006 was 2,135 attacks, half of which came from the GS. The number of “self-immolation” operations carried out by the Palestinian Resistance in 2006 was 4 operations. 279 Palestinians were arrested by Israelis under the guise of “being potential executors of self-immolation operations”, while the same statistic in 2005 was 154. The Israel Security Agency (Shabak) claimed that it thwarted 71 self-immolation operations, in which 45 cases were about to be executed.



24. Arresting Palestinians was one of the methods Israel used in order to break the determination of the Palestinians, and impose its own conditions on them. It was also used as a card by Israel during negotiations, and as a traditional method of fighting the resistance. According to official Palestinian statistics, the number of Palestinians held in Israeli jails in 2006 was 9,200 at the beginning of 2006, and increased to around 11 thousand by the end of that same year. During the course of the year, 5,671 Palestinians were arrested, 5,425 of whom were from the WB and 246 from the GS. About 2,500 of those 5671 total arrested, were still held in Israeli prisons by the end of the year.

After the resistance captured the Israeli soldier Gilad Shalit, Israel arrested 10 Palestinian Ministers, i.e., members of the national Palestinian government, 4 of whom were still held by the end of the year 2006. Similarly, by the end of 2006, there were 34 Palestinian deputies (members of the PLC) among the Palestinians in the Israeli jails. 24 of those deputies are affiliated with Hamas, and were arrested following the capture of Shalit.

25. Israeli strategists admit that the Israeli dilemma lies in how to continue with its occupation of the Palestinian territories, while maintaining at the same time a Jewish State with a comfortable Jewish majority. Strategists alarm that time is a factor playing against the Israeli interests in aiming at establishing a “Democratic Jewish State”, and also playing against the favor of the two-state solution; It is estimated that by the year 2010, the Palestinian population within the historical Palestinian borders will outnumber the Israeli population there. Thus, a dangerous consequence could be that the two-state solution then might no more appeal to the Palestinians, who will favor instead a one-state solution in which they enjoy equal civil and political rights; and pressure for ending the discriminatory racist Israeli institutionalism, in a struggle that is similar to that of the blacks in South Africa. Consequently this endangers the “Jewish nature” of the Israeli state, possibly to the extent of eliminating this nature (even if only theoretically), pushing to what is “more appropriate” within the rules and considerations of the international community.

26. Israel is facing a complicated strategic challenge because it has failed in imposing its own “solutions” and conditions on the Palestinians; because of the rise of Islamic movements in the region, like Hamas and Hizbullah; the increasing seriousness of the Iranian nuclear threat; the growing resistance in Iraq and Afghanistan; and the phenomenal widespread of a new concept of “anti-terrorism”, that is anti absolutely to the US and Israel.

27. Early in 2006, the Israeli rhetoric and practices became more clear and determined towards ignoring the “Road Map” plan, and imposing a unilateral solution. This line of thought received varying forms of support from all the

different Israelis political lines (left, right, moderate), although with varying tones.

Many news were leaked (and affirmed by evident proofs) reporting that Israel was trying to implement an alternate plan, based on an already commenced Israeli-US secret negotiations regarding the eastern borders of Israel; where the US will claim the role of the broker instead of the Palestinians, and announce itself as achieving a great historical job, being the only one who was able to push the Israelis to pull out from the majority of the WB territories, or to allow the Palestinians to establish their state in the WB. It was planned that later then, an international cover for this agreement is sought.

28. Despite Hamas's victory in the elections and its formation of the Palestinian government, Mahmud 'Abbas insisted on the possibility of resuming the Palestinian-Israeli negotiations; The Israelis however accused 'Abbas of being powerless and unable to meet his commitments. Israel kept contact with 'Abbas, gave him the freedom of movement, but managed throughout this relation between encouraging him or, on the other hand, pressuring him to overthrow Hamas's Government and hold new elections. Simultaneously, Israel also forted on increasing the state of anarchy, internal division and security disarray within the Palestinian communities, while refusing to get into genuine negotiations with the Palestinians.

29. In the second half of 2006, frustration rapidly made its way towards implementing the withdrawal or conversion plan; in the aftermath of failing to defeat Hezbollah in Lebanon, the diminishing popularity of Ehud Olmert and Kadima, failing to overthrow Hamas's government, and the rise of new lines of political policy arguing for the support of Mahmud 'Abbas and the PA presidency institution; Add to this that the plan was proved with studies to have many difficulties when implemented, in its security, economic and legal aspects.

Although Hamas's victory in the PLC elections and its formation of the Palestinian government, supported the Israeli claim that there is no settlement "partner" on the Palestinian side, thus that a unilateral solution is yet more justifiable; Israel withdrawing from wide areas in the WB would be hard to market, and will be counted as a victory for Hamas.

30. Israelis are still capable of negotiating only with themselves, but they do not have the required determination or seriousness to negotiate with the Palestinians or Arabs, or to adhere to the international legitimate standards. For them, the essence of the settlement project is to solve the problems of the Israelis and not those of the Palestinians; Because yet, the Israelis did not recognize in their consciousness that the Palestinians are equal humans, and need equally to live



freely in their homeland with respectable dignity, having the right of self-determination in a fully-fledged sovereign state.

31. The right, the middle and the left Israeli parties are trying to get away from the reality by presenting unrealistic solutions. It is a philosophy of deception, of disfiguring the crisis rather than solving it, and this on the long run will only increase it and largely scale it to include more serious threats on the future of the Zionist projects.

As long as the dominant Israeli mentality is as such, and resorting to the same approaches and mechanisms, as long as no breakthroughs or “positive” achievements are on the horizon for Israel; thus, the year 2007 does not seem to have any signs of optimism.

### **The Israeli War against Hezbollah and Lebanon**

32. This war was different in many respects from Israel’s previous other wars. It was different in the objectives, the nature of the adversaries, the duration, the consequences, and the implications it had locally, regionally, and internationally.

33. It has been crystal clear that Israel had spent months in preparation for this war, even before Hezbollah’s operation, and that there had also been former lengthy intensive coordination between Israel and the US, for the purpose of co-planning the destruction of Hezbollah’s military infrastructure, as a primary step towards re-structuring the whole political game in the Middle East, and not only in Lebanon. The US hypothesized that by destroying Hezbollah, the Syrian influence on Lebanon will be weakened to the extent that Syria will be pushed to break its alliance with Iran, and possibly diminish its support to the Palestinian resistance, and eventually be more lenient with the conditions of a final settlement with Israel; Add to this hypothesis, that if the US was able, in parallel, to destroy the Iranian nuclear project, then the new Middle East will be wholly ready for “a new birth”.

34. When Israel commenced its military operations, it announced its objectives as the pursuit of the following aims:
- Destroying the military infrastructure of Hezbollah, and pushing back its human resource beyond the Litani River [mid-to-south Lebanon].
  - Helping the Lebanese State in extending its dominion to the whole Lebanese soils, thus making room for the Lebanese army to deploy its troops in southern areas of Lebanon, and freeing the area from the presence of any other armed faction or group.
  - Enabling the Lebanese government to implement the resolution 1559, that includes the disarmament of Hezbollah and any other group or faction, outside

the grip of formal authority; This does also imply the disarmament of the Palestinian factions.

35. The Israeli Air Force (IAF) carried out 15,500 air-strikes; The Israeli navy, in parallel, bombarded 2,500 static targets, and besieged tightly the Lebanese coast throughout the whole war duration. On the other hand, Hezbollah was still able to attack the Israeli communities, in depth, with hundreds of rockets daily, up till the last moment of the war. This was quite an indication of Israel's failure to achieve its most primary objective from the war, that is the destruction of Hezbollah's military infrastructure.
36. The war displaced more than 973 thousand Lebanese individuals out of their homes, and led to the death of around 1,100 Lebanese, 400 of whom are below 18 years of age. The estimated Israeli economic losses were \$5,227 billions. But what was more crucially a loss to the Israelis, was the long-term security and strategic implications. It was the first time that the Israelis find themselves compelled to carry on in such a long war (33 days), while being faced by the harsh reality of having to retreat, gradually with time, from most of the war objectives. Yet further, it was the first time that an adversary of her succeeds in spreading the war to the Israeli communities, thus forcing more than one million Israeli to stay in shelters for days and days.
37. The US has attempted to impede any request for the convention of a UN Security Council (UNSC) session, in order to give Israel more time to attain its targets. The US also has been keen on ensuring that any possible UNSC resolution satisfies the Israeli and American conditions. The UNSC Resolution 1701 has been the outcome of the balances of powers, political and military ones, of the directly and indirectly conflicting parties. The immense political support provided by the US to Israel, allowed the latter more political gains than the actual battlefield implications. A legal reading of the resolution text would notice its bias in favor of the Israeli side, while a political reading of the actual battlefield power balances would reveal that any settlement based on these balances would eventually mean a prisoners' exchange deal, and the restoration of the "Sheba' Farms" area to the Lebanese sovereignty; the two key demands of Hezbollah.
38. Most probably, the outcomes of this war will be to the favor of the Israeli right parties, which would further complicate the chances of reaching a comprehensive settlement of the Arab-Israel conflict, and might even drive for a war of larger scale, this time not only against Hezbollah or Lebanon, but also against Syria and Iran.

## **The Palestinian Issue & the Arab World**



39. Hamas's victory in the PLC elections introduced it as a new player in the Palestinian political arena; a player with a new political line, and a struggle vision. Hamas's political discourse was unprecedented and thus many Arab countries found it dilemmatic diplomacy-wise. Delegations from Hamas visited many Arab countries, and the outcomes varied in levels of success. These countries are Egypt, Saudi Arabia, Yemen, Sudan, Libya, United Arab Emirates, Bahrain, Kuwait, Qatar, and Oman.
40. The Arab League lauded the transparent and evenhanded PLC elections, and welcomed the results. It called for the necessary acknowledgment and respect of these results, since they represent the choice of the Palestinians and their free will. But the League's General Secretariat did not send an official invitation to the Palestinian government, neither to the Minister of Foreign Affairs to participate in the Arab Summit. It sent an invitation to the office of the president of the PA. The latter did not include any Hamas representation in its summit delegation.
41. The Arab Summit reassured the adherence to the Arab Peace Initiative, and the Arab leaders and kings appraised the democratic process that took place in Palestine and again, the transparency of the elections. They expressed their full support to the PA, its leaders and institutions, in the pursuit of maintaining the national unity. They requested from the international community to respect the choice of the Palestinians, not to interfere in the Palestinian domestic affairs, and to reject the unilateral Israeli measures.
42. Egypt interacted with the Palestinian government with some distantness, taking into consideration the Muslim brotherhood ideological background of Hamas, and its own [Egypt's] commitment to Israel based on the signed peace treaties. Still, Egypt played an active role in the reconciliation between Hamas and Fatah, in preventing Palestinian internal fighting, and in limiting the Palestinian security disarray.
43. Syria has strongly backed Hamas and the Palestinian government it formed. Syria saw Hamas's victory as supportive to its political strategy, and to its role in the Arab-Israel conflict. It strengthened the Syrian stance against the American pressures.
44. The relation between Jordan and Hamas suffered from sensitivity that heightened in the spring of 2006 to enmity levels, following Jordan's accusation of Hamas of smuggling weapons into Jordan and targeting the Kingdom's national security. Hamas refuted these allegations. The relation between the two was moving towards calmness, and both parties worked to achieve an agreement

of mutual understandings by the end of 2006. Meanwhile, Jordan maintained the intimate relation with the PA presidency.

45. Saudi Arabia maintained its major supporting role for the Palestinian people, and in relieving their sufferings. In addition, Saudi Arabia was keen on having a balanced approach in dealing with the PA's presidency and government. The Saudi role became greater even with the end of the year, specifically in reconciliation efforts between Fatah and Hamas and establishing a Palestinian national unity government; this eventually was achieved in February 2007, with the Mecca Agreement.
46. The Arab countries failed in breaking the siege imposed on the Palestinians, and did not provide serious efforts at breaking it. Some Arab countries dealt with Hamas cautiously, and even sometimes aggressively. The weak and disunited state of the Arab world is still reflecting negatively on the Palestinian scene, thus giving the Israelis broader margins of imposing their visions and plans.

Although the yet-bleeding status quo of Iraq has contributed to the weakness of the Arabs, the Iraqi resistance made the American invasion a quagmire for the American administration, and failed its whole regional "new vision" for the Middle East, and thus increased the hopes of the Palestinians against the Zionist project.

47. Despite that some Arab countries continued with their economic and political relations with Israel, the majority of the Arab public opinion is still against normalizing relations with the Israelis. Hence, the commercial and cultural exchange between the Arabs and Israel continued to be below the Israeli aspirations. The table below (table 1) presents some statistics on the Israeli exports and imports to/from some Arab countries.

**Table 1. Israeli Imports and Exports with Some Arab Countries (\$ million)**

Country		Jordan	Egypt	Morocco
Israeli Exports	2006	136.8	125.8	11.1
	2005	116.2	93.8	11.8
Israeli Imports	2006	38.3	77.1	1.7
	2005	60.9	49.1	1.4



## **The Palestinian Issue and the Muslim World**

48. Nothing in 2006 was different from previous years, regarding the record of the Organization of the Islamic Conference (OIC) in the Palestinian issue; full of statements and declarations, but lacking any serious action or achievement. The new Secretary General (SG), Ekmeleddin Ihsanoglu has tried to be more effective within his limited powers, and within the context of an Organization whose 57 member countries disagree and diverge on multitude of economic, political and social issues; thus having little interests in common, and even less common motives for serious collective action which ends up in making most, if not all, of the organization's actions devoid of meaning and essential contribution.
49. Turkey continued to have special relations with Israel, in all of the military, economic, and political aspects, regardless of the efforts made by the Justice and Development Party (Adalet ve Kalkinma Partisi- AKP) at changing this. The AKP party enjoys a parliamentary majority and large popularity, but all this could not undo the strong influence of the armed forces and the secular powers which support the continuation of the relations with Israel. AKP however offered the Palestinians some “shy” support, through material support, and when it received a delegation from Hamas, thus attempting at playing a more balanced role towards the Palestinian issue. Such a policy is not expected to change, at least from being cautious, until the completion of the Turkish presidency and parliamentary elections in 2007.
50. Iran has consistently supported the Palestinians and the Palestinian resistance through the past years, refusing also to recognize the state of Israel. The Israeli and American threats and pressures against Iran because of its policy and stances, and because of its nuclear program, further strengthened the Iranian position mentioned above. Ali Khamina'ai described the electoral victory of Hamas as “the realization of a divine promise to triumph the Mujahideen (a religious term for: fighters for justice)”. The Iranian President Ahmadinejad frequently denounced the legitimacy of the existence of the Israeli state, and the inevitability of its withering eventually. This further aggravated the Western political and media attack on Iran. Iran's financial support for the Palestinians was very significant, whereby it gave more than 250 million \$US to the Palestinian people and government. Despite the intimate relation between Hamas and Iran, Hamas managed its decision-making independence, and also managed to maintain balance in its relations with other Arab and Islamic countries.





51. In Pakistan, the official regime, under the presidency of Pervez Musharraf, is interested in having good relations with Israel, because it will drive them nearer to the American support, besides the economic and military advantages of such relations. The latter becomes particularly of significance to the Pakistani regime, in the context of the Indo-Pakistani rivalry and the growing Indo-Israeli relations. On the other hand, the Pakistani regime is conditioned to being very cautious in building relations with Israel, because of the dominant Muslim public opinion that considers Israel an enemy and refuses normalization. In addition, Pervez Musharraf's regime faces a strong opposition. The year 2006 was no different in this sense, and the wide popular protests that broke, made the regime even more hesitant in taking any step towards establishing the relations with Israel. Yet more, Pakistan officially reassured its refusal to normalizing relations with Israel, before the establishment of a Palestinian state.

52. Israel did not succeed in 2006 in achieving any significant step forward in its relations with the Muslim world, nor in normalization. Israel's imposed blockade on the Palestinians, its continuous attempts at ousting the democratically-elected Palestinian government, and its war against Hizbullah and Lebanon, agitated anger and unrest in the Muslim world against the Israeli policies. Nonetheless, the official regimes in the Muslim countries, and the OIC organization, that supposedly brings them together, acted as usually with the same disappointing level of incapacity, inefficiency, and inability to have a real impact on the events. Unexpectedly, they were not up to the challenge of dealing with the blockade imposed on the Palestinians, or in effectively employing their diplomatic and materialistic resources in supporting the just Palestinian cause. The table below (table 2) presents some statistics on the Israeli exports and imports to/from some Muslim countries.

**Table 2. Israeli Imports and Exports with Some Muslim Countries (\$ million)**

Country		Turkey	Nigeria	Malaysia	Kazakhstan	Indonesia
Israeli Exports	2006	859.3	77.2	67.8	64.1	12.8
	2005	903.2	47.4	130.7	47.9	14.1
Israeli Imports	2006	1,272.7	0.3	53.8	2.3	87.1
	2005	1,221.1	0.7	41	3.6	43.6



53. It is true that the Muslim World showed wide support to the Palestinian cause and large sympathy with their suffering under the occupation and blockade, but the internal Palestinian clashes turned down some of this support. This emphasizes the huge responsibility that falls on the shoulders of the Palestinian leadership to re-establish the internal Palestinian unity, and to maintain active and good relations with the Islamic world, a real strategic depth that shouldn't be ignored.

### **The Palestinian Issue & the International Setting**

54. The international stance towards the Palestinian issue in the year 2006 was constructed in response to three major events: first, the electoral victory of Hamas and its formation of the Palestinian government; second, the implications of the Israeli war against Lebanon on the Palestinian issue; third, the structural changes within the American administration, following the electoral victory of the Democrats with the majority in the Congress.

55. A possible description of the year 2006 would be “the year of international blockade on the Palestinian democracy”, regarding some of its aspects towards the Palestinian issue. The US and the European Union (EU) have been the key actors in leveraging this blockade. The blockade aimed primarily at pressuring Hamas for attaining certain political concessions; on top of these is the recognition of the Israeli state, and recognizing the agreements and accords that were signed by Israel and the PLO or the PA. On the other hand, the US-Israeli axis faced in 2006 some regional disappointments, mainly the results of the 2006 war on Lebanon, the failure to topple Hamas government, and the deepening American crisis in Iraq.

56. The US initially approved the participation of Hamas in the elections, but then refused to engage with it, as the democratically elected power by the Palestinians. This indicates that the US does not base its political engagement with the states on a democratic basis, but rather on the temporary setting of these regimes, and the level of its appeal to the American goals and interests.

57. The European stance diverges from the American stance in being less sharp, but essentially it remains the same, since the EU suspended its political relations with the Palestinian government, and its direct aid. Thus, the Europeans participated in the political and financial blockade on the Palestinian government, although their position did not coincide completely with the American position; The Europeans prioritized the Palestinian issue on other Middle Eastern issues, and were sometimes critical of the Israeli practices.

58. The collective European stance was not representative of the individual stances of some European officials or countries. Countries like Sweden, Finland, and Norway, as well as individual experts at the European Commission and the Ministerial Council of the EU, expressed their support of a necessarily more lenient position towards the Palestinian government. On the contrary, the French position reflected some divergence from the traditional De-Gaulian approach to the Middle East. They not only supported the blockade on the Palestinian government, but were also often quoted justifying the military Israeli attacks. The French Minister of Foreign Affairs explicitly stated that Israel's construction of the Separation Wall for "security reasons" in the WB is "understandable".
59. Among all the major international positions towards the Palestinian issue, the Russian one seems to be the less distant politically from the Arab positions. The invitation that was offered by the Russian President, Vladimir Putin, to a Hamas delegation following the latter's victory in the PLC elections, shattered the pressuring efforts of other major powers towards complete isolation and blockade. Russia however was keen on maintaining harmony with the rest of the International Quartet member countries. This led to the Russians trying to stay at a middle stance, in comparison to all other sides. It did not diplomatically boycott the Palestinian government, but it did adhere to the Quartet's stipulations. Eventually, this made the Russian position distinct from other international positions, in terms of the nature of the relation with the Palestinian government; on the other hand, it converged with them regarding the conditions required for establishing official relations.
60. The Chinese foreign policy has been pragmatic by far since the declaration of the four-points program of modernization in 1978. China maintained a well-calculated policy approach, that have to consider its advanced commercial and military relations with Israel and its huge economic interests with the US, as well as the historical and ideological relations and interests in the Arab and Islamic world. Thus, China welcomed the results of the Palestinian elections and called against taking any measures that would increase the suffering of the Palestinian people, following Hamas's victory. But the Chinese position essentially did not contradict with other key international positions of the major powers, although it maintained some margin of distinction, while avoiding any discord with the US. China did not offer any explicit invitation to the Palestinian government neither to any of its members, and maintained minimal level of relations with this government.
61. The Japanese foreign policy in the Middle East since 1973 is generally characterized with prioritizing the economic dimension in its international relations, and maintaining a diplomatic approach from all aspects, that is dealing



with all countries and all political trends regardless of the differences or disputes between them, with being keen at the same time not to provoke the anger or irritation of the US. Therefore, Japan adhered to the political stance of the major powers, albeit it tried to lessen some of its impacts on the Arab world through continuous mentioning of its assistance value to the Palestinians. Japan ranks second in the list of aid donors to the Palestinian people. The increasing Japanese interest in the region should not be ignored. On the other hand, Japan should be approached directly and indirectly, and encouraged to adopt policies that are more independent from the American policy.

62. In concordance with the international attitude, the United Nations (UN) has imposed restrictions on communicating with the Palestinian government, and advised its employees to avoid contacting political leaders of Hamas or ministers from the Palestinian government; and to limit communication to the technocrats, and only for non-major issues. As for the Arab-Israeli conflict ground events, the UN General Assembly (UNGA), as always, issued resolutions that condemn Israel, but failed twice in that because of an American veto.

63. Economic considerations do affect the relations between Israel and the world countries. Although the total value of imports and exports that the Arab world enjoys with these countries is much higher than that which Israel enjoys, but it has been kind of a norm that aims at not disappointing Israel; with Israel being an access point to good political and economic relations with the US. In addition, some countries seek advanced arms and sophisticated American technology through Israel; not to forget that Arab and Islamic countries do barely any significant role in employing their economic resources and influence for supporting the Palestinian issue. The table below (table 3) presents some statistics on the Israeli exports and imports to/from some selected world countries.

**Table 3. Israeli Imports and Exports with Some Selected World Countries (\$ million)**

Country		US	Belgium	Hong Kong	Germany	UK	India	China	Japan	Russia
Israeli Exports	٢٠٠٦	17,846.5	3,033.9	2,721.4	1,749.9	1,618.4	1,270.4	958.4	809.2	521
	٢٠٠٥	15,500.1	3,679.5	2,373.6	1,345.9	1,649.9	1,222.8	747.9	799.1	417.6
Israeli Imports	٢٠٠٦	5,916.6	3,920.5	1,525.2	3,201.4	2,458.5	1,433.3	2,427.9	1,292.2	1,141.3
	٢٠٠٥	6,042.1	4,557.7	1,277.7	2,986	2,552.1	1,276.2	1,888.3	1,238.1	1,055.7

## Land and Sanctuaries

64. The Israeli Occupation continued throughout the year of 2006, in its aggressions on the Palestinian lands and sanctuaries. It confiscated 7,313 donums of land in the WB, and the number of Jewish settlers in the WB increased by 5.8%, and reached by the end of the year 460 thousand settler, distributed on 155 settlements, in addition to another 116 outposts.
65. The Separation Wall that Israel is constructing in the occupied WB lands, is estimated to be 703 km long, and to isolate behind around 555 square km of the WB lands, i.e., 9.8%. The number of Palestinian communities that were affected by the wall increased from 76 communities in 2003 to 159 in 2006. The wall will include 99 Israeli settlements in the WB, whose population is around 408 thousand settlers, i.e., 85% of the settler's population in the WB. The construction is still in process, but 408 of the wall are finished, and that is around 58%. Yet further, the wall isolated at least 21 Palestinian areas from the WB in a closed bottle-neck geography where entrance and exit, to and from, these areas is fully controllable by the occupation authorities. In these 21 areas, an estimated population of 248 thousand Palestinians will be besieged, add to them around 250 thousand Palestinians in Jerusalem.
66. Upon the completion of the Separation Wall construction, Israel will have achieved the majority of its deliberate plans of stealing the natural underground water reserves of the Palestinians, where it will deprive by then the Palestinians from 12 million cubic meters of the Western basin, of a total 22 million cubic meters available. Israel is already stealing more than 85% of the Palestinian underground waters.
67. The total population of East Jerusalem in 2006 was 413 thousand, of whom 231 thousand are Palestinians and 182 thousand are Jewish settlers. When taking the total population of both East and West Jerusalem however, the estimated total is 720 thousand, of whom 66% are Jewish (475 thousand) and 34% Arabs (245 thousands). The Israeli plans seek to limit the percentage of Palestinians in Jerusalem (East and West) to no more than 20 or 25%. Therefore, the Israeli authorities harden the conditions of the Arab Jerusalemites, preventing them from residing in Jerusalem as soon as they reside temporarily outside, like when they leave for studying or work for example. In the year 2006, Israel deprived 1363 Arab Jerusalemites from their residency permits in Jerusalem.
68. It is projected that by the completion of the Separation Wall construction, the total area isolated in Jerusalem will be 151,974 dunams, that is around 43% of



the Greater Jerusalem area; and that will negatively affect 230 thousand Palestinian, i.e., around 56.5% of the Greater Jerusalem population. In the year 2006, Israel was done with the construction of 89 km of the wall around Jerusalem, from a projected total length of 162 kms around Jerusalem.

69. The Israeli occupation continued in 2006 its violations to the sanctuaries and holy places. On 3/1/2006, a two-floor Jewish synagogue was discovered under al-Aqsa Mosque; on 13/3/2006, the Israeli President inaugurated a room for Jewish prayers, inside the courtyard of al-Buraq wall (Western Wall); and on 13/8/2006, the Israeli authorities announced a tender bid for the destruction of Moroccans Gate (Bab al-Magharibah). The Israeli violations of sanctuaries extended even to the historic graveyard of Mamilla Cemetery (Ma'man Allah Cemetery) where the Israeli municipality of Jerusalem is building a museum!.

### **Demographic Indicators**

70. The revised estimates issued by the Palestinian Central Bureau of Statistics (PCBS) reveal that the total population of the Palestinians, world wide, reached 10.1 millions by the end of the year 2006. More than half of this population (50.4%), i.e., around 5,090 million, reside in Historic Palestine. The remaining 5,010 million are distributed on various countries of the Diaspora and refuge. The Palestinians living in Historic Palestine are distributed as follows: 1.134 million in Israel; 2.480 million in the WB; and 1.470 million in the GS. Statistics of the Palestinians living in the registered three refuge countries are estimated as follows: 2.8 million in Jordan; 450 thousands in Syria; and 400 thousands in Lebanon. But the total global refugee population was estimated by 6.740 (include the above mentioned 5.008 million abroad, and the population of 1.733 million internal refugees in the WB and GS), and that indicates that around 66.7% of the total Palestinian population around the world, is refugees.
71. The Palestinian society in the WB and GS is characterized by being a youthful community, where nearly 45.7% of its population is under 15 years of age, according to estimates of the end of 2006. However, the fertility rates in the WB and GS were decreasing during the recent decade of the 20th century, where the average overall fertility rate was 6.04 according to the 1997 census, but became 4.6 in 2003. The average population growth rates for the Palestinian population in the WB and GS decreased from 3.8% in 1997 to 3.3% in 2006. The latter rate is projected to yet decrease to 2.8% by the year 2015.
72. Nearly 30% of the Palestinians in the WB and GS -mainly youth, aspire to emigrate due to the huge pressures they suffer because of the occupation. There are 50 thousand emigration applications submitted by Palestinians to various foreign consulates. Applicants are from various Palestinian regions and all

sects, however, the Christians constitute the largest percentage to a dangerous extent.

## **The Economic Conditions in WB and GS**

73. The Palestinian economy in WB and GS is an economy under occupation. Its aggressive policies and measures, in effect, have turned the WB and GS into a big prison. Israel can easily abort any developmental plan or economic reforms, kill people, destroy projects and the infrastructure, control land, sea and air exists, not to mention controlling water, electricity, transportation and energy sources. Therefore, the economic situation does not at all reflect the potential and energies of the Palestinian people, as much as it reflects the abnormal conditions of a people suffering from the bitterness of injustice and oppression.
74. The PA economy is dependent on the Israeli economy, where more than two-thirds of Palestinian imports come from Israeli sources. Also, most of the Palestinian exports go to the Israeli market and institutions.
75. The GS siege was a major milestone in 2006. The preliminary estimates indicate a dwindling in the GDP from \$4,442.7 million in 2005 to \$4,150.6 million in 2006, i.e., by an approximate rate of 6.6%.
76. According to preliminary estimates, the GDP per capita decreased in 2006 by 9.7%, compared to the previous year, 2005, that is from about \$1,264 to \$1,141.
77. The budget of 2006 shows a deficit of \$1,376 million, compared to \$716 million in 2005. An analysis shows that the major reason for this dramatic shrink is the failure of the Israeli authorities to transfer the monthly clearance revenues to the Palestinian Ministry of Finance, which were sharply reduced from \$814.3 million in 2005 to \$68.7 million in 2006, that is a decrease of 91.6%. Noting that it had been handed over before the formation of the Hamas government.
78. The decrease in revenues was bound to lead to a corresponding decrease in expenditures, which shrank from \$1,650 million in 2005 to \$1,574 million in 2006, i.e., a decrease of 4.6%. The item of the salaries alone represented 75% of the gross expenditure (\$1,181 million), which indicates that the PA has been the main employer of the working forces.
79. The monthly salaries and similar payments totaled \$120 million per month. The salaries constituted 75% of the gross expenditure, compared to 60% in 2005. For the salaries in 2006 totaled \$1,181 million, compared to \$1,000 million in



2005. This increase in the salaries and wages was due to the increase of the employees from 140,500 officials by the end of June 2005 to over 160,000 officials by the end of June 2006, that is an increase of about 14%, who were employed by the predecessor of Hamas government. The government concluded an agreement with the Government Employees Union by which it undertook to pay the salary arrears, about \$500 million.

80. The gross revenues acquired by the PA were sharply reduced from \$1,290.7 million in 2005 to \$357.8 million in 2006, an overwhelming shrink of 72.3%.
81. The total foreign aid of \$1,189 million in 2005 decreased to \$747 million in 2006, i.e., 37.2%. The Palestinian government received \$234 million, of which \$181 million were from Arab countries, President 'Abbas' Office got \$294 million of which \$275 million were from Arab countries, \$172 million came from the total foreign aid of \$1,189 million in 2005 and \$49 million via the Interim Emergency Relief Contribution (IERC) of the European Commission (EC).
82. There are other sizeable funds that were received from Iran, the Arab and Muslim masses and from philanthropic organizations that had all contributed in supporting the struggle of the Palestinian people, and in funding different projects. According to Salam Fayyad, the finance minister, the estimated foreign aid for the year 2006 was \$1,350 million. These funds had to some extent compensated the tax funds that were withheld by Israel, and minimized the catastrophic repercussions of the blockade.
83. Statistics indicate that the percentage of the Palestinian families living below the poverty line reached 68%. In GS, 79% of the inhabitants live below the poverty line, of which 51% live in extreme poverty. Conversely, in the WB, 61% were under poverty line, of which 28% experience extreme poverty. In line with the broad definition of unemployment, the statistics indicate an increase in the numbers of the unemployed to 30.3%.
84. The overall loss of al-Quds Index during the year 2006 was 523 points, i.e., a decline of 46% compared to a rise of 306% in 2005.
85. The weaknesses of the Palestinian economy is due to the fact that there is an Israeli occupation, an inexperienced government sector that has to provide government services, and that WB and GS have no natural resources, i.e., there are no large swathes of land, the lack of water sources, and the absence of natural or mineral wealth.



86. The Palestinian economy in WB and GS is the midst of a hostile, authoritarian occupation that aims to humiliate and drive the Palestinians out of their land, while replacing the Jewish settlers. Any radical solution for the Palestinian economy requires focusing on eliminating the occupation, not just trying to mitigate its effects. It is expected that the economic situation will worsen in light of the Israeli insistence on overthrowing the government that Hamas may lead or participated in, and in the absence of a strong and unified Palestinian or Arab plan to end the siege.

