

The Palestinian Strategic Report 2007



Edited By
Dr. Mohsen M. Saleh



Al-Zaytouna Centre For Studies & Consultations

Chapter Two

*The Israeli–Palestinian Scene:
Exploitation of the Schism and the Peace
Evasions*

The Israeli–Palestinian Scene: Exploitation of the Schism and the Peace Evasions

Introduction

For Israel, the year 2007 was the year in which it exploited the Palestinian schism, and tried to put its house in order after its war with Lebanon in July 2006. While paying lip service to peace, Israel continued its aggression on the Palestinian land and people, and imposition of realities on the ground.

In spite of the prevalent corruption in the machinery of government, Israel is equipped with dynamism and an institutional system that enable it to deal with the problem. Moreover, rather than serving the Palestinian interest, the weakness of the Israeli premiership and government triggered more extremism and delayed the peace process.

This chapter gives an overview of the Israeli–Palestinian scene during the year 2007, and explains the factors that had triggered the conflicts and skirmishes and determined the relations between the various players during the year under consideration. The reader will find an explanation of the Israeli political map, population, economy and military apparatus. Moreover, the discourse addresses the Israeli responses to the internal Palestinian conditions and the peace process.

First: The Israeli Internal Scene

The 2007 Israeli scene focused on a number of realities and variables that dominated most aspects of the Israeli political affairs, including the political system, and the executive, legislative and judicial institutions, as well as the political parties and forces. The 2006 general elections established the pillars of the Israeli reality for the year 2007 with regard to representation in the Knesset and the strength of parties and other political forces.

1. The Government and the Governance System

To consolidate the authority of the government and strengthen the relations between the Knesset members and the voters, the Israeli president formed by the

beginning of 2007 a committee, under the chairmanship of Menachem Magidor, to explore the possibility of introducing some reforms on the political system and the electoral law. One of which is the introduction of electoral constituencies rather than considering the entire Israel as a single electoral constituency, which would deprive small political parties from representation in the Knesset and, thus, sharply reduce their impact on decision making that, in turn, would consolidate the grip of the government.

Following the outcome of the 17th Knesset elections, held on 28/3/2006, the incumbent government under the premiership of Ehud Olmert continued in power with 29 seats won by his party Kadima. On 4/5/2006, Olmert formed a new government and got the vote of confidence in the Knesset by a majority of 65 against 49 votes, while four Knesset members abstained. The Labor Party and the religious and rightist parties participated in the government.¹ The government program strove to crystallize Israel as a Jewish state, which required the fixation of its lands and the usage of the Separation Wall to achieve the Israeli goals.

Since his assumption of power, Olmert tried to stabilize the government machinery through increased cooperation with his coalition partners, particularly the Labor Party, but at the expense of the political program. Notwithstanding the progressive erosion of its popularity, the government's continuation in power depended on certain factors, including:²

1. The continuation of the Labor Party in the coalition and Ehud Barak in the position of Minister of Defense, which will consolidate the government military and security grip, and minimize the dangerous repercussions of the criticism launched by Winograd Commission on the performance of the previous government.
2. The control of the ambitions of Ehud Barak, who did well in the opinion polls, to enter the premiership contest with Olmert and Benjamin Netanyahu. Olmert tried to introduce some amendments in his government structure to accommodate the developments in the political scene that resulted from the elections of Ehud Barak and Shimon Peres to the leadership of the Labor Party and the presidency of Israel, respectively. Many of the political analysts expected that Barak's assumption of the Ministry of Defense would improve the performance of the government on war and peace issues, compared to his inexperienced predecessor Amir Peretz.

3. The ability of Olmert to free himself from the heavy legacy of Ariel Sharon, and to pursue the peace process without offering major concessions.³

Olmert government managed to remain in power simply because its downfall was not in the interest of other political parties, particularly the Labor Party, Pensioners Party (Gil) and Shas Party, who did not expect to increase their representation in the Knesset in a future election. Meanwhile, the position of the party Yisrael Beitenu (Israel is our home), which was headed by Avigdor Lieberman, had 11 seats in the Knesset and had belatedly joined the government in October 2006, was not consistent during the year 2007. This was clearly reflected in its withdrawal from the government on 16/1/2008 in protest of the track of the peace settlement, though the government continued to maintain a majority of 67 out of 120 seats in the Knesset.

Olmert depended on the support of the traditional leadership of Kadmia, while Tzipi Livni controlled the party's youth. Olmert's two other competitors over the premiership were Benjamin Netanyahu, who derived his influence from the old guard of the Likud Party and the Jewish religious institution, and Ehud Barak who commanded the support of the military institution.

The popularity of Olmert, the 11th Israeli premier, had gone down the drain.⁴ Though elected a successor of the bed-ridden Sharon, Olmert is his contrast in appearance, physique and behavior. The chaotic, military-oriented and meticulous Sharon took his time in everything, while Olmert is comparatively cool, dynamic, proficient and intelligent. Nonetheless, he is personally too uncharismatic to be the first man in Israel, and all opinion polls indicate that he was not as powerful and influential as all his predecessors. However, the quick turn of events enabled him to assume power, as, following the stroke inflicted upon Sharon, he was elected a caretaker premier, and, subsequently, a full-fledged prime minister who led a broad and strong coalition, though his personal popularity progressively declined.

The Israeli government continued to command the majority in the Knesset, but historically Israeli coalition governments had been profoundly unstable, as issues that required decisive decisions were normally instrumental in their downfall. This was glaringly reflected over the issue of the final peace settlement over which the positions of the coalition parties were basically incoherent. While Yisrael Beitenu (11 seats) withdrew from the government in protest of the course of the peace negotiations, the same issue triggered a stern warning from the religious Shas

Party (12 seats) that it would follow suit if major concessions were offered to the Palestinians, particularly on Jerusalem and the refugees.⁵ Moreover, the persistent charges of corruption against Olmert may lead to his dismissal or resignation from the premiership.

2. Changes in the Personnel

The Israeli political scene had witnessed during the course of the year 2007 a bundle of changes in the leadership of the major political and military institutions:⁶

- a. The resignation on 17/1/2007 of the Chief of Staff Dan Halutz, who had a record of 40 years service in the military, particularly in the air force, because of his failure in the Lebanese war of July 2006, and his Deputy Moshe Kaplinsky soon followed suit. Gabi Ashkenazi was appointed the new chief of staff on 14/2/2007.
- b. The President of Israel, Moshe Katsav was suspended because the attorney-general accused him of rape and sexual harassment, and his term ended by early 2007. Four nominees stood for the election of the new President: Shimon Peres of Kadima Party, the Knesset Member Reuven Rivlin representing the Likud Party, the Knesset Member Colette Avital from the Labor Party and the Ashkenazi Chief Rabbi Yisrael Meir Lau. But the real contest was between Peres and Rivlin. Finally, the former got the position on 13/6/2007.
- c. Due to his failure and insufficient military experience during the Lebanese war of July 2006, Minister of Defense Amir Peretz lost the internal elections in the Labor Party on 12/6/2007 to Ehud Barak. The latter was subsequently selected to replace Peretz as Minister of Defense in Olmert's cabinet.
- d. The Minister of Finance Avraham Hirschson resigned on 1/7/2007 over reported embezzlement, and his responsibilities were temporarily assumed by Premier Olmert until the former Minister of Interior Roni Bar-On was selected for the position on 22/4/2007, while the former Minister of Housing replaced him as Minister of Interior.
- e. Police Commissioner Moshe Karadi resigned over charges of corruption, and David Cohen, Central District Police Commander, succeeded him on 1/5/2007.

- f. The former Minister of Justice Haim Ramon was appointed Vice Prime Minister on 4/7/2007, notwithstanding his accusation of sexual aggression.

3. The Judiciary

The judiciary experienced tension between the Minister of Justice Daniel Friedmann and the President of the Supreme Court Dorit Beinish. This conflict came to the surface when the former circulated a message in which he declared his intention to introduce institutional reforms in the judiciary. It included the independence of the judiciary from the Supreme Court and stripping the latter from its prerogative of appointing judges that should henceforth be invested in an independent committee. Friedmann had further argued that the Supreme Court had become too powerful for a democratic system.⁷ However, the conflict between the minister and the president of the Supreme Court revolved around a handful of issues, including:

- a. The expansion of the functions of the Supreme Court, particularly after its previous President Barak, secured for it the right to look into all kinds of issues and subjects, even political and human right cases, and to the right to cancel the Knesset laws, though this had been outside its jurisdictions.
- b. The issue of the appointment of judges, where the Supreme Court had the right to appoint three of the nine-member committee that was empowered to appoint the judges, it has also a role in the appointment of the judges of the central courts.
- c. Conflict over the duration of the presidency of the Supreme Court, where the Knesset had ruled to limit the duration of the presidency of all courts, including the Supreme Court, to seven years.
- d. The attempts of some new leaders who had worked in the courts, like Eliyahu Winograd and Micha Lindenstrauss, to extensively enlarge the powers and the role of the State's Comptroller in supervising the government, and to present him as the fourth center of power in Israel.⁸

4. The Partisan Scene

The Israeli political scene did not witness dramatic changes during the course of the year 2007. All the major political forces maintained their representation in the government and the Knesset, while partisan polarization had subsided within

the Israeli society, and the Israelis were no longer keen to identify themselves with the positions of their traditional parties. Political and partisan activities had also retreated, and the feeling of inability to implement change had progressively increased within the Israeli society. Confidence in the political parties and the political leadership had declined for a group of reasons of which the most important were:⁹

- a. The spread of political and financial corruption within the political and partisan leadership, including some of the most senior political and party leaders from both the left and the right.
- b. The accumulated failure of the elected members of the political parties to honor their commitments to the electorates.
- c. Lack of tangible differences between the positions of the political parties, particularly on issues of foreign policy that constitute the central concern of the Israeli citizens.
- d. The increased economic hardship, across all the sectors of the Israeli society, lead to an increased preoccupation with the living conditions at the expense of politics. Hence, there was a noticeable decrease in the percentage of political participation during the previous elections of 2006.

The partisan scene experienced intensive differences across the major Israeli parties. In Kadima, Olmert struggled to survive, and in case he resigns Tzipi Livni, the Minister of Foreign Affairs, would be the most likely alternative. In the Labor Party, the attack focused on Amir Peretz, the head of the party and the Minister of Defense in Olmert's cabinet, who was accused of negligence during the 2006 war with Lebanon, and subsequently a competition over his two posts started. Barak won the internal elections of the Labor Party on 12/6/2007 against his competitor Ami Ayalon, the former director of Shabak (Israel Security Agency—ISA), and he replaced Amir Peretz in the leadership of the party. Netanyahu consolidated his control over the Likud Party against his competitors, and he continued his efforts to split Kadima Party.

The Arab parties were poorly represented in the Knesset because of the boycott of the Islamic Movement, led by al-Sheikh Ra'id Salah, to the elections, coupled with changes and modifications in the electoral laws that were introduced to sharply reduce the representation of small parties, particularly the Arab parties, in the Knesset. Moreover, was the abolition of the system of extra votes that had

given the small parties, including the Arab parties, the opportunity to exchange these votes between themselves in such a way that enabled them to win one or another seat in the Knesset.¹⁰

The case of the Arab member of the Knesset, ‘Azmi Bishara, had preoccupied the Arab parties. For the Knesset had passed a law that legalized the stripping of citizenship from any Israeli who “violates loyalty to the state.” It was seen that it targeted the Arab minority to stop its continuous call for Arab national and cultural rights.

All in all, it may be suggested that the moderate camp had made progress within the Israeli society, and that new young, but non-military, politicians had started to take positions in the front line leadership of the political parties, while the influence of the traditional political parties waned.¹¹ However, the Likud had organized itself during the 2007 elections and made use of Olmert’s mistakes, particularly his failure in the war with Lebanon, to boost its popularity and to return to the first position among Israeli political parties, as indicated by the opinion polls.

5. Political Corruption

During the last few years political corruption had become so glaringly visible in the Israeli society that the former State Comptroller of Israel, Eliezer Goldberg, said that its rising danger superseded that of the Palestinian *Intifadah* (Uprising). In the same vein, the former Speaker of the Knesset Avraham Burg commented that Israel has become “a state of settlements run by an amoral clique of corrupt lawbreakers.” In reality, corruption in Israel had become organized and widespread at all levels, including presidents, premiers, ministers, members of the Knesset, politicians, administrators and military officers. The phenomenon of political corruption was reflected in a number of modes of which the most important were:¹²

- a. Government privileges and dishonest behavior.
- b. Bribery and exploitation of public posts for personal benefits.
- c. Nepotism and patronage in political appointments in favor of some leaders.
- d. Moral crimes and sexual scandals.

A report by the World Bank indicated that the percentage of corruption in the Israeli official institutions reached 8.8%, the highest of all advanced countries, where it did not go beyond 4.91%. The repercussions of political corruption were reflected in the following:

- a. The confidence of the ordinary citizens in the governing institutions had been seriously eroded. The democratic measurement showed a decline in confidence in the prime minister, from 34% in 2006 to 21% in 2007, while that of the president waned from 67% to 22% in the same years. Retraction in confidence included the army, police force and other public institutions.¹³
- b. The negative perception of the West towards Israel and its leadership, which had previously been viewed with great respect.

A report of the Israeli Institute for Democracy had indicated that there is rising decline of confidence in the government and its institutions in the last couple of years, while opinion polls showed that 78% of the Israelis were dissatisfied with their leadership. The report of the Winograd Commission on the July 2006 war with Lebanon had also confirmed distrust in the political and military leadership. An opinion poll indicated that 56% of the Israelis believed that Olmert was at the top of the list of corruption in the government, followed in a descending order by the Minister of Finance Hirschson (55%), Ramon and Lieberman (33%), while both Ehud Barak and the Minister of Finance Roni Bar-On took the fourth rank, with a 29%. As for the most honest and straight forward members of the government, the Minister of Foreign Affairs Tzipi Livni came first with a 46%, followed by the Minister of Education Yuli Tamir (40%). As for the Knesset, 40% of those questioned viewed Tzachi Hanegbi as the most corrupt, followed by Netanyahu (38%), and then Amir Peretz.¹⁴

International reports also confirmed the corrupt nature of the Israeli governing institution. The Global Corruption Barometer 2007 placed it in the 30th rank out of 180 states. Charges of corruption included most of the symbols of the political system, where the premier and the Minister of Finance were at the top of the list. The measurement included in the category of corruption most of the Israeli institutions: the government, the Knesset, the political parties, the General Federation of Labour in Israel—Histadrut, and even the local authorities.

6. The Report of Winograd Commission

The outcome of the war with Lebanon and its negative political and military aftermath triggered a call for a comprehensive review of the military and political performance. The war had also demonstrated the absence of a strong political leadership capable of taking important decisions, and increased the conviction that Israeli security could not be achieved by military might alone.¹⁵

Due to the growing public pressure and criticism of the government's weak performance during the Lebanese war of 2006, an investigation commission was formed chaired by retired judge Eliya Winograd and the membership of Prof. Yehezkel Dror, Prof. Ruth Gabizon, Retired Major General Chaim Nadel and Retired Major General Menachem Einan.¹⁶

The report held Premier Ehud Olmert, the Minister of Defense Amir Peretz and the Chief of Staff Dan Halutz to be squarely responsible for the failure and mistakes of the war as well as its achievements, and opined that these three should take the major responsibility for reform. The report diagnosed the failures of the three, each in his area of responsibility, as follows:¹⁷

- a. The Prime Minister: Being responsible for the process of decision making, he did not give due weight to the long term impact of his decisions. This was because of his inexperience, and limited ability to confront and criticize the military, as well as his naivety and limited knowledge of the interrelation between the military might and the political objectives. Besides, he lacked a capable advisory team.
- b. The Minister of Defense: He knew very little about the functions and responsibilities of his ministry, and was hardly aware of the delicate balance between the military and the political agenda in a major war. Moreover, he was not qualified to crystallize independent positions on central issues, and he neither pursued methods and means nor sought advice to improve his ability and performance in this respect. Besides, he was largely concerned with tactical issues, and never had tangible role in the strategic decisions.
- c. The Chief of Staff: All his recommendations were central, and he directly administered all the military operations, but without sufficient internal discussions of the strategies of the military. It was he who convinced the prime minister and the defense minister of the ability of the army to undertake the attack.

The report placed the responsibility of the failure on Olmert's government, the chief of staff and the previous Israeli leaders, who had all failed to address the accumulated problems of the previous years. However, the Israeli public focused on the criticism launched against the premier, held him primarily responsible for the failure and called for his resignation. Meanwhile, the sharp criticism against the chief of staff led to his resignation. Anyhow, the report revealed the defect of the Israeli system, and the unbalanced relationship between the political and military leaderships.

The comments on the report reflected the growing necessity for substantial change in the decision making process in the political and military arenas. There were increased calls for urgent reform of the role and performance of the government that should seek the support of fresh professional and security expertise. The government should not excessively take into consideration the security aspects at the expense of the political ones.¹⁸

There were also calls for consolidating the role of the Ministry of Foreign Affairs and the National Security Council in the decision making process on decisive political and security-oriented issues, and never to leave this duty solely to the military institution. All in all, it may be concluded that the report had led to a decline in the confidence of the Israeli public in the political and military elite, and revealed the dominance of the army over the political leadership that was represented by the security–inexperienced prime minister and minister of defense.

Though accusing the principal Israeli leaderships of negligence, the report did not call for their resignations, specifically the prime minister, but shelved their political destiny on the Israeli public. Hence, Olmert tried to appease the public and absorb their anger through his declared commitment to implement the recommendations of the committee. His first decision in this respect was to strengthen the cabinet’s military expertise by entrusting the defense portfolio to Barak. Moreover, to restore the credibility of the government and that of the military institution, Olmert exhibited extremism over the major issues of the Arab–Israeli conflict, and an inclination to use military force against Iran.¹⁹

Second: The Major Population, Economic and Military Indicators

1. Population Indicators

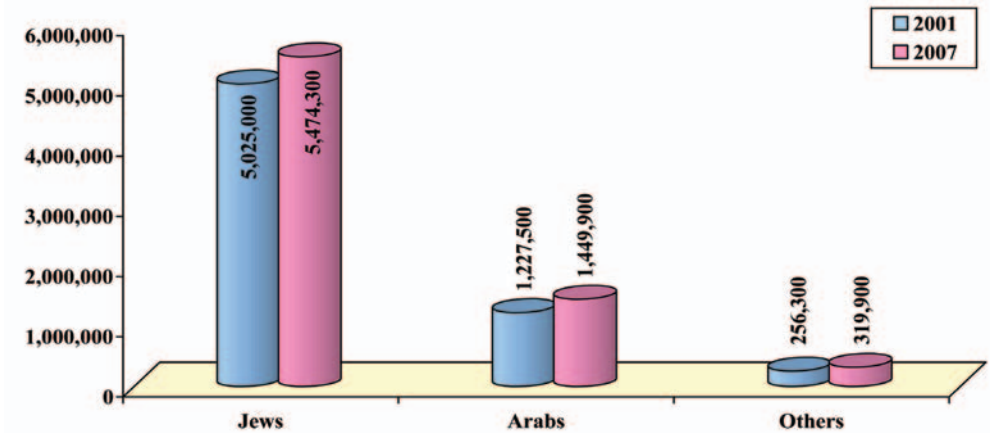
According to official statistics, the population of Israel totaled by the end of 2007 about 7.24 million persons, of whom about 5.47 million were Jews (i.e., a percentage 75.6%) while about 320 thousand persons (i.e., 4.4%) did not disclose their religion. The latter were mainly immigrants from Russia, countries of the former Soviet Union and East Europe whose Jewishness had not yet been ascertained, and non-Arab Christians. The Arab population, including those in East Jerusalem and the Golan Heights, totaled about 1.45 million individuals, i.e., 20% of the total population.

If we subtract the population of the latter, about 266 thousand persons, then the numbers of the so-called 1948 Palestinians will be 1.18 million persons, i.e., about 16.3% of the total population. There are 480 thousand Jewish settlers residing in the WB, including East Jerusalem, while another 20 thousand lived in the Golan Heights (see table 1/2).

Table 1/2: Population of Israel 2001–2007
(Population estimates do not include foreign labor)²⁰

Year	Gross population number	Jews	Arabs (including the population of East Jerusalem and in the Golan Heights)	Others
2001	6,508,800	5,025,000	1,227,500	256,300
2002	6,631,100	5,094,200	1,263,900	273,000
2003	6,748,400	5,165,400	1,301,600	281,400
2004	6,869,500	5,237,600	1,340,200	291,700
2005	6,990,700	5,313,800	1,377,100	299,800
2006	7,116,700	5,393,400	1,413,300	310,000
2007	7,244,100	5,474,300	1,449,900	319,900

Population of Israel in 2001 and 2007



During the year 2007, 19,700 persons immigrated to Israel, compared to 20,961 in the course of the previous year, 2006, which is in line with the declining rate of immigration to Israel since 2000. This was a source of concern for some Israeli circles, particularly since the number of those leaving Israel

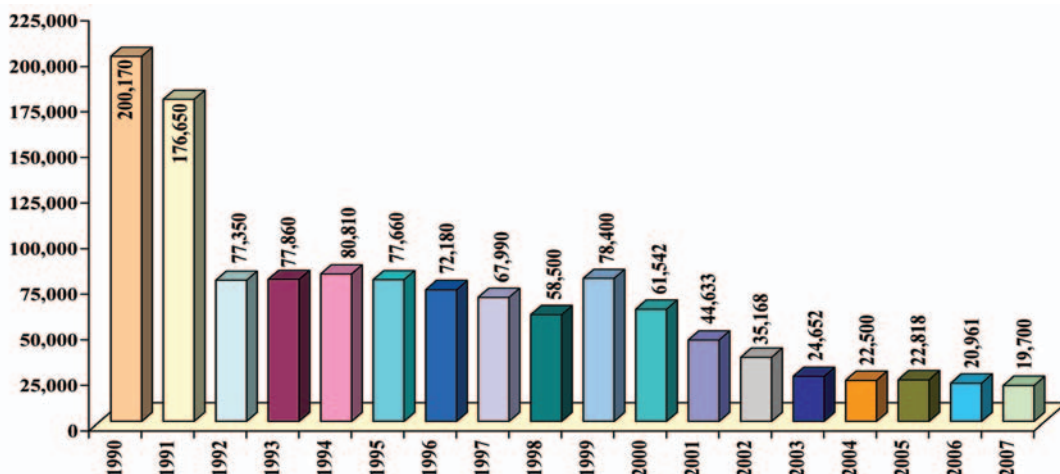
in 2007 were more than those immigrating to it, and this is the first time it happens since more than 20 years (see table 2/2).

Table 2/2: Number of Jewish Immigrants to Israel 1990–2007²¹

Year	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
No. of immigrants	200,170	176,650	77,350	77,860	80,810	77,660	72,180	67,990	58,500	78,400

Year	2000	2001	2002	2003	2004	2005	2006	2007	Total
No. of immigrants	61,542	44,633	35,168	24,652	22,500	22,818	20,961	19,700	1,219,544

Number of Jewish Immigrants to Israel 1990–2007



Reports show the strife of the Israeli authorities to bring emigrants from countries that had not previously been among their central concerns, like India and Iran. A group of wealthy Jews of Iranian origin allocated a fund to encourage Jewish immigration from Iran, whereby each migrant family to Israel was given \$60 thousand, coupled with the offers and financial privileges granted by the Israeli Ministry of Immigrant Absorption from the special “absorption basket” to all Jewish immigrants.²²

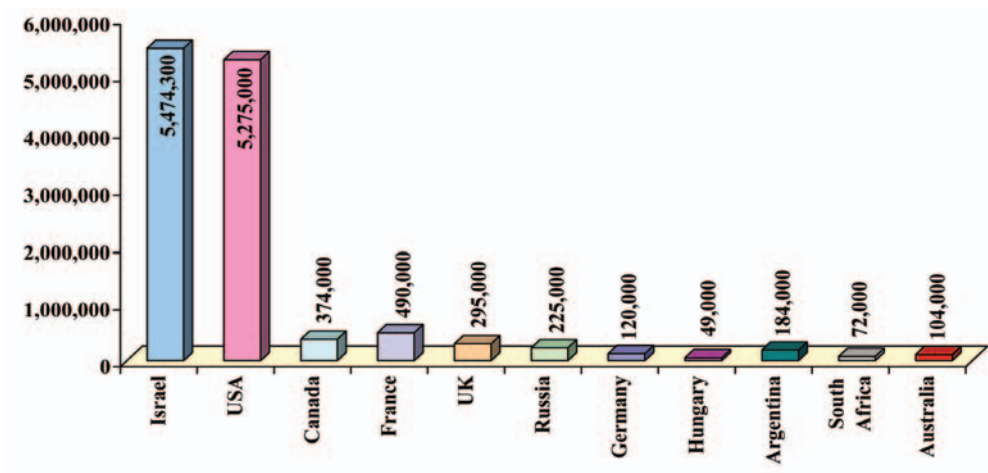
It is estimated that about 750 thousand Israelis live abroad,²³ of whom 25 thousand work in American research institutes and in the industries.²⁴ As a sign of counter immigration, about 4,313 Israelis got German citizenship in 2006, an over 50% increase compared to the previous year, 2005.²⁵ The Israeli

authorities seem to be facing the problem of absorbing the immigrants in their areas of expertise. According to the annual statistics book, issued by the Ruppin Academic Center's Institute for Immigration and Social Integration, only one third of the immigrants, who hold masters or Ph.D. degrees and are from the former Soviet Union, work in positions related to their studies. While 21.9% of those, work in the building, agricultural and industrial sectors, 52.7% in the services and sales business and 7.9% as unskilled laborers.²⁶

An opinion poll published in April 2007 by *Maariv* newspaper indicated that 26% of the Israelis indicated their dissatisfaction with the conditions in Israel which triggered them to think last year of migration, and that this percentage increased among the youth to reach 50%.²⁷

As for the total world population of the Jews, the 2007 statistics of the Jewish Agency for Israel, as reported in the annual report of the Jewish People Policy Planning Institute, recorded that they totaled in the year 2007, 13.155 million, with 60 thousand increase compared to the year 2006, of whom about 5.275 million lived in the USA, 374 thousand in Canada, 490 thousand in France, 295 thousand in the UK, 225 thousand in Russia, 120 thousand in Germany, 49 thousand in Hungary, 393 thousand in Latin America of whom 184 thousand stay in Argentine, 77 thousand in Africa of whom 72 thousand were in South Africa, and 104 thousand in Australia.²⁸ This negatively affects the Jewish population growth in Israel. The World Jewry suffers of many problems that negatively affect the Jewish population growth; of which the most important are: family breakdown, intermarriages and assimilation into the western societies.

Number of Jews in Selected Countries 2007

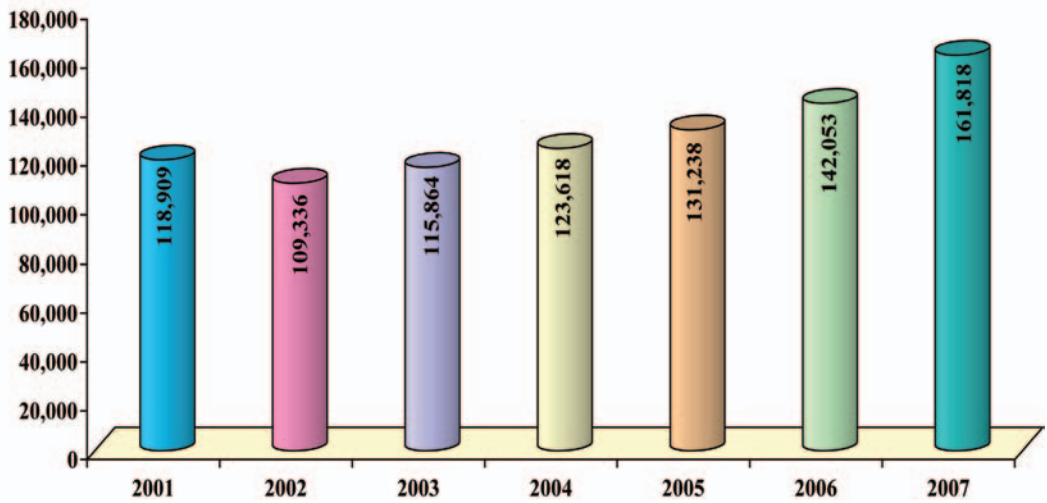


2. Economic Indicators

Official Israeli statistics indicated that the rate of the Israeli economic growth for the year 2007 was 5.3%, compared to 5.2% in 2006.²⁹ The Gross Domestic Product (GDP) for 2007 increased to about 664.76 billion shekels (i.e., about \$161.82 billion, according to the 2007 dollar rate of exchange), compared to 633.06 billion shekels in 2006 (i.e., about \$142.05 billion, according to the 2006 dollar rate of exchange).³⁰ However, it should be noted that these figures are derived from official sources, who update and amend the figures from time to time. Thus, the reader is advised to take this in consideration if he observed any discrepancy between these figures and those recorded in the 2006 and 2005 Strategic Reports. Moreover, there are sometimes discrepancies in the figures and data of the Israeli sources themselves, as is the case between those of the Israeli Central Bureau of Statistics (CBS) and the Bank of Israel. It should also be noted that an important reason for the increase in the dollar amounts of the GDP is the decrease of the exchange rate of the US dollar vis-à-vis the shekel, from 4.4565 shekel per dollar in 2006 to 4.1081 in 2007.

Table 3/2: Israeli Gross Domestic Product and Gross National Income (GNI) 2001–2007³¹

Year	GDP		Less: Net income paid abroad		GNI		Shekel exchange rate (according to Bank of Israel)
	Million shekels	\$ Million	Million shekels	\$ Million	Million shekels	\$ Million	
2001	500,083	118,909	20,486	4,871	479,597	114,038	4.2056
2002	518,011	109,336	20,014	4,224	497,997	105,111	4.7378
2003	526,983	115,864	18,409	4,047	508,574	111,816	4.5483
2004	554,054	123,618	16,472	3,675	537,582	119,942	4.482
2005	588,970	131,238	7,163	1,596	581,807	129,642	4.4878
2006	633,057	142,053	2,507	563	630,550	141,490	4.4565
2007	664,764	161,818	-277	-67	665,041	161,885	4.1081

Israeli GDP 2001–2007 (\$ million)

According to the statistics of the Bank of Israel, the GDP per capita rose from \$20,100 in 2006 to \$22,500 in 2007 (see table 4/2).

Table 4/2: Israeli GDP per Capita 2000–2007 (\$ thousand)³²

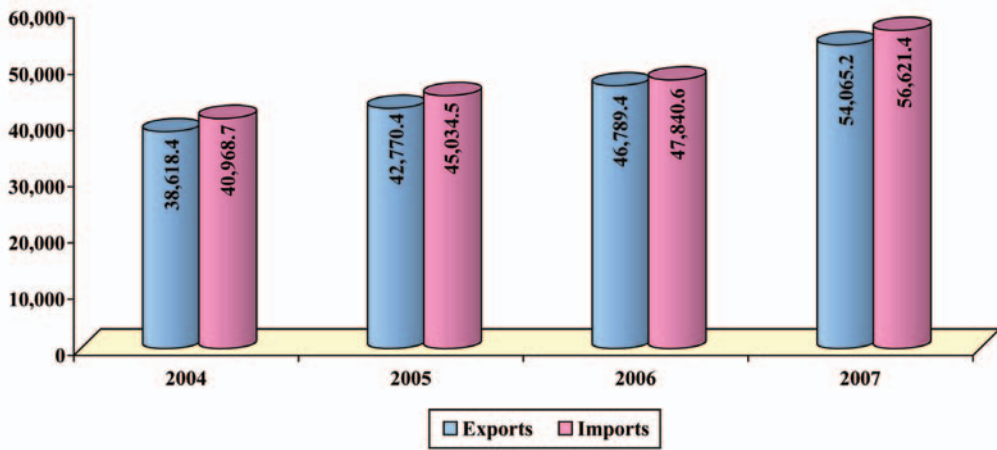
Year	2000	2001	2002	2003	2004	2005	2006	2007
GDP per capita	19.2	18.5	16.6	17.3	18.2	18.9	20.1	22.5

The budget for the year 2007 expected the expenditure to be 294.5 billion shekels (approximately \$70 billion).³³ During the year 2007, Israel's gross external debt increased by about \$2.52 billion to reach by the end of the year about \$89.95 billion.³⁴

The value of the Israeli exports for the year 2007 totaled about \$54.07 billion, compared to about \$46.79 billion in 2006, i.e., a 15.6% increase. As for the imports of 2007, they totaled \$56.62 billion, compared to about \$47.84 billion in 2006, i.e., an increase of 18.4%. Thus, the year 2007 repeated the stereotyped pattern of increase in the deficit of the Israeli balance of trade (see table 5/2).

Table 5/2: Total Israeli Exports and Imports 2004–2007 (\$ million)³⁵

Year	2004	2005	2006	2007
Exports	38,618.4	42,770.4	46,789.4	54,065.2
Imports	40,968.7	45,034.5	47,840.6	56,621.4

Total Israeli Exports and Imports 2004–2007 (\$ million)

The USA kept its position as Israel's largest. The 2007 Israeli exports to the USA totaled about \$18.89 billion, about 35% of the total Israeli exports. As for the Israeli imports from the USA, they totaled in 2007, about \$7.85 billion, about 13.9% of the total Israeli imports. To a large extent, Israel compensated its trade deficit with most of its trade partners through its surplus trade with the USA, about \$11 billion. This constitutes a major support to the Israeli economy (see table 6/2).

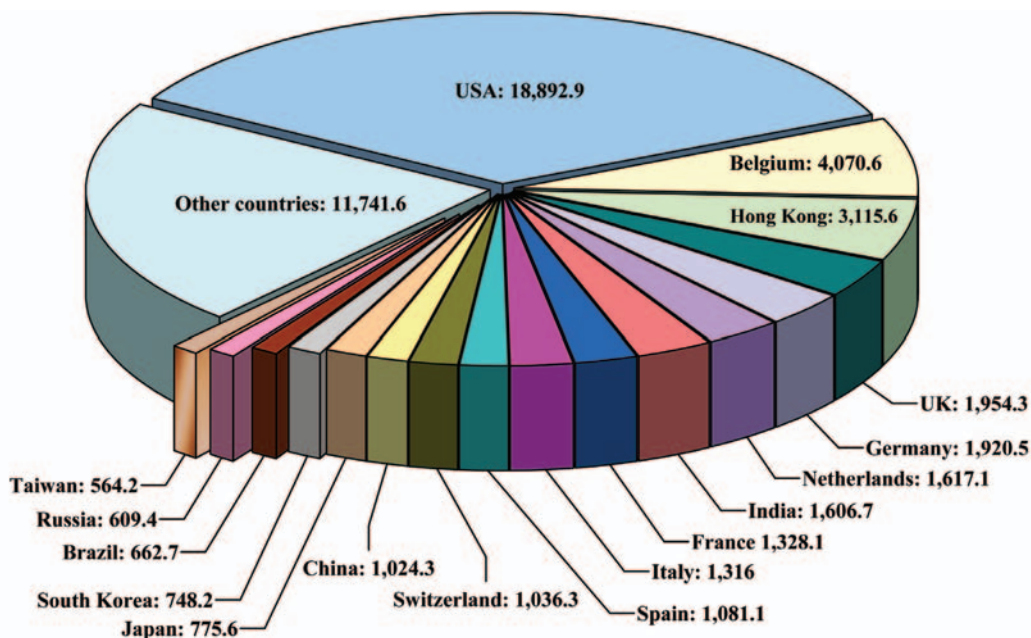
Belgium had also maintained its position as the second trading partner with Israel, as the Israeli exports to it totaled about \$4.07 billion, while the value of Israeli import from it was about \$4.46 billion. Belgium had been placed in this advanced position seemingly because of the trade in diamond and other expensive minerals.

Besides the USA and Belgium, the other major importing countries of Israeli goods were in this descending order: Hong Kong (about \$3.12 billion), UK (about \$1.95 billion), Germany (about \$1.92 billion), Netherlands (about \$1.62 billion), followed by India, France, Italy and Spain. As for the major countries from which Israel imported goods during the year 2007, they were in a descending order Germany (about \$3.484 billion), China (about \$3.477 billion), Switzerland (about \$2.88 billion), then UK (about \$2.68 billion), followed by Italy, Netherlands, Japan then Hong Kong (see table 6/2).

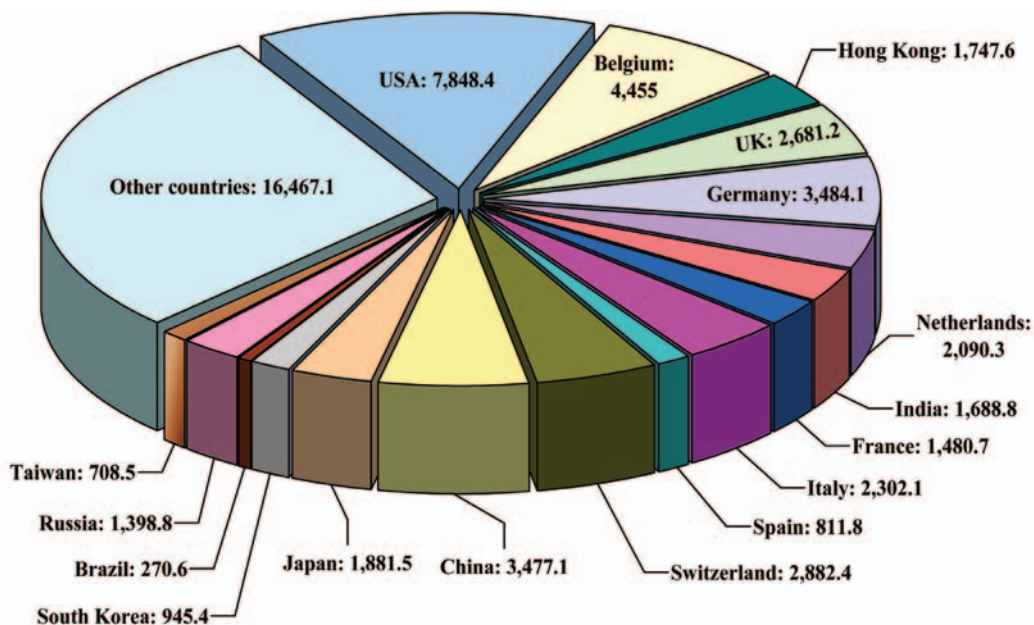
**Table 6/2: Israeli Exports and Imports with Selected Countries
2004–2007 (\$ million)³⁶**

Countries	Israeli exports to:				Israeli imports from:			
	2007	2006	2005	2004	2007	2006	2005	2004
USA	18,892.9	17,957.2	15,500.1	14,175.1	7,848.4	5,919.5	6,042.1	6,099.1
Belgium	4,070.6	3,068.4	3,679.5	2,898.1	4,455	3,936.9	4,557.7	4,130.8
Hong Kong	3,115.6	2,776.1	2,373.6	1,907.7	1,747.6	1,527.5	1,277.7	1,178.3
UK	1,954.3	1,601.7	1,649.9	1,447.8	2,681.2	2,458.6	2,552.1	2,482.8
Germany	1,920.5	1,757.9	1,345.9	1,361	3,484.1	3,201.4	2,986	3,090.2
Netherlands	1,617.1	1,312.2	1,259.7	1,232.8	2,090.3	1,786.8	1,626.7	1,483.8
India	1,606.7	1,289.4	1,222.8	1,037.9	1,688.8	1,433.7	1,276.2	1,107.7
France	1,328.1	1,092.2	882.6	764	1,480.7	1,301.5	1,203.8	1,248.9
Italy	1,316	1,072.7	897.8	810	2,302.1	1,839.4	1,733.7	1,565.7
Spain	1,081.1	903	687.8	616.2	811.8	749	613.7	652.3
Switzerland	1,036.3	809	900.3	782.3	2,882.4	2,805.9	2,464.7	2,682.1
China	1,024.3	958.8	747.9	786.9	3,477.1	2,427.7	1,888.3	1,418.4
Japan	775.6	792.8	799.1	782.3	1,881.5	1,292.3	1,238.1	1,197
South Korea	748.2	650	449.8	417.7	945.4	893.6	852.7	759.9
Brazil	662.7	465.7	467.3	488	270.6	209.4	166.5	207
Russia	609.4	524.6	417.6	319.1	1,398.8	1,141.6	1,055.7	688
Taiwan	564.2	589.8	602.3	587.6	708.5	617	553.4	498.6
Other countries	11,741.6	9,167.9	8,886.4	8,203.9	16,467.1	14,298.8	12,945.4	10,478.1
Total	54,065.2	46,789.4	42,770.4	38,618.4	56,621.4	47,840.6	45,034.5	40,968.7

Israeli Exports to Selected Countries 2007 (\$ million)



Israeli Imports from Selected Countries 2007 (\$ million)



The industrial products, including electronics and machinery, top the Israeli exports list, followed by diamond. Raw materials top the imports list followed by rough diamond, polished diamond, and fuel (see tables 7/2 and 8/2).

Table 7/2: Israeli Exports by Commodity Group 2006–2007 (\$ million)³⁷

Year	Agricultural	Manufacturing	Diamonds		Others	Total
			Polished	Rough		
2006	1,031.2	29,089.1	6,609.7	2,676.8	293.7	39,700.5
2007	1,347.6	34,004.1	7,094	3,373.2	70.8	45,889.7

Table 8/2: Israeli Imports by Commodity Group 2006–2007 (\$ million)³⁸

Year	Consumer goods	Raw materials	Investment goods	Fuels	Diamonds rough and polished net	Others	Total
2006	5,900.5	18,517.5	6,573.4	7,455.6	8,659.1	211.7	47,317.8
2007	7,512.4	21,393.8	8,031.2	8,935.2	9,642.1	588.9	56,103.6

Though viewed as one of the rich and developed countries, Israel continued to receive an American subsidy, which totaled \$2.5 billion in 2007, of which \$2.34 billion was a military grant, compared to about \$2.53 billion in 2006. According to a report by the Congressional Research Services (CRS), the American aid that Israel received during the period 1949–2007 totaled about \$101.191 billion, though the author’s calculation of the amounts extended during the same period, as mentioned in this very source, totaled slightly less than the figure given by the CRS; i.e., \$101.188 billion (see table 9/2).³⁹

Table 9/2: American Aid to Israel 1949–2007 (\$ million)

Period	1949–1958	1959–1968	1969–1978	1979–1988	1989–1998	1999–2007
Total	599.6	727.8	11,426.5	29,933.9	31,551.9	26,947.8

During the periods 1949–1967 and 1968–1978, the value of the American aid to Israel totaled \$1.18 billion and about \$11.53 billion, respectively. From the conclusion of Camp David Accords in 1979 to the signature of Oslo Accords in 1993, it was about \$45.93 billion, while it totaled during the period 1994–2007 the sum of \$42.5 billion.⁴⁰

With the tangible improvement of the Israeli economy in the mid 1990s, the rationale for the American economic aid had become less convincing. Hence, the then Israeli Premier Benjamin Netanyahu suggested in 1998 that the American government gradually reduce over the next 10 years, starting 2000, the \$1.2 billion American annual economic aid by the sum of \$120 million per year. On the other hand, the USA should increase its military aid to Israel by an annual sum of \$60 million during the same period, so that it will grow within the 10 years from \$1.8 billion to \$2.4 billion. In August 2007, the USA declared the increase of its military aid to Israel by the sum of \$6 billion during the next 10 years so that it will total \$3.1 billion annually by 2018.⁴¹ This reflects the close US strategic relation with Israel, and the US insistence to support Israel regardless of its military and economic superiority.

3. Military Indicators

The Israeli military institution had experienced in 2007 the repercussions of the country's war with Lebanon in the summer of 2006. Israel tried to extract lessons from this war that forced the Israeli military to review its theories and field performance. Criticism was extended to a number of the senior officials and military leaders who were compelled to resign, e.g., Amir Peretz who quitted his defense portfolio and his leadership to the Labor Party to be replaced by the former Chief of Staff and Premier, General Barak. The Commander in Chief of the Israeli naval force, David Ben Bashat also resigned on 26/7/2007. Israel had become engaged in preparations for a possible war to restore its image and credibility versus Hizbullah, and for a possible strike of Iran's nuclear facilities. Moreover, it closely monitored the inter-Palestinian conflict and the supremacy of Hamas in GS, and entertained the invasion of GS.

The Lebanese war ended the theory of swift victory through a surprise attack, and led to the reconsideration of the role of the air force in military battles. It has no longer been viewed as a decisive factor in achieving victory, but reverted to its normal supportive role to prepare the ground and provide air cover for the land forces. Hence, Israeli military circles had engaged in extensive discussions, particularly after the summer of 2007, during which it was credibly argued that the conventional military plan, that had given since 2003 priority to the air force over all other forces, and squeezed the budget of the land force by about 30%, and abolished some of its military units, proved to be erroneous. To overcome

the shortcoming, the army leadership has become convinced of the necessity to increase the budget of the land force, to keep the infantry units that were about to be disbanded, and to develop the tanks and the infantry weapons.⁴²

By September 2007, the military leadership endorsed the five-year Israeli military procurement plan, known as Tefen 2012, which provided for the purchase of extensive and modern defensive and offensive weapons: American stealth fighter jets, modern warships, hundreds of new armored personnel carriers, and numerous planes without pilots. The plan gave priority to the ground forces, but adequately strengthened the air and naval forces. It also provided for the continuation of the manufacturing of Merkava Mark 4 main battle tanks, the strengthening of the tanks defense system, and the manufacturing of hundreds of armored personnel carriers. Additionally, the plan stipulated for the provision of a squadron of 25 stealth-capable F-35 Strike Fighters, anti-missile defenses will be incorporated in the modern tanks. It also emphasized the importance of training and the intelligence.⁴³

By early 2007, the project of Merkava tank was about to be closed, which would have negatively affected 200 factories that employed about 10 thousand workers.⁴⁴ However, the inclination of the new military strategy to strengthen the land forces saved the project, on condition that some modifications and improvements will be incorporated in the modern tanks. The military leadership decided to introduce an Active Protection System (APS), known as “Wind Coat,” which designed to supplement the armor of both light and heavy armored fighting vehicles, which intercepts and destroys incoming missiles and rockets with a shotgun-like blast. It includes also fire-control. It was decided to construct 100 of this defensive system by early 2008.⁴⁵

Within the general orientation of the military plan, the administration of RAFAEL Armament Development Authority announced on 10/8/2007 that it will start after one year and half the deployment of a new missile to intercept the Qassam and the short-range Katyusha rockets. This project, known as the “Iron Dome,” was expected to enable the radar warning system, the Red Dawn (*Shahar Adom*) and Israeli radar manufactured by Altra Company to detect a rocket or missile and then send a counter missile to destroy them in the air.⁴⁶ In November 2007, the Israeli Ministry of Defense announced that it will develop, with an American subsidy of \$155 million, a new anti-missile defense system, known as “David’s Sling,” that would be capable of intercepting different kinds of the locally made Palestinian

missiles as well as long range missiles with nuclear heads.⁴⁷ However, it seems that some senior Israel officers were not absolutely convinced of the efficiency of these systems. The leader of the Israeli Air Force had said in this respect that it will be sheer dreaming for anyone to assume that we can crush once and for all those who fire the resistance missiles.⁴⁸

To strengthen the Israeli missile capability, it was said that the air force planned to buy a big number of American offensive missiles, a \$100 million worth, equipped with a low cost navigation system which will convert a bomb from a fired bomb to an smart bomb directed by the satellite.⁴⁹ The air force had also negotiated with the Israeli air industry to purchase LORA land-land missiles whose range reached one thousand kilometers, and can be an alternative to planes.⁵⁰ By the end of August 2007, there were news of an American–Israeli deal by which Israel would purchase American modern air and naval missiles, including 200 AMRAAM medium range air to air missile, 500 Sidewinder air to air short range missiles and 30 naval Harpoon missiles. The total cost of this deal was said to be \$334 million.⁵¹

By the end of March 2007, Israel declared its intention to purchase a hundred of the F-35 plane, which is reputed to be the primary American war plane in the future. If materialized, Israel will receive the first of these planes, which value \$47 million per plane, in 2014.⁵² The Israeli war industry had also started manufacturing solar powered drones that can stay over the skies of the targeted countries for long a period.⁵³ And in order to monitor the Iranian nuclear project, it was announced that the preparations had started in Israel to launch a TecSar satellite by September 2007, which is capable of photographing very small targets and sending their photos under any weather condition.⁵⁴

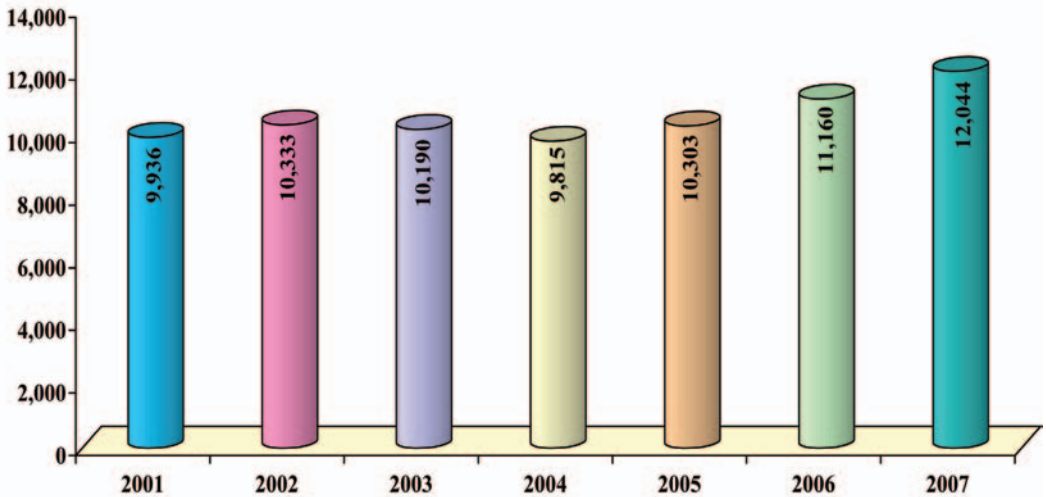
It is difficult to accurately specify the Israeli military budget. Some items of the military expenditure were not disclosed because of their confidentiality, while many deals of selling or purchasing armaments were secretly undertaken, and the budget had been subjected to review and changes during the course of the year, either to increase or to decrease the allocated funds. Nonetheless, according to the Israeli central statistics office, the budget of the military expenditure for the year 2007 totaled about 49.48 billion shekels (\$12.04 billion). This sum is referred to as the net expenditure, and reached after clearing the revenue of the sales, which amounted to about \$253.2 million in the year 2007. Hence, the actual military expenditure of the year 2007 totaled about \$12.3 billion.⁵⁵ It is thus clear that the

actual value of the military sales was not released. Nonetheless, Israel occupied the fourth position worldwide, after the USA, Russia and France, in the sales of armament, whose value was estimated to be \$4.9 billion annually.⁵⁶ It is said that the military budget for the year 2007 was the highest in Israeli history, and there are indications that the government had increased it after it had been officially approved by the Knesset.⁵⁷

Table 10/2: Official Israeli Military Expenditure 2001–2007⁵⁸

Year	Million shekels	\$ Million
2001	41,788	9,936
2002	48,957	10,333
2003	46,349	10,190
2004	43,989	9,815
2005	46,239	10,303
2006	49,735	11,160
2007	49,476	12,044

Official Israeli Military Expenditure 2001–2007 (\$ million)



The social disintegration and flaccidness in the Israeli society, and the spread of the culture of materialism and consumerism in it had adversely affected the military institution, and made it difficult to recruit suitable youngsters for military service. According to some Israeli sources, about 25% of the Jewish youth escaped

the compulsory military service,⁵⁹ and an internal army report revealed that 14.7% of the soldiers suffer psychological problems.⁶⁰ This is probably one of the reasons for the increased religiosity in the Israeli army. A report published in *Maariv* newspaper of 26/8/2007 claimed that the percentage of religiosity among senior Israeli officer reached 40%, though the religiously committed in the Israeli society at large constituted 7% only. By the early 1980s their percentage in the army was less than that in the Israeli society.⁶¹

Third: Aggression and Resistance

Israel continued during the year 2007 its aggression on the Palestinian people. It took advantage of the schism and the accompanied fighting and lawlessness that had exhausted much of the Palestinian energy, and weakened, even damaged the image of the Palestinian resistance. The resistance operations of the year 2007 were mainly defensive in nature, with an emphasis on launching missiles that had become more accurate and wider in range. Apart from their crippling siege and continuous attacks on GS, Israeli forces continued their occupation of the WB, and took advantage of security coordination and cooperation with the PA during the second half of the year 2007.

However, it is essential to record that Israeli sources, as well as their Palestinian counterparts, give contradictory figures of the number of dead, wounded and the detainees. However, out of necessity, the discourse had finally opted for the below specific numbers.

During 2007, 412 Palestinians were killed by Israeli forces, of whom 315 were from GS and 97 from the WB, including Jerusalem. The occupation forces conducted 38 assassinations in which 67 Palestinians were killed, including 42 minors of less than 18 years old. There were 1,500 wounded and 69 citizens have died; 13 perished on Israeli military crossings, and 56 because they were denied to exist from GS to receive medical treatment aboard. The death toll of the Palestinian civilians was at least 131 killed.⁶²

According to the Shabak, 13 Israelis died in Palestinian operations, and the Palestinian resistance launched 1,263 missiles and fired 1,511 mortar bombs that killed two Israelis and wounded 300. The Shabak claimed that it aborted

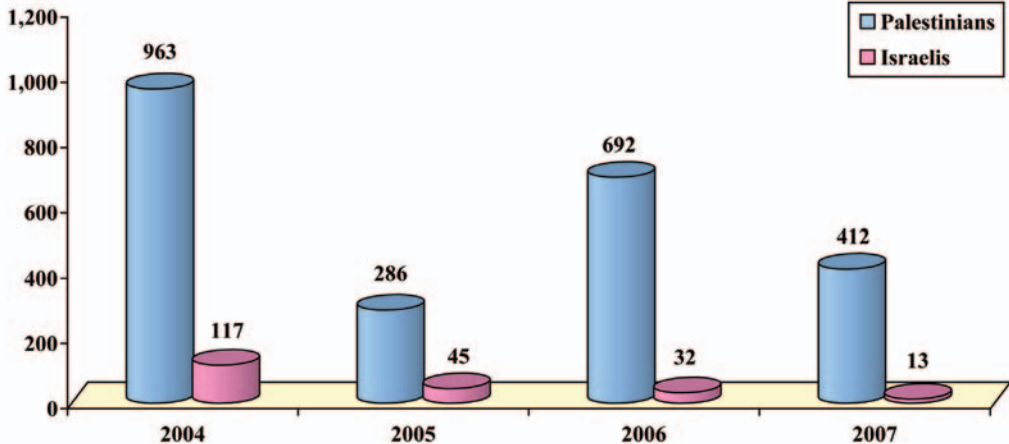
29 “self-immolation” operations, arrested 220 Palestinians who are suspected to participate in planning operations against the occupiers, and uncovered 12 tunnels of which four were dug towards the Israeli side.⁶³

The occupation forces conducted 1,466 penetration operations in the towns, villages and camps of the WB during which 2,800 Palestinians were arrested, including 15 women and 170 children.⁶⁴ Moreover, the occupation forces continued their attack on the medical teams, and obstructed the transportation of the wounded to the hospitals. The Palestinian Red Crescent recorded 520 attacks on its medical teams during the year 2007.⁶⁵

Table 11/2: The Killed and Wounded among the Palestinians and the Israelis 2004–2007⁶⁶

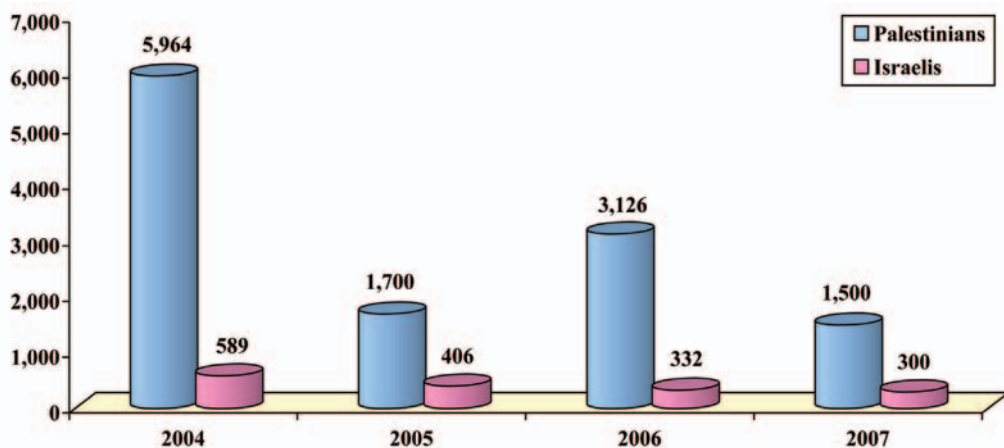
Year	Killed		Wounded	
	Palestinians	Israelis	Palestinians	Israelis
2004	963	117	5,964	589
2005	286	45	1,700	406
2006	692	32	3,126	332
2007	412	13	1,500	300

The Killed among the Palestinians and the Israelis 2004–2007



* The overwhelming majority of Palestinians, Arabs and Muslims are considering these operations as “martyrdom operations” while most Israelis and western writers and media are considering them as “suicide operations”. We used the word “self-immolation” in this report to be as neutral as possible. However, such terms may need more discussions.

The Wounded among the Palestinians and the Israelis 2004–2007



The Palestinian Ministry of Detainees and Ex-detainees Affairs considered the year 2007 the worst of all years for the prisoners. For by its end 11,550 were detained in the occupation prisons, of whom 10,485 were from the WB, 860 from GS and 140 from the 1948 occupied Palestine, in addition to many Arab prisoners and others from the Golan. Among those detainees, 4,950 were sentenced, 5,600 awaited trials and 950 were administrative detainees. There are 700 detainees who were sentenced to one or more life imprisonments.

During the year 2007, the occupation authorities arrested 7,495 Palestinians, of whom 6,670 were from the WB and 825 from GS. In the very same year, 45 ministers and members of the PLC, including Maryam Salih, the first female member of the parliament to be arrested, as well as mayors and members of the municipal councils. With the arrest of Ahmad al-Haj, the detained members of the PLC and the ex-ministers totaled 52. Of the 47 detained members of the PLC, 42 were of the list of reform and change (Hamas), and four from Fatah, of whom three were arrested before the legislative elections, and one, Ahmad Sa'dat, belonged to the PFLP.

The number of the sick detainees in Israeli detention centers rose from 1,000 in 2006 to 1,250 in 2007. Women prisoners totaled 114, of whom 110 were from the WB, and four from GS. Among the detained women, 62 were sentenced to imprisonment, 48 were awaiting trials and four were administratively detained. The number of children and minors below 18 years in Israeli jails were 330 of whom 155 were sentenced, 48 awaiting trials and six administratively detained.⁶⁷

Table 12/2: The Prisoners and Detainees in Israeli Jails 2007

No. of detainees on 1/1/2007	No. of detainees on 31/12/2007	Detainees during 2007		No. of women by the end of 2007	No. of children by the end of 2007
		WB	GS		
11,000	11,550	6,670	825	114	330

Table 13/2: The Prisoners and Detainees in Israeli Jails according to Geographic Locations by the End of 2007

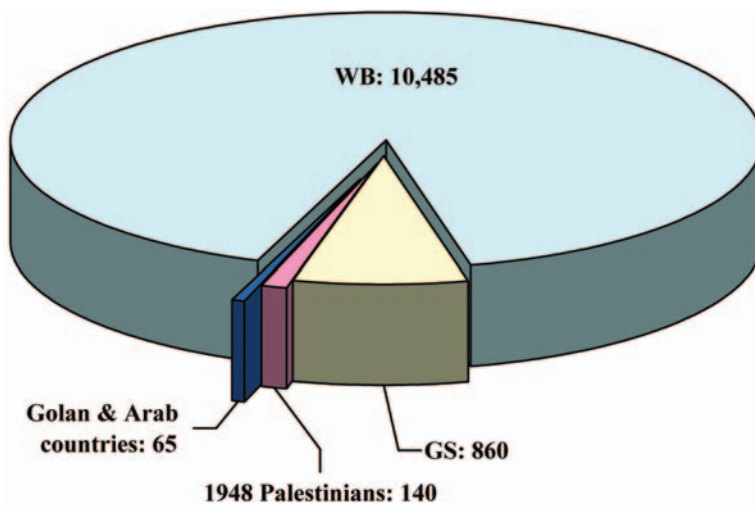
WB	GS	1948 Palestinians	Golan & Arab countries	Total
10,485	860	140	65	11,550

Table 14/2: The Prisoners and Detainees in Israeli Jails according to Their Legal Status by the End of 2007

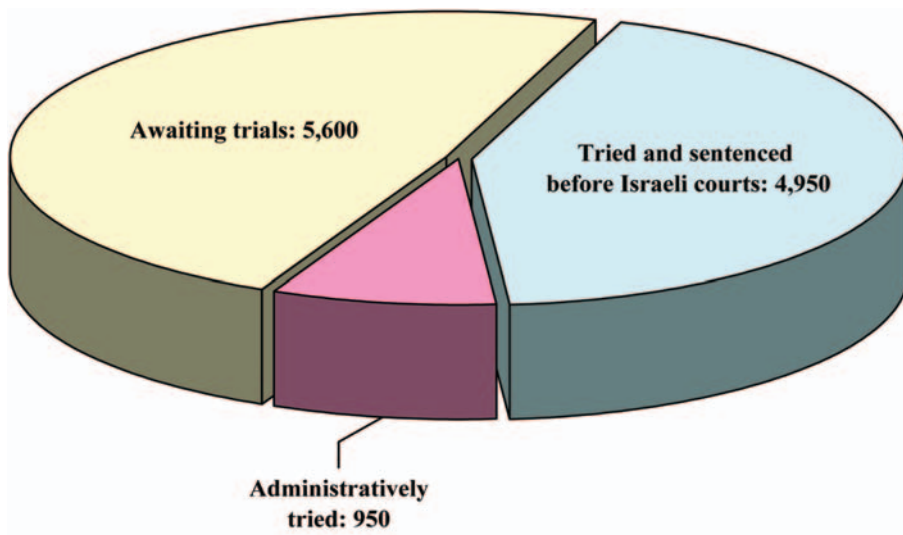
Tried and sentenced before Israeli courts	Administratively tried	Awaiting trials	Total
4,950	950	5,600	11,500*

* The Ministry of Detainees was unable to specify the legal status of 50 detainees.

The Prisoners and Detainees in Israeli Jails according to Geographic Locations by the End of 2007



The Prisoners and Detainees in Israeli Jails according to Their Legal Status by the End of 2007



The Israeli policy towards the detainees was to all intents and purposes vicious in the sense that whenever a group is released amongst a noisy media propaganda, others would be immediately arrested. This meant increasing, rather than decreasing, their numbers and hardships in Israeli prisons. During the second half of 2007, Israel released 780 detainees in three groups, whose majority were from Fatah and with light imprisonment periods. But, for example, three weeks after releasing the first group of 255 prisoners under the guise of “good intentions,” Israel arrested 350 other Palestinians,⁶⁸ let alone the thousands detainees throughout the year 2007.

During the year 2007 six detainees were killed in Israeli prisons because of medial negligence, or were directly fired at, while three others were murdered in cold blood.⁶⁹ Israeli authorities brutally suppressed the detainees’ protests that demanded their human rights, of which the most violent was the merciless crushing of an uprising in the prison of the Negev Desert in which Muhammad al-Ashqar was killed and more than 250 others were wounded. Additionally, the personal belongings of the detainees were burned down in one section of the prison.⁷⁰

Fourth: The Israeli Stand on the Internal Palestinian Situation

The gist of the Israeli position towards the internal Palestinian developments during the year 2007 may be summarized in the following:

1. Total rejection of Hamas' leadership or its participation in the government, and the strife to secure its downfall by all means.
2. The continuation of detaining the representatives of Hamas in the PLC in order to paralyze its activities.
3. Encouragement of the internal Palestinian schism, and rejection of Mecca Agreement and the government of national unity, while supporting the Palestinian presidency and some groups affiliated to Fatah in their confrontation with Hamas.
4. Continuation of the brutal siege imposed on the Palestinians in order to humiliate them and compel them to accept the pro-Israeli political options.
5. The exploitation of the internal Palestinian conflicts and the lack of law and order to tarnish the image of the Palestinian struggle and resistance, separate between GS and the WB, weaken the Palestinian negotiating position and secure the maximum possible concessions, and to continue the policies of the settlements and judiaization of the occupied lands.

Being the most beneficiary from the Palestinian schism, the Israelis closely and anxiously observed the lack of law and order and fighting between Fatah and Hamas. Though actually doing their utmost best, economically and politically, to secure the downfall of Hamas government, they pretended not to be part of the conflict.

Since the beginning of the year 2007, Israeli officials never concealed their jubilation of the internal Palestinian feuds, and their concern by a possible deal between the two sides. An Israeli official reiterated that the fighting confirmed to the world “how correct we were when we said that they are not qualified to govern a state, and are immature to conclude peace treaties.” He expected a prolonged fight that would end any possibility for a government of national unity between Hamas and Fatah.⁷¹ Olmert expressed his concern by the possible meeting between ‘Abbas and Khalid Mish‘al,⁷² while the Israeli Minister of Foreign Affairs warned

‘Abbas against any agreement with Hamas by claiming that “It would not only be futile but will also lead to another impasse.”⁷³ Chairman of the Likud Party and the Leader of opposition Binyamin Netanyahu was even blunter, as he openly called, in the opening session of Herzliya Conference on 21/1/2007, for the downfall of Hamas “to open the door for a more moderate Palestinian force,” and emphasized that the collapse of Hamas constituted “a pivotal Israeli objective.”⁷⁴

Israel was, on the other hand, extremely concerned that Hamas may be the winner in the confrontations. Minister Ze’ev Boim cautioned that “the Palestinian fighting might backlash on Israel, especially if Hamas had the upper hand,” which “would necessitate an Israeli intervention to prevent the transformation of GS into another Lebanon.”⁷⁵ Meanwhile, there was a consensus within the Israeli government not to directly and flagrantly interfere in the fighting between Fatah and Hamas lest it develops into an Israeli–Palestinian confrontation. Nonetheless, Olmert openly declared that he “prefers the victory of the President of the PA Mahmud ‘Abbas.”⁷⁶

The Israeli leaders exhibited their disapproval of Mecca Agreement. For it does not only unite the Palestinian internal front but also denies Israel the opportunity of making use of the Palestinian schism, provides Hamas and its led-government with an Arab umbrella, and opens the gate, at least partially, for lifting the European and international political and economic embargo on the Palestinian government and people.

Tzipi Livni, the Minister of Foreign Affairs, viewed Mecca Agreement as disappointing because it did not lead to any change in Hamas’ political stand, but, on the contrary, it “imposed its conditions on Fatah.”⁷⁷ Olmert also expressed his fury over Mecca Agreement and the selection of Isma’il Haniyyah for the premiership.⁷⁸ He added that Israel is in agreement with the USA to boycott the Palestinian government of national unity, which they will never recognize or cooperate with until and unless it accepts the conditions of the Quartet.⁷⁹ Both Israel and the USA had hastened to exercise pressure on many European states and the other international powers who indicated that they may recognize and cooperate with the government of national unity. The outcome of this drive was the continuation of the boycott of the government and the siege of the Palestinian people.

The Israeli worry was reflected in its declared intention to cancel a prior arranged meeting between ‘Abbas, Olmert and Condoleezza Rice on the pretext that Mecca

Agreement had aborted it before holding it, but the USA expressed its desire to hold the meeting on time.⁸⁰ However, rather than being a negotiation forum, it turned into a platform to air Israeli–American anger with President ‘Abbas. Yossi Beilin, the President of Meretz Party had even dared to advise ‘Abbas not to attend the meeting to avoid the Israeli “reprimand.” Concurrently, the Minister of Interior Roni Bar-On, called for the intensification of the pressure on ‘Abbas, but warned of the dire consequences of his boycott as this would push him into the “hands of Hamas.”⁸¹

After the formation of the Palestinian unity government under the premiership of Isma‘il Haniyyah, the Israeli government issued a communiqué in which it expressed its hostile stand towards the new government, which crystallized in the following points:⁸²

1. As long as the Palestinian government, as spelled out in its political program, does not accept the conditions of the international community, which are based on the recognition of the existence of Israel and the “refutation of terrorism,” Israel will not deal with this government or any of its members.
2. Israel will continue to deal with the President of the PA Mahmud ‘Abbas, especially on matters related to security and the improvement of the Palestinian living conditions.
3. As long as the political program of the new government stipulated the legitimacy of “terrorism,” the prospects for a future Palestinian–Israeli deal is farfetched.
4. The president of the PA should “dismantle the terrorist organizations,” and Israel would continue its policy of isolating the new government until it accepts the conditions of the Quartet.

While determined to continue its siege and boycott of the Palestinian government, Israel actively coordinated with the USA on a number of security measures, especially Dayton Plan, in order to secure the downfall of the national unity government. In his meeting with ‘Abbas on 15/4/2007, in which the pro-‘Abbas Palestinians explained in details the security plan concluded between the Palestinian presidency and the American Security Coordinator Keith Dayton. Olmert expressed Israel’s support to Dayton Plan of training and arming the Presidential Guard. The Israeli Deputy Minister of Defense Efraim Sneh, with

whom the plan was discussed, said that the strengthening of ‘Abbas Presidential Guard “explicitly meant the strengthening of the moderate forces versus Hamas and Islamic Jihad.” He added that any drive to stop the smuggling of weapons will be in Israel’s interest.⁸³

With great relief, Israel observed the stumbling of the national unity government, the resignation of the Minister of Interior Hani al-Qawasmi and the violent internal fighting that erupted in mid May 2007. Interestingly, the May 2007 intensification of the Israeli military activities in GS had so amazingly coincided with the intensification of the internal fighting, that had been masterminded by some Palestinian quarters affiliated to Fatah, presumably as an initiation of the implementation of Dayton Plan. During that month 66 Palestinians killed by Israeli fire, of whom 55 were from GS. Observers had inquisitively observed that the toll of killed during the previous five month (1/12/2006–30/4/2007) was 73, of whom 21 only were from GS.⁸⁴

In the same month, May 2007, Hamas launched a barrage of missiles against the Israeli settlements to concentrate on the real enemy of the Palestinians. According to a senior source in the Israeli Ministry of Defense, the military commentator of Channel 10 said that the Israeli army decided to respond to these missiles “on condition that this action will not negatively affect the continuation of the fighting between the two Palestinian movements.” Similarly, according to the Israeli Hebrew broadcasting service, a senior source in Olmerts’ office said, “Israel has a major interest in the continuation of the internal fighting because it will weaken Hamas,” and the director of the Shabak, Yuval Diskin, said that the biggest and most successful military operation that the Israeli army may launch against the resistance movements in GS “could not achieve better results than the internal Palestinian fighting.”⁸⁵

The Israeli political expert Ehud Yaari said that Hamas’ missile attacks on Sderot can be sabotaged by a trio plan:

1. The destruction of Hamas and putting it under local, Arab, and international siege.
2. The exhaustion and attrition of Hamas in order to enable Dahlan to impose his control and to implement Dayton Plan.
3. To provide one billion dollar fund to rebuild a new and strong Palestinian security apparatus under the leadership of Dahlan.

Yaari opined that Fatah, in his words, “the weak and flaccid” will be rebuilt to know whether it can govern or not? He added that some of its leaders, like Jibril al-Rajub, obstructed Dahlan’s work in GS, and hindered the drive to control Hamas. He felt that a one-year plan was in the making to reform and strengthen Fatah Movement. Meanwhile, Israel will continue its strife to destroy Hamas.⁸⁶

However, Israel and the USA failed to suppress Hamas, which controlled GS in mid June 2007. The senior commentator Nahum Barnea in the Israeli newspaper *Yedioth Ahronoth* commented on this development by writing, “The Palestinian internal fighting that Israel hoped for since many years had finally materialized. But alas it developed in the wrong direction... It is Hamas that crushed Fatah.”⁸⁷ Ehud Yaari, a military analyst of the Second Channel of the Israeli Television, said that the forces that Dahlan built in GS, with American funding and Israeli agreement and support, had, in his words, “collapsed exactly like a paper tower.”⁸⁸

Despite the Israeli frustration, ‘Abbas’ summary dissolution of the government of national unity, his formation of an emergency government in Ramallah, and consolidation of the Palestinian political and geographical division between the WB and GS opened the gate for Israel to take advantage of the new reality. Hence, Olmert said that the status quo “gave Israel a long awaited opportunity... This opened a new avenue,” and added that he “will work diligently to make use of this development.”⁸⁹ He continued to say that the strategy that he and Bush had agreed upon “dictates substantial support to ‘Abbas,” though, correspondingly, Israel and the USA will do their utmost best to “block any contact between Hamas and Fatah.”⁹⁰

Israel welcomed ‘Abbas’ formation of the emergency government and the various decrees and measures that he took against Hamas. Moreover, it expressed its relief for the “determined” move of security forces led by Fatah in the WB against Hamas’ activities and institutions. Israel viewed the emergency government as a viable peace partner, and decided to gradually lift the economic blockade on the WB, hand over the funds that it freezed to Fayyad’s government,⁹¹ and, as a declaration of “good intention,” released hundreds of the Palestinian detainees in Israeli jails.

Israel cooperated with the emergency cum provisional government on political, economic and security matters. It also provided, directly or indirectly, a great service to the authority in Ramallah by detaining Hamas’ members of the PLC

of the WB, which paralyzed the Hamas-controlled PLC which, if convened, had the power to dismiss Fayyad's government and to nullify all 'Abbas decrees and measures. Hence, Ramallah continued with its fait accompli, and it pursued its program of coordination and negotiation with Israel. Meanwhile, Israeli authorities continued their siege of GS and drove to secure the downfall of Haniyyah's dismissed government by all means.

Israel expressed its satisfaction with the extreme position of the Palestinian presidency towards Hamas, and was keen to deepen the Palestinian schism. The peace negotiations continued systematically until they culminated in Annapolis Conference on 27/11/2007. Meanwhile, Israel threatened to stop its contacts with 'Abbas and Ramallah's government if they renewed their contacts with Hamas.⁹² Olmert said that 'Abbas "categorically told me that there will be no peace with them [Hamas]... We will always fight them... I hope that he will abide by this promise."⁹³ Later, Livni commented that she knows that the international community is keen for a kind of understanding between Fatah and Hamas, but added, "this is fallacious, this is wrong, a big, a grave mistake."⁹⁴ The policy of consolidating the power of Abu Mazin and Fayyad and to weaken and isolate Hamas remained one of the major characteristics of Israeli policy during the second half of the year 2007.⁹⁵

One of the rare and astonishing aspects of coordination between Israel and Ramallah's authority was their successful joint effort to obstruct a Qatari initiated anti-Israeli draft resolution that the Security Council was about to pass, and which called for the declaration of GS "a humanitarially catastrophic region." Ironically, the main heading of the Israeli newspaper *Maariv* of 1/8/2007 read as follows: "Palestinians in the service of Israel in the UN." The newspaper reported that 'Abbas said, "I will never allow Hamas to have any footing in the world through achievements in the Security Council." *Maariv* added that 'Abbas demanded that GS be driven into a real humanitarian crisis so that he can hold Hamas squarely responsible.⁹⁶

On the other side, Israel was extremely disturbed that Hamas remained steadfast in GS, and that Fatah was unlikely to dislodge it.⁹⁷ Israel also never concealed its anxiety of Hamas' continued popularity and strength in the WB, despite the fact that due to the pressures of both Israel and Ramallah, Hamas couldn't express its full strength. In what appeared to be an incitement against Hamas, *The Jerusalem Post* newspaper reported that some officials in the Israeli Ministry of Defense had

said in early September 2007 that a recent evaluation revealed that Hamas' strength in the WB equaled that of Fatah, and that Hamas constituted an imminent threat to President 'Abbas's security forces. The newspaper added that the Israeli military institution was "gravely anxious of the possibility of the collapse of Fatah forces as had happened in Gaza."⁹⁸ According to Channel two of Israel Broadcasting Service, the Israeli fears had increased after a campaign launched by the Israeli army in the camp of 'Ain Beit al-Ma' near Nablus, which revealed the tremendous strength of Hamas' infrastructure in the WB that had, according to senior Israeli military officials in the middle region, "astonished the army and the Shabak."⁹⁹

Israel had threatened more than once to invade GS if Hamas continued to control it and the launching of missiles continued against Israeli targets. Nevertheless, it opted for the rest of the year 2007 to continue its tight siege and assassination operations, and to strike specific targets. Amongst the Israeli measures were gradual decrease of electricity supply, basic foodstuffs and fuel in addition to raw materials for factories and workshops. Consequently, these will lead to total paralysis in GS, which may incite the people to rise against Hamas and its government. Moreover, Israel declared Hamas a "hostile entity" and ordered the stoppage of bank transfers.¹⁰⁰

Apart from the possibility of a military failure, Israel was repeatedly warned that a total military invasion of GS might have a negative impact on the Palestinian presidency and the government of Fayyad in Ramallah. Ami Ayalon, a minister and the former president of the Shabak, felt that such a widespread military operation would inflict a decisive blow on 'Abbas, strengthen Hamas and Iran and may provoke the supporters of Fatah to defend their homes and properties. Moreover, Ami Ayalon opined that the targeting of Hamas' infrastructure in such a violent manner would abort Annapolis, strengthen Iran and Hizbullah, and may compel 'Abbas to resign. He also cautioned that a comprehensive invasion is inter-related to two vital conditions: First, its justification must be "convincing," and secondly the political and strategic course must be pursued in such a way that the brutal consequences of the battle should not outweigh the justification of undertaken it.¹⁰¹ Hence, the issue of the best option to deal with GS remained a source of heated controversy in Israeli circles, especially in the light of its possible impact on the internal Palestinian situation and the Israeli interests.

Fifth: The Political Settlement Track

The Arab–Israeli conflict had experienced consecutive rounds of both substantive and nominal negotiations, and several tracks for concluding a peace settlement had emerged. The negotiation process had been subjected in all its stages to several local, regional and international variables that had clear impact on the positions of the negotiating partners and on the rounds of negotiations themselves, of which we enumerate the following:¹⁰²

1. The internal situation of the conflicting partners, whether the Arab or the Israeli side. The Arab scene was characterized by disintegration and lack of will for a joint Arab action, but the focus here will be on the Israeli side. The Israeli leadership during the year 2007 was rather new and lacked sufficient knowledge and understanding of the political and security issues at stake.

The Israeli leadership suffered from the humiliation of the war on Lebanon, and from the endless investigations on corruption. Olmert faced many competitors who were anxious to replace him, while the coalition government was so fragile that it may collapse at any time over the issue of the peace settlement. On this vein, two of the main coalition partners warned that they will quit the coalition. Yisrael Beitenu Party, which had 11 seats in the Knesset, declared that it will withdraw from the government if excessive concessions were given to the Palestinians on the issues of the settlements and the Palestinian state, while the religious party Shas, which had 12 seats in the Knesset, had also threatened to quit over any compromise on Jerusalem or the refugees. Thus, the government was perplexed and unable to patronize specific stances on the issue of the peace settlement.¹⁰³ Conversely, other quarters insisted on the military option to impose a peace settlement on the Arab side, particularly the increasingly unpopular military institution, whose interests and gains were liable to be negatively affected by a peace settlement.¹⁰⁴

2. The regional situation, which was overwhelmed by four major crises: the American occupation of Iraq, the Iranian nuclear issue, the Lebanese crisis and the Fatah– Hamas dispute over power in Palestine.

3. The international situation and the bitter rivalry during the cold war between the major powers over the region that ended by the undisputed American hegemony on it and the absence of any competitor on the international level; while Europe tried on its own accord to be an international partner in the series of attempts to strike a peace settlement in the region.

Hence, the Israeli objective behind the negotiations and the peace process was to have the least degree of political stability in the region, and to employ the negotiation process to contain the hotbeds of tension via the least possible military operations and with the minimum cost. To cover up the inability to reach to a viable settlement, the negotiations had thus dragged on, but in a more organized and diversified manner. The objective focused on having a truce and trying to extend the peace periods, rather than having a real peace settlement.

While Israel had previously responded to Madrid's slogan of "peace for land" by patronizing "peace for peace" slogan, its current dogmatic objective is to alter the principle of "negotiations for the sake of peace" to the principle of "negotiations for the sake of negotiations" in order to maintain the status quo without concluding substantive and viable settlements on the ground.¹⁰⁵

Some of the Israeli leaders tried to exploit the peace process to achieve personal and partisan objectives. Olmert, for example, had made use of this process to strengthen his internal position at a time when his popularity had eroded to its lowest ebb during the year 2007. He saw in the peace settlement a convenient means to overcome his increasing internal problems. He accepted the calls for international conferences to appear as an advocate of peace while he very well knew that these forums will not impose on Israel any concessions. In his judgment, such a strategy would enable him to kill two birds with one stone, namely to pose as the champion of the Israeli fundamentals and thus consolidate his shaky internal reputation, and to concurrently win the support of the USA which favors the peace process.¹⁰⁶ Similarly, Shimon Peres, Barak and Netanyahu had all tried to assert their leadership to their parties by insisting on the Israeli fundamentals.

However, there was a consensus among the leaders of the ruling coalition, Prime Minister Olmert, the Minister of Defense Ehud Barak, the Minister of Foreign Affairs Tzipi Livni, the leader of Shas Party Eliyahu "Eli" Yishai and the leader of the Yisrael Beitenu Party Avigdor Lieberman, to pinpoint the Israeli demands in a peace settlement as follows:¹⁰⁷

1. Any peace settlement should secure first and foremost Israeli's security.
2. To endorse the Road Map with the 14 Israeli reservations. Besides, any settlement should be conditioned on the strict adherence of the Palestinians to their commitments.
3. The PA should dismantle the "terrorist" organizations.
4. Rejection of any agreement of principles regarding the core issues of the conflict, like Jerusalem, the refugees and the borders, except after the implementation of the previous phase.
5. The importance of the participation of Arab states in the peace process, though the actual negotiations should be bilateral between Israel and the PA. Besides, Israel rejected the Arab Initiative as a reference to the negotiations.
6. The "Jewishness" of the state must be guaranteed, thus no concessions would be made on the issues of Jerusalem and the refugees, though a population swapping may be allowed regarding the settlements, the 1948 Arabs and Jerusalem. Moreover, the starting point of the negotiations should be Palestinian recognition that Israel is a "Jewish state."
7. The necessity of terminating the state of conflict in the region to guarantee the security of Israel, and the Palestinian state should continue to be disarmed.
8. Israel is not bound by any specific time frame.¹⁰⁸

Israel depended in any regional peace negotiations on two documents that it viewed as supportive to its stand:¹⁰⁹

1. Bush's message to the former Israeli Premier Sharon that the major settlements would be under Israeli sovereignty.
2. The principles embodied in the Road Map which require that the Palestinians dismantle the infrastructure of "terrorism" prior to the opening of the negotiations.

During the last year, Israel offered a number of political initiatives to satisfy the American side that strived to keep the peace process moving forward. These initiatives had, moreover, aimed at appeasing the Palestinian side, and, hopefully, to indicate to the Israelis that their government do have a peace initiative. Below are the most important of those initiatives:¹¹⁰

1. Shimon Peres's Initiative: It included an Israeli agreement to transfer to the PA an area of land, equivalent to 100% of the lands occupied in 1967, on condition that Israel would keep settlements blocs in 5% of the WB in return for compensating the Palestinian by a similar area in the Negev Desert that is adjacent to GS. A possible swapping of some settlements blocs with some of the Arab villages and towns in the 1948 frontiers. A joint administration of Jerusalem the three monotheistic religions over the holy cites in Jerusalem and the possibility of a joint solution to solve the Diaspora's issue.

2. Haim Ramon's Initiative: In this initiative, Ramon, the deputy premier and a close associate of Ehud Olmert, agreed to an Israeli withdrawal from 70% of the lands of the WB, and to evacuate mostly isolated settlements on condition that this would be followed by fixing a date to begin negotiations for a final-status agreement. He claimed that this proposal was officially endorsed by 'Abbas and the PA.

3. Olmert's Initiative: This initiative declared the intention of an Israeli withdrawal from 90% of the lands of the WB, and provided for a secured tunnel between the WB and GS, maintenance of the major settlements blocs in the WB, the possibility of giving the Palestinians some remote suburbs of Jerusalem to be the capital of their state, but with a joint control of the holy places, and the possible return of the refugees to the state of Palestine but not to Israel. However, the implementation of the provisions of this initiative would depend on the ability of the PA to establish the necessary institutions and to control the state.

4. Tzipi Livni's Initiative: Besides political security, this initiative provided for the opening up of the economic horizon through the establishment of numerous economic projects in the Palestinian state, including infrastructure for electricity and water supply and city planning, and the establishment of a joint project in cooperation with Jordan for the development of Jordan Valley. Besides, the initiative provided for an Israeli withdrawal from 82–90% of the lands occupied in 1967. The initiative was also supported by a proposal by Rani Lubenstein, senior advisor to the Director-General of the Ministry of Finance, which included advising the PA to concentrate on a number of economic projects in order to limit the influence of

the pro-Hamas groups. Livni patronized an amendment to her initiative to bypass the first phase of the Road Map, which requires the termination of violence, to the second one that allowed the establishment of a provisional Palestinian state on condition that the right of return would become null and void.

A close look at these initiatives reveals that they are all indiscriminately based on the Israeli fundamentals that do not accept the pre-1967 borders as the basis of a settlement, and refuses the return of the refugees, the partition of Jerusalem and the dismantling of the settlements. Besides, though presented by some prominent Israeli leaders, these initiatives had never been reduced into concrete plans incorporated in the official program of the government, which indicated that their objective was to pose the Israeli position as perplexed and ambiguous, but without being committal to Israel. They are part and parcel of the slogan of negotiations for the sake of tranquility, and negotiations without any hope of proceeding towards implementation on the ground. Besides, some of these initiatives may have been put on the table to propagate and win support for one or the other of the candidates in the elections.

The attitude of the Israeli public towards the peace settlement had not substantially changed; it remained basically the same as in the previous years, (see table 15/2). The percentage of those who supported the establishment of the Palestinian state on most of the WB and GS was 41%, the lowest of the last three years. Similarly, the percentage of those who supported the return of some regions and the annexation of others was comparatively lower than previous years, only 46%. Moreover, the percentage of those who supported the return of old Jerusalem except *al-Buraq* Wall (Wailing Wall) retracted to 27% while that of those who supported the possible relinquishment of the suburbs of Arab Jerusalem to the Palestinians was reduced to 37%, which, of course, did not include the relinquishment of old Jerusalem. As for those who supported the return of a number of the refugees to Israel the percentage was 17%, higher than for the years 2004 and 2006, but lower than the one for 2005.

Table 15/2: Percentage Support for Various Possible Elements of a Peace Treaty with the Palestinians 2004–2007 (%)¹¹¹

Year	2004	2005	2006	2007
1. A Palestinian state on 95% of the WB and GS with Israel retaining the large settlement blocs	43	46	45	41
2. Giving areas to the Palestinians in return for areas remaining as part of Israel	48	50	54	46
3. Transferring the Arab neighborhoods in Jerusalem to the Palestinians, except for the Old City	36	40	45	37
4. The Temple Mount will be given to the Palestinians and the Wailing Wall will be retained by Israel	30	29	28	27
5. A limited number of refugees will be permitted to return to Israel	14	20	16	17
6. Israel will transfer control of the Jordan Valley within a few years	20	24	21	22

The attitude of Israel towards the other international peace plans is briefly presented below:

1. Annapolis Conference

The objective behind the call for Annapolis Conference had right from the beginning provoked controversy and doubt in Israel. The overwhelming view was that the USA called for this conference to support the American president and his troubled administration, and to capitalize and deepen the Palestinian schism after Hamas' control of GS. However, Israel reluctantly declared that it will attend the conference as long as it would not discuss issues of the final status. Moreover, the Israeli government tried to downplay expectations from this conference, and declared that it is a mere get together.

To block the way in front of any American pressure to concede concessions on Jerusalem, the Israeli government had well before the conference called the Knesset to pass a law that required the majority of two thirds for any changes in the status of the city.

During the conference the disassembled and heterogeneous Israeli government succeeded to make the function a platform of public relations to boost its image

and that of the Israeli leadership which had lost the confidence of the Israeli public. It also managed to make the Road Map the main reference of the conference, and to ignore the Arab Initiative. For it had concentrated before the conference on the procedural aspect of the Road Map, and tried to oblige the Palestinians to observe their part of it without giving any undertaken in return. As for the Israeli public, it opined that the conference did not achieve any progress with regard to the peace settlement. According to an opinion poll conducted by the Israeli newspaper *Haaretz* on 29/11/2007, 50% of the public felt that the conference was a failure, while only 18% considered it to be successful.¹¹²

Israel claimed that the international conference was not for peace per se, but an occasion to formulate some understandings that would facilitate the continuation of the negotiations. To avoid any obligation and gain time, Israel refused any time frame for the negotiations, and argued that they should deal with the generalities not the specifics. It also insisted on the participation of the Arab states in the conference, as this would tantamount to a certificate of good conduct to Israel, and a virtual recognition that it does not constitute danger to the Arab countries.

2. The Stance on the Arab Initiative

Since Israel consider itself to be a leading power in the region and an ally of the great powers, it gave great attention to the Arab Initiative that was concluded in Riyadh in 2007, though it had formally objected to it and asked for its amendment. It viewed the initiative as a preliminary step for a leading Israeli role in the region,¹¹³ particularly so as it was issued in the name of the Arab League and had been masterminded by some Arab states that do not recognize Israel, which is in itself an indication of eventual normalization with Israel. However, while considering the initiative a basis for discussion, Israel had emphasized that it is not a comprehensive plan for a settlement.

There had been a general consensus on the issue of peaceful settlement between the major Israeli political forces, especially Kadima, the Labor Party, Shas and Yisrael Beitenu. No change had occurred whatsoever in their positions on the issues of Jerusalem, the settlements and the right of the refugees, and they all refused to accept the pre-1967 frontiers, though a Palestinian state may be established. The uniformity of the Israeli stand on the issue of peaceful settlement had, in fact, become a popular demand, which had been supported by a broad coalition between the Israeli political parties. Such a united stand was also important to improve the

image of Israel in the world that had been damaged by the course and outcome of the war with Lebanon, and by the repercussions of the Israeli war and siege on GS.

During the course of the year 2007, the programs of the governing coalition parties, and even that of the opposing Likud, had become basically similar, and the debate centered on who should lead Israel to achieve a peaceful settlement with the least concessions. All Israeli leaders were of the opinion that security is pivotal and had to be given precedence over the peace settlement itself. Moreover, they all acknowledged the all important role of the USA in achieving a peace settlement, but insisted that undue American pressure on the Israeli side should be avoided by all means.

Towards the end of 2007, extensive negotiations and many meetings were convened between the Israeli Premier Ehud Olmert and the Palestinian President Mahmud ‘Abbas to issue a joint Palestinian–Israeli declaration.

Israel viewed these deliberations as a phase in a series of rounds of negotiations between the Palestinian and Israeli sides to keep the momentum of a negotiated deal.¹¹⁴ This would reduce the frustration and worry of the Israeli public that resulted from the lack of a settlement, the Lebanese war and the control of Hamas over GS. Moreover, these negotiations and a possible deal would compel Hamas to respond to these developments, and contribute in the peace settlement. Besides, the negotiations would increasingly involve the Arabs in the peace process, and strengthen the moderate forces in the region. Conversely, their failure would further push the “extremists” towards the option of resistance and war.

In conclusion, it may be suggested that a peaceful settlement in the region is still farfetched, and that what had been offered to the Arabs and the Palestinians is far less than the accepted minimum. Meanwhile, Israel will remain enthusiastic to continue the deliberations and discussions in order to intensify the Palestinian schism. Moreover, it will strive to weaken Hamas in GS and support the government of Mahmud ‘Abbas in the WB. Concurrently, rather than depending on the negotiations to determine the Palestinian destiny, Israel creates realities on the ground. Admittedly, there have been a general inclination in Israel not to depend solely on the military strength to achieve a settlement, but the demand to maintain Israel’s striking military capability and its role in achieving a particular settlement on the ground is also glaringly vivid.

On the other side, Israel is aware of the huge threats that endanger its very existence. According to a report by The Jewish People Policy Planning Institute (JPPPI), published in *Yedioth Ahronoth*, Israel is exposed to the following dangers that threaten its existence:¹¹⁵

1. The spread of weapons of mass destruction in countries like Iran and among Islamic organizations.
2. The deepening instability in the Middle East will increase if the influence of the moderate forces decline.
3. The erosion of the position of the USA as the sole strong force following the fiasco that the American policy experienced in the Arab region, and the increasing influence in the international arena of some new great powers, like China and India, coupled with their need for energy from the Arab region, which would propel them to pursue pro-Arab policies.
4. The increasing weakness of coordination between Israel and the Jewish groups in the world, which would decrease the opportunities of Jewish immigration to Israel, particularly so as the sources of this immigration has been dwindling, and counter migration from Israel is progressively increasing.
5. Increased frustration within Israel, especially among the youth, because of the lack of Israeli institutions that are capable of achieving their demands for peace and social justice.¹¹⁶ Additionally, there is a spread on a wide scale of racism and dispute within the Israeli society at the expense of democracy as well as economic and political corruption.

Hence, the crisis of the Israeli project is will escalate, and the time factor will not necessarily be in its favor in future.

Conclusion

During the year 2007, Israel tried to absorb a number of shocks that resulted from the July 2006 war with Lebanon, and to make use of the Palestinian schism to confront Hamas' dominance of the Palestinian government, and its subsequent control of GS.

Being overwhelmed with the widespread political, moral and financial corruption and the frustration of the July war, the Israeli society and political setup tried to restore confidence, and to extract lessons from these bitter experiences. Within a five-year plan, the Israeli army had regiven priority to the land force coupled with a qualitative improvement of the air force. What helped the Israelis to deal with these profound difficulties were the dynamism of their society that allowed a large measure of self-criticism and the institutional system that facilitated the understanding of these shortcomings and the factors for their development. However, on the other side, Israel has become aware of the increasing danger of the so-called “fundamentalist forces” in the region. Moreover, it knew that the “human being” that it has been confronting could no longer be humiliated and subdued. Meanwhile, the Israeli society suffered from the end of the role of the “pioneer generation,” the absence of the frontline leaders, the decrease of Jewish immigration, the spread of the materialist culture, and the decline in the “quality” of the recruits to the army and the security agencies.

Though dismissed as the most unpopular prime minister in the entire history of Israel, Ehud Olmert managed to continue in power because of the disinterest of his partners in a new election that may lead to the erosion of their political power. But the weakness of the Israeli premier was not necessarily in the service of the Palestinians. On the contrary, it was in many cases against it as this embattled leadership took throughout the year 2007 extreme measures that made the voice of the “bulldozer” and the “tank” higher than any other voice in order to boost its waning popularity and to rally public support behind it. Amongst these measures were the increase of the settlements, the Judaization of Jerusalem, suppression of the Palestinian people, dogmatism in the political negotiations and refusal to grant any substantial concessions to the Palestinian side. Moreover, Israel actively pursued its policy of imposing realities on the ground and demoralizing the Palestinian people.

Israel exploited the Palestinian schism, and has become a partner, directly or indirectly, in the attempts to secure the collapse of Hamas and its government. Besides its brutal attacks, Israel imposed a tight blockade on GS, and tried its utmost best to stop the launching of the missiles on its settlements. Nevertheless, the resistance managed to increase the range of these missiles as well as their accuracy and destruction capabilities.



On the same vein, Israel tried to aggravate Palestinian differences by threatening Mahmud ‘Abbas and his government that it would stop the negotiations and resume the siege if they dared to reconcile with Hamas. Admittedly, this schism should have given Israel better opportunities to extract concessions from the Palestinian side had it not knew very well that “peace” was not then possible because ‘Abbas could not possibly speak on behalf of all the Palestinians as he was weak and the legitimacy of his authority was doubtful and incomplete. Thus, a peaceful settlement is doomed, particularly as Israel itself is not at all serious in granting the Palestinian their minimum and internationally recognized rights. Besides, the Palestinian schism could not possibly enable any Palestinian side to forge a peace settlement or oblige others to abide by it.

While the Palestinians continue to suffer from the occupation and its internal and external repercussions, Israel is, on its part, exposed to a variety of crises and dangers that will escalate in the long run. This provides the Palestinian forces and resistance movements with opportunities that they may capitalize; if they put their heads together and pooled their resources, before they proceed to confront the Israeli project.

Endnotes

- ¹ See the formation of the government and the representation of the parties, in: ‘Imad Jad, *Intikhabat al-Knesset al-Sabi’ata ‘Ashar* (The Elections of the 17th Knesset), Al Ahram Center for Political & Strategic Studies, Cairo, 2006; and Arabic site of Israel Ministry of Foreign Affairs, <http://www.altawasul.com/MFAAR>
- ² The intervention of Antoine Shalhat, *Nadwat Qira’at Istratijiyyah fi al-Mashhad al-Israeli* (Strategic Readings of the Israeli Scene), al-Urdun al-Jadid Research Center and The Palestinian Center for Israeli Studies (Madar), Amman, 8–9/9/2007.
- ³ Ibid.
- ⁴ *The Jerusalem Post* newspaper, 28/3/2007.
- ⁵ International Crisis Group, The Israeli–Palestinian Conflict: Annapolis and After, Middle East Briefing no. 22, 20/11/2007, <http://www.crisisgroup.org/home/index.cfm?id=5174&l=1>
- ⁶ Site of al-Mashhad al-Israeli, 2007, <http://Almash-had.Madarcenter.org>
- ⁷ Bilal Dahir, *Taqrir Khass: Khafaya al-Harb bayn Wazir al-‘Adl wa Ra’isat al-Mahkamah al-‘Ulya fi Israel* (War Secrets between the Minister of Justice and the President of the Supreme Court), al-Mashhad al-Israeli, Madar, Ramallah, 8/8/2007, <http://www.madarcentre.org/almash-had/viewarticle.asp?articalid=3596>
- ⁸ *The Jerusalem Post*, 28/3/2007.
- ⁹ See Ashr Ariyan et al., *al-Taghayyurat fi al-Nitham al-Hizbi fi Israel: Tafakuk Am I’adat Tanthim?* (The Changes in the Partisan System in Israel: A Break Down or Reorganization), *Journal of Palestine Studies*, Beirut, Institute for Palestine Studies, no. 67, Summer 2006, pp. 137–138; and ‘Imad Jad, *Intikhabat al-Knesset al-Sabi’ata ‘Ashar*.
- ¹⁰ See As’ad Ghanim and Imtanas Shhade, “*al-Filastiniyyun fi Israel* (Palestinians in Israel),” Johni Mansur and Mufid Qassum (ed.), *Taqrir “Madar” al-Istratigi 2007* (The Madar Strategic Report 2007) (Ramallah: Madar, 2007); and Ra’fat Hamdunah, *al-Ahزاب al-‘Arabiyyah fi Israel* (The Arab Parties in Israel), The Prisoners’ Center for Studies, 8/8/2007.
- ¹¹ *The Jerusalem Post*, 28/3/2007.
- ¹² Ahmad Assayyid Turkey, “*al-Fasad al-Siyasi al-Israeli... Munatham wa Muqannan* (The Israeli Political Corruption... Organized and Legalized),” site of IslamOnline, 29/11/2007, http://www.islamonline.net/servlet/Satellite?c=ArticleA_C&pagename=Zone-Arabic-News/NWALayout&cid=1195032776705
- ¹³ See Yehuda Ben Meir and Dafna Shaked, The People Speak: Israel Public Opinion on National Security 2005–2007, Institute for National Security Studies (INSS), Tel Aviv, Memorandum no. 90, May 2007.
- ¹⁴ Ibid; and see also Arabs 48, 7/11/2007.
- ¹⁵ See in Repercussions of Lebanon War: Israeli Studies Unit, *Ru’a Istratijiyyah Israeliyyah Liharb Tammuz 2006 dud Lubnan* (Israeli Strategic Visions of the July War 2006 against Lebanon) (Amman: Middle East Studies Center, 2008).
- ¹⁶ See *Taqrir Lajnat Winograd al-Guz’i* (Winograd Commission Interim Report), Chapter 7: Conclusions, *Journal of Palestine Studies*, no. 70, Spring 2007, pp. 113–119.
- ¹⁷ See *Haaretz*, 1/5/2007.
- ¹⁸ ‘Imad Jad, “*Israel... wa Istighlal al-Inqisam al-Filastini* (Israel... and Taking Advantage of the Palestinian Schism),” *al-Siyassa al-Dawliya* magazine, Cairo, al-Ahram Organisation, no. 169, July 2007, pp. 138–142.
- ¹⁹ Zakariyya Hussein, “*Taqrir “Winograd” wa Taqyim Ada’ al-Qiyadah al-Israeliyyah* (Winograd Report and the Evaluation of the Israeli Leadership Performance),” *al-Siyassa al-Dawliya*, no. 169, July 2007, pp. 142–143.

- ²⁰ See Central Bureau of Statistics (CBS), http://www1.cbs.gov.il/www/yarhon/b1_e.htm
- ²¹ See http://www.jewishvirtuallibrary.org/jsource/Immigration/Immigration_to_Israel.html
- ²² *Addustour*, 9/7/2007.
- ²³ *Alghad*, 18/7/2007.
- ²⁴ *Asharq Alawsat*, 21/8/2007.
- ²⁵ Reuters, 24/7/2007.
- ²⁶ *Assafir*, 13/8/2007.
- ²⁷ *Al-Quds al-Arabi*, 21/4/2007.
- ²⁸ *Alghad*, 5/2/2008.
- ²⁹ See Bank of Israel, *Bank of Israel Annual Report–2007*, Chapter 2: GDP, Uses and Principal Industries, 1/4/2007, http://www.bankisrael.gov.il/deptdata/mehkar/doch07/eng/pe_2.pdf; and see also CBS, http://www.cbs.gov.il/hodaot2008n/08_08_046t2.pdf
- ³⁰ See CBS, http://www.cbs.gov.il/hodaot2008n/08_08_046t11.pdf
- ³¹ Ibid.
- ³² See Bank of Israel, *Bank of Israel Annual Report–2007*, Chapter 1: The Economy and Economic Policy, 1/4/2007, http://www.bankisrael.gov.il/deptdata/mehkar/doch07/eng/pe_1.pdf
- ³³ *Haaretz*, 4/1/2007.
- ³⁴ See Bank of Israel, External Debt, Table 2, http://www.boi.gov.il/deptdata/pik_mth/ex_debt/tab02e.htm
- ³⁵ See Helen Brusilovsky, Summary of Israel's Foreign Trade by Country–2007, CBS, 20/1/2008, http://www1.cbs.gov.il/www/hodaot2008n/16_08_007e.pdf
- ³⁶ Ibid.
- ³⁷ See CBS, http://www.cbs.gov.il/fr_trade/ta3.htm; and Helen Brusilovsky, Israel's Foreign Trade–March 2008, CBS, 13/4/2008, http://www1.cbs.gov.il/www/hodaot2008n/16_08_064e.pdf
- ³⁸ See CBS, http://www.cbs.gov.il/fr_trade/ta2.htm; and Helen Brusilovsky, Israel's Foreign Trade–March 2008.
- ³⁹ See Jeremy M. Sharp, U.S. Foreign Aid to Israel, Congressional Research Services (CRS), Report For Congress, 2/1/2008, <http://www.fas.org/sgp/crs/mideast/RL33222.pdf>
- ⁴⁰ See Ibid.
- ⁴¹ Ibid.
- ⁴² *Al-Hayat*, 16/5/2007 and 24/8/2007; and see *al-Akhbar*, Beirut, 14/8/2007.
- ⁴³ *Assafir*, 4/9/2007.
- ⁴⁴ *Al-Akhbar*, Beirut, 25/1/2007.
- ⁴⁵ *Arabs* 48, 19/6/2007; and see also *Alrai* newspaper, Amman, 4/8/2007.
- ⁴⁶ *Alghad*, 11/8/2007.
- ⁴⁷ *Albayan*, 9/11/2007.
- ⁴⁸ *Paltoday News*, 9/11/2007.
- ⁴⁹ *Okaz*, 30/1/2007.
- ⁵⁰ *Assafir*, 30/1/2007.
- ⁵¹ *Al-Quds al-Arabi*, 28/8/2007.
- ⁵² *Alrai*, Amman, 30/3/2007.
- ⁵³ *Alrai*, Amman, 5/4/2007.
- ⁵⁴ *Assafir*, 21/7/2007.
- ⁵⁵ See CBS, http://www.cbs.gov.il/hodaot2008n/08_08_046t6.pdf
- ⁵⁶ *Al-Hayat*, 26/6/2007.
- ⁵⁷ See *Asharq Alawsat*, 2/1/2007; and *al-Quds al-Arabi*, 8/1/2007.
- ⁵⁸ See CBS, http://www.cbs.gov.il/hodaot2008n/08_08_046t6.pdf
Note: Exchange rate of the Israeli shekel versus US dollar according to Bank of Israel.
- ⁵⁹ See *Alghad*, 6/4/2007; and *al-Watan* newspaper, Kuwait, 1/8/2007.
- ⁶⁰ *Alghad*, 18/5/2007.

⁶¹ IslamOnline, 27/8/2007.

⁶² See Quds Press International, 8/1/2008; and Palestinian National Information Center (PNIC), *Nata'ij al-I'tida'at al-Isra'iliyyah 'ala Abna' al-Sha'b al-Filastini Khilal al-'Am 2007* (The Results of the Israeli Aggressions on the Palestinian People during 2007), <http://www.pnic.gov.ps/arabic/quds/arabic/viol/12-2007.html>

A report issued by the PLO's Department for National and International Relations pointed out that the Israeli army killed 435 Palestinians in 2007 (*Addustour*, 31/12/2007); The Israeli Information Center for Human Rights in the Occupied Territories (B'tselem) issued a report stating that since the beginning of 2007 and till 26 December, Israeli Security Forces killed 373 Palestinians (*al-Hayat al-Jadida*, 1/1/2008); An international human rights report, issued by International Solidarity Movement stated that Israel killed 464 Palestinians during 2007 (*Addustour*, 5/1/2008).

⁶³ Arabs 48, 1/1/2008.

⁶⁴ Quds Press, 5/1/2008.

⁶⁵ Ma'an, 5/1/2008.

⁶⁶ See Mohsen Moh'd Saleh (editor), *al-Taqrir al-Istratiji al-Filastini Lisanat 2006* (The Palestinian Strategic Report 2006) (Beirut: Al-Zaytouna Centre for Studies & Consultations, 2007), p. 84, 89; see Quds Press, 8/1/2008; and PNIC, *Nata'ij al-I'tida'at al-Isra'iliyyah 'ala Abna' al-Sha'b al-Filastini Khilal al-'Am 2007*.

⁶⁷ Concerning Detainees Statistics, see Quds Press, 31/12/2007; Arabs 48, 25/12/2007; and Palestinian Prisoners Club, *Taqrir Sadir 'an Nadi al-Asir al-Filastini bi Munasabat Yawm al-Asir al-Filastini li al-'Am 2008* (A Report Issued by the Palestinian Prisoners Club for the Year 2008), 17/4/2008, <http://www.ppsmo.org/content/view/425/77/>

⁶⁸ Arabs 48, 19–20/8/2007.

⁶⁹ *Al-Hayat al-Jadida*, 2/1/2008.

⁷⁰ *Al-Hayat al-Jadida*, 14/1/2008.

⁷¹ *Asharq Alawsat*, 28/1/2007.

⁷² *Al-Quds al-Arabi*, 20/1/2007.

⁷³ Arabs 48, 25/1/2007.

⁷⁴ *Al-Akhbar*, Beirut, 22/1/2007.

⁷⁵ *Al-Hayat*, 29/1/2007.

⁷⁶ *Al-Akhbar*, Beirut, 5/2/2007.

⁷⁷ *Asharq Alawsat*, 11/2/2007.

⁷⁸ Ma'an, 16/2/2007.

⁷⁹ *Okaz* and Arabs 48, 18/2/2007.

⁸⁰ *Asharq Alawsat*, 11/2/2007.

⁸¹ *Al-Hayat*, 19/2/2007.

⁸² See *Nass Bayan al-Hukumah al-Isra'iliyyah bi Sha'n al-Hukumah al-Filastiniyyah al-Jadidah* (A Communiqué Issued by the Israeli Government Concerning the New Palestinian Government), *Journal of Palestine Studies*, no. 70, Spring 2007, p. 183.

⁸³ *Al-Hayat*, 17/4/2007.

⁸⁴ According to statistics of Quds Press for the period indicated above.

⁸⁵ *Asharq Alawsat*, 17/5/2007.

⁸⁶ Ma'an, 18/5/2007.

⁸⁷ *Al-Hayat*, 16/6/2007.

⁸⁸ PIC, 14/6/2007.

⁸⁹ Reuters, 17/6/2007.

⁹⁰ *Al-Quds al-Arabi*, 21/6/2007.

⁹¹ See *al-Hayat*, 17–18, 22/6/2007; and *al-Quds al-Arabi*, 21/1/2007.

⁹² *Albayan*, 3/7/2007.

⁹³ *Assafir*, 11/7/2007.

- ⁹⁴ *Addustour*, 15/8/2007.
- ⁹⁵ See for example a statement of Olmert in: *Arabs* 48, 25/7/2007; and a statement of Barak in: *PIC*, 10/10/2007.
- ⁹⁶ *Al-Khaleej*, 2/8/2007.
- ⁹⁷ *Al-Hayat*, 12/7/2007.
- ⁹⁸ *Al-Khaleej*, 5/9/2007.
- ⁹⁹ *Nashrat al-Rasd al-Itha'i wa al-Tilfizyuni al-'Ibri*, Amman, Middle East Studies Center, 30/9/2007.
- ¹⁰⁰ See for example *al-Akhbar*, Beirut, 20/6/2007; *al-Khaleej*, 20, 26/9/2007 and 5, 16/11/2007 and 1/12/2007; *Almustaqbal*, 28/10/2007; and *Arabs* 48, 25/10/2007.
- ¹⁰¹ *Al-Khaleej*, 11/12/2007.
- ¹⁰² Burhan Ghalyun, "*Masar al-Taswiyah al-Siyasiyyah al-'Arabiyyah al-Israeliyyah ba'da 40 'Aman 'ala Harb 67* (The Arab–Israeli Political Settlement Track, 40 Years after 67 War)," *Journal of Palestine Studies*, no. 70, Spring 2007, pp. 6–7.
- ¹⁰³ See International Crisis Group, *The Israeli–Palestinian Conflict: Annapolis and After*; and Hasan Naf'ah, "*al-Tada'iyat al-Dawliyyah* (The International Ramifications)," in Ahmad Yusuf et al., *al-Harb al-Israeliyyah 'ala Lubnan: al-Tada'iyat al-Lubnaniyyah wa al-Israeliyyah wa Ta'thiratuha al-'Arabiyyah wa al-Iqlimiyyah wa al-Dawliyyah* (The Israeli War on Lebanon: The Lebanese and Israeli Ramifications and its Arab, Regional and International Effects) (Beirut: Centre for Arab Unity Studies, 2006).
- ¹⁰⁴ The intervention of 'Imad Jad, *Nadwat Qira'at Istratijiyyah fi al-Mashhad al-Israeli* (A Seminar on the Strategic Readings in the Israeli Scene), al-Urdun al-Jadid Research Center and Madar, Amman, 8–9/9/2007.
- ¹⁰⁵ Burhan Ghalyun, "*Masar al-Taswiyah al-Siyasiyyah al-'Arabiyyah al-Israeliyyah ba'da 40 'Aman 'ala Harb 67*," pp. 13–14.
- ¹⁰⁶ Nitham Barakat, *Nadwat Qira'at Istratijiyyah fi Sinaryuhat ma ba'd Annapolis* (A Seminar on the Strategic Readings in the Post Annapolis Scenarios), organized by *Addustour* newspaper, Amman, and published in *Addustour*, 11/12/2007.
- ¹⁰⁷ *Al-Hayat*, 10/11/2007.
- ¹⁰⁸ *Alquds*, 12/11/2007.
- ¹⁰⁹ The intervention of Mahmud Suwaid, *Nadwat Qira'at Istratijiyyah fi al-Mashhad al-Israeli* (A Seminar on the Strategic Readings in the Israeli Scene), al-Urdun al-Jadid Research Center and Madar, Amman, 8–9/9/2007; and see Dalil 'Amaliyyat al-Salam fi al-Sharq al-Awsat, Arabic site of Israel Ministry of Foreign Affairs, 27/11/2007.
- ¹¹⁰ See *al-Mashhad al-Israeli*, 2007.
- ¹¹¹ Yehuda Ben Meir and Dafna Shaked, op. cit.
- ¹¹² International Crisis Group, *The Israeli–Palestinian Conflict: Annapolis and After*; and see also 'Imad Jad, "*Israel wa Liqaa' 'Annapolis'... al-'Awdah ila Kharitat al-Tariq* (Israel and the Annapolis Meeting... the Return to the Road Map)," *al-Siyassa al-Dawliya*, no. 171, January 2008, pp. 104–106.
- ¹¹³ Ra'id Nu'airat, "*Aafaq Dawr Israel al-Iqlimi wa al-Dawli hatta 'Am 2015* (The Horizons of Israel's Regional and International Role till 2015)," *Nadwat Israel al-Yawm wa Mustaqbaluha hatta al-'Am 2015* (A Seminar on Israel Today and its Future till 2015), Middle East Studies Center, Amman, 27–28/8/2007.
- ¹¹⁴ Amir Kulick, "Looking Ahead to "November Meeting": Negotiations with the Palestinians: An Inevitable Failure or a chance for change?," INSS, INSS Policy Brief, no. 8, 8/10/2007.
- ¹¹⁵ *Al-Akhbar*, Beirut, 9/7/2007.
- ¹¹⁶ Site of Aljazeera.net, 28/7/2007, <http://www.aljazeera.net>

This Report

Al-Zaytouna Centre is glad to present to its reader The Palestinian Strategic Report 2007, the third in an annual series. The Report aims at monitoring the Palestinian issue through an informative and analytical approach. The Report covers the Palestinian internal political situation, issues concerning the Land and the holy sites, the economy, the Palestinian demographic indicators, the Israeli scene and the Israeli-Palestinian relations. It focuses on the Arab, Islamic, and international stances towards the Palestinian issue.

This Report is distinguished for its updated information till the end of 2007 and for its outstanding team of academics and experts.

Despite the unfortunate state of schism that characterized the Palestinian arena, and despite the hot and sensitive issues discussed, the Report did its best to be professional, scientific and objective. Thus, this Report is a distinguished addition to the Palestinian studies.

The Palestinian Strategic Report 2007



Al-Zaytouna Centre for Studies & Consultations

مركز الزيتونة للدراسات والاستشارات

P.O. Box: 14-5834 Beirut - Lebanon

Tel: +961 1 803 644 | Tel-Fax: +961 1 803 643

info@alzaytouna.net | www.alzaytouna.net



Al-Zaytouna Centre For Studies & Consultations