

# The Palestinian Strategic Report

## 2008



Edited by  
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# Chapter Two

## *The Israeli - Palestinian Scene*

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# The Israeli - Palestinian Scene

## *Introduction*

The year 2008 witnessed change in the leadership of the Israeli governing party Kadima. Ehud Olmert, the Prime Minister and Kadima's Leader, was sacked because of some corruption scandals which led Tzipi Livni, the minister of Foreign Affairs, to be elected the new party's leader. By the end of the year, the forces of the Israeli right, under the leadership of the Likud and Yisrael Beitenu parties, were on the rise, as demonstrated in the 10<sup>th</sup> Knesset elections of early 2009.

Israel commenced the year 2008 with the report of Winograd Commission on the Israeli military and political performance during the war that it launched on Lebanon in the summer of 2006. The repercussions of this war triggered the Hebrew state to wage towards the end of the year a comprehensive aggression on Gaza by which it aimed to restore the "deterrence power" of its military establishment.

Though numerous international and regional parties betted on a breakthrough in the Israeli-Palestinian negotiations based on Annapolis understandings, the year 2008 was characterized by the total freezing of the political settlement process. The repercussions of the global economic crisis on the Israeli economy were also another major feature of this year.

This chapter attempts to give a resume of the Israeli-political scene with regard to the Israeli political map, the Israeli population, economic and military affairs, and the interaction of Israel with the internal Palestinian scene and the settlement path.

## *First: The Israeli Internal Scenario*

By the beginning of the year, the Israeli political scene was preoccupied with the report of Winograd Commission, which comes under the title of the "defect" of the military and political performance in the war with Hizbullah's fighters, July-August 2006. Though affirming that the Second Lebanon War represented



“a major and dangerous failure” in the military and political administration of the war, which led to the failure in achieving victory over a “para-military” small organization, the report avoided mentioning Premier Ehud Olmert in name, and released him from the charge of narrow motives behind approving the land operation during the last days of the war. Nonetheless, the year was catastrophic to Olmert, as his corruption scandals came to the forefront, and finally led to his downfall from both the leadership of the party and the premiership. Tzipi Livni, the minister of Foreign Affairs, was elected to the leader of the party, but she failed to form a governing coalition, and formally told the Israeli president of her inability to do so. Hence, it was agreed that an early parliamentary elections to be conducted on 10/2/2009. During the last ten days of December 2008, Israel was confronted by the reality of the expiry of the ceasefire period and the refusal of the Palestinian resistance factions to renew it except with new conditions, namely lifting the siege and opening the crossings, a development that culminated in the Israeli comprehensive aggression on Gaza on 27/12/2008.

### **1. The Government Coalition**

The year started with the withdrawal of Yisrael Beitenu Party on 18/1/2008, led by Avigdor Lieberman, from the governing coalition,<sup>1</sup> which reduced its parliamentary seats from 78 to 67. Hence, this withdrawal was not a make or break problem to the coalition, and this party had originally been allowed to join the government to limit the repercussions of Winograd Commission on Olmert’s government. However, due to Olmert’s insistence to continue and his adamant refusal to quit the premiership, his maintenance of the superficial contact with the Palestinians based on Annapolis understandings and the ascendancy of the right in the polls, led by the Likud Party, at the expense of the left and centre camps, Shas Party, which represents the religious among the Sephardim (the Eastern Jews), started to grumble and threaten that it will quit the coalition, which practically meant the reduction of its seats from 67 to 55. In fact, its leader, Eliyahu “Eli” Yishai openly cautioned that Shas will quit the coalition if an agreement is concluded with the Palestinians, saying, “We will never be part of a ruling coalition that shrinks the land of the state of the Jewish people, and fill it with the refugees.”<sup>2</sup> When the rightist parties initiated a draft law to dissolve the Knesset, Premier Ehud Olmert quickly moved on 25/6/2008 to persuade Ehud Barak, the Labor Party Leader and the minister of Defense, not to support the opposition suggestion on

the undertaken that he -Olmert- will arrange for elections by 25/9/2008 to choose a new president for Kadima Party.<sup>3</sup> Meanwhile, with the continuation of investigating the corruption charges against Olmert and his admittance that he was involved in some, the tendency within Kadima Party to have a new leader accelerated. Tension and conflicts in the party aggravated, and Avraham (Moshe) Dichter, the minister of Internal Security and a candidate for the party leadership, called upon Olmert to resign from the premiership once a new party leadership is elected.<sup>4</sup>

The continuation of the investigation on Olmert's corruption charges triggered Ehud Barak, in a press conference held on 28/5/2008 in the Knesset headquarter, to publicly call upon the prime minister to resign by saying, "The president of the Israeli government should resign or shelve his duties," and added:

In view of the challenges that face Israel and the phase it is passing through, I do not think that the prime minister has the ability to concurrently administer the affairs of the government and his own affairs. Thus, Olmert should distance himself from administering the affairs of the state. He may do this by any means available to him: to freeze his work, shelve his duties, go on holiday, resign, we are not the ones to decide on this.

Barak warned to opt for early elections if Olmert refused to relinquish the premiership and the leadership of the party. He asked Kadima Party to work for the appointment of a new leader to replace Olmert.<sup>5</sup> But Olmert refused to resign, saying, "I do not work according to the time table set by Barak."<sup>6</sup> Next day, Tzipi Livni, the minister of Foreign Affairs and one of the aspirants to replace Olmert, called upon the prime minister to resign and to conduct elections on the presidency of the party, and asked Kadima to select a successor to Olmert. In a forum held in Jerusalem, she said, "Kadima should be prepared for any possible scenario, including early elections. I strongly support early elections" inside the party. She added, "The majority of the party's base is concerned with the elections. This will enable us to restore confidence in the party."<sup>7</sup>

Despite his opposition to elections on the presidency of the party, Olmert finally submitted to this demand, and Kadima officially started to prepare for preliminary elections. In a session of the party's committee on 16/6/2008, it was decided to amend the constitution of the party, and to allow setting a date for early preliminary elections, even if this date was not near the one of the general elections. It was also decided to close the lists of the electorates of Kadima members on 30/6/2008, which is the last date for party membership registration.<sup>8</sup> Subsequently, conflicts in



the party started to be visible. The premier's intention to bypass the agreement with the Labor Party provoked disapproval within certain quarters in the party. While Tzipi Livni appealed for restraint, Avi Dichter, the minister of Internal Security and candidate for the leadership of the party, openly opposed Olmert, and asked that he quits once an alternative is elected, arguing that his continuation would be disastrous to the nation and the party. In a radio broadcast on 4/7/2008, Olmert indicated that he will keep his post, and added that it is likely that he will be a candidate in the party's preliminary elections, emphasizing that he will study this at the opportune time.

In a televised speech on 4/7/2008, Dichter said, "Olmert tries to prolong his premiership through trickery and exploitation of the party's constitution." He maintained, "The replacement of Olmert is an obligation we undertook to the public," and added, "I believe that the agreement between Kadima and the Labor party on the date for the preliminary elections and the viewpoint of values of the whole matter, within Kadima, makes it necessary for us to replace Olmert."<sup>9</sup>

At the same time, the Israeli rightist parties started to ask Olmert to quit and to conduct elections to select a new leader for the party, as this, in their estimate would lead to new parliamentary elections, an event that they favored because the opinion polls suggested that they, lead by the Likud, will be in the forefront. Having this in mind, MK Gideon Sa'ar, Likud faction chairman, demanded on 12/7/2008 the resignation of Premier Olmert immediately, as the investigation suspected his involvement in new charges. He added that the government lost its credibility completely, and that the problem is not confined to Olmert alone, but extends to the ministers who adhere to their posts at the expense of "good governance in a democratic state." Sa'ar said that the discard of Olmert is prevalent among all parties and among the people of all inclinations.<sup>10</sup> On 21/7/2008 the Kadima Party Council agreed that the preliminary elections be rescheduled to an earlier date, September 2008. The motion to amend the internal party regulations won 91 votes out of 180.<sup>11</sup>

While the battle of succession was gaining momentum, Tzipi Livni accelerated the tone of her criticism to Prime Minister Ehud Olmert, whom she hoped to succeed, and held him responsible for the huge dwindling popularity of the party. In a party meeting in occupied Jerusalem, she said, "The optimism, which was the driving force for the establishment of Kadima, is lost." The second channel of

the Israeli television mentioned that three of the former advisors of Ariel Sharon joined the camp of Livni as advisors to her, and that they supported her strife to take up the leadership of Kadima.<sup>12</sup>

On 30/7/2008, the Israeli Prime Minister Ehud Olmert declared that he will resign when the ruling party Kadima selects a new leader in the internal elections scheduled 17/9/2008, and in which he will not nominate himself. Olmert admitted that he committed a number of mistakes during his political career, which he strongly regrets, and is prepared to pay the price.<sup>13</sup>

## **2. Kadima: Election of a New Leadership**

On the approach of the party's presidential elections, Shaul Mofaz, the minister of Transportation who competed with Tzipi Livni, the minister of Foreign Affairs, over the leadership of Kadima and therefore the premiership, launched bitter criticism against Livni, describing her "a weak, inexperienced, and hesitant" political figure, and added that peace with the Palestinians "could not be achieved through concessions." In response to some positive views that Livni expressed on her negotiations with the Palestinians, Mofaz campaign issued a statement which claimed:

Livni had glaringly explained what the members of Kadima will decide in this preliminary elections... Whom do you trust to negotiate with the Palestinians? A strong and experienced leader like Mofaz, or a weak and inexperienced political figure who has a history of extremely bad decisions like Livni?

In an address to his supporters, Mofaz said, "We have been negotiating with the Palestinians for more than two years, and did not achieve anything," adding, "Israel pursues the path of concessions without getting anything in return. This is a dangerous matter. It weakens us and strengthens our enemies."<sup>14</sup>

On her part, Livni tried to present herself to the public as a strong personality that the Israeli project needs at this stage, that she is not accused of corruption, and does not submit to blackmailing, that she is more capable of adjusting to the international reality and with the new American administration. She launched a bitter campaign against Mofaz which implicated the Sephardim. 48 hours before the opening of the ballot boxes to elect a new leader for Kadima Party, a close aide of Tzipi Livni reportedly said, "The riffraff [the Sephardim] will elect [the minister of Transportation Shaul] Mofaz," in an implicit indication to Livni's main





competitor Mofaz, who descends from Persian roots versus the “Ashkenazi” Livni, who, according to an opinion poll conducted by *Yedioth Ahronoth*, will be elected by the majority of the “Ashkenazim” in Kadima.

Faced with the prediction of the opinion polls that Livni will get resounding victory over him on 17/9/2008 elections, Mofaz fired the “last bullet” of his campaign by bitterly attacking Livni and her aides for the description “riffraff” that one of them had reportedly given to the Sephardim. Incidentally, thirty years ago, this word was used in the same context by an Israeli artist of Ashkenazi decent, and had then instigated most of the Sephardim to support the Likud Party, under Menachem Begin, which won the elections, though the opinion polls had nominated the Labor Party for victory.<sup>15</sup>

Tzipi Livni won the leadership of Kadima by a margin of 43.1% of the votes versus 42% for her main competitor Mofaz, while the Ministers Meir Sheetrit and Dichter got 8.5% and 6.5% respectively. According to the party’s central election committee, the percentage of the voting amongst Kadima members was 53.7%.<sup>16</sup> Following this defeat, Shaul Mofaz declared his relinquishment of political life. In a press conference, held in the Kadima’s headquarter of the town Petach-Tikva, he told his followers, “I will relinquish political life for a while, I want to reflect on my future, I will remain a member of Kadima, I will work according to my ability.”<sup>17</sup>

### **3. Corruption Scandals Trailing Olmert**

The Israeli political life is dominantly characterized by corruption, a subject that preoccupied the Israeli public opinion. Most of the Israeli government was accused of financial and moral charges, and some resigned in disgrace like the former Presidents Ezer Weizman and Moshe Katsav. But Olmert was the first prime minister who was accused in person of being involved in financial corruption and over a period of 12 years. According to a statement by State Prosecutor Moshe Lador, issued on 19/5/2008, Olmert was formally accused of receiving monetary bribes over a period of 12 years, when he was the Mayor of Jerusalem and subsequently Minister of Industry, Trade and Labor in Sharon’s government. This announcement was made before a session of the Supreme Court, and in what is described as a historic event, as this was the first time in the history of Israel when a prime minister appeal to the judiciary against the state, and the State Prosecutor appear personally in court to file such a serious charge against a prime

minister.<sup>18</sup> The main witness of this fifth charge of corruption against Olmert, the Jewish American businessman Morris “Moshe” Talansky, who admitted that he handed cash to Olmert without having receipts of the sum of \$150 thousand over a period of 15 years (1991-2005), of which some were loans that he used for personal expenditure, and not for financing his election campaigns. He added that the Prime Minister did not return any of these loans, even evaded paying them, emphasizing that he received nothing in return, and that he expected nothing. He added that Attorney Uri Messer, whom Olmert delegated to run the affairs related to donations, exploited his (Talansky) companies to transfer \$380 thousand to cover Olmert’s debts to The United Jerusalem foundation which ran his election campaign for mayor of Jerusalem.<sup>19</sup>

In a main heading, *Maariv* newspaper, reported that Olmert admitted during the investigations that he received money from Talansky, but claimed that the amount was several hundred dollars that were used to cover the expenses of his several visits to the USA. But further investigations casted “new suspicions” around him related to some “deception operations”, specifically charging more than what his trips actually costed on various sources, in 2006, while he was the mayor of Jerusalem and subsequently Minister of Industry, Trade and Labor. This new corruption file was added to five other previous files in which police investigated Olmert for suspicion of “fraud”, “breach of trust” and campaign funding violations.<sup>20</sup>

On 7/9/2008 the police recommended that Attorney General Menachem Mazuz files two cases against Olmert which accuse him with several charges including “bribes, breach of trust and money laundering.” The charges indicated that Olmert deposited the money that he got from Talansky with a travel agency to finance his private visits and those of his family.<sup>21</sup>

#### **4. Changes in the Israel Partisan Map**

The Israeli partisan map witnessed several changes during the course of the year 2008, which started on 18/3/2008 with the election of the member of the Knesset Haim Oron, one of the founders of the anti-settlement movement Peace Now, head of the political party New Movement-Meretz, for whom he serves as a member of the Knesset. Following his election, Barak, the leader of the Labor Party, invited Oron to join the governing coalition “to help in the attempt to conclude a political deal.” But Oron refused, dismissing Barak as one “who competes with the most extreme parties that reject peace,” and added that his movement would increase its



strife to defend the weak social sectors, and to support the peace process.<sup>22</sup> It became evident that the Labor Party had lost its left-wing identity and became oriented towards the right, which emphasized the notion of the Israeli public opinion that the party no longer represented the Israeli left. An opinion poll suggested that 55% of the Israeli public believes that the left is no longer visible on the ground, and 67% were of the opinion that the Labor Party could not be considered a left-wing party. Another opinion poll, conducted by Geocartography Institute, suggested that 10% of the Israeli populace believed that the leftist political ideas were still effective, and only 3% saw them to be necessary more than any time before. The poll also showed that 22% of the Israeli public believed that the Labor Party had no specific political orientation, 8% saw it as an outright rightist party, and only 14% considered the Labor Party to still be the leader of the leftist camp.<sup>23</sup>

While the investigations with Olmert were ongoing, a dissension took place in the Pensioners Party (Gil). A member of the Knesset of this party, Elhanan Glazer, informed on 3/5/2008 the president of Gil, Rafael “Rafi” Eitan, that he and two colleagues, Sarah Marom-Shalev and Moshe Sharoni, will leave the party to establish the Justice for the Elderly faction, thus only four members of the Knesset remained in the original party. With this split among the ranks of the Pensioners, the party of the billionaire businessman Arcadi Gaydamak started to take shape. *Haartez* newspaper reported a deal between the above Knesset members and Gaydamak that they represent in the Knesset the latter’s party, Social Justice party, which will approach the party registrar to change its name to Social Justice - Justice for the Pensioners.<sup>24</sup>

## **5. The Failure of Livni and an Early Parliamentary Election**

Delegated by the Israeli President Shimon Peres, Livni, Kadima Chairwoman, reached a draft coalition agreement with the Labor Party to form a new coalition government under her premiership. She agreed that Barak would be named a senior deputy prime minister in a Kadima-led coalition and would also play a significant role in negotiations with Syria. It was also agreed that Kadima would acquiesce to Barak’s condition that Justice Minister Daniel Friedmann’s initiative to limit Supreme Court powers be curbed except in the case of consensus on the issue between Livni and Barak.<sup>25</sup> But Livni failed to finalize the formation of the coalition during the four-week period that she was initially granted, and she was given another two weeks, starting from 20/10/2008.<sup>26</sup> On the directive of its spiritual

leader, Ovadia Yosef, and after deliberations that he had with the “Council of Torah Wise Men”, the supreme institution of the party, Shas, which had 12 seats in the Knesset, refused to join Livni’s government because she rejected two of the party’s main demands: to support the poor sectors and to guarantee that Jerusalem would not be subject to negotiations with the Palestinians. In this respect, Eli Yishai, Shas Party Chairman, said, “It is impossible to purchase Shas which will never sell Jerusalem,” and added, “Shas took its decision on the basis of its fundamentals, and if our demands are accepted we will join.” He denied the rumors that Shas had any undertaken from the Likud, emphasizing that the party’s decision is final. Livni responded by saying that she is not prepared to pay any price for the sake of forming a government under her premiership.<sup>27</sup>

Having failed to conclude with the parties a coalition that would have more than sixty members in the Knesset, Livni decided to call for early elections. In a meeting with the Israeli President Shimon Peres, Livni said, “The people will choose their leaders.” She emphasized that she took this position because she was not willing to be blackmailed by the parties whom she negotiated with, in a hint to Shas, which, according to her, demanded to increase child welfare payments. She added, the interest of the state is at the top of my priorities, and “when I had to decide between continued extortion and bringing forward elections, I preferred elections.” She emphasized that Shas’ demands to increase child welfare payments and keep Jerusalem off the negotiating table with the Palestinians “superseded all limits”, and that “it is not logical to participate in the negotiations and to say that we cannot discuss a certain subject.” Livni defended her failing efforts by saying, I wanted to form a government and exerted effort, but matters reached an insane position... and I will not capitulate to extortion. I will never give any undertaken that will explode the Middle East, and will not bypass the general budget at a time of an economic crisis.<sup>28</sup>

## **6. The Formation of a New Movement for the Israeli Left**

In November 2008 a new-wing bloc was formed, and in the same month Ami Ayalon, Minister without Portfolio and a member of the security cabinet of state for strategic affairs, declared his withdrawal from the Labor Party and joined this bloc. Being essentially an attempt to form a grand coalition for the leftist forces, this movement included 200 celebrities in various fields: intellectual, political and military. They included Uzi Baram, the former Minister and former Secretary-



General of the Labor Party, the internationally renowned literate Amos Oz who was known for his support to the Labor Party and then in the 90s went left to Meretz, Avraham Burg, the former Speaker of the Knesset and former Chairman of the Jewish Agency for Israel, Yassi Kochik, Director General of the Prime Minister's Office under Ehud Barak, Gilad Sher, Barak's Chief Negotiator with the Palestinians, and Tzali Reshef and Mordechai Kremnitzer, the former two leaders of Peace Now.<sup>29</sup> But this movement has not thus far transformed into an effective political party in the Israeli partisan map. Thus it did not participate in the 18<sup>th</sup> Knesset elections of 10/2/2009.

## **7. The Israeli Public Opinion Swings between Kadima and the Likud**

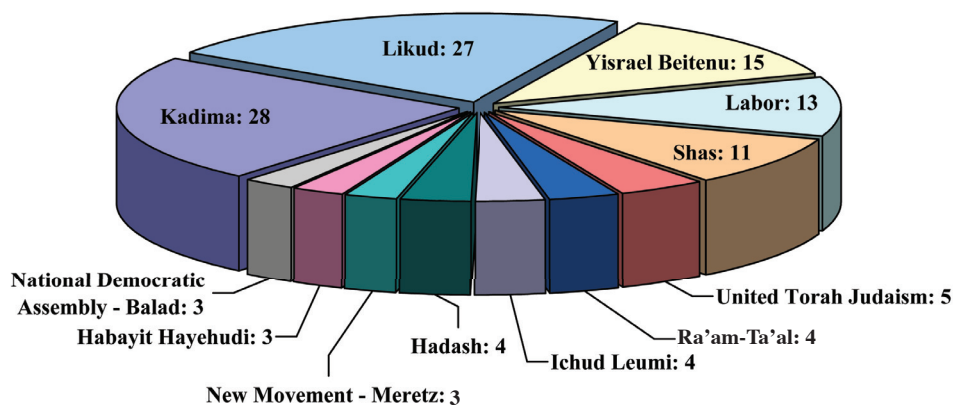
The opinion polls revealed a swing of the Israeli electorates between Kadima and the Likud, though the latter had been in the forefront most of the time. However, under the leadership of Tzipi Livni, Kadima strongly competed with the Likud and they were more than once of equal weight.

In the opinion polls conducted throughout the year 2008, the Likud was ahead, and it was expected to win 30-35 seats in the Knesset, while the estimate for Kadima, which had been negatively affected by the war in Lebanon and the corruption and maladministration of its president Ehud Olmert, sharply dwindled to 15 seats only. But Kadima's popularity increased during the second half of 2008, particularly after the resignation of Ehud Olmert and the assumption of Livni for the party's leadership, as its estimated seats rose to be between 24 and 30. On the other hand, the Labor Party, which was extremely retreating, was expected to win 8-12 seats. As for Yisrael Beiteinu, the party's popularity immensely increased. The governing coalition hoped that its war on Gaza, towards the end of 2008, would be instrumental in increasing the popularity of its parties, particularly Kadima and the Labor Party, and consequently their seats in the forthcoming elections, which was partly achieved, though the invasion failed to achieve tangible results.

The number of eligible voters in the 18<sup>th</sup> Knesset elections of 10/2/2009 totaled 5,278,985, and the voter turnout was 65.2%. 34 party lists were submitted, but only 12 of them were able to attain the 2% of the total vote cast (Qualifying Threshold) and consequently win a Knesset seat.<sup>30</sup> The following table shows the results of the 18<sup>th</sup> Knesset elections:

**Table 1/2: Results of General Elections to the 18<sup>th</sup> Knesset 2009<sup>31</sup>**

Name of list	Number of valid votes	Number of seats
Kadima	758,032	28
Likud	729,054	27
Yisrael Beitenu	394,577	15
Labor	334,900	13
Shas	286,300	11
United Torah Judaism	147,954	5
Ra'am-Ta'al	113,954	4
Ichud Leumi	112,570	4
Hadash	112,130	4
New Movement - Meretz	99,611	3
Habayit Hayehudi	96,765	3
National Democratic Assembly - Balad	83,739	3

**Results of General Elections to the 18<sup>th</sup> Knesset 2009**

The final results of these elections, and their impact, as well as the formation of the new Israeli government will be explained and analyzed in the next strategic report.

## *Second: The Most Prominent Population, Economic, and Military Indicators*

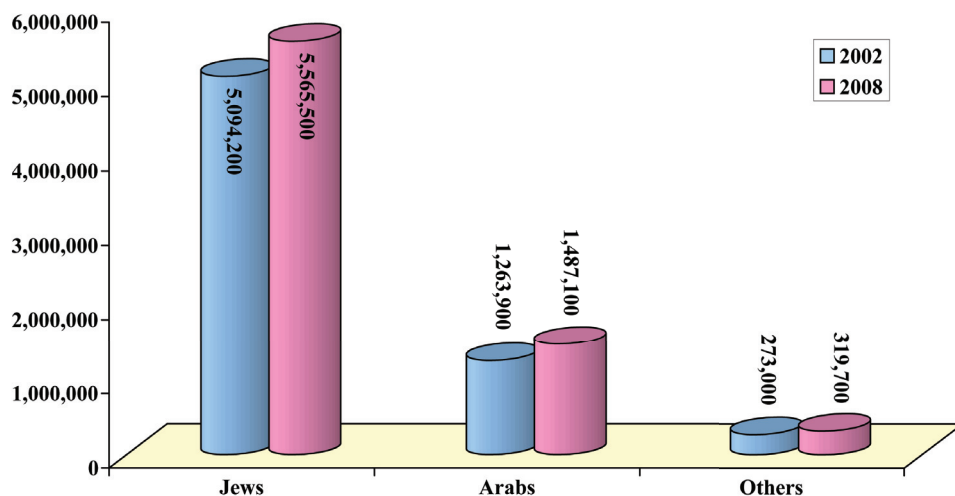
### **1. The Population Indicators**

According to official statistics, the population of Israel by the end of 2008 totaled 7.37 million, amongst whom approximately 5.57 million, i.e. 75.5%, are Jews, while 319,700, i.e. 4.3%, did not disclose their religions, who are mostly immigrants from Russia, countries of the former Soviet Union and East Europe whose Judaism was not established, or non-Arab Christians. The Arab population, including those in Jerusalem and the Golan Heights, totaled 1.49 million, i.e. 20.2% of the whole population.<sup>32</sup> If we subtract the population of the latter, about 281 thousand, then those who are known as the 1948 Palestinians are about 1.21 million, i.e. 16.4% of the whole population.<sup>33</sup> About 480 thousand Jewish settlers stay in the WB,<sup>34</sup> including 190 thousands in East Jerusalem alone (see table 2/2).

**Table 2/2: Population of Israel 2002-2008<sup>35</sup>**  
(Population estimates do not include foreign labor)

Year	Total population number	Jews	Arabs (including the population of East Jerusalem and in the Golan Heights)	Others
<b>2002</b>	6,631,100	5,094,200	1,263,900	273,000
<b>2003</b>	6,748,400	5,165,400	1,301,600	281,400
<b>2004</b>	6,869,500	5,237,600	1,340,200	291,700
<b>2005</b>	6,990,700	5,313,800	1,377,100	299,800
<b>2006</b>	7,116,700	5,393,400	1,413,300	310,000
<b>2007</b>	7,243,600	5,478,200	1,450,000	315,400
<b>2008</b>	7,372,300	5,565,500	1,487,100	319,700

### Population of Israel 2002-2008



During the year 2008, the immigrants to Israel totaled 13,698 compared to 19,700 in 2007. This marked reduction in immigration, 30.5%, is compatible with the descending rate of immigration to Israel since 2000, which triggered the Jewish Agency to declare, early in 2008 and on the request of some of its major donors, its intention to close the Agency's immigration department<sup>36</sup> (see table 3/2). In the same context, based on statistical data, the Palestinian Central Statistic Bureau declared that the Jewish and Palestinian inhabitants of historical Palestine will be equal in number by 2016,<sup>37</sup> as the latter, according to the Bureau's statistics, reached by the end of 2008 about 5.1 million.

**Table 3/2: Number of Jewish Immigrants to Israel 1991-2008<sup>38</sup>**

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

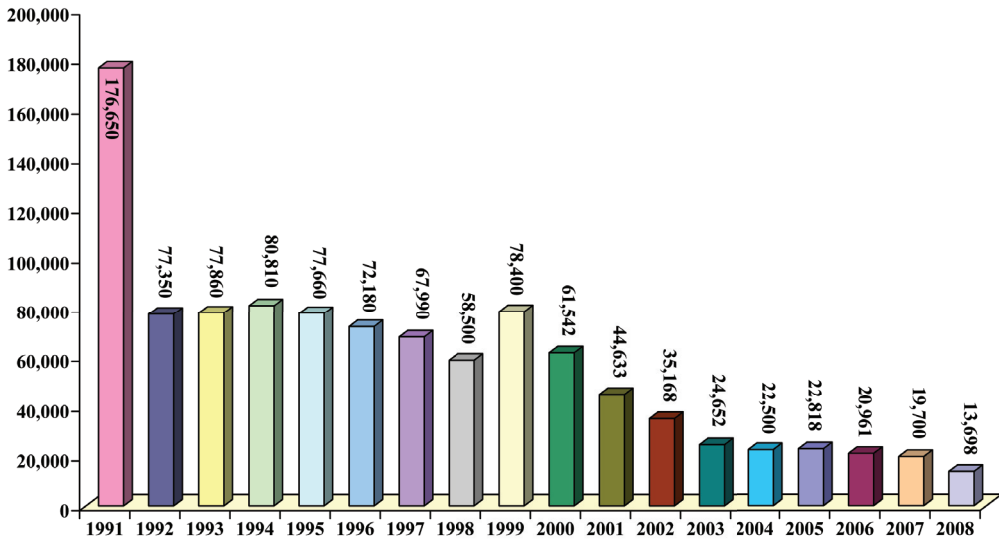
  

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	Total
No. of immigrants	61,542	44,633	35,168	24,652	22,500	22,818	20,961	19,700	13,698	1,033,072





### Number of Jewish Immigrants to Israel 1991-2008

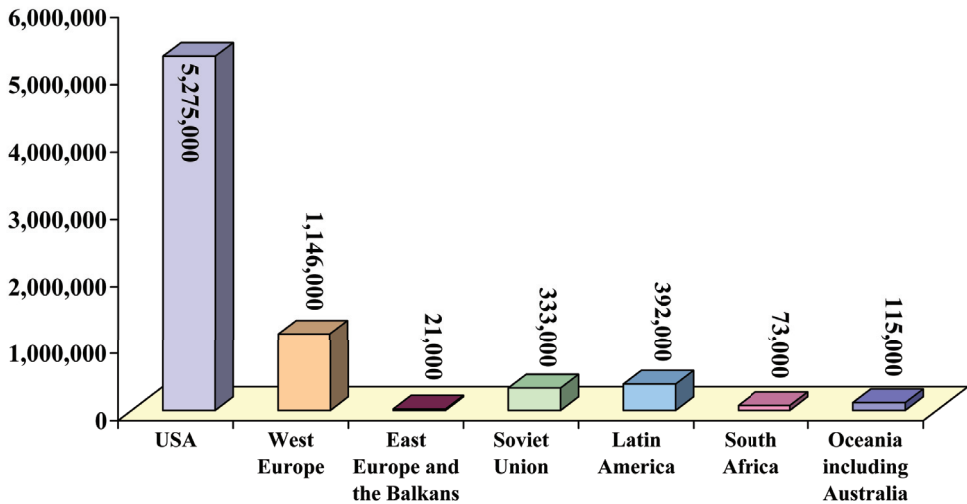


In another opinion poll conducted by Dahaf Institute on the occasion of the 60<sup>th</sup> anniversary of the “establishment of Israel”, 52% of the respondents indicated that they do not rule out immigration from Israel if means are provided, 24% of the respondents said that what may impel them to depart is their lack of confidence in the future of the state of Israel or their concern about the future of their children, while 12% attributed this possible desire to the deteriorating security conditions and their fear of a probable war, and 10% said that an offer of a lucrative job abroad will be the factor for their possible quitting. Meanwhile, 30% of the respondents said that they feel ashamed of being Israelis, but 70% maintained that they are not at all ashamed of being so. 32% of the ashamed attributed this feeling to the standard of the Israeli politicians, while 20% and 13% respectively related this to the spread of violence and racism in the society, and 5% emphasized that they are ashamed of being Israelis because of the occupation.<sup>39</sup>

According to statistics of the Jewish agency, as summarized in the annual report of the Jewish People Policy Planning Institute (JPPPI), the Jewish world population in early 2008 totaled 13.225 millions, an increase by 70 thousands over 2007. They included 5.275 million Jews in the USA, 1.146 millions in West Europe, 21 thousands in East Europe and the Balkans, 333 thousands in the countries of

the former Soviet Union, 392 thousands in Latin America, 73 thousands in South Africa and 115 thousands in Oceania including Australia. Across the world, the Jews suffer from family disintegration, mixed marriage and integration in western societies, which would all negatively affect worldwide Jewish population growth.<sup>40</sup> This dwindling, estimated by the Jewish Agency to be as low as 3% by 2020 despite an expected 15% increase in the Jewish population in Israel alone, will be instrumental in reducing the world Jewish population.<sup>41</sup>

### Numbers of Jews in Selected Countries (Beginning of 2008)



## 2. The Economic Indicators

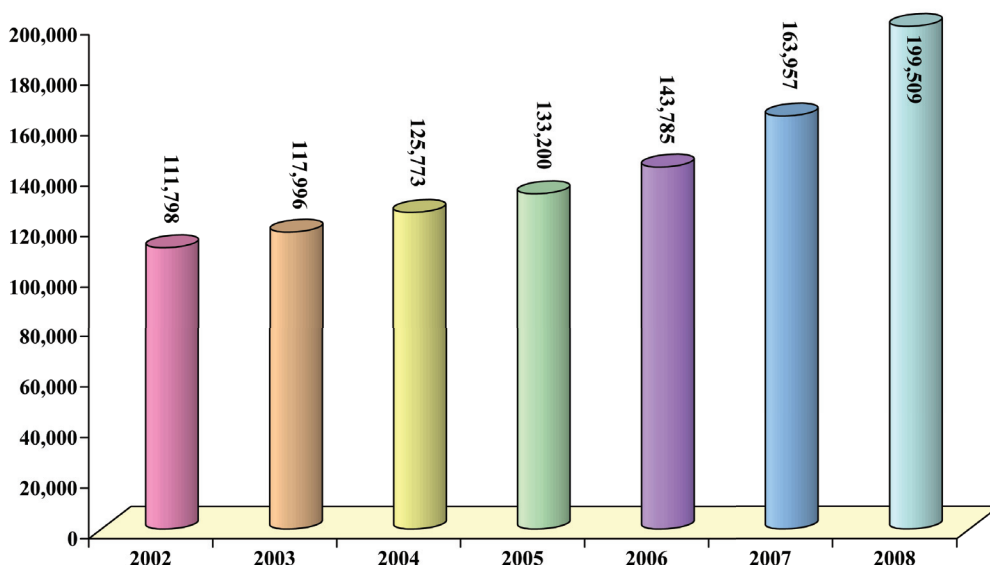
Official Israeli statistics record an increase in the percentage of change in Gross Domestic Product (GDP) compared to the previous year in 2008, i.e. 6.3% compared to 5.1% in 2007.<sup>42</sup> The GDP rose in 2008 to 715.8 billion shekels (\$199.51 billion, according to the exchange rate of the dollar in 2008) compared to 673.55 billion shekels in 2007 (\$163.96 billion, according to the exchange rate of the dollar in 2007).<sup>43</sup> We should note that the information that is given here is derived from official statistics that are updated from time to time, and that an important factor for this significant rise in the GDP is the decrease in the dollar's rate of exchange versus the shekel, from 4.1081 shekels per dollar in 2007 to 3.5878 shekels in 2008.



**Table 4/2: Israeli Gross Domestic Product and Gross National Income (GNI) 2002-2008<sup>44</sup>**

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	
2002	529,675	111,798	20,256	4,275	509,419	107,522	4.7378
2003	536,680	117,996	18,946	4,166	517,734	113,830	4.5483
2004	563,713	125,773	16,470	3,675	547,243	122,098	4.482
2005	597,773	133,200	7,027	1,566	590,746	131,634	4.4878
2006	640,776	143,785	-422	-95	641,198	143,879	4.4565
2007	673,552	163,957	133	32	673,419	163,925	4.1081
2008	715,800	199,509	2,579	719	713,221	198,791	3.5878

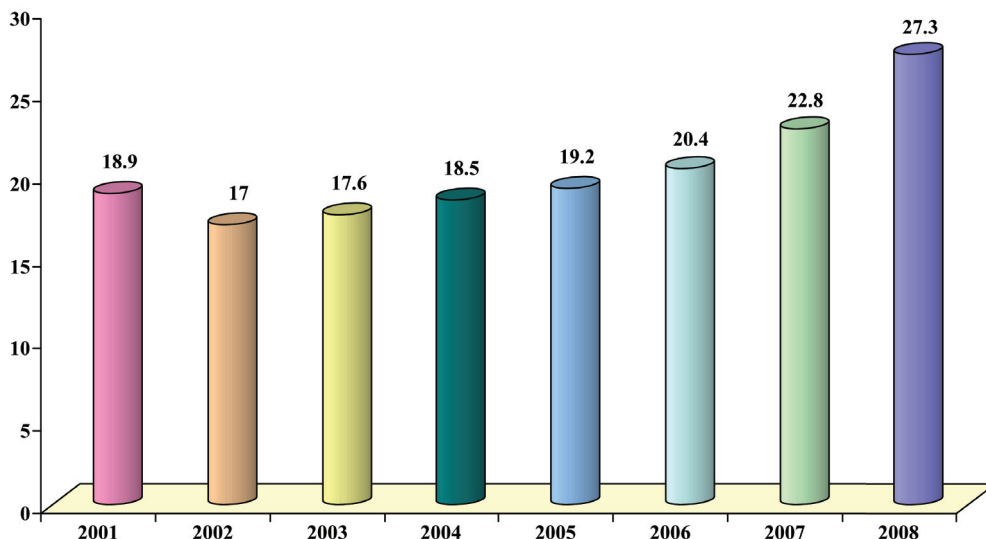
**Israeli Gross Domestic Product 2002-2008 (\$ million)**



According to the statistics of Bank of Israel, the per capita income rose from \$22,800 in 2007 to \$27,300 in 2008 (see table 5/2).

**Table 5/2: Israeli GDP per Capita 2001-2008 (\$ thousand)<sup>45</sup>**

Year	2001	2002	2003	2004	2005	2006	2007	2008
<b>GDP per capita</b>	18.9	17	17.6	18.5	19.2	20.4	22.8	27.3

**Israeli GDP per Capita 2001-2008 (\$ thousand)**

The general expenditure for the year 2008 totaled \$86.387 billion, i.e. 43.3% of the GDP,<sup>46</sup> while the external Israeli debt was \$89.529 billion by the end of the third quarter of 2008.<sup>47</sup>

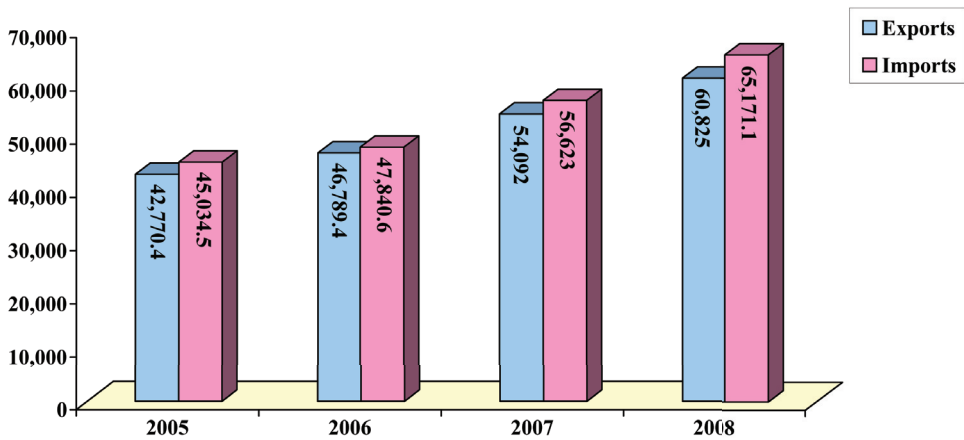
The Israeli exports for the year 2008 totaled \$60.83 billion compared to 54.09 billion in 2007, i.e. an increase of 12.4%. As for the 2008 imports, it was \$65.17 billion compared with \$56.62 billion in 2007, i.e. an increase of 15.1%. Hence, 2008 witnessed the usual deficit in the Israeli balance of trade (see table 6/2).

**Table 6/2: Total Israeli Exports and Imports****2005-2008 (\$ million)<sup>48</sup>**

Year	2005	2006	2007	2008
<b>Exports</b>	42,770.4	46,789.4	54,092	60,825
<b>Imports</b>	45,034.5	47,840.6	56,623	65,171.1



### Total Israeli Exports and Imports 2005-2008 (\$ million)



The USA continued to be Israel's first trading partner. For its exports to USA in 2008 totaled \$19.98 billion, i.e. 33% of the total Israeli exports. As for the Israeli imports from the USA during the same year, they totaled \$8.03 billion, i.e. about 12% of the total Israeli imports. To a large extent, Israel compensates its trade deficit with most of its trade partners through its trade surplus with the USA, approximately \$12 billion, which constitutes a formidable support to the Israeli economy (see table 7/2).

Belgium continued to be Israel's second best trade partner, as its exports to Belgium totaled \$4.64 billion, while its imports from Belgium was \$4.25 billion. This advance status of Belgium was apparently due to the trade in diamond and other precious minerals.

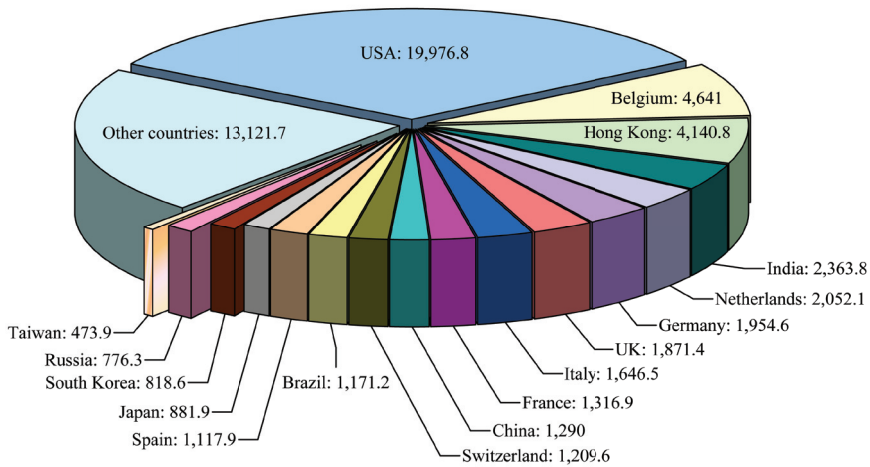
Besides the USA and Belgium, the most prominent countries that received Israeli exports in 2008 were in descending order Hong Kong (\$4.14 billion), India (\$2.36 billion), Netherlands (\$2.05 billion), Germany (\$1.95 billions), Britain, Italy, France and China. As for the most prominent exporting countries to Israel in 2008, they were in descending order China (\$4.24 billion), Switzerland (\$3.97 billion), Germany (\$3.94 billion), Italy (\$2.55 billion), Britain, Netherlands, Japan and France (see table 7/2). The rise in the size of Israeli exports to India is apparently closely associated with trade in armament, while that of Hong Kong is attributed to the fact that Hong Kong constitutes a centre for re-exporting Israeli goods to different part of the world.

**Table 7/2: Israeli Exports and Imports with Selected Countries  
2005-2008 (\$ million)<sup>49</sup>**

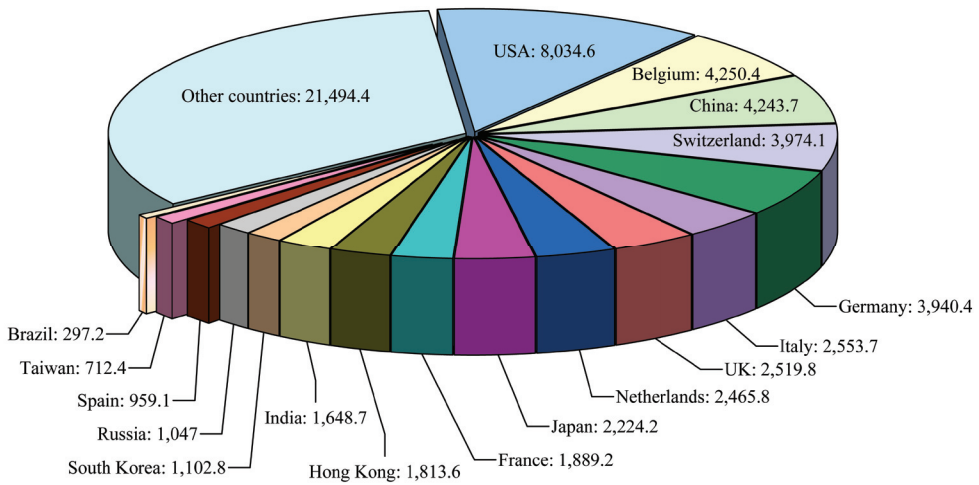
Countries	Israeli exports to:				Israeli imports from:			
	2008	2007	2006	2005	2008	2007	2006	2005
USA	19,976.8	18,906.8	17,957.2	15,500.1	8,034.6	7,848.9	5,919.5	6,042.1
Belgium	4,641	4,070.8	3,068.4	3,679.5	4,250.4	4,454.9	3,936.9	4,557.7
Hong Kong	4,140.8	3,118.4	2,776.1	2,373.6	1,813.6	1,747.5	1,527.5	1,277.7
India	2,363.8	1,613.7	1,289.4	1,222.8	1,648.7	1,689.6	1,433.7	1,276.2
Netherlands	2,052.1	1,609.3	1,312.2	1,259.7	2,465.8	2,090.3	1,786.8	1,626.7
Germany	1,954.6	1,913	1,757.9	1,345.9	3,940.4	3,484.3	3,201.4	2,986
UK	1,871.4	1,938.1	1,601.7	1,649.9	2,519.8	2,681.4	2,458.6	2,552.1
Italy	1,646.5	1,284.4	1,072.7	897.8	2,553.7	2,302.1	1,839.4	1,733.7
France	1,316.9	1,313.2	1,092.2	882.6	1,889.2	1,480.9	1,301.5	1,203.8
China	1,290	1,040.6	958.8	747.9	4,243.7	3,476.9	2,427.7	1,888.3
Switzerland	1,209.6	1,036.1	809	900.3	3,974.1	2,882.3	2,805.9	2,464.7
Brazil	1,171.2	671.6	465.7	467.3	297.2	270.7	209.4	166.5
Spain	1,117.9	1,106	903	687.8	959.1	811.9	749	613.7
Japan	881.9	769.6	792.8	799.1	2,224.2	1,882.1	1,292.3	1,238.1
South Korea	818.6	746.1	650	449.8	1,102.8	945.4	893.6	852.7
Russia	776.3	611.5	524.6	417.6	1,047	1,398.8	1,141.6	1,055.7
Taiwan	473.9	563	589.8	602.3	712.4	708.7	617	553.4
Other countries	13,121.7	11,779.8	9,167.9	8,886.4	21,494.4	16,466.3	14,298.8	12,945.4
<b>Total</b>	<b>60,825</b>	<b>54,092</b>	<b>46,789.4</b>	<b>42,770.4</b>	<b>65,171.1</b>	<b>56,623</b>	<b>47,840.6</b>	<b>45,034.5</b>



### Israeli Exports to Selected Countries 2008 (\$ million)



### Israeli Imports from Selected Countries 2008 (\$ million)



Manufactured goods, including electronics and machinery, top the list of Israeli exports, followed by diamond. As for the imports, the most important products are raw materials, rough and polished diamond and fuels (see tables 8/2 and 9/2).

**Table 8/2: Israeli Exports by Commodity Group 2007-2008 (\$ million)<sup>50</sup>**

Year	Agricultural	Manufacturing	Diamonds		Others	Total
			Polished	Rough		
<b>2007</b>	1,326	34,028.6	7,116.9	3,373.2	71.8	<b>45,916.5</b>
<b>2008</b>	1,253.8	39,871.1	6,299.2	3,318.2	64.3	<b>50,806.6</b>

**Table 9/2: Israeli Imports by Commodity Group 2007-2008 (\$ million)<sup>51</sup>**

Year	Consumer goods	Raw materials	Investment goods	Fuels	Diamonds rough and polished net	Others	Total
<b>2007</b>	6,851.9	21,394.9	8,691.6	8,935.4	9,642.5	589	<b>56,105.3</b>
<b>2008</b>	8,118	24,099.8	10,434.2	12,847.7	8,835.3	194.4	<b>64,529.4</b>

In its 2008 report, the Bank of Israel admitted that the repercussions of the international recession on the Israeli economy have become tangible by the end of the year. This impact was expressed in steep declines in exports and tax revenues and a decline in private consumption. Employment stopped rising, wages dropped, and unemployment started to climb.<sup>52</sup>

Some Israeli economic experts estimated the damage resulting from the world crisis on the 2008 budget by three billion dollars. According to the Chief Scientist of the Research and Development Department of the Israeli Ministry of Industry, Trade and Labor, the most damaged were the small businesses because of the dwindling consumption of and demand for their products.<sup>53</sup>

Since the recession had adversely affected the wealthy American, European and other Jews, some Israeli officials and the Jewish Agency officials expressed their concern of the probability of a sharp drop in the donations of American Jewish organizations and other Jewish organizations of the world to Israel. Besides this considerable retraction in donations, the sufferings of Israel from the crisis is, in their view, also attributed to the devaluation of the dollar versus the shekel and other world currencies. *The Marker* newspaper, which is of the group of *Haaretz* newspaper, published a long report on the anxiety caused by this development among thousands of Israeli philanthropic societies whose budgets reach 80 billion shekels, approximately \$21.7 billion according to the dollar exchange rate of





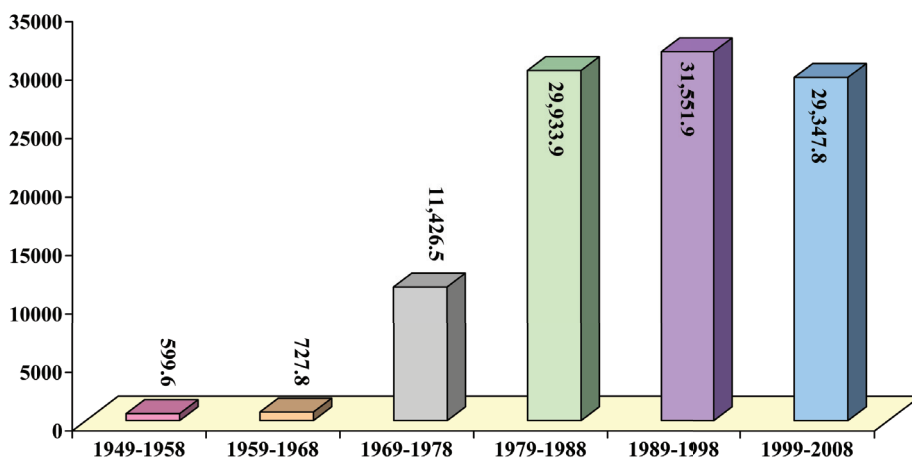
October 2008. For these donations constitute 10% of their total budgets, and some of the societies depend largely on them. According to the report, rich Jews declared the reduction of their donations by more than 50%, which meant a serious blow to the hundreds of societies whose budgets depend on these donations.<sup>54</sup>

Though Israel is considered a rich and developed country, it still receives a US foreign annual assistance. The military assistance that it received in 2008 amounted to \$2.4 billion, compared to \$2.34 billion in 2007, out of the total aid of \$2.5 billion that it received in the same year. The American military aid to Israel is expected to increase to \$2.55 billion in 2009. Hence, the aid that America extended to Israel during the period 1949-2008 reached, according to the report of Congressional Research Service (CRS), \$103.59 billion (see table 10/2).<sup>55</sup>

**Table 10/2: American Aid to Israel 1949-2008 (\$ million)**

Period	1949-1958	1959-1968	1969-1978	1979-1988	1989-1998	1999-2008
<b>Total</b>	599.6	727.8	11,426.5	29,933.9	31,551.9	29,347.8

**American Aid to Israel 1949-2008 (\$ million)**



American aid to Israel totaled \$1.18 billion and \$11.533 billion, respectively during the periods 1949-1967 and 1968-1978. Since Camp David Accords of 1979 and until Oslo Accords of 1993, Israel received American aid of \$45.93 billion, and the total American aid to Israel during the period 1994-2008 totaled \$44.903 billion.<sup>56</sup>

Due to the considerable improvement in the Israeli economy in the midst 1990s, the justification for the huge American subsidy to Israel had become less convincing. Hence, with the prior consent of the Hebrew state, USA decided in 1998 to gradually eliminate the \$1.2 billion economic aid, by cuts of approximately \$120 million per annum and over a period of ten years. In return, military aid to Israel would increase during the same period by \$60 million, i.e. from \$1.8 billion to \$2.4 billion. In August 2007, USA announced that it would increase US military assistance to Israel by six billion dollars over the next decade, thus the incremental annual increase will reach three billion dollars a year by 2018.<sup>57</sup>

Some Israeli analysts maintain that the global economic crisis is bound to have important impact on the American aid to Israel, for the Hebrew state would ultimately be compelled to relinquish a sizeable part of this aid. In case of a probable dangerous recession, many Americans will lose their jobs, houses and savings, hence Israel could not possibly insist to have the same level of aid from the USA. Thus, these analysts argue, Israel is advised to voluntarily relinquish part of this aid, though they are well aware that the significance of this aid is not essentially in burdening the American tax payers with part of the security cost of the Hebrew state, but rather in the clear and unequivocal American commitment to strengthen the Israeli army and maintain its qualitative superiority. Thus, the aid is viewed as part and parcel of the Israeli deterrent power, rather than just a source of income. According to this logic, it is essential that Israel be at the top of those countries that receive American aid.<sup>58</sup>

### **3. The Military Indicators**

During the year 2008, the Israeli military establishment continued to experience the repercussions of its war on Lebanon in summer 2006. Early in the year, Winograd Commission submitted its final report on the events of this war, which minuted “the inability of the strongest army in the Middle East to defeat a semi-military organization [Hizbullah].”<sup>59</sup> However, the Israeli army tried to draw lessons from this war, which had seriously questioned the Israeli military theories and war tactics on the ground. Meanwhile, Israel continued during the year preparations for a possible war against Hizbullah, Syria and GS, besides its probable participation in a strike against the Iranian nuclear project. The end of 2008 witnessed an Israeli war on Gaza, which appeared to be an attempt to restore the credibility of the “deterrent power” of the Israeli military establishment, which had been seriously shaken by the outcome of its war on Lebanon.



In this respect, it worth mentioning that the Knesset's committee of foreign affairs and security issued in December 2007 an interesting report that enumerated the failures of the Second Lebanon War in the summer of 2006. The report indicated that the Hebrew state had superseded in its war against Hizbullah "the engagement theory", as it was engaged in a battle in which the party was able to stand firm, and the war ended without a victory to Israel, notwithstanding its huge resources. The report demonstrated that the Israeli deterrent reputation had been seriously shattered by this war, and it also expressed concern about the very existence of Israel, and its role in the map of the new Middle East.<sup>60</sup>

In a special conference, held in December 2007 in the Institute for National Security Studies (INSS) of Tel Aviv University, Gabi Ashkenazi, the Chief of Staff of the Israeli army, summarized the efforts to rebuild and enlarge the Israeli army in the coming years as follows: to maintain the size and forms of the present forces, to consolidate the power of deterrent, alertness and long endurance, to develop the ability of land maneuvering, to consolidate the elements of strength, leadership and the defensive capability, to invest on the fighting capabilities and to maintain the qualitative superiority.<sup>61</sup>

Military analysts observed a qualitative transformation during the year 2008 in the Israeli military combat doctrine. Gadi Eizencout, General Officer Commanding (GOC) Northern Command, emphasized that the Israeli army will continue to give priority to excessive firing capability, though its chosen targets will be different from those in previous conflicts. The general revealed the so-called "Dahiya Doctrine", saying that what happened to the Dahiya neighborhood of Beirut in 2006 will happen to each village from which Israel is fired on.<sup>62</sup> Major-General Giora Eiland, former head of the National Security Council, reiterated the necessity of depending on the firepower capability and of selecting qualitative new targets. He warned that Israel failed in the Second Lebanon War (and may also fail in a subsequent encounter) because it targeted the wrong enemy. Israel fought against Hizbullah instead of fighting against the Republic of Lebanon.<sup>63</sup> According to a report issued by the Israeli Institute for National Security Studies, reserve Colonel Gabriel Siboni repeated the same convictions, namely the necessity of depending in a future war on heavy firing and careful selection of the qualitative targets.<sup>64</sup> It is worth noting here that this combat doctrine was crystal clear in the Israeli war on Gaza of late 2008, where the Israeli army fired barrages of artillery causing the

death of thousands of Palestinians and wide-scale destruction of institutions and infrastructure in Gaza.

In this respect, it should be noted that reliance on barrage of fire was not a new Israeli practice, as it was employed previously and long before the aggression on Lebanon and Gaza, namely in Deir Yasin, Isma'iliya, Suez, Port Said and in al-Nabatiyyah and Jenin camps, which demonstrates that it has been a systematic and consistent Israeli conduct.

Within the lessons drawn from the Second Lebanon War, Israel held, during the period 6-10/4/2008, the largest ever emergency civil defense drill, known as Turning Point 2 (*Nekudat Mifne 2*), which assumed the exposition of Israel to Syrian and Iranian rocket attacks accompanied by a Syrian land attack to restore the Golan Heights. During these exercises, sirens sounded nationwide, medical teams treated presumable victims of chemical weapons, firemen contributed also, teams rushed to the rescue of survivors from a collapsed building and hospitals prepared to treat tens of wounded. Presumed scenarios were also made to involve the government, where the prime minister was to conduct situation reviews and to make decisions based on the various scenarios as they unfold.<sup>65</sup>

Based on lessons acquired from the latest war on Lebanon, the Knesset Foreign Affairs and Defense Committee approved a bill in July 2008 that will permit expanding the scope of operation of the National Security Council, which from here on will be called the National Security Headquarters (NSH); while Dani Arditi, head of the NSH, will be given more jurisdiction. The NSH is to advise the government on matters regarding foreign and security affairs and to have direct access to the prime minister and the government and its mission would be presenting alternatives to the positions of the army on the political level.<sup>66</sup>

During 2008, the Israeli military establishment continued to implement Tefen 2012 plan which had been drawn in 2007 after the war on Lebanon. It concentrated on steps to be taken to strengthen the army and to improve the capabilities of training, ammunition reserves, arms purchase, combat means, and armament. The plan had particularly addressed the issues of human resources, land forces, and reserve forces. All this was in response to the controversy that the 2006 war had provoked on the character and form of the army, and on the phenomenon of military desertion, its scale, extent and real motives.<sup>67</sup>



Within this plan, the American Ministry of Defense informed the congress in August 2008 that Israel wants to buy \$1.9 billion worth of nine C-130J Hercules planes.<sup>68</sup> By the end of September, the Pentagon has approved an Israeli request to 25 stealth technology enabled F-35 Joint Strike Fighters, with an option for the purchase another 50. Each plane is estimated to cost between \$70 million to \$80 million.<sup>69</sup>

The peak of the American military aid to the Hebrew state, which was received on 24/8/2008 and installed in al-Naqab (the Negev) Desert, was an advanced radar system linked to the JTAGS deterrent system to intercept surface-to-surface missiles. According to some Israeli military experts, quoted by the Israeli National Radio, this radar, whose range was two thousand kilometers, was installed in the military base Nevatim in southern Israel, and operated by a permanent staff of 120 American officers. According to American sources, this radar system would give a few more minutes lead time for the Israel's Arrow-2 Missile Interceptor System (Hetz) in the Iranian Shahab-3 missiles interception pushing it out beyond Israel itself and into neighboring atmospheres.<sup>70</sup> The Israeli newspaper *Maariv* mentioned on 3/10/2008 that the Israeli army would also install in al-Naqab Desert two massive radar antennae to bolster its defense measures against the "Iranian missile threat". The 400 meter-high antennae will be erected near the no-fly zone of Dimona.<sup>71</sup>

The American Defense Ministry also approved to provide Israel with one thousand "smart bombs" of the brand GBU-39 and their related equipments to the value of \$77 million. These bombs are capable of penetrating 1.5 meters of steel-reinforced concrete, and their explosive ability is similar to the Israeli one-ton bombs (bunker buster bombs). They will strengthen the Israeli defense capabilities, and would make each plane carry four times as many bombs.<sup>72</sup>

The American Ministry of Defense also approved a deal to upgrade the Israeli Patriot anti-aircraft missiles, and to supply Israel with 28 thousand LAW (Light Anti-Tank Weapon) tube launchers for land forces.<sup>73</sup> By the end of 2008, some officials in the Israeli ministry of defense called upon the American Congress to end export ban of the F-22 stealth fighters and to allow Israel to buy sixty of them.<sup>74</sup>

Within the drive to strengthen the Israeli missile power, it was said that Israel had successfully fired from Palmahim air force base, south of Tel Aviv, "Jericho III" surface-to-surface missile. The Israeli missile is capable of carrying both conventional and non-unconventional warheads from a land base and towards a long range land

target.<sup>75</sup> In April 2008, Israel tested its Arrow anti-ballistic missile system. It simulated an interception of a mimic joint Iranian-Syrian-Hizbullah missile attack on occupied Jerusalem and Tel Aviv that by a trained unit of the Israeli air force using Arrow-2 Missile Interceptor System (Hetz).<sup>76</sup>

In the same context some Israeli sources reported an agreement concluded between Lieutenant General Henry A “Trey” Obering, Director of the Missile Defense Agency, Office of the Secretary of Defense, and senior officials of the Israeli security agencies on that the United States government’s department of Defense supports the development of Hetz-3 anti-ballistic missiles. According to the agreement, the manufacture of Hetz-3 missile, which is developed by the Israeli aerospace industries, would be divided between the aerospace industries and the Boeing aerospace corporation. The estimated cost is 700-800 million dollars, and the time duration is three years.<sup>77</sup> The Israeli radio reported an Israeli-German agreement to develop a joint radar system that detects ballistic missiles with nuclear war heads through sensors and infrared rays that feed into the system deployed for intercepting the ballistic missiles.<sup>78</sup>

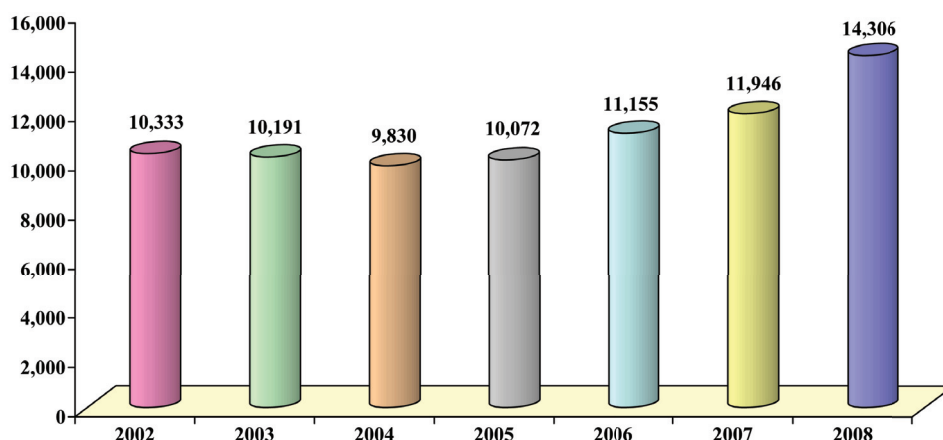
Within the effort to strengthen Israel with a powerful spy satellite, the 10<sup>th</sup> channel of the Israeli television reported on 20/1/2008, that the TecSar satellite which has an advanced radar was sent into orbit by an Indian rocket from the Sriharikota launching range in south-east India, it includes an advanced imaging system based on Synthetic Aperture Radar (SAR) technology. It enables Israel to track Iran’s nuclear activities. This technology is able to transmit highly accurate pictures at night and in cloudy weather.<sup>79</sup> On 28/4/2008, some Israeli media sources reported the launching from a centre in Kazakhstan of the Israeli satellite Amos-3 that was designed and constructed by the Israeli Aerospace Industries to replace Amos-1 that was launched earlier in 1996.<sup>80</sup>

It is very difficult to know the exact figure of the Israeli military budget, as many of its confidential aspects are not revealed and some of the purchasing or selling deals are concluded in secret. In addition, the budget itself is subject to some revisions during the fiscal year, which may increase or decrease it. However, according to the Israeli central statistics office, the military expenditure for 2008 totaled 51.33 billions shekels (\$14.31 billion).



**Table 11/2: Official Israeli Military Expenditure 2002-2008<sup>81</sup>**

Year	Million shekels	\$ Million
2002	48,957	10,333
2003	46,351	10,191
2004	44,060	9,830
2005	45,199	10,072
2006	49,711	11,155
2007	49,074	11,946
2008	51,328	14,306

**Official Israeli Military Expenditure 2002-2008 (\$ Million)**

The global economic crisis is expected to have wide range impact on the Israeli security policy. In fact, following this crisis, the Hebrew state is exploring the possibility of introducing some amendments on the deal of purchasing F-35 American planes.<sup>82</sup> Moreover, in a piece published in *Haaretz* newspaper, an Israeli researcher, Aluf Benn, alerted that the Israeli defense establishment and treasury need to prepare for the aid reduction, or at least for a halt in its gradual increase. In addition, Benn called the Israeli army to pull long-term projects and put off equipping new planes and ships. Some creative thinking will be also necessary to consider alternatives to the US aid, like a long-term loan of equipment or an expansion of American deployment in Israel beyond the US radar system in the Negev. In this respect, Benn indicated that withdrawal from the WB or Golan Heights could justify American compensation in the form of increased aid or special grants to fund security arrangements. But at the moment, no such deals are on the table. Maintaining the relationship with the United States during its time of

crisis requires Israel to take into consideration the problems of its friends, and to relinquish some of the financial aid it had expected to receive.<sup>83</sup>

Though still enjoying a high status in the hierarchy of the Israeli state and society, the army suffered in this year, as during previous years, from the problem of having suitable soldiers. According to a report by *Yedioth Ahronoth* newspaper, published in mid 2008, that 2008 draft encountered the smallest age group set for military service in twenty years, which is the peak of the 12% decline in the Israeli army recruits.

Moreover, data released by the human resources department of the Israeli army maintained that 44% of women do not recruit in the army, and the percentage of women who seek an exemption based on religious observance is on the rise, 33.1% by mid 2008.<sup>84</sup> Other Israeli data indicated a significant 50% reduction in the percentage of Bedouin Arab recruits in the Israeli army, i.e. from 400 recruits in 2004 to 222 in 2007.<sup>85</sup> Besides, there are indicators of a noticeable rejection of recruitment in the Israeli army by the Arab Druz.<sup>86</sup> On another vein, the 10<sup>th</sup> channel of the Israeli television maintained, on the 2<sup>nd</sup> anniversary of the Second Lebanon War, that one third of the participants in military operations suffer from psychological trauma. According to data revealed by the Israeli army, 800 soldiers are victims of persistent war hallucinations, and that most of them are, in the army's terminology, "psychologically handicapped".<sup>87</sup> In an article published by *Haaertz* newspaper, Yagil Levy, a political sociologist at the Open University, maintained that the extent of the infiltration of the settlers and the graduates of yeshivas in the army units deployed in the WB is significant that the Israeli army lost control over them. Hence is the widespread saying, "soldiers must not examine the deeds of the settlers through the eyes of the law, since the settlers are carrying out a Zionist act in building the outposts, although it is illegal," which shows that the army lacks any real ability to carry out the evacuation of the settlements in the WB.<sup>88</sup>

### *Third: Aggression and Resistance*

Israel capitalized on the Palestinian schism to continue its aggression on the Palestinian people during the year 2008. Meanwhile, the resistance operations were, as in the previous year, essentially defensive, though more precise and wider in range missile attacks continued. By mid 2008, a six month calm period between





Israel and the resistance factions was concluded. But the Hebrew state violated this truce many times, which had finally culminated by the end of the year in its extensive aggression on GS. Besides tightening the siege and the aggression on Gaza, the Israeli forces continued their occupation of the WB and enhanced in 2008 their security coordination with the PA.

The conflicting figures of the dead and wounded given by different sources, including the Palestinian sources themselves as well as the Israeli sources, had obliged us to finally opt for particular figures.

During the year 2008, 910 Palestinians were killed by Israeli fire of whom 844 dead were from Gaza and 66 from the WB, including Jerusalem. Amongst the killed were 144 minors (i.e. of less than 18 years old). The highest number of killed was in December (422), followed by March (121), while 2,258 Palestinians were wounded.<sup>89</sup>

Under the code name “Hot Winter”, the Israeli army launched on 27/2/2008 a military operation focused on Jabalia Camp and al-Shuja‘iyyah suburb in Gaza. It continued until 3/3/2008, and left behind 107 killed of whom 27 were children.<sup>90</sup>

Figures released by the Israeli Information Centre for Human Rights in the Occupied Territories (B’Tselem) record 21 Israeli dead by Palestinian operations during 2008 (with the exception of those killed during the aggression on Gaza). Eight of them were killed in the 6/3/2008 attack at the religious institute Mercaz Harav Yeshiva in Jerusalem, and three were killed, on 2/7/2008, on an attack by a tractor driver in the centre of Jerusalem. Seven other Israelis and one foreign citizen were killed by rocket and mortar attacks launched from Gaza. In addition, ten members of the Israeli security forces were killed, seven in the Occupied Territories and three inside Israel. The latter were killed during an exchange of gunfire with Palestinians who had approached the perimeter fence near the Kerem Shalom kibbutz.<sup>91</sup>

In 2008, 2,048 rockets and more than 1,672 mortar shells were fired (except those fired during the late aggression on Gaza) by the Palestinian resistance factions into Israel from the Gaza Strip (according to the Shabak). Five Israelis were killed by this fire (up to 26 December), and 464 were wounded.<sup>92</sup> During 2008, Hamas continued the detention in Gaza of the Israeli soldier Gilad Shalit, and pledged not to release him except with a deal by which about one thousand Palestinian detainees be released from Israeli prisons.

## 1. The War on Gaza

About a week after the expiry of the calm period on 19/12/ 2008, Israel launched on 27/12/2008 a 22 day extensive aggression on Gaza, codenamed “Cast Lead”. The casualties were 1,334 killed, amongst who were 417 children, 108 women, 120 elderly people and 14 of the medical staff, and 5,450 wounded of whom half were children.<sup>93</sup> The direct economic cost of this aggression was \$1.9 billion,<sup>94</sup> and that inflicted on Gaza infrastructure was \$1.2 billion.<sup>95</sup>

By this war on Gaza, Israel aimed at restoring the deterrent power of its military establishment that was seriously shaken after its late war on Lebanon. In the Gaza aggression, the Hebrew state sought to apply the “Dahiya Doctrine”, whereby the Israeli army heavily depended on extensive and widespread firing, which killed and wounded thousands of Palestinians and caused massive destruction, in order to impose a major change in the Palestinian resistance cost and effect formula.<sup>96</sup>

Israel successfully targeted a number of the Palestinian political and military symbols. Due to the first day surprise air attacks on the security and police headquarters, Major-General Tawfiq Jabr, the Commander of the Police Force in Gaza, and Lieutenant Colonel Isma'il al-Ja'abari, the Commander of the Security and Protection Service, along with 230 civil policemen, killed. Amongst the killed were the Hamas prominent leader Nizar Rayyan with 13 members of his family, and Sa'id Siyam, Hamas minister of the Interior in the deposed Hamas-led government.<sup>97</sup> 48 fighters of al-Qassam Brigades, the military wing of Hamas of whom the most prominent was Abu Zakariya al-Jamal, also slain.<sup>98</sup> Though al-Qassam Brigades are reputed for the accurate statistics of their casualties, they seemed to have been this time too much in a hurry to wait to know who killed in the advanced battle fronts or under the rubble during their resistance of the aggression. Subsequent statistics showed that their death were much more than they originally gave, i.e. 175 were killed. Saraya al-Quds, the military wing of (PIJ), *al-Aqsa* Martyrs Brigades of Fatah, and the National Resistance Brigades, the military wing of (DFLP), announced their killed, respectively 34,<sup>99</sup> 32 and 13.<sup>100</sup>

During the last war on Gaza, the Palestinian military wings, particularly al-Qassam Brigades, launched 571 missiles and 205 mortar shells that killed four Israelis and wounded 367 others, besides hundreds who suffered from shock and trauma.<sup>101</sup> However, Israel admitted that its death toll was 13 only, of whom 10 were soldiers.<sup>102</sup> On their part, these military wings extended their targets to the

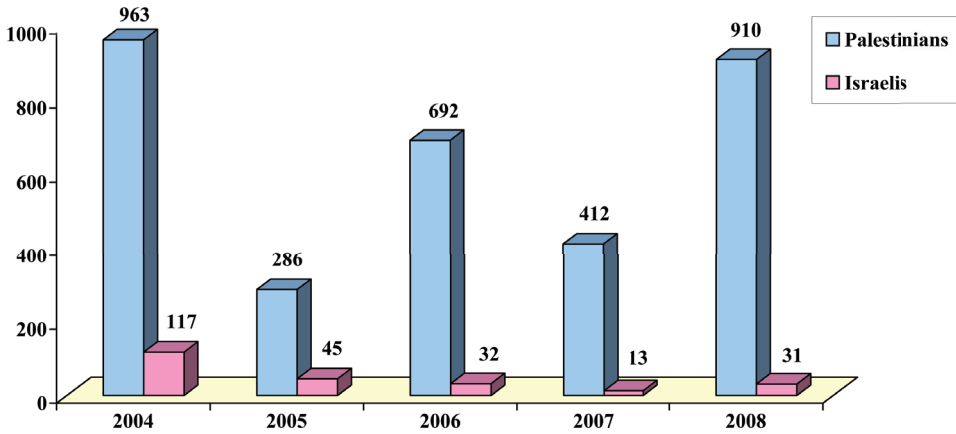


towns and settlements in southern Israel in an operation codenamed by al-Qassam Brigades “Operation Oil Stain”, where the Palestinian missiles reached as far as Beersheba (40 km east of the Strip), Ashdod (30 km north of Gaza), Ashkelon (‘*Asqalan*) (20 km north of the Strip), Netivot settlement (25 Km east of Gaza), the town of Sderot (10 km north east of Gaza), and al-Majdal (25 km north of the Strip), as well as Western Negev (*al-Naqab al-Gharbi*) and other settlements such as Zakeem, Yavne, Mivtahim, Kiryat Gat, Kiryat Malachi, and Ofakim, besides the Hatzerim Airbase, the army base Zeelim and other strategic locations.<sup>103</sup> The spokesman of al-Qassam Brigades emphasized that the Brigades had twice tried to abduct Israeli soldiers, but the Israeli army had in both cases waged bombardments that killed the Palestinian fighters and the kidnapped Israeli soldiers.<sup>104</sup> On their part, some Israeli media sources admitted that such attempts were made and that strict orders were given to all Israeli soldiers to avoid arrest whatever the circumstances may be.<sup>105</sup> Lt. Col. Shuki Ribak, a battalion commander in the Golani Brigade, told his soldiers at the beginning of Operation Cast Lead, “No fighter from battalion 51 gets captured. You blow up a grenade on the kidnappers and you don’t get taken.”<sup>106</sup> which gives credibility to the Palestinian story versus the official Israeli denial. Al-Qassam Brigades also announced that they confronted the Israeli tanks with 98 shells and anti-tank missiles, some of the anti-tank missiles was used for the first time, exploded 79 explosive devices, executed 53 sniping and 12 ambush operations, besides engaging in 19 direct clashes with the Israeli forces and one self-immolation operation. Al-Qassam also stressed that it totally or partially destroyed 47 tanks, bulldozers and troop carriers, hit four helicopters and destroyed one reconnaissance aircraft.<sup>107</sup>

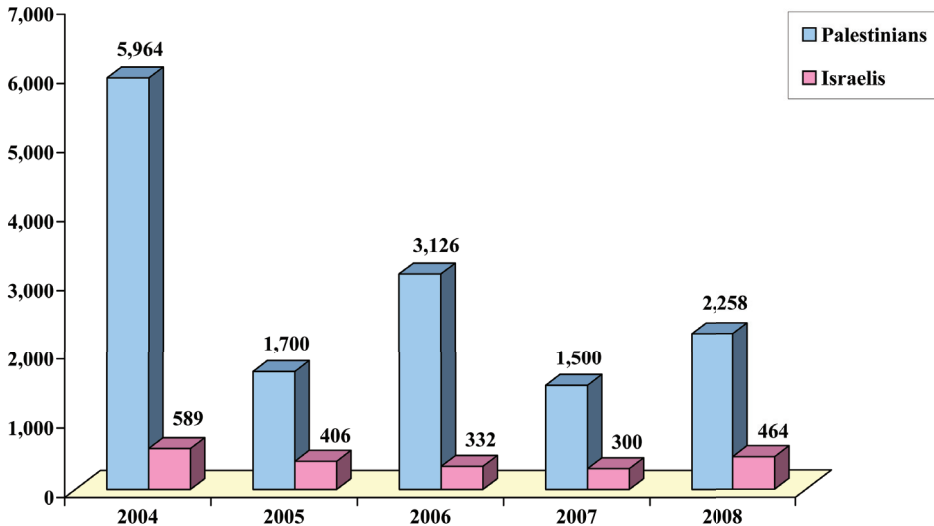
**Table 12/2: The Killed and Wounded among the Palestinians and the Israelis during 2004-2008<sup>108</sup>**

Year	Killed		Wounded	
	Palestinians	Israelis	Palestinians	Israelis
<b>2004</b>	963	117	5,964	589
<b>2005</b>	286	45	1,700	406
<b>2006</b>	692	32	3,126	332
<b>2007</b>	412	13	1,500	300
<b>2008</b>	910	31*	2,258	464*

## The Killed among the Palestinians and the Israelis 2004-2008



## The Wounded among the Palestinians and the Israelis 2004-2008



## 2. Prisoners and Detainees<sup>109</sup>

Like its predecessor, the year 2008 was one of the worst years for the detainees in Israeli jails, who totaled by the end of the year nine thousand detainees, including 75 women, 265 children, 41 members of the PLC and former ministers. The detainees from the WB (including Jerusalem) were 7,730, Gaza 1,050, and the 1948 Occupied Palestine 140.<sup>110</sup> In addition, there were many detainees from various Arab countries; from the Golan Heights 13, around 30 Jordanian, one Saudi, and tens others from



Egypt and the Sudan who crossed the borders for various reasons.<sup>111</sup> Out of the 3,338 of the sentenced detainees 750 were sentenced to one life imprisonment or more, 3,870 are awaiting trials and 800 are held in administrative detention.<sup>112</sup>

The rate of detention in 2008 was 24% less than its predecessor 2007. For detainees in 2008 totaled 5,818 of whom 4,927 were from the WB and 891 from GS, while the Palestinians detained by the Israeli occupation forces in 2007 were 7,612 i.e. an average of 16 cases daily in 2008 compared to 21 in 2007. In 2008 Israeli courts charged and imprisoned a number of the elected members of the PLC, of the Change and Reform Bloc, for 30-40 months period, of whom the most prominent was Dr. 'Aziz Dweik, the president of the PLC, who was imprisoned in mid December 2008 for 36 months. Meanwhile, the military court at 'Ofar Prison tried and imprisoned Ahmad Sa'dat, the MP and Secretary General of the PFLP, for thirty years. No doubt, the Israeli kidnapping and detention of Palestinian PLC members and ministers constitutes a gross violation of international norms and conventions, and is a flagrant aggression on the Palestinian legitimate institutions, human rights and diplomatic immunity of PLC members and ministers. The verdicts against them are indeed predominantly politically motivated.<sup>113</sup>

**Table 13/2: The Prisoners and Detainees in Israeli Jails 2008**

No. of detainees on 1/1/2008	No. of detainees on 31/12/2008	Detainees during 2008		No. of women by the end of 2008	No. of children by the end of 2008
		WB	GS		
11,500	9,000	4,927	891	75	265

**Table 14/2: The Prisoners and Detainees in Israeli Jails According to Geographic Locations by the End of 2008**

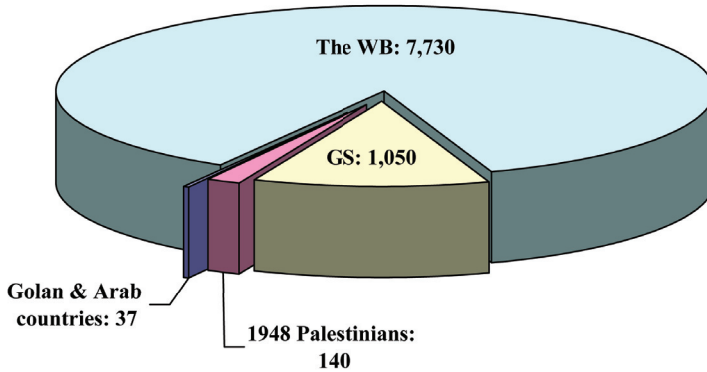
WB	GS	1948 Palestinians	Golan & Arab countries	Total
7,730	1,050	140	37	9,000

**Table 15/2: The Prisoners and the Detainees in Israeli Jails According to their Legal Status by the End of 2008**

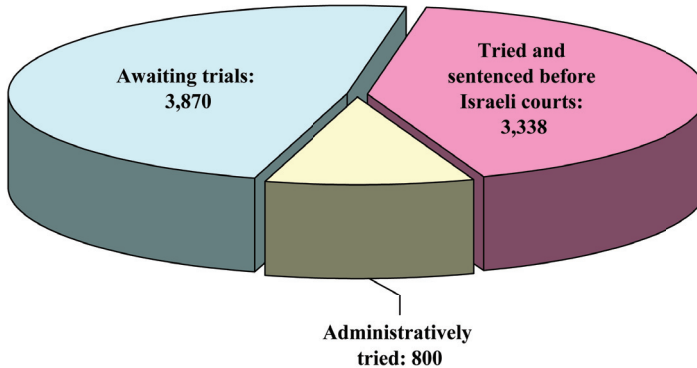
Tried and sentenced before Israeli courts	Administratively tried	Awaiting trials	Total
3,338	800	3,870	8,008*

\* The Ministry of Detainees was unable to specify the legal status of 992 detainees.

## The Prisoners and Detainees in Israeli Jails according to Geographic Locations by the End of 2008



## The Prisoners and the Detainees in Israeli Jails according to their Legal Status by the End of 2008



Israel released many of the 2008 detainees after a few days or months of their detention or by the end of the duration of their imprisonment. In the same year, the Hebrew state released, but unilaterally and selectively, 425 Palestinian detainees under what it called “good-will gesture”, and in two groups: the first, dated 25/8/2008, was composed of 198 detainees, including two of the longest-serving prisoner in Israeli custody, Sa’id al-‘Atabah and Abu ‘Ali Yattah, as well as the former M.P. Husam Khadir, and the second group, dated 15/12/2008, included 227 detainees. Thus, what remained of the 2008 detainees were 1,400.<sup>114</sup>

The year 2008 witnessed two prisoner swaps between Israel and the Lebanese party Hizbullah. The first was on 8/6/2008 on which Israel released and returned

to Lebanon the Lebanese prisoner Nassim Nisr in return for receiving from Hizbullah the remains of five Israeli soldiers who were killed in the July 2006 war. In the second operation, dated 16/7/2008, Israel released the dean of the Arab prisoners the Lebanese Samir al-Kuntar who was detained since 1979 and four other Lebanese prisoners detained in 2006, and handed over the remains of 199 Palestinian and Lebanese fighters. Subsequently, Israel released five Palestinian children, whose imprisonment periods were about to expire, as a good-will gesture to the secretary-general of the United Nations. In return, it got the remains of the two Israelis detained by Hizbullah since 12/7/2006, namely Ehud Goldwasser and Eldad Regev.<sup>115</sup>

Though the rate of detention in 2008 retracted compared to the previous year, 2007, the living conditions of the detainees were not improved by any means. On the contrary, the occupation authorities escalated their suppressive measures against the prisoners, vis-à-vis medical negligence, torture, and prohibition of individual visitation under the guise of the so-called “security prohibition”, or even collective visitation as is the case with the relatives of Gaza detainees; besides poor food, shortage of clothes and covers and confiscation of detainees’ money. With the help of special units, Metzada and Nahshon, the prison authorities increased their sudden daily and night searches of the detainees’ rooms and tents, and used excessive force against them.<sup>116</sup> In this respect, the Israeli newspaper *Yedioth Ahronoth* disclosed on 21/11/2008 a “top secret” memorandum issued by the Israeli security organs, which allowed the investigators to use various unconventional physical and psychological methods with the Palestinian detainees. This document was given legal and judicial cover and was endorsed by the Knesset, which demonstrates that torture was a regular and institutional policy in Israeli jails, which was supported by political and judicial authorities.<sup>117</sup> In 2007 two Palestinian detainees, Fadl ‘Udah ‘Atiyyah Shaheen (47 years) and Jum‘ah Isma‘il Musa (66 years), were killed in Israeli prisons in Jerusalem because of medical negligence. The Israeli authorities violently suppressed the detainees’ protest movements that demanded their human rights, of which the most brutal was what happened in ‘Ofar prison on 20/12/2008,<sup>118</sup> where 28 Palestinian prisoners suffered wounds due to Israeli suppressive actions.<sup>119</sup>

### *Fourth: The Israeli Position Towards the Internal Palestinian Scene*

There was no substantial change in the Israeli stance towards the internal Palestinian scene during the year 2008; it remained basically the same as in the preceeding year 2008. This was mainly because the situation on the Palestinian level continued to drift as before, particularly with regard to the ongoing and deepening Palestinian political schism, the continuation of Hamas' control over GS, and the stagnation of the peace process over issues of the final status. The following is a resume of the major Israeli policies during the course of the year 2008 vis-à-vis the Palestinian file:

1. To encourage the Palestinian schism, and to support the Palestinian presidency and Fatah movement in its confrontation with Hamas in the WB and GS.
2. To consolidate the security coordination with the caretaker government in Ramallah, and to shut down all the pro-Hamas philanthropic and civil institutions in the WB under the guise of destroying the infrastructure of terrorism. In return Israel continued its previous policies in the WB, where the separation wall and military roadblocks obstructed the movements of the inhabitants, and the raids, infiltrations and arrests continued as strong as ever.
3. The continuation of the policy of economic asphyxiation and military pressure towards GS, and to strive by all means to secure the downfall of Hamas government, and to strangle and humiliate the people of Gaza in order to compel them to accept the Israeli political options.
4. To continue paralyzing the PLC through imprisoning its president and some of its members and arresting others. Moreover, there is a rising tendency in Israel to prohibit future presidential and legislative elections lest Hamas dominates them.
5. To make use of the internal Palestinian conflict to tarnish the image of the Palestinian struggle and resistance, separate between the WB and the GS, and to weaken the Palestinian negotiation position in order to get as much concessions as possible and to continue the policies of settlement and judaization in the occupied territories.





Israel continued, of their policies of economic asphyxiation and military pressure on GS, the Israeli leaders used “firm” language when describing these policies towards Hamas. At the beginning of the year 2008, the Israeli premier Ehud Olmert said, “As far as I’m concerned, the residents of Gaza can walk if they don’t have gasoline for their cars, because they have a murderous terrorist regime.” Similarly, Defense Minister Ehud Barak said in addressing the annual Herzliya Conference, “We must put more and more pressure on Gaza. What is important to us is that the residents of the western Negev and Sderot live in peace. If this ‘peace’ means ‘war’ on the other side, then there will be war.”<sup>120</sup> On 18/1/2008, Barak ordered “the closure of all the crossings” with Gaza,<sup>121</sup> and Israel had a complete closure of Gaza to all fuel supplies causing power blackout, as Gaza power plant shut down of fuel shortage on 20/1/2008.<sup>122</sup>

On 23/1/2008 and as a result to the Israeli policy, the Palestinians forcefully crossed the Palestinian-Egyptian border wall in southern Gaza, and thousands of them reached the towns of Rafah and al-‘Arish. However, the Egyptian regime had no viable option except to allow them to cross and buy their necessities from these towns. On their part, the Israeli political circles were amazed and perplexed by this daring and defiant action. Their real fear was that these borders may continue to be open, thus GS may become out of the Israeli control, the negotiating position of the deposed government is likely to get stronger on the issue of operating Rafah crossing, and arms could be easily smuggled to Gaza.

Within its alteration between the policies of economic strangling and military pressure versus Hamas’ dominance in Gaza, and under the guise of stopping the resistance missiles on the Israeli towns near Gaza, Israel launched between 27/2/2008 and 3/3/2008 a military campaign on the Strip that was code-named “Hot Winter”. But politically the operation proved the difficulty of eradicating Hamas by military means, being not only a political but also a social movement. In other words, the option of a decisive military action against Hamas and the status quo in Gaza had retracted, at least temporarily, in the Israeli agenda.

Following operation “Hot Winter”, Israel continued its economic siege and the almost complete closure of all crossings. On 27/5/2008, some defense officials indicated that the army is drawing up plans to move the Gaza crossings away from Israel’s border and move some several kilometers deeper into Israel territories in order to create a buffer zone the Israeli and Palestinian sides of the crossings.<sup>123</sup>

In an attempt to stop missile attacks on Sderot and Ashkelon as well as the settlements surrounding GS, and under the patronage of Egypt, Israel concluded in mid 2008 a Calmness Agreement with Hamas and the Gaza resistance factions that provided for a six-month calm period (19/6/2008-19/12/2008). This was a de facto, though indirect, Israeli recognition of Hamas' control over Gaza and as a party that is "possible to live with". By this agreement, Israel was obliged to stop its aggressions in the GS, lift the siege and reopen the border crossings, in return for Hamas and the Factions to stop firing rockets and conducting military operations. It was also agreed that the Calmness Agreement would be implemented at a later stage in the WB.

Though the agreement had obliged Israel with rather specific undertaken, the Hebrew state insisted right from the beginning on the application of the principle "calm in return for calm", ignored the lift of the siege, and refused to open Rafah and other crossings as these economic measures provided Israel with an essential tool to press for the realization of two central objectives: the collapse of Hamas government and to have a strong say in the formulation of a presumably new political future for the Strip.

According to the statistics of the Palestinian Centre for Human Rights, the crossings were indiscriminately closed for the greater part of the calm period. Rafah was closed for 163 days, and partially opened for 20 days only, while Erez (*Bayt Hanun*) crossing was completely closed throughout this period. No cargo imports or exports were allowed to pass through Karni (*al-Mintar*) crossing for 149 days, and only limited amounts were granted transit via this exist and for 34 days only. As for Nahal Oz crossing, which was allocated for supplying Gaza with fuel, it was totally closed for 78 days, and was allowed to function for 105 days and for limited amounts of fuel. Kerem Shalom (*Karam Abu Salim*) goods crossing was totally closed for 127 days, though opened for 56 days.<sup>124</sup> The People's Committee to face the Siege emphasized that throughout November 2008 Israel allowed the opening of the Strip's crossings once, and that only 10% of the essential foodstuffs were allowed to enter to the Strip on that date. The committee added that the crossings opened during the six-month calm period by less than 35% of their capacity.<sup>125</sup> Moreover, Israel had violated the terms of the calm agreement more than 195 times, and the number of killed during the calm period totaled 22 people dead.<sup>126</sup> Interestingly, by mid November 2008, the



Shabak cautioned that the calm period between Israel and Hamas in Gaza was about to collapse, and it recommended that effort should be exerted “to cause the collapse of Hamas rule.”<sup>127</sup>

On 27/12/2008 the Israeli army launched a wide aggression on Gaza. The objective of this operation was a source of difference in Israeli official circles.<sup>128</sup> While some wanted to occupy the Strip, others wanted the army to impose a long term calm period and then to withdraw from the Strip.<sup>129</sup> However, the year ended without the stoppage of the aggression, and during its 22 day war, Israel committed crimes against humanity that provoked world organizations and the international public opinion. The repercussions of this war are expected to be a source of concern to Israel during the forthcoming year, 2009.

Israel continued its instigation against Hamas throughout the year 2008. In its website, the *Yedioth Ahronoth* newspaper published a warning by the Israeli minister Ami Ayalon that President Mahmud ‘Abbas could loose his authority in the WB to extremist Islamic elements like al-Qa‘idah and Hamas, as was the case in Gaza.<sup>130</sup> Ehud Barak maintained that the good-will gestures that Israel extend to the Palestinians may backfire if Hamas controlled the WB, as the organization would then acquire better arms that it would direct against Israel.<sup>131</sup> The Israeli leader of the opposition Benjamin Netanyahu had reportedly warned against what he called the establishment of a Hamas base in the WB if Israel withdrew from it. He told the Condoleezza Rice, the American Secretary for State, that he will not sign a declaration of principles that have the basis of dividing Jerusalem and returning to pre-1967 borders.<sup>132</sup> Meanwhile, Haim Ramon, Vice Prime Minister, called upon “moderate” Arab states to end Hamas rule in Gaza, and to replace it by an Arab force.<sup>133</sup> Ehud Olmert maintained that a peace agreement with the Palestinians would be farfetched if Hamas do not accept the principles that the international community and the Quartet agreed upon.<sup>134</sup> In a meeting in Washington with Ban Ki-Moon, Tzipi Livni, the minister of Foreign Affairs, bluntly told the Secretary-General that from an Israeli point of view, based on what is going on in Gaza, she would say that there is no hope for peace as long as Hamas controls the Strip.<sup>135</sup>

In an obvious instigation to the Authority in Ramallah, Brigadier General Yoav Mordechai, the head of the Civil Administration in the WB, cautioned the PA that Hamas had been for many years a government within the government. Quoting Mordechai, the Israeli Radio reported that Hamas’ civil infrastructure is the basis

of its military infrastructure. He assured that Israel confronts the military and civil infrastructure of Hamas in the WB to prevent Hamas from doing what it did in Gaza.<sup>136</sup>

Some Israeli leaders revealed an inclination within official circles to ban any forthcoming Palestinian presidential or legislative elections lest that Hamas emerges victorious in them. The Israeli President Shimon Peres emphasized on barring Hamas from taking part in any future elections unless and until it abandons what he called “the terrorism track”, by which he meant the resistance.<sup>137</sup> A paper prepared by the Israeli National Security Council warns that after PA President Mahmud ‘Abbas term ends, he might “disappear” from the political arena. That could cause the PA to disintegrate, which would increase the risk of the two-state solution being taken off the table. Hence the document recommended “preventing elections in the PA, even at the cost of a confrontation with the U.S. and the international community.”<sup>138</sup>

Meanwhile Israel consistently linked the continuation of the negotiations with the internal Palestinian reconciliation. After San‘a declaration of March 2008, an Israeli official said that ‘Abbas “should choose between the continuation of the negotiations with Israel or to ally itself with Hamas again, as he could not have them both.”<sup>139</sup> In the same vein, in an annual report of the Israeli Security Agency, the Shabak’s director Uval Diskin expected that as long as there are Palestinian-Israeli negotiations, the probability of conciliation between Fatah and Hamas is negligible.<sup>140</sup>

Israel had also consolidated security coordination with the caretaker government in Ramallah, who, according to the Israeli newspaper *Haaretz*, formed, with the prior consent of Israel, Jordan, and the USA, a special Palestinian battalion “to maintain law and order in the WB.” The newspaper’s report added that 620 officers and soldiers of the Palestinian National Security (PNS) forces underwent a four-month training program in Jordan under an American program and Jordanian guidance, and part of the plan drawn up by Lieutenant General Keith Dayton, United States Security Coordinator for Israel and the Palestinian Authority.<sup>141</sup> By October 2008, most of the members of this force were deployed in the town of Hebron (*al-Khalil*) in the WB.<sup>142</sup> In March 2008, Israel has given its final consent to allow Russia to supply the PA security services in the West Bank with 25 Russian-made armored vehicles on condition that the vehicles not be mounted with



machine guns. Israel also agreed that an additional shipment of 25 vehicles will be temporarily stored in Jordan. Depending on the quality of security coordination with the Palestinians, Israel will decide when to transfer the remaining vehicles to the PA at a later stage.<sup>143</sup>

The security campaigns of the PA, during which tens of the activists of Hamas and other Palestinian resistance faction's activists were arrested and many philanthropic and civil institutions were closed, coincided with a three-day Israeli campaign in July 2008 that shut down 37 societies and civil institutions in Nablus and Ramallah.<sup>144</sup>

Nevertheless, the caretaker government was not rewarded for these efforts by any Israeli initiative. On the contrary, the Hebrew state refused a suggestion by 'Abbas and Fayyad government to transfer the responsibility for the Gaza crossings to the PA. In this respect Livni, claimed that such a transfer would practically mean that Hamas will handle the crossings, which Israel would never accept.<sup>145</sup> Along this direction, Brigadier-General 'Abd al-Razzaq al-Yahya, the minister of Interior of the caretaker government, declared that Israel banned the import of the needed arms for the security forces to operate.<sup>146</sup> In addition, Israel increased the peoples' hardship, and no improvement was ever made in their living conditions because of the increased checkpoints, incursions and the separation wall. Due to this Israeli insensitivity, the Palestinian President Mahmud 'Abbas hinted on 22/7/2008 that the police force will be withdrawn from the Palestinian cities if these repeated incursions continue in the Palestinian territories.<sup>147</sup>

### *Fifth: The Path of the Political Settlement*

The year started with repeated talks on the political settlement, and controversy around the possibility of implementing the vision of President George W. Bush on the establishment of a Palestinian state before the end of his second term. Despite the fact that the Palestinian-Israeli relations had no indications of any concrete progress towards a political settlement; on the Palestinian side, the squabbling between Fatah and Hamas and the separation between the WB and Gaza continued as strong as ever, while on the Israeli side the Premier was fully engaged in the corruption charges and the political elite was bitterly competing for power. And despite the reach of a calmness agreement on 19/6/2008, through Egyptian

mediations, between Hamas and Israel, the latter continued its siege, closure of the crossings and retraction from the understandings of the agreement. During the year 2008, many peace deals were said to be on the verge of success, but they all failed, and the year ended with a massive Israeli attack on the Palestinian people in Gaza, in which many war crimes and crimes against humanity were committed.

### **1. Talks about the Political Settlement**

The year started with noisy utterances that 2008 will be the year of peace, a claim that both the PA in Ramallah and the Israeli government persistently reiterated. The Israeli Prime Minister Ehud Olmert repeatedly emphasized that Israel needs to internalize that even its supportive friends on the international stage conceive of the country's future on the basis of the 1967 borders and with Jerusalem divided... He added that he hopes that the start of the year will yield a permanent Israeli-Palestinian peace accord and that reality requires Israel to compromise on parts of Eretz Yisrael (The Land of Israel) in order to maintain its Jewish, democratic nature. At the same time, he made clear that he did not envisage a permanent accord along the '67 lines, describing Ma'ale Adumim as an "indivisible" part of Jerusalem and Israel.<sup>148</sup> Based on a joint meeting on 7/1/2008 between the Palestinian and Israeli negotiation teams, that was attended by their heads, respectively Ahmad Qurei' and Tzipi Livni,<sup>149</sup> the former said, "The negotiation with the Israeli side resulted in some achievements."<sup>150</sup> On the next day, and just before the arrival of the American president George W. Bush to Israel and the WB, the Palestinian President Mahmud 'Abbas and the Israeli Prime Minister Ehud Olmert agreed to "immediately resume the final status negotiations." Sa'ib 'Uraiqat, who attended the meeting, said that 'Abbas and Olmert agreed that the heads of the two negotiation teams Ahmad Qurei' and Tzipi Livni should immediately start negotiating the six final status issues, namely Jerusalem, refugees, settlements, borders, water, relations and cooperation with other neighbors, in addition to the security and prisoners issue. He added that 'Abbas informed Olmert that he will not sign any final agreement between the two sides if it does not include the release of all prisoners. 'Uraiqat also said that Olmert informed 'Abbas that no contract for building settlement units will be advertised without the latter's consent, and added, "Olmert informed us that he will not take any step that adversely affects the issues of the final status."<sup>151</sup> He added that Olmert and 'Abbas agreed to conduct the negotiations at three levels. First negotiations of the major issues -Jerusalem,



the refugees, and the borders- which should be within the top negotiating team headed by 'Uraikat and Tzipi Livni. And what they agree upon should be referred to subsidiary negotiation teams to discuss the details, and what they do not agree upon should be referred to the two Presidents, 'Abbas and Olmert, to look into it. It was also agreed that sub-committees be formed for these and other issues, however, without having specific names "The Jerusalem committee", "The Refugees committee" and others. The Palestinian side accepted this arrangement on the request of Olmert who wanted to allay the fears of his allies in the Yisrael Beiteinu Party, who threatened to withdraw from the coalition if such committees were specifically formed. A member of the Palestinian negotiation team said in this respect, "we want to reap the grapes not to kill the guard." The agreement clearly specifies that all the major issues of the conflict should be discussed, and this is what is important. It may even be better that these issues be discussed at the highest level and not at the level of intermediate negotiators.<sup>152</sup>

In a further hint of a progress in the efforts for political settlement, the Israeli President Peres asked the two delegations not to stop the negotiations under any circumstances, and that they should keep going on. He added, "There is not much time to make peace. I am not surprised that the Palestinians insist on their demands and we do so. I do not expect to agree during this year, because time is short, but we should not stop for a moment."<sup>153</sup>

Obviously, the about to take place visit of President Bush to the region was behind these optimistic talks about a political settlement. This was emphasized by the Palestinian president Mahmud 'Abbas who said on 24/1/2008 that the Palestinian-Israeli negotiations had not yet achieved anything and that the issue of Jewish settlement is one of the most important predicaments of the peace process. He added, "The issues of the final status are on the negotiation table, but we do not know when we may reach a conclusion, but we will reach it this year." He told the Israelis, "You should grasp this historic opportunity, which will never be repeated," saying that "fifty-seven Arab states are ready to establish relations with you if you withdraw and the Palestinians took their rights. I do not know what deters you from giving us these rights."<sup>154</sup>

On its part through extensive attacks on GS and by accelerating the pace of the settlements, Israel strove to embarrass the PA and force it to freeze the negotiations. This was what had been actually declared on 1/3/2008 by Ahmad



Qurei', the head of the PA delegation to final status negotiations, who said that the Palestinian leadership had unanimously agreed "to stop the negotiations with the Israeli side after the massacres committed by the Israeli government in Gaza and the continuation of the Israeli settlements in Jerusalem." He emphasized, "What is going on in Gaza are massacres, there is no discrimination among the civilians between women, children and elderly people. There is a mass killing in the shape of genocide, it is unbearable, and it does not give credibility to the peace process nor to the negotiations." He indicated that the synchronization of this Israeli escalation few days before the visit of Rice, the US Secretary of State, raises eyebrows, and said, "United States should exert pressure on Israel to stop its crimes in Gaza and to stop the settlements."<sup>155</sup> In this respect, Sa'ib 'Uraiqat used more clear expressions by saying, "the negotiations are buried under Gaza's rubble, the peace process is destroyed by the aggression and the committed crimes." He added, "President 'Abbas urged the international community to stop these attacks, and he continues his day and night contacts with the American administration, the European Union and the Arabs, but, alas, all these appeals fell on deaf ears."<sup>156</sup> However, Tzipi Livni, did not care, as she said, this stance will not affect the Israeli decision to continue at the same pace the ongoing operations. If need be and in the case of intensified missile attacks, they will be escalated.<sup>157</sup> Similarly, the Israeli premier said that Israel wants to continue the negotiations, but he said, as we explained earlier, this will not be at the expense of defending our citizens against terrorism. He added that the whole world knows that the suppression of Hamas stimulates the continuation of the peace process with the moderates, with whom we are currently negotiating. It is clear to us that the Palestinian leadership with which we want to negotiate understands this very well. And added, the more we hit Hamas, the more there will be a viable opportunity for peace.<sup>158</sup>

The Israeli government diligently worked to deepen the gap between "the National Authority" and the Hamas movement. It strove that they be at loggerheads, and that their conflicting relationship be, so to speak, a Zero Sum Game. The Israeli president Shimon Peres declared that the negotiations with Hamas will kill the PA, emphasizing that, it is impossible to negotiate with the PA, and, at the same time, strike it.<sup>159</sup> On her part, Tzipi Livni, the minister of Foreign Affairs, declared in the Knesset that Palestinian terrorism is not the reason for the suspension of the bilateral negotiations between the Jewish state and the PA, but added that these negotiations do not grant any Palestinian terrorist immunity, and that Israel will





continue tailing the “Palestinian terrorists”. She maintained that the war of Israel on “terrorism” will continue, but the negotiations with the Palestinians should not be affected by the Israeli operations.<sup>160</sup>

On his part, the Palestinian president Mahmud ‘Abbas emphasized that the negotiations is the only option, by saying that the only open option to us is the negotiations, there is time constraint, we must reach a conclusion before the end of the year. And Following the failure of the American administration to pressure Israel to stop the settlement process, ‘Abbas appointed the Authority’s next step as follows, “Contacts are ongoing with the concerned parties, we do not have any other option except to continue the negotiations.”<sup>161</sup>

## **2. Confidential Negotiations for a Final Settlement**

By the end of March 2008, there was plenty of talk about secret Palestinian-Israeli negotiations to reach a political solution for the final status issues. “Hush hush: Intensive final-status talks quietly underway” reads the banner of the Israeli newspaper *Yedioth Ahronoth* of 30/3/2008. The article revealed the intensive negotiations, “the most serious since Oslo”, that were held in complete confidentiality to discuss the final status issues. The negotiations were between the heads of the two delegations, the Palestinian Ahmad Qurei’ and the Israeli Tzipi Livni who met in hotel rooms and safe houses at least fifty times in the past months, two to three times a week.<sup>162</sup> Nonetheless, the Israeli side denied the possibility of reaching to a settlement before the end of the year, and placed the blame squarely on the Palestinian schism. Ehud Olmert, the Israeli premier, declared in Kadima headquarters of Petach-Tikva that he sees no hope in implementing a peace settlement with the Palestinians until the end of the year, but some understandings between the two parties may be reached. And if they reach an understanding, Israel will insist on all Palestinian obligations in the road map being met, especially stopping terror, as a condition for implementing the agreement. Olmert added that the issue of Jerusalem will be addressed within the framework of the negotiations with the Palestinians. In response to the opposition, he said, in his own words, “No one can teach me or the Kadima ministers about the importance and the symbolism of Jerusalem for the people of Israel.”<sup>163</sup> In an interview with the *Financial Times*, dated 15/4/2008, Israeli President Shimon Peres blamed “weak” and divided Palestinian factions for holding up a peace agreement between Israel and the Palestinians. He added “I am in doubt we can get a political agreement (by the

end of the year)” and said, “The problem is that the Palestinians are split. They are weak and they are getting weaker.” On the establishment of a Palestinian state, Peres said, “In order to have a state, they have to make sure that a state will not become a base for attacking Israel. If we give back land we have to be sure that the land will not become the base for firing on us. The main problem is security.”<sup>164</sup> Though the Authority in Ramallah had more than once declared the suspension of the negotiations, and denied the existence of secret negotiations, Livni emphasized that there are non-publicized negotiations with the PA, and that they are achieving some progress. However, Livni reiterated that any peace settlement with the Palestinians should provide better security for Israel.<sup>165</sup>

### **3. Olmert and the End of the Israeli Dream of a Greater Israel**

Following the charges of corruption filed against him, his decision to resign from his position and the call for elections to elect a new president for the Kadima party, the Israeli premier Ehud Olmert gave, in his weekly cabinet meeting on 14/9/2008, what was described as a historical and farewell address because of the issues it raised. He said that Israel followed wrong policy towards the Palestinians during the last forty years, and that he was one of the first wrongdoing leaders. He declared that the dream of the Israeli right of “the greater land of Israel to the Jews” is over. He attacked the extremist settlers who mastermind barbaric attack on the Palestinians and called for an immediate and comprehensive peace with the Palestinians and the Syrians. Olmert added, for forty years we kept innovating arguments and pretexts to justify our negligence to undertake any step for peace with the Palestinians on the basis of “two states for two peoples”. This policy, he argued, is not in the interest of Israel. For the alternative is a bi-national state, which started to be endorsed by many Palestinians who were fed up of the futile negotiations, and by many in the West, including some of our friends there, even in the United States. Olmert added:

I admit that I didn't always have this opinion. I thought and I also said to [Defense Minister] Ehud Barak that the concessions he offered at Camp David were exaggerated. I believed that the land from the Jordan River to the Mediterranean was all ours since in every place there which is excavated, there is evidence of Jewish History. But finally, after a lot of suffering and misgivings, I came to the conclusion that we need to share the land... if we don't want to become a bi-national state.

Olmert continued among the amazement of his ministers, “We are strong like no other country in the region, no entity can overcome us,” he said. “The strategic



threats don't come from questions of where the borders are. We can argue over every small detail but we will then have no peace partner and no international backing" while today we have on the ground pragmatic peace partners, whether among the Palestinians or the Syrians. We frankly say the two state solution will not stop the danger or end the threats that face Israel from the Palestinian side. There are Palestinian and Arab terrorist forces that do not want peace under any condition, but the confrontation with such forces will be stronger and more successful if we conclude peace with the overwhelming majority of the Palestinians.

Olmert emphasized that the settlement which he strives for with the Palestinian leadership and believes he is able to get before the end of his term is supported by the overwhelming majority of the Israeli citizens, including a high percentage of the settlers.<sup>166</sup>

But the declaration of Ehud Olmert, i.e. the necessity of speeding up the peace process and paying the price of complete withdrawal from the WB and East Jerusalem to the borders of 4/6/1967, provoked wide rejection among the leadership of the Israeli parties, particularly the right-wing opposition, and also from within Kadima and the ruling coalition. Livni, Kadima's Leader and the minister of Foreign Affairs, disassociated herself and the party from these declarations, which, she insisted, represent just the personal views of Olmert. She added that the party's political program, which was the basis for the last elections and will be the basis for the next election, is the only binding principles to her. In an interview with the Israeli radio, she emphasized that this program prefers direct negotiations with the Palestinians but in a slow and steady manner and without any rush. She added that she wants for the peace process a natural delivery, and not a birth under artificial and difficult labor.<sup>167</sup>

It is worth noting that the expectations of progress in the peace process waned by the end of the year. This appeared in a declaration by Shimon Peres, the Israeli President, which he gave on the fringe of the United Nations General Assembly. In response to a question whether the American mediated negotiations on a Palestinian state would lead to an agreement by the end of the year, Peres said, "We have hoped it will be by the end of year... Apparently, we shall not conclude it by the end of the year but we do believe we made a little progress, and there is a very fair chance to conclude it during the next year."<sup>168</sup>

With the ascending of the popularity of the Israeli right by the end of 2008, the leader of the Israeli right-wing Likud Party, Benjamin Netanyahu, declared his intention to divide the WB into a collection of disconnected economic zones and emphasized that reaching a peace settlement with the Palestinians is not a priority for him. But he added, in an interview with the *Financial Times*, that he would shift the emphasis away from a comprehensive settlement aimed at the creation of a Palestinian state towards practical steps designed to bolster living standards in the West Bank. "It is not so much that peace brings prosperity - it is that prosperity brings peace," Resolving the conflict between Israel and the Palestinians -the focus of both Mr. Olmert's and Ms. Livni's attention- is a second-order issue for the Likud leader: "The issue for me is not the Palestinian problem. I think that conflict has been replaced by the battle between radical Islam and the western world," he says. The Palestinians, Mr. Netanyahu adds, would be allowed to hold on to their population centres. Other parts of the West Bank, such as the Judean desert and the Jordan Valley, should not leave Israeli control: "These areas are very significant for us because they are our strategic security belt," he says. These ideas, which were anyhow rejected by the PA, will in effect transfer the occupied lands into isolated regions that are partially ruled by self-government, exactly like the bantustans of South Africa's apartheid regime.<sup>169</sup>

We should note that Netanyahu had defined the basic political guidelines to his agenda concerning the final settlement; no withdrawal from the Golan Heights and large parts of the WB, no discussion of the case of Jerusalem or refugees, no return to the 1967 borders, or giving up security control.<sup>170</sup>

#### **4. Resumption of the Talk about the "Transfer"**

Being uttered on the verge of his disgraceful downfall, the declarations of Olmert on the end of the dream of "greater Israel" had almost tantamount to an admission. As for his successor in the leadership of the Kadima party, Tzipi Livni called in a speech, on 11/12/2008, for transfer of 1948 Palestinians, within a comprehensive transfer plan, designating that they must leave Israel in order to build the Jewish State. In a meeting with the pupils of Hadash high school in Tel Aviv, she said, "The Arabs in Israel should transfer to the lands of the Palestinian state after its establishment," and added, "My solution for maintaining a Jewish and democratic state of Israel is to have two nation-states with certain concessions and with clear red lines... And among other things, I will also be able to approach



the Palestinian residents of Israel, those whom we call Israeli Arabs, and tell them, your national solution lies elsewhere.” Livni dismissed the Arab peace initiative by saying, “I do not need new peace initiatives, either Arab or French. Instead, I want to present it by myself.” Livni indicated that Israel will continue its political and military drive against Hamas, alerting that the “Long term objective of Israel is to secure the collapse of Hamas rule in Gaza, this will not happen tomorrow morning, but we will never yield to an Islamic state that rejects our existence.” She also emphasized, “We can deviate from the Calmness Agreement if the violations continued in the Strip.”<sup>171</sup>

## *Conclusion*

The year 2008 witnessed a noticeable and profound change in the Israeli political hierarchy. The numerous corruption scandals led to the disgraceful downfall of Prime Minister Ehud Olmert, the Leader of Kadima Party. Tzipi Livni, his successor in the leadership of the party, was, however, unable to assemble a new ruling coalition, which dictated the call for early legislative elections early in the year 2009. Meanwhile, the popularity of the right-wing forces in Israel, under the leadership of the Likud Party, sharply increased during the course of the year 2008, which was reflected in the opinion polls and proved by the outcome of the subsequent general elections.

The Israeli military establishment experienced throughout the year 2008 the repercussions of its 2006 war on Lebanon. Early in the year, Winogard Commission presented its final report on the events of this war. Meanwhile, Israel continued during the year 2008 its military preparations for a possible war against Syria, Hizbullah and GS, and a probable participation in striking the Iranian nuclear plants. By the end of the year, and in an attempt to restore the “deterrent power” of the Israeli army that had been seriously tarnished by the 2006 war on Lebanon, Israel launched an all-out war on GS.

The global recession had by the end of 2008 its glaring impact on the Israeli economy. Revenue from exports and taxes sharply decreased, and the local consumption significantly retracted. Moreover, the crisis was instrumental in a tremendous loss of job opportunities, which consequently, led to the shrinking of wages and the rise of the rates of unemployment.

The Israeli position during the year 2008 towards the internal Palestinian scene remained essentially the same as that of the previous year. This was basically because of the continuation of the circumstances that directed the Israeli policy on the Palestinian front. Prominent among those was the ongoing and deepening Palestinian schism, the continuation of Hamas' control of GS, and the stagnation of the peace process due to final status issues. But two important developments had particularly distinguished the year 2008, namely the Calmness Agreement between Israel and Hamas which continued until 19/12/2008, and the subsequent massive Israeli aggression on Gaza, which led to thousands of Palestinians dead and wounded, and to colossal damage of the Strip's infrastructure.

During the year 2008, there were repeated talks and controversy on the possibility of the implementation of the vision of the American President George W. Bush regarding the establishment of a Palestinian state before the end of the year, which coincided with end of his second and last term. But the year ended without a breakthrough on the peace track, in addition to the Israeli aggression on GS and the rise of the Israeli right-wing forces which reject even the principle of the two-state solution.



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- <sup>109</sup> It must be noted that the Ministry of Detainees and Ex-detainees Affairs, in the Palestinian deposed government in Gaza, announced the presence of 11 thousand Palestinian prisoners in the Israeli occupation prisons, among those 400 child, 68 women, and 43 members of the parliament (MP) whose majority is from Hamas. The report, that was issued in Palestinian Prisoner's Day (17/4/2009), also mentioned that more than 1,500 Palestinians (women, children, MPs, and leaders) were arrested since the beginning of this year in WB and GS, in addition to the hundreds of Palestinians that are detained in the occupied territories claiming that they don't have working permits. See *al-Khaleej*, 14/4/2009.
- <sup>110</sup> The Prisoner's Center for Studies, 14/2/2009, see: <http://www.alasra.ps/news.php?maa=View&id=6416>
- <sup>111</sup> Arabs48, 21/4/2009, see: <http://www.arabs48.com/display.x?cid=11&sid=113&id=62241&ar=>
- <sup>112</sup> Quds Net News Agency, 10/1/2009, see: <http://www.qudsnet.com/arabic/news.php?maa=PrintMe&id=91585>
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- <sup>125</sup> Aljazeera.net, 25/12/2008, see: <http://www.aljazeera.net/NR/EXERES/D589B877-BB16-4F60-ACF1-D07710010597.htm>
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- <sup>128</sup> Yaakov Amidror, Lets Occupy the Bank with a Ground Invasion, *Israel Today* magazine, 28/12/2008.
- <sup>129</sup> Yehoshua Sobol, No Invasion and No Occupation: Absolute Ceasefire, *Israel Today*, 28/12/2008.
- <sup>130</sup> *Albayan*, 7/3/2008.
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## This Report

The Palestinian Strategic Report 2008 is the fourth in a series of annual resourceful scientific studies. This Report aims at monitoring the Palestinian issue through an informative and analytical approach. The Report covers the Palestinian internal political situation, the Israeli scene and the Israeli-Palestinian relations. It focuses on the Arab, Islamic, and International stances towards the Palestinian issue, in addition to the issues concerning the Land and holy sites. The Report also analyzes the Palestinian demographic and economic indicators. Hence, it provides a comprehensive meticulous reading of the current situation.

This Report is distinguished for its updated information till the end of 2008 and for its outstanding team of academics and experts.

Despite the heat and sensitivity of the issues discussed, the Report did its best endeavors to be professional, scientific and objective. Thus, this Report is an unequivocal addition to the area of the Palestinian studies.

## The Palestinian Strategic Report

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