

The Executive Summary
of
The Palestinian
Strategic Report 2011
and the Expected Trends for 2012



Edited by
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Al-Zaytouna Centre For Studies & Consultations



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The Palestinian Strategic Report 2011
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Introduction

The Palestinian Strategic Report (PSR) is an annual report published by Al-Zaytouna Centre for Studies and Consultations in Beirut. Al-Zaytouna is an independent studies centre which conducts strategic and futuristic studies with a particular focus on the Palestinian issue. The Centre has a board of consultants consisting of eminent researchers and experts.

The PSR, edited by Dr. Mohsen Moh'd Saleh (Associate Professor and the General Manager of the Centre), monitors and analyzes the Palestinian issue and its developments during 2011. It sheds light on the internal Palestinian situation, Palestinian demographic and economic indicators in addition to the land and holy sites. The Report discusses Palestinian relations at the Arab, Islamic and international levels and outlines the Israeli situation including the issue of settlements. The Report is forensically documented and includes dozens of tables, statistics and illustrations.

The PSR was authored by a group of specialists, including: Prof. Dr. Ibrahim Abu Jaber, Dr. Johnny Mansour, Hasan Ibhais, Ziad Bheis, Prof. Dr. Talal 'Atrissi, Dr. Mohsen Moh'd Saleh, Muhammad Jum'a, Dr. Mohamed Nouredine, Mu'min Bseiso, Hani al-Masri, Wael Sa'ad and Prof. Dr. Walid 'Abd al-Hay.

First: The Internal Palestinian Scene

The Palestinian arena is still plagued with the same problems and obstacles it has faced over many years. This can be largely attributed to the continued lack of a functioning umbrella organization (such as the Palestine Liberation Organization – PLO) containing all the Palestinian powers and trends along with the absence of a unified strategic vision. Another factor is the lack of consensus regarding national priorities at the current juncture, the ongoing conflict between the courses of resistance and peace settlement, the dispersion of decision-

making centers and their vulnerability to the pressure of the Israeli occupation in the WB and Israeli blockade in the GS.

Despite the above, the Palestinian internal situation in 2011 witnessed positive development towards achieving national reconciliation and ending the state of division in contrast to previous years of political stalemate. The National Reconciliation Agreement was signed in Cairo on 3/5/2011. Such a development can be primarily attributed to the changes underway in different Arab countries, particularly Egypt, along with the change in Fatah's stance regarding reconciliation and its acceptance of Hamas's remarks on the Egyptian paper, which formed the basis of the agreement. There was also a change in the position of the Egyptian mediator who committed to neutrality after the uprising.

The application of the agreement had neither real mechanisms nor a binding timetable. Hence, it was delayed and disrupted while nomination of a prime minister took more than nine months. At the same time, the Ramallah-based leadership tactically invested the agreement to apply for full membership in the United Nations (UN) as the Palestinians appeared to be united behind President Abbas following the agreement. Other obstacles that faced the agreement were the continuation of political arrests, ongoing Israeli-Palestinian Authority (PA) security coordination as well as the failure to form a national unity government because of disagreements over its political program and who should preside over it. Implementing the agreement was also obstructed by the delay in settling some issues concerning the Central Elections, the Freedom, and the Social Reconciliation Committees at the end of 2011, when the Palestinian interim leadership was formed.

The prisoner swap deal, known as the "Devotion of the Free" deal, cast a generally positive atmosphere on the internal Palestinian situation. The release of 1,027 prisoners, including 315 Palestinians sentenced to life imprisonment, can be viewed as a major victory for the Palestinian resistance, particularly Hamas. The deal created a kind of national unity in solidarity with the prisoners in Israeli prisons and it was hailed by different Palestinian factions and forces. Concluding the prisoner deal in this way and breaking a number of Israeli red lines enhanced support for the view that the path of resistance is the best option for liberating the Palestinians held in Israeli prisons. It also gave a successful and solid model for a negotiations process that imposed most of its conditions on the Israeli side.

In Ramallah, there was no noticeable change in the work of Salam Fayyad's government which tendered its resignation in February 2011. And although Fayyad was re-assigned to form the new government, the reformation was disrupted by disputes between Fatah and Fayyad and the signing of the reconciliation agreement.

The Fayyad government continued security coordination with Israel as an irrevocable “commitment” regardless of Israel’s noncompliance with its obligations and the consequent faltering of negotiations. Security coordination was the PA’s shield against Israeli and American threats to impose financial sanctions on it following the signing of the reconciliation deal.

In the GS, Isma‘il Haniyyah’s government continued to face many challenges, the most important of which being the economic challenge resulting from the Israeli blockade imposed on the Strip. Moreover, the Hamas government had to face a military challenge in the form of sporadic waves of Israeli escalation forcing Hamas to cooperate with other factions in order to spare the Strip another war. Haniyyah’s government was also faced with a political challenge concerning relations with Egypt. In fact, the generally warm political and media approach to Hamas in Egypt following the Egyptian uprising was not translated into a major breakthrough regarding the blockade.

Regarding 2012, and although Mahmud ‘Abbas agreed in February to form a new unity government alongside his tenure as president, reconciliation can be expected to develop slowly while there is little optimism regarding legislative, presidential and national assembly elections. Further, there are still many impediments thwarting the reformation of the PLO and the reconstruction of the security apparatuses. Indeed, the Ramallah-based authority’s insistence on high level security coordination with the Israelis is one of the most serious problems threatening the achievement of genuine Palestinian reconciliation.

Second: The Israeli-Palestinian Scene

The year 2011 did not bear any significant changes related to the internal political scene in Israel although it witnessed a number of developments with overarching impact.

The Likud-led coalition government overcame the crisis of social protests; when thousands of Israelis took to the streets to protest the governmental socio-economic policies. Simultaneously, the Kadima-led opposition’s criticism of Prime Minister Benjamin Netanyahu’s policy regarding the negotiations with the Palestinians failed to undermine the coalition.

The position of Yisrael Beiteinu (Israel is Our Home) in the coalition government allowed for its relative control of the government and forced Netanyahu to turn a blind eye to the corruption charges against the party leader and Israeli Foreign Minister, Avigdor Lieberman. In

addition, Netanyahu’s keenness to not offend religious parties led him to acquiesce on many of their practices and their increasing influence in the state and its different institutions.

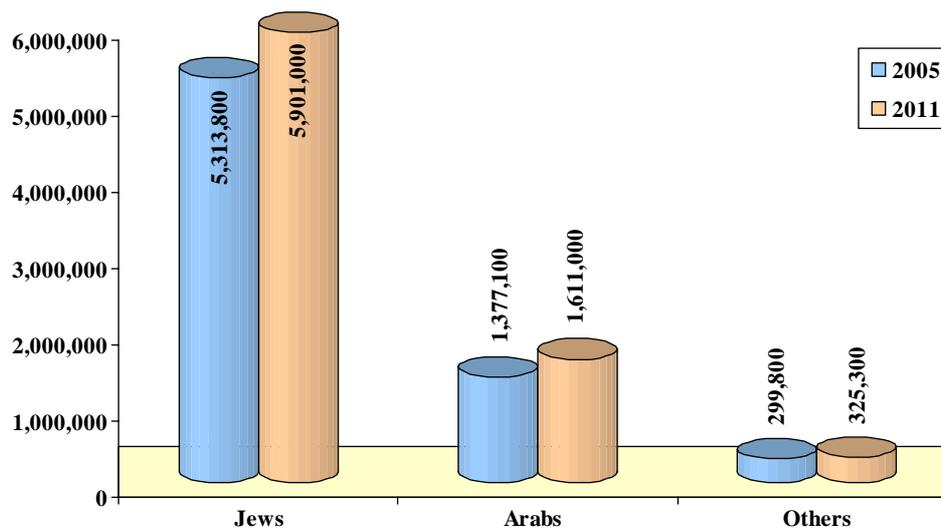
During 2011, Israeli society showed growing inclination towards the extreme right in general and increased discrimination against the 1948 Palestinians. Racist laws were legislated or steps were initiated for their legislation; the most notable of these laws being: monitoring the funding of NGOs, withdrawal of citizenship from those convicted with security charges, the confiscation of thousands of donums owned by Palestinian Bedouin in the Negev for settlement projects, and the law preventing the reunification of Palestinians among a litany of racist laws and measures.

As for population indicators, the estimates of the Israeli Central Bureau of Statistics (CBS) show that the population in Israel at the end of 2011 was 7.837 million. This figure includes 5.901 million Jews representing 75.3% of the population and 1.611 million Arabs representing 20.6%. Excluding the 309 thousand residents of East Jerusalem and the Golan Heights, who are usually included in these estimates, the 1948 Palestinians would count for 1.302 million, 16.6% of the population. The CBS classified around 325 thousand as “others,” constituting around 4.1% of the population. “Others” are mostly immigrants from Russia, the former Soviet Union and Eastern Europe whose Jewishness has not been recognized, or they are non-Arab Christians. Jewish settlers in the WB, including East Jerusalem, were estimated at approximately 554 thousand.

Population of Israel 2005–2011

Year	Total population number	Jews	Arabs (including the population of East Jerusalem and in the Golan Heights)	Others
2005	6,990,700	5,313,800	1,377,100	299,800
2006	7,116,700	5,393,400	1,413,300	310,000
2007	7,243,600	5,478,200	1,450,000	315,400
2008	7,412,200	5,603,000	1,498,600	310,600
2009	7,552,000	5,703,700	1,535,600	312,700
2010	7,695,100	5,802,900	1,573,800	318,400
2011	7,837,300	5,901,000	1,611,000	325,300

Population of Israel 2005 & 2011



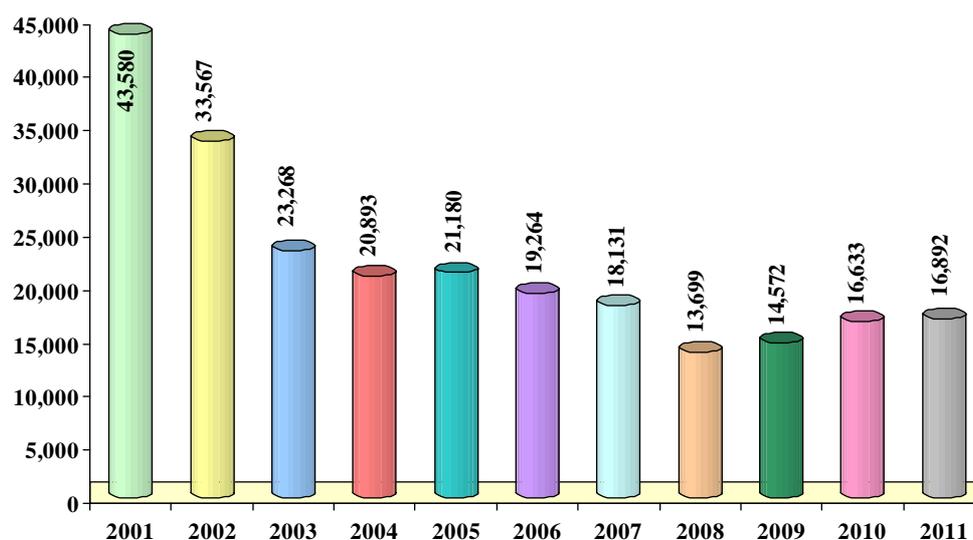
During 2011, 16,892 immigrants arrived in Israel compared to 16,633 in 2010. Despite this slight growth, the figures for this year are compatible with declining Jewish immigration since 2000 after the exhaustion of enthusiastic and extensive Jewish migration. It should be noted that the drop in the level of immigration to Israel was coupled with reverse migration, at an average ranging between 10 and 15 thousand persons per year. It was also accompanied by stagnation in the growth of Jewish population worldwide (except in Israel) as a result of a natural decline in Jewish population growth, increasing desertion of the Jewish religion and the spread of mixed marriage.

Jewish Immigrants to Israel 1990–2011

Year	1990–1994	1995–1999	2000	2001	2002	2003	2004
No. of immigrants	609,322	346,997	60,192	43,580	33,567	23,268	20,893

Year	2005	2006	2007	2008	2009	2010	2011	Total
No. of immigrants	21,180	19,264	18,131	13,699	14,572	16,633	16,892	1,262,997

Jewish Immigrants to Israel 2001–2011



On the economic level, preliminary figures showed the increase of Israeli Gross Domestic Product (GDP) from \$217.79 billion in 2010 to \$242.92 billion in 2011. Israeli per capita income increased from around \$28,575 in 2010 to around \$31,291 in 2011.

The year 2011 witnessed a 15.1% increase in the size of exports compared to 24.2% for imports. In this context, the United States (US) remained the primary trade partner for Israel whose exports to the US amounted to around \$19.36 billion (28.8% of total exports), followed by Belgium which returned to the second place, then China which increased its imports from Israel in 2011 by 32.2% from the 2010 level.

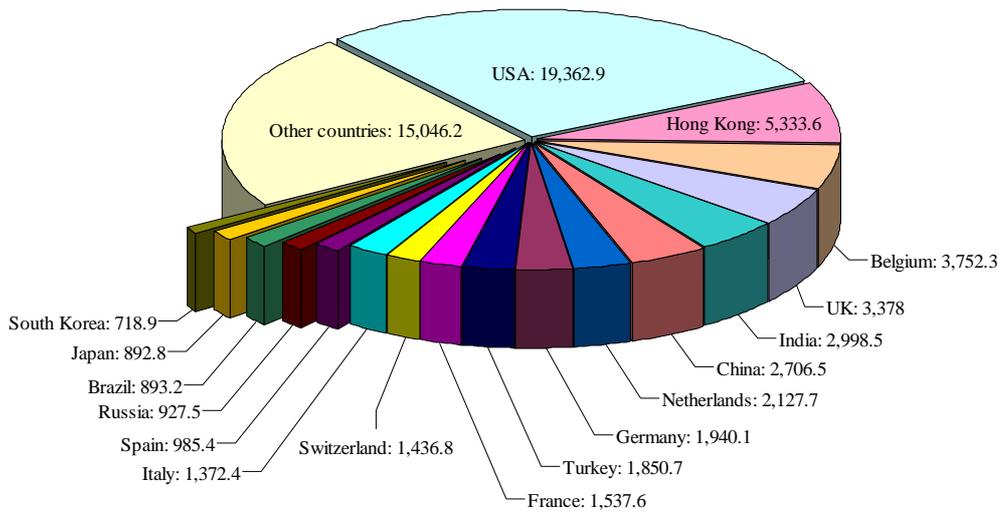
Israeli Imports and Exports with Selected Countries 2011 (\$ million)

According to Current Prices

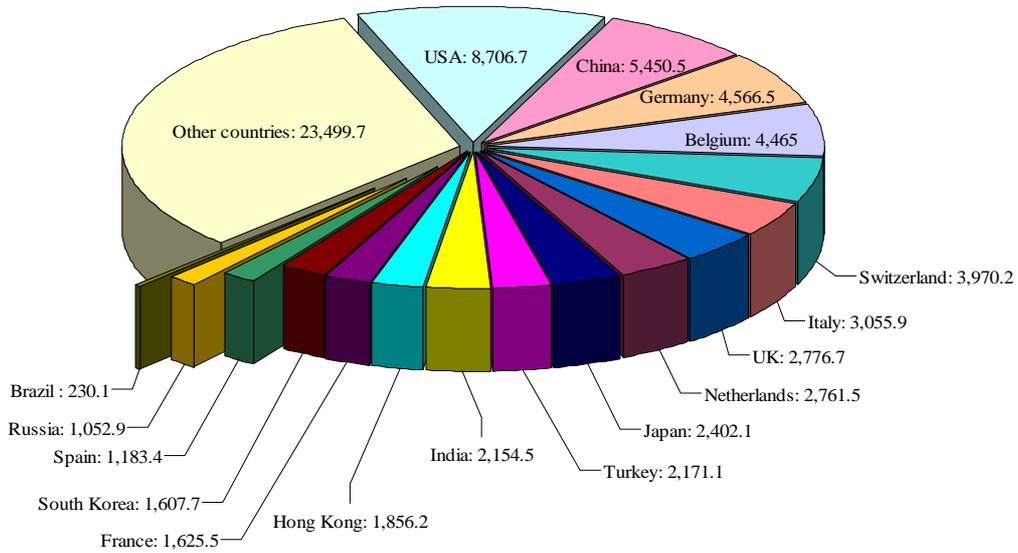
Countries	USA	Hong Kong	Belgium	UK	India	China	Netherlands	Germany	Turkey	France
Israeli exports to:	19,362.9	5,333.6	3,752.3	3,378	2,998.5	2,706.5	2,127.7	1,940.1	1,850.7	1,537.6
Israeli imports from:	8,706.7	1,856.2	4,465	2,776.7	2,154.5	5,450.5	2,761.5	4,566.5	2,171.1	1,625.5

Countries	Switzerland	Italy	Spain	Russia	Brazil	Japan	South Korea	Other countries	Total
Israeli exports to:	1,436.8	1,372.4	985.4	927.5	893.2	892.8	718.9	15,046.2	67,261.1
Israeli imports from:	3,970.2	3,055.9	1,183.4	1,052.9	230.1	2,402.1	1,607.7	23,499.7	73,536.2

Israeli Exports to Selected Countries 2011 (\$ million)



Israeli Imports from Selected Countries 2011 (\$ million)



On the military level, the concerns of the Israeli military institution increased in 2011. Besides its occupation with the Palestinian situation, Iran and its nuclear program, the arming of what Israel calls “radical sides” in the region in reference to Syria, Hamas and Hizbullah, Israel was also faced with the Arab uprisings, most significantly in Egypt. Thus, it had to reconsider part of its military strategy which has for more than two decades perceived Egypt a “safe front.”

The Israeli military establishment continued to implement the Tefen 2012 plan which was approved in early 2007 in the context of the lessons learnt from the Israeli war on Lebanon in summer 2006. The plan includes central trends regarding the growing strength of the different arms of the Israeli Army, the formations of the troops, improving the capabilities of training, ammunition reserves, arms purchase, combat means and armament. The declared military budget for 2011 amounted to around \$14.95 billion while the Netanyahu government increased the 2012 military budget by 6% to reach \$15.8 billion. This sum does not include American annual military assistance which amounts to around \$3.3 billion. It also excludes a number of military expenses which are usually included within provisions related to other Israeli ministries and official institutions.

In 2011, Israel proceeded with its aggression against the Palestinian people. Regardless of the unofficial truce on the borders of the Gaza Strip (GS) which was reflected in the minimal number of Palestinian rockets launched from GS, and which were mostly retaliatory, Israel continued with limited military operations by bombing targets in the GS that almost led to the collapse of the truce. In the WB, Israel enjoyed a similar truce in light of the increased security coordination between the PA security forces and the Israeli Army in line with previous years. The Israeli policy of closing the borders and besieging GS continued uninterrupted alongside the policy of incursion and arrest in the WB.

According to Israeli data, 676 rockets and mortars were launched in 2011 from the GS towards the Israeli towns and cities compared to 365 in 2010 and 858 in 2009. In the WB, including East Jerusalem, the Israel Security Agency (ISA) reported 562 attacks in 2011 compared to 455 in 2010. It should be noted that these operations were mostly limited to throwing stones and Molotov cocktails.

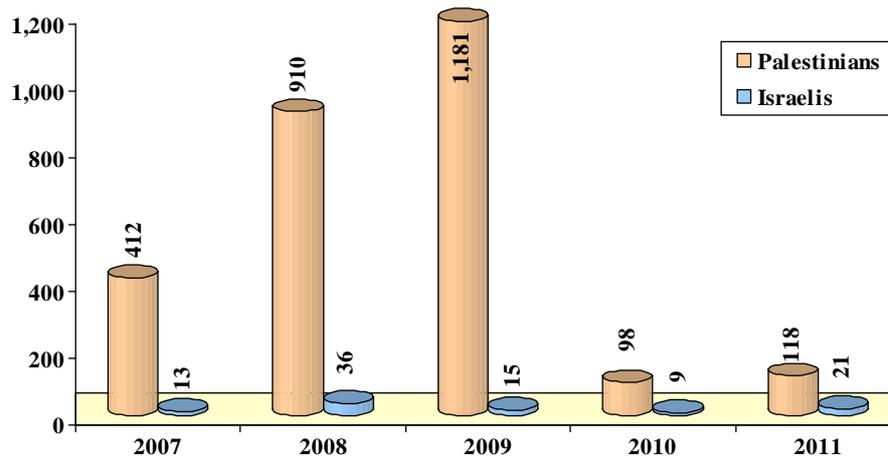
During 2011, 118 Palestinians were killed and 554 were injured after being targeted by the Israeli forces and settlers in the GS and WB, including Jerusalem. The ISA reported that 21 Israelis were killed and 122 others were wounded in operations carried out by Palestinians.

The Killed and Wounded Among Palestinians and Israelis 2007–2011

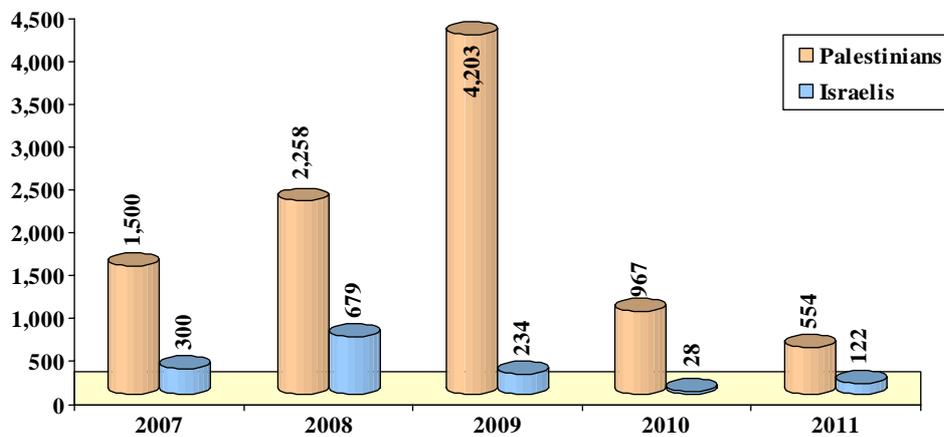
Year	Killed		Wounded	
	Palestinians	Israelis	Palestinians	Israelis
2007	412	13	1,500	300
2008	910	36	2,258	679
2009	1,181	15	4,203	234
2010	98	9	967*	28
2011	118	21	554*	122

*Including international supporters.

Palestinians and Israelis Killed 2007–2011



Palestinians and Israelis Wounded 2007–2011



There was a breakthrough in 2011 with the completion of the prisoners swap deal, “Devotion of the Free” deal. It led to the release of 1,027 Palestinian prisoners in return for the release of Corporal Gilad Shalit who had been captured by the Palestinian resistance in GS in 2006. However, the completion of the deal did not improve the conditions of those left behind bars and who still suffer the repression imposed by the Israeli authorities since 2010. The prisoners began an open hunger strike at the end of September 2011 to protest the punitive measures pursued against them. However, they suspended the strike in conjunction with the completion of the first stage of the swap deal on 18/10/2011. At the end of 2011, there were 4,315 Palestinian prisoners in the Israeli prisons, including six women and 132 children. Among the prisoners 3,856 were from the WB, including 198 from East Jerusalem, and 459 from GS, as well as tens of Arab prisoners of different nationalities.

As for the approach to the internal Palestinian file, Israel pursued the same policy aiming at perpetuating the Palestinian division and preventing the completion of reconciliation. Prime

Minster Netanyahu was clear when he said, “ Hamas and peace do not go hand in hand.” As for the WB and GS, Israel continued with its policy of direct control in the WB through the confiscation of land and settlement building, or indirect control in GS through controlling the air, land and maritime borders. Israel continued with its attempts to restructure Palestinian society under the occupation in a way that serves Israeli goals as well as following policies that caused the abortion of Palestinian development on the social, economic and political levels.

The stalemate in the peace process was coupled with the American indifference regarding the resumption of negotiations. Arab uprisings rocked the political scene and the Israelis continued to reject Palestinian conditions to return to the negotiations table. These conditions mainly demanded the halt of settlement building and acceptance the 1967 borders with possible negotiations on land swaps. Israeli intransigence and the consequent deadlock led the PLO to resort to alternatives including submitting a bid at the UN for full membership, the activation of the popular resistance option and the boycott of WB settlement products. Nonetheless, the PLO’s assurances that such moves were not an alternative to the return to negotiations make them mere tactics to improve the Palestinian hand at future negotiations.

Conditions persist that prevent a return to negotiations, manifested in the “exploratory meetings” held in Amman in early 2012. These conditions, combined with the upcoming Israeli general elections and presidential elections in America as well the ongoing changes witnessed in many Arab countries, most notably Egypt, it is not likely that 2012 will witness any breakthrough in the peace process. In the foreseeable future, there is no reason to believe that Israel will stop creating facts on the ground with the following scenarios in mind: maintaining the status quo for the longest possible time; returning to the idea of unilateral withdrawal where it imposes its own vision of borders and land swaps; urging the Palestinian side to accept a temporary Palestinian state without settling the final status issues.

Third: The Palestinian Issue and the Arab World

The year 2011 was a year of uprisings and change across the Arab world. The uprisings constitute one of the most important movements for change in modern and contemporary Arab history; people took to the streets to express their will, break the barrier of fear and decide who should represent them. Although these uprisings are still faced with local constraints and foreign intervention attempting to control them, derail them from their goals, or reproduce the old, corrupt regimes, risking sectarian and ethnic division, these movements still have great

opportunities to overcome the crises and restructure the region in a way that reflects the will and dignity of the people.

The process of change in the Arab world has impacted three areas: the human being, the strategic space (land) and the political system. If these areas were combined in a positive way, it would ultimately mean the end of the weakness of the surrounding Arab region, its divisions and deterioration which has for decades guaranteed the survival of Israel and its power in their current form. Such a combination would open the way for an Arab Islamic renaissance project that elevates the region's capacities and potentials while putting an end to American and Israeli hegemony. It would also open the door for even wider support for the Palestinian people and their resistance and provide the Palestinian issue with the Arab, Islamic and humanitarian dimensions it needs to ultimately pave the way for restoring the land and the holy sites and ending the occupation.

The Palestinian issue has not to date been significantly present in the public squares staging the Arab uprisings; however, it was not completely absent. And with the establishment of democratic regimes representing the will of the populations, coupled with the rise of political trends loyal to the Palestinian issue and not subservient to foreign dictations, there is still hope for this issue to garner more concern among new regimes.

The change, which has yet to crystallize, contributed to pushing Egypt towards supporting Palestinian reconciliation and the prisoner swap deal and easing the GS blockade. Egypt is further expected to play a more important role after the completion of its constitutional changes. In Tunisia, the increased interaction with the Palestinian issue is a promising development.

In Syria where the people and the regime have endorsed the resistance, the scene was confusing particularly regarding Hamas. Thus, despite its appreciation for the regime's stance towards resistance, Hamas also showed appreciation for the people's position and supported its legitimate demands for reform and democracy. In Lebanon, there were no significant changes in the general course of events as compared to previous years although relative measures were pursued to mitigate the suffering of the refugees there. The 'Marches of Return' by refugees towards the Lebanese and Syrian borders with their homes in 1948 Palestine, where 42 were killed and 632 were wounded, conveyed an explicit message stressing the Palestinians' commitment to their land and their right of return.

For its part, Jordan showed tendency towards improving the relation with Hamas. Thus, King 'Abdullah II received a Hamas delegation headed by Khalid Mish'al in an attempt to break the deadlock which had prevailed during the previous years. However, Jordan remained

politically committed to the peace process and Wadi ‘Araba Agreement. It also sought to mediate between the PLO leadership and Israel through sponsoring the exploratory meetings to activate the negotiations process.

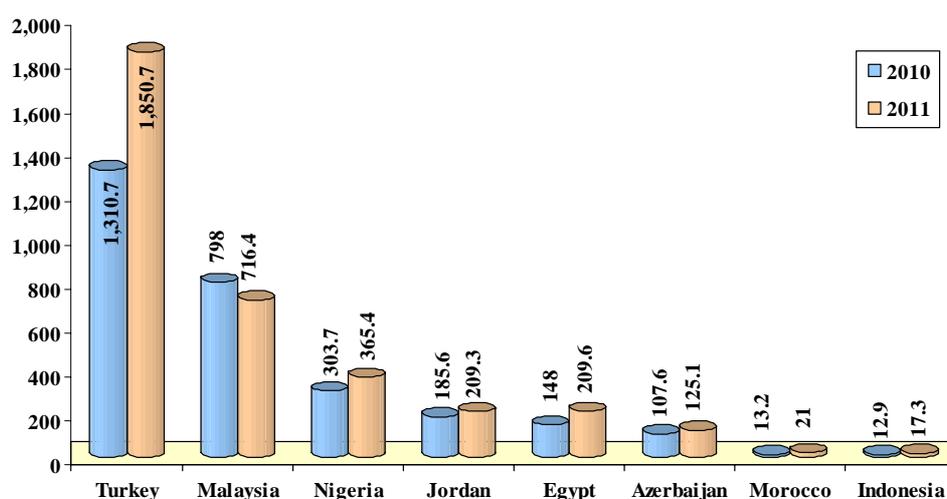
In addition to the role it played in supporting the movements for change in the Arab world, Qatar also supported Palestinian reconciliation, with its support for the Doha Agreement between Fatah and Hamas on 6/2/2012 not to mention its contribution to the normalization of relations between Hamas and Jordan.

In spite of the decline in normalization with Israel during 2011, economic relations between Israel on one hand, and Egypt and Jordan on the other hand were not interrupted. The following table shows the trade volume of Israel with other Islamic and Arab countries in 2010 and 2011.

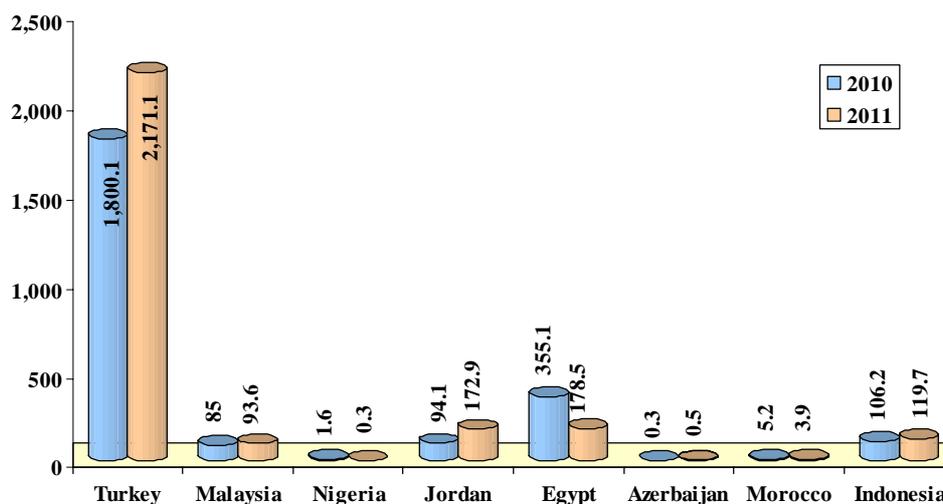
Israeli Trade with Some Arab and Muslim Countries 2010–2011 (\$ million)

Countries	Israeli exports to:		Israeli Imports from:	
	2010	2011	2010	2011
Turkey	1,310.7	1,850.7	1,800.1	2,171.1
Malaysia	798	716.4	85	93.6
Nigeria	303.7	365.4	1.6	0.3
Jordan	185.6	209.3	94.1	172.9
Egypt	148	209.6	355.1	178.5
Azerbaijan	107.6	125.1	0.3	0.5
Morocco	13.2	21	5.2	3.9
Indonesia	12.9	17.3	106.2	119.7

Israeli Exports to Some Arab and Muslim Countries 2010–2011(\$ million)



Israeli Imports from Some Arab and Muslim Countries 2010–2011(\$ million)



Fourth: The Palestinian Issue and the Muslim World

Public and official Islamic interaction with the Palestinian issue saw relative decline during 2011, due to the revolutions and changes taking place in the Arab world. However, Palestine has imposed its presence on the agendas of the countries of the Muslim world due to a range of developments; the most prominent being the Judaization of Jerusalem, the signing of the Palestinian Reconciliation Agreement, the bid to join the UN, concluding the prisoner exchange deal, and the GS siege.

The change that took place this year of the name of the Organization of the Islamic Conference to the Organization of Islamic Cooperation was not accompanied by any notable improvement in its stance vis-à-vis the Palestinian issue. For it continued to deal with this issue, but without playing a role commensurate with its real weight as an organization that joins together a Muslim world rich in human and financial resources. It did not raise its ceiling beyond condemnation and denunciation of Israeli violations and the continuing Judaization of Jerusalem, statements of support for the Palestinians in their UN bid, and demand for the lifting of the GS blockade.

As for Turkey, the pattern of its support, during 2011 and on a popular level, for the Palestinian issue and its enmity toward Israel were both on the rise. However, its economic support to the Palestinians is still meager, not commensurate with Turkey's political and economic strength in the Muslim world.

In terms of its official relationship with Israel, Turkey continued to adopt a sharp political tone; in particular after the report of the UN Secretary-General's Panel of Inquiry into the

assault on the Freedom Flotilla, known as the “Palmer Report,” was leaked in early September 2011. Turkey then took a number of punitive measures against Israel after it refused to apologize for the killing of Turkish volunteers on the ship the Mavi Marmara. The leaking of the report, which was contrary to the Turkish point of view, led to an ending of attempts to move on from the controversy through secret negotiations between the two sides.

Simultaneously, Ankara’s conduct on the ground of maintaining diplomatic relations with Israel, even if to a lesser extent than previously, and its openness in its trade and economic relations with it, revealed that Turkey continues to follow a pragmatic policy toward Israel. For it takes into account the potential impact of continued escalation with Israel on its relationship with the US, and on its quest for membership in the European Union (EU). Furthermore, it can be argued that Ankara’s focus on the Syrian crisis, and the Turkish-Western rapprochement in their position towards it, have added to Turkey’s desire to avoid any additional tension with Israel.

It should be mentioned that Turkey has maintained its position as Israel’s largest trading partner among the countries of the Muslim world. Trade volume between the two countries was \$4,021.8 million in 2011 in comparison to \$3,110.8 million in 2010, an increase of 29.3%.

As for Iran, it maintained during 2011 the essence of its former policies and positions on the Palestinian issue, namely support for the resistance option and rejection of the peace process and negotiations with Israel, as part of an expression of its Islamic view of the struggle with Israel. Iran has interacted with the Arab revolutions through its view of the Palestinian issue; it supported the Egyptian revolution which it believed will negatively affect Israel’s future. However, its position vis-à-vis events in Syria was different, declaring them “a conspiracy” aimed at Syria because of its rejectionist policies (mumana‘a) toward America and Israel.

The events in Syria have caused a cracking of the Refusal Front (Iran-Syria-Hamas-Hizbullah); for while Iran maintained a supportive position towards the Syrian regime, Hamas supported the demands of the Syrian people for liberty and democracy without denying Syria’s role in embracing and supporting the Palestinian resistance. There remains the possibility of a widening gap among the Refusal Front as events in Syria develop.

With regard to the volume of trade between Islamic countries and Israel, it remained relatively stable, but in varying degrees from one country to another. However the volume of trade witnessed a noticeable increase with a number of countries that were supposedly in a state of political and economic boycott with Israel. This is an indicator of a “state of relaxation” experienced by many Islamic countries vis-à-vis the Palestinian issue.

Fifth: The Palestinian Issue and the International Situation

International diplomatic efforts on the Palestinian issue declined in 2011, due to a number of factors and variables. Most prominent among these are the revolutions and changes taking place in several Arab countries, the return of international tension regarding the Iran's nuclear program, and the prospect of military confrontation. This is in addition to the repercussions of the global financial crisis that affected most capitalist countries, and which, during 2011, cast a heavy shadow, in particular, on EU countries, politically, economically and socially. Diplomatic efforts focused on trying to convince the Palestinians and Israelis to return to the negotiating table. It was noticeable that, for that aim, they sought to circumvent the Palestinian demand for an end to settlement activities before returning to negotiations.

On the American side, the most obvious sign of the decline in the White House's diplomatic efforts during 2011 was the resignation of US Special Envoy for Middle East Peace George Mitchell, followed by the resignation of Dennis Ross who served as Middle East adviser to the president in the National Security Council and its Senior Director for the Central Region, which includes the Middle East. Added to that, America has returned to its traditional stance of pressuring the Palestinians and appeasing the Israelis. The American administration's endeavor to resume political negotiations, within the framework of a balance of power that favors Israel, came within this context; for it turned a blind eye to Israel's accelerating settlement expansion in East Jerusalem and the rest of the West Bank (WB) and tried to pressure the Palestinians into abandoning their condition of a total cessation of Israeli settlement activities before resuming negotiations. At the same time, it had a strongly negative stance towards the Palestinians' approach to the UN, by threatening to cut its economic aid to the PA, by cutting off funds to the United Nations Educational Scientific and Cultural Organization (UNESCO) after the organization granted full membership to the state of Palestine, and by opposing the rapprochement between Fatah and Hamas, the upshot being a weakening of the Palestinian position through attempting to deprive it of any means of pressure it had.

For its part, the European position during 2011 tended to remain in general consistent with that of the US. However, regarding Israeli settlement activity, it differentiated itself from the American position by stressing its rejection of it. The European countries (UK, France, and Germany) voted in the UN Security Council in favor of a proposal that condemns Israel because of its settlement building. However, the American veto prevented the ratification of this proposal.

Furthermore, there was a split in the stances of EU member countries toward the Palestinian bid for membership in the UN. Catherine Ashton, High Representative of the Union for Foreign Affairs and Security Policy, emphasized that each of the EU 27 member states will vote individually in case the Palestinians unilaterally sought recognition from the UN for their independent state.

American and European positions revealed their concern lest the changes in the Arab world led to the strengthening of the Arab movement that rejects long-standing official Arab attitudes towards Israel, whether because of the growing opportunities for Islamic movements to reach the seats of power or in view of the growing role of the Arab street in political decision-making. Arab public opinion overwhelmingly opposes offering any concessions to Israel. This was reflected in the western countries' urging Israel to forge ahead with the peace settlement.

As for the International Quartet Committee (US, EU, UN and Russia), its position continued to be subordinate to the American position. This became clear when the Committee's efforts concentrated on returning the two sides to the negotiating table, without the condition of freezing settlement building; and also through statements made by the Committee in that regard, and on more than one occasion. What is noticeable in these statements is that any Israeli measure, no matter how small, is praised; while no practical measure is taken against Israeli violations of Palestinian rights. The Committee also tried to use the balance of power against the Palestinians, by linking the return to the negotiations to convening a conference of donor countries that provide financial aid to the PA.

Russian, Chinese, and Japanese positions maintained an approach of pragmatic self-interest. Russia seemed to try to gradually reduce its distance from the Palestinian and Arab sides, in a manner that would appear to increase pressure on Israel; while in essence, it is a continuation of a practical approach to maintaining Russian influence in the region. As for China, in its political stances, it continued its policy of keeping an equal distance from all parties. However, its relationship with Israel has seen improvement economically and militarily. The most prominent indicator of that is the visit of the Chinese Chief of Staff to Israel, the first of its kind for a Chinese military officer of that rank.

At the UN, the lackluster nature of its Secretary General Ban Ki-moon's positions regarding the implementation of UN resolutions related to the Palestinian issue did not change; the organization maintained its position of opposing settlement building in East Jerusalem and the WB. Interestingly, its position vis-à-vis Israeli violations witnessed a change to a more favorable approach to Israel during 2011, represented by the report of the Palmer Committee, established by the UN to investigate the attack on the Freedom Flotilla in 2010, and which

concluded that the Israeli “naval blockade was imposed as a legitimate security measure in order to prevent weapons from entering Gaza by sea and its implementation complied with the requirements of international law”; knowing that a previous report by the UN Human Rights Council had described the Gaza blockade as “illegal,” because it was imposed at a time when there was a humanitarian crisis in GS.

In terms of future indicators, it seems that the subject of Palestinian UN membership on the one hand and resuming Israeli-Palestinian negotiations on the other will attract the most international diplomatic efforts during 2012; noting that they will be affected by the fact that this is a presidential election year in the US, during which the American diplomatic efforts related to the Middle East usually are put on the back burner, and the positions of both the Democrat and Republican parties become closer to that of Israel in an attempt to gain the support of Jewish voters.

Sixth: The Land and the Holy Sites

As in the previous year, 2011 witnessed great escalation in the attacks on Islamic and Christian holy sites, in Jerusalem in particular and in historic Palestine in general. Once again, events asserted that the Judaization of Jerusalem is the top priority in Israel, in conjunction with an increasing obsession with “the Jewishness of the state”, which dominates the Israeli state’s ideology.

Regarding the *al-Aqsa* Mosque, Israeli activities have increased a great deal to affect a permanent division of the mosque between Muslims and Jews, equally on the level of Jewish associations and at government level. This has reached the point that it could be said that there is an Israeli endeavor to divide the mosque on a “time basis,” in a way that would allow the Jews to enter daily in small groups “routinely,” during times other than the times for Muslim prayers. It should be noted that, in spite of the reduction in group incursions into the mosque, these incursions have improved in organization, efficiency and size. In addition, Israeli authorities increased the facilities and care that they provide for them; while at the same time they tightened restrictions on the attempts by worshippers and defenders of the mosque to confront these incursions. These measures have reached the point of arresting anyone who raises his voice with *takbeer* (crying Allah-u Akbar) in the face of those groups, adopting the method of keeping worshipers out of the mosque at various times, and tightening their supervision of its visitors and those who remain there, such as those students who receive their religious education there, and others.

In this context, the number of incursions into the mosque carried out by Jewish extremists, official personalities and Israeli security forces has reached 34 in the period between 22/8/2010 and 21/8/2011, compared to 55 incursions in the period between 22/8/2009 and 21/8/2010. At the same time, the Israeli authorities took a number of measures to ease restrictions placed on Jews' entry into the mosque; allowing Israeli soldiers to enter *al-Aqsa* Mosque in their military uniforms, a measure not previously permitted; allowing the holding wedding ceremonies inside, and they stopped subjecting religious Jews to inspection procedures and strict control when going inside. This came about in an agreement reached in the office of Knesset Speaker MK Reuven Rivlin at a meeting that included Israeli police commanders and a number of politicians and representatives of Jewish societies on 7/8/2011. Immediately following this agreement, the biggest collective break-in of the mosque since its occupation in 1967 occurred. Thus, 500 Jews stormed the mosque under close protection from the Israeli police, on 9/8/2011, which coincided with a day of the Holy month of Ramadan. This same month saw the imposition of strict restrictions on the entrance of Muslims into the mosque to pray their special Ramadan evening prayers (Taraweeh), and on Fridays to perform their Friday prayers.

Concerning the excavations and tunnels below and around *al-Aqsa* Mosque, their number has increased from 34 on 21/8/2010 to 38 by 21/8/2011. However, the main focus was on rehabilitating them, connecting them with each other, and preparing the necessary infrastructure for receiving visitors from the general public. The most important tunnel inaugurated during 2011 was the one which connects "the City of David" in Silwan to the south with the network of tunnels in the Western Wall to the north, a section of which is the Herodian Road. In addition to these excavations, there was an inauguration of a Judaizing path called the temple's purificatories, in the region of the Ummayyad palaces, south of the mosque. This activity integrates with the excavations and tunnels to build a Jewish historic city under and around *al-Aqsa* Mosque, claimed by the Jews to be the "Temple Mount."

During 2011, reactions to the issue of the Mughrabi hill came back to light when the Jerusalem City Engineer announced that the wooden ramp put up by Israel in 2005 has become a threat to public safety, due to its flammability and potential for collapsing. The municipality announced its intention to finish the demolition of the historic hill and put up an iron bridge in place of the wooden one; this came within the framework of its drive to expand the Western Wall Plaza, dedicated to the prayers of the Jews. However, the extent of Arab official and public protests that this announcement provoked, prompted the Israeli Prime Minister Benjamin Netanyahu to issue a last minute order to stop the demolition.

In addition to its attacks on *al-Aqsa* Mosque, the Israeli attacks on Jerusalem's Islamic holy sites focused on the Mamilla (Ma'man Allah) Cemetery, in which more than one hundred tombs were destroyed under the protection of Israeli police, for the sake of constructing the Center for Human Dignity–Museum of Tolerance, Jerusalem (MOTJ) in their place. In addition, settlers destroyed 15 other tombs. Furthermore, the historic 'Ukasha bin Muhsin Mosque in West Jerusalem was torched by Jewish extremists.

As part of the Israeli strategy of Judaizing Jerusalem, it continued its policy of harassing Palestinian residents of the city with the aim of driving them out. This was done by placing them under difficult living conditions, imposing restrictions on construction and housing, demolishing homes, revoking their residency permits under various pretexts, and isolating thousands of them from their city by the Separation Wall. Simultaneously, Israel continued its campaign of seizing Palestinian land in Jerusalem in order to have geographic and demographic control over the center of the city. This was done in parallel with expanding the settlement blocs in studied directions to engender geographical contiguity between them, and with altering the municipal limits to annex outlying settlement blocs.

In this same context, Israel has completed building the Separation Wall in the area of Shu'fat and Ras Khamis. The Shu'fat crossing was inaugurated as the Shu'fat International Crossing. This resulted in isolating from the city about 55 thousand Jerusalemites living in the Shu'fat refugee camp, 'Anata, Ras Khamis, Dahiyat al-Bareed and Kafr 'Aqab. Jerusalem's mayor, Nir Barkat, announced officially his intention to separate the neighborhoods of northeast Jerusalem from the city, and to expand the municipality's limits to the east in order to annex the Ma'ale Adumim settlement, which is home to 32 thousand settlers. In this regard, Israel decided to follow through with its plans to expel Bedouin communities located between Ma'ale Adumim and the city limits. Thus, 20 Bedouin communities, inhabited by 2,300 people, two thirds of them children, were handed evacuation orders. Further, during 2011, Israel demolished 41 houses in the city, home to 282 Jerusalemites, 177 of whom are children. Another 134 homes and two residential towers were threatened with demolition.

Concerning Islamic and Christian holy sites in the rest of the WB and in the territories occupied in 1948, they witnessed during 2011 a remarkable upsurge in attacks at the hands of Jewish extremists and the Israeli authorities. Most notable of these attacks came in the context of the Price Tag campaign, at the hands of WB settlers; a large number of their attacks coincided with the time when the Palestinians bid for statehood at the UN in September of 2011. These attacks totaled 46, and included arson to demolition, vandalism, destruction of graves and writing offensive phrases. It is worth noting in this regard that a draft law is to be

discussed by the Israeli Knesset that proposes a ban on the use of loudspeakers for the Muslim call for prayer (*Athan*) in mixed neighborhoods where both Jews and Muslims live, which includes the Old City and *al-Aqsa* Mosque in Jerusalem.

On the subject of settlement building, the Netanyahu government continued to focus its efforts on Jerusalem's settlements, in particular those to the south of the city. Thus, during 2011, the overall number of approved plans of residential units was around 15,500 units, of which about 11,300 units (73% of the total) are in the settlements south of Jerusalem, including Gilo, Har Homa and Giv'at Hamatos. As for the number of residential units for which tenders were issued to actually start their construction during 2011, this totaled 3,634 units in all of the WB settlements, including Jerusalem.

It should be noted that while the Israeli government claims that the expansion of settlements is necessary to meet their natural growth, a number of settlements whose expansion has been approved saw a decline in population. An example of this is the Gilo settlement. In 2011, Israel authorized its expansion by 5,377 residential units, despite its population shrinking by 1%.

The Ministry of the Wall and Settlement Affairs in the PA indicated that they had monitored, until the end of 2011, the presence of 474 settlement sites in the WB. Of these, there are 184 settlements, 171 settlement outposts, 26 other settlement sites, and 93 buildings that were, partially or totally, overtaken by settlers in East Jerusalem. According to the ministry, the total area of settlements is 140 km²; however, half of these lands are vacant lots.

The Israeli authorities have destroyed 352 Palestinian homes and around 500 structures in the WB and GS. It confiscated or destroyed about 13 thousand donums of lands, and it threatened another one thousand donums with forced eviction. The Israeli government and the settlers caused damage to around 20 thousand trees, half of which were either uprooted or totally burned. Furthermore, Israeli attacks on water resources in the WB continued. Israel controls 85% of these resources and imposes severe restrictions on their use by Palestinians.

Seventh: The Palestinian Demographic Indicators

Estimates show that, by the end of 2011, the number of Palestinians in the world had reached about 11.224 million; half of them, i.e., 5.626 million (50.1%) live in the Palestinian Diaspora; while the other half, i.e., 5.598 million (49.9%) live in historic Palestine. Of the latter, about 1.367 million live in the territories occupied in 1948, and about 4.231 million live in the 1967 territories; distributed as follows: 2.615 million (61.8%) live in WB, and 1.616 million (38.2%) live in GS.

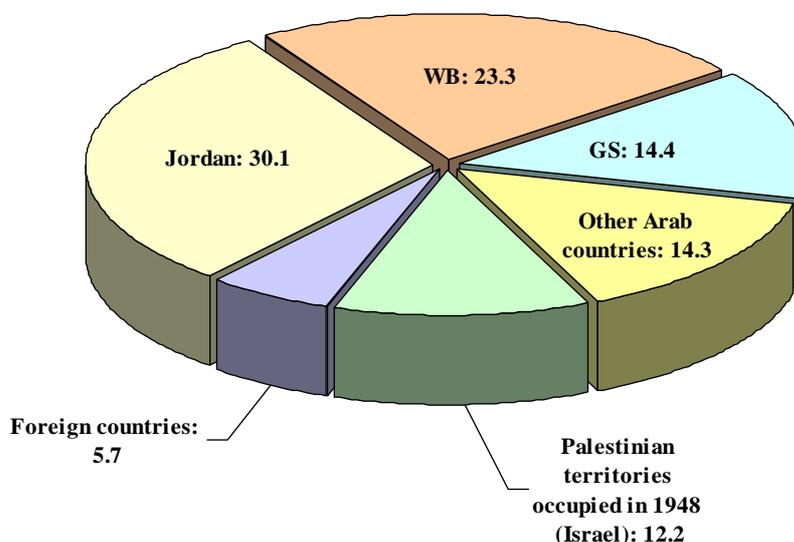
In Jordan and by the end of 2011, the Palestinian population was estimated at 3.384 million, representing 30.1% of the worldwide Palestinian population (about 60.1% of those in the Palestinian Diaspora). The vast majority of these hold Jordanian citizenship. The number of Palestinians in the rest of the Arab countries is estimated at 1.606 million, representing 14.3% of the total number of Palestinians in the world. The majority of these are concentrated in neighboring Arab countries, i.e., Lebanon, Syria, Egypt, and the Arab Gulf states. The number of Palestinians in non-Arab countries was estimated at 636 thousands, representing 5.7% of the worldwide Palestinian population; the majority of them concentrated in the USA, Latin America, Canada, the UK and the other EU countries.

Palestinian Worldwide Population Estimates According to Place of Residence at the End of 2011

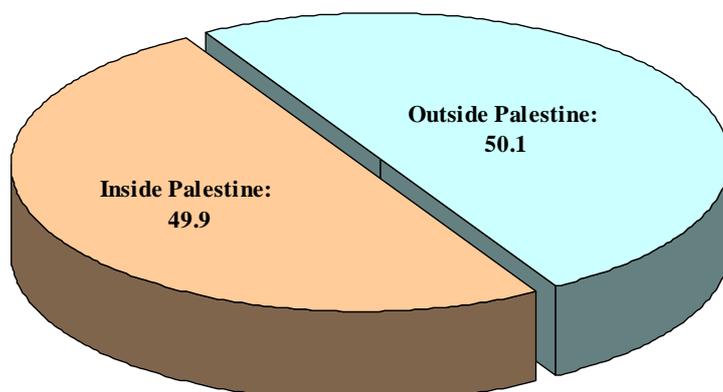
Place of residence		Population Estimates (thousands)	Percentage (%)
Palestinian territories occupied in 1967	WB	2,615	23.3
	GS	1,616	14.4
Palestinian territories occupied in 1948 (Israel)*		1,367	12.2
Jordan		3,384	30.1
Other Arab countries		1,606	14.3
Foreign countries		636	5.7
Total		11,224	100

* Regarding the Palestinians living in the territories occupied in 1948, they do not include the residents of the territories occupied in 1967, Jerusalem Governorate included. It also does not include the Syrian and Lebanese Arabs, the non-Arab Christians, or the “other” category.

The Ratio of Palestinian Worldwide Population According to Place of Residence at the End of 2011



The Ratio of Palestinians Inside and Outside Palestine at the End of 2011

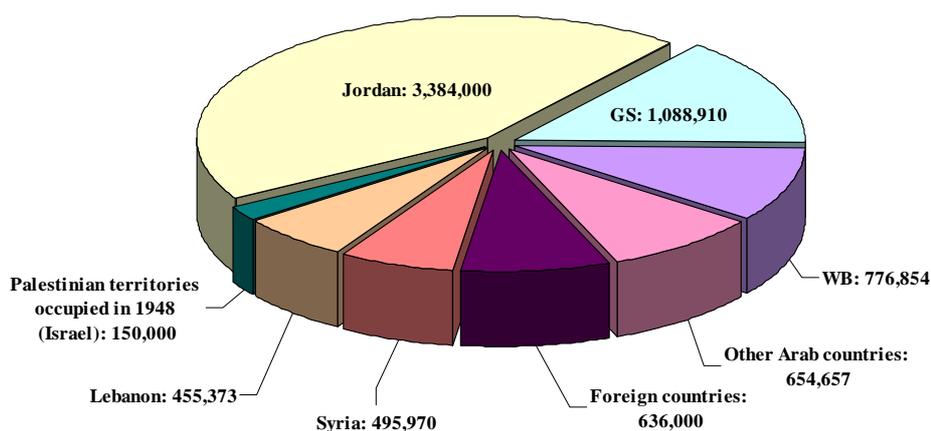


Refugees continue to represent more than two thirds of the world's Palestinian population; for in addition to 5.626 million Palestinians abroad, there are about 1.866 million refugees living in WB and GS; in addition to about 150 thousand refugees who were expelled from their lands but continue to reside in the Palestinian territories occupied in 1948. Hence, the total number of Palestinian refugees comes to about 7.642 million, i.e., about 68.1% of the total number of Palestinians. As for refugees registered with the UNRWA, on 1/1/2011 their numbers were estimated at 4.97 million. Furthermore, there are many refugees who did not register themselves with UNRWA because they have no need for its services or because they reside in countries where it does not operate, such as the Gulf States, Europe and the US.

Palestinian Refugee Worldwide Population Estimates of 2011

Country	WB	GS	Palestinian territories occupied in 1948 (Israel)	Jordan	Lebanon	Syria	Other Arab countries	Foreign countries	Total
Number	776,854	1,088,910	150,000	3,384,000	455,373	495,970	654,657	636,000	7,641,764

Palestinian Refugee Worldwide Population Estimates of 2011



A reading of the demographic indicators of Palestinians in the WB and GS, at the end of 2011, showed that the ratio of individuals under 15 years of age has reached 40.7%; with a significant difference between the WB and GS. The percentage in the WB was 38.6% compared to 43.8% in GS. The elderly population (65 years and over) was estimated at 2.9%, with 3.3% in the WB and 2.3% in GS.

The data showed no significant change in population growth rates between 2011 and 2010, as the natural population growth of WB and GS remained fixed at 2.9%, (2.6% in WB and 3.3% in GS), considered high when compared with rates prevailing in other countries and in the Jewish community in Historic Palestine (Israel and WB settlements).

Estimates indicate that if current growth rates remain at 2.9% for the Palestinians in WB and GS, 2.5% for the 1948 Palestinians and 1.7% for Jews, there will be, during 2016, an almost equal number of Palestinians and Jews in historic Palestine, estimated at about 6.4 million each. By 2020, only 48.9% of the total population will be Jews, as their total will reach 6.9 million compared to 7.2 million Palestinians.

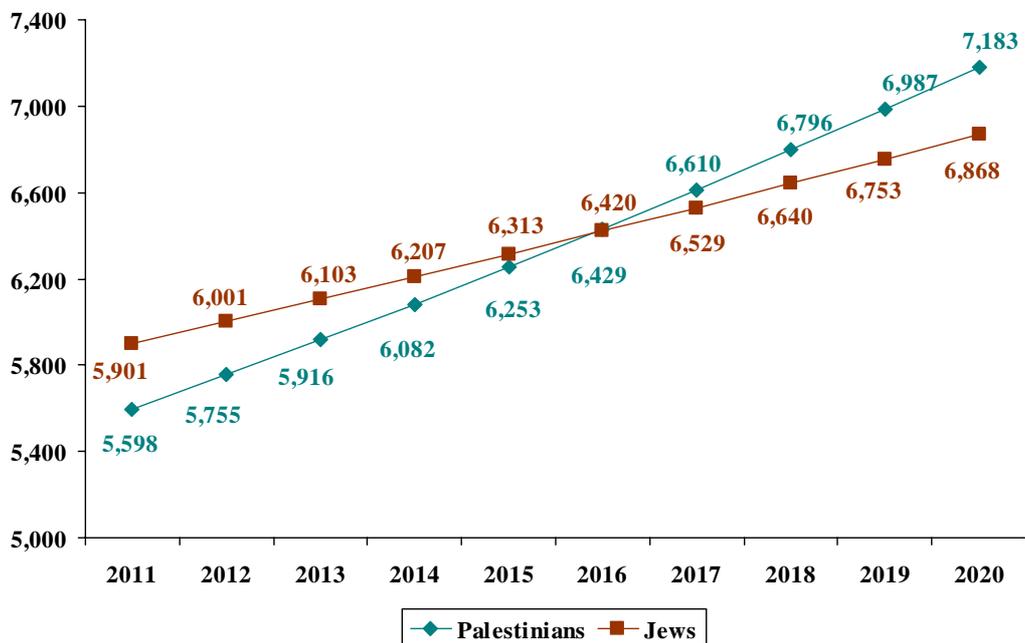
Estimated Population Count of Palestinians and Jews in Historic Palestine 2011–2020

(thousands)

Year	Palestinians			Jews
	WB & GS	Palestinian territories occupied in 1948 (Israel)	Historic Palestine	
2011	4,231	1,367	5,598	5,901
2012	4,354	1,401	5,755	6,001
2013	4,480	1,436	5,916	6,103
2014	4,610	1,472	6,082	6,207
2015	4,744	1,509	6,253	6,313
2016	4,882	1,547	6,429	6,420
2017	5,024	1,586	6,610	6,529
2018	5,170	1,626	6,796	6,640
2019	5,320	1,667	6,987	6,753
2020	5,474	1,709	7,183	6,868

Estimated Population Count of Palestinians and Jews in Historic Palestine 2011–2020

(thousands)



Eighth: The Economic Situation in the WB and GS

No changes were noted in 2011 regarding the Palestinian economy's direct subordination to its Israeli counterpart and its forced isolation from the outside world, whether Arab or international, imposed through the Israeli control of all international ports and Palestinian border crossings; in addition, its foreign trade continues to be concentrated in Israel's hands. Thus, its trade volume with Israel is \$3,326 million, representing about 73.4% of total PA foreign trade (\$4,533 million). Imports constitute most of this total (\$2,873 million), while exports remain extremely limited (\$453 million). This causes great harm to the Palestinian economy, and means the trade balance between the PA and Israel is skewed in favor of the latter.

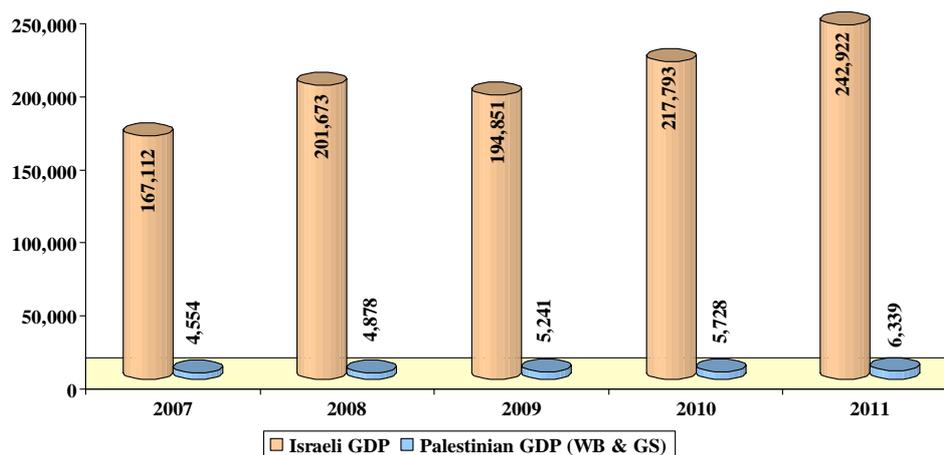
The Palestinian economy continued to suffer from the blockade of GS and the closure of its crossings, imposed since 2007. Work was stopped permanently at three of the four commercial crossings, and is currently confined to Karm Abu Salem Crossing, the only one functioning. However, it remains subject to arbitrary closure, under various pretexts.

Turning to Palestinian economic indicators in WB and GS, the Gross Domestic Product (GDP) achieved a high rate of growth in 2011, reaching an average of 10.7%, and rising from \$5,728 million in 2010 to \$6,339 million in 2011. It should be noted that there is a large disparity between the percentage of contribution made by WB and GS to the GDP, especially if compared to the percentage of the population in each. Thus the percentage of WB contribution (with a population ratio of 61.8%) was about 73.1%, compared to 26.9% for GS (with a population ratio of 38.2%). Several factors contributed to this disparity, most prominent among them is the blockade imposed on GS, and the current state of Palestinian schism between Fatah and Hamas; added to that, the disparity in population, size of the labor force, area of land and others.

Comparison Between the Israeli and the Palestinian GDP 2007–2011 (\$ million)

Year	Israeli GDP	Palestinian GDP (WB & GS)
2007	167,112	4,554
2008	201,673	4,878
2009	194,851	5,241
2010	217,793	5,728
2011	242,922	6,339

Comparison Between the Israeli and the Palestinian GDP 2007–2011 (\$ million)

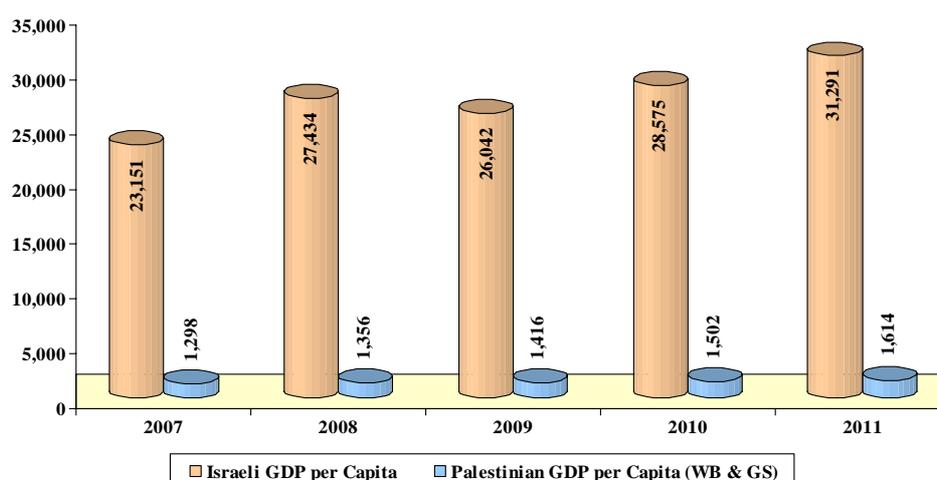


The GDP per capita in the WB and GS in 2011 reached \$1,614, compared to \$1,502 in 2010, thus achieving a growth estimated at about 7.5%. However, in this indicator the disparity between the WB and GS was again clear, as the GDP per capita was \$1,981 in WB, compared to \$1,073 in GS.

Comparison Between the Israeli and Palestinian GDP per Capita 2007–2011 (\$)

Year	Israeli GDP per Capita (\$)	Palestinian GDP per Capita (WB & GS) (\$)
2007	23,151	1,298
2008	27,434	1,356
2009	26,042	1,416
2010	28,575	1,502
2011	31,291	1,614

Comparison Between the Israeli and Palestinian GDP per Capita 2007–2011 (\$)



Even if this growth represents a positive trend, the fact that it is always coupled with external support and accompanied by unemployment rates that remain very high, it does not

necessarily indicate substantial growth. In 2011, the unemployment rate reached 20.9%, compared to 23.7% in 2010, noting that the unemployment rate in GS was 28.7%, while that in WB was 17.3%.

During 2011, the PA's Total Net Revenues rose by 14.5% compared with 2010 to \$2,177 million, compared to about \$1,900.9 million in 2010. However, Net Domestic Revenues in 2011 did not exceed \$688.1 million, i.e., a ratio of 31.6% of the Total Net Revenues (compared to 34.6% in 2010). The remaining percentage of 68.4% came from the Clearance Revenues resulting from Palestinian export-import operations collected by the Israeli government, which has risen by 19.8%, from \$1,242.9 million in 2010 to about \$1,488.9 million in 2011.

The 2011 PA expenditure which includes the total expenditure and net lending in addition to development expenditures reached about \$3,254.6 million, compared with \$3,259.3 in 2010, with a small rate of decline of 0.1%. The 2011 wage expenditure reached a total of \$1,677.9 million, a ratio of 51.6% of 2011 PA expenditure, compared with \$1,564.1 million in 2010, representing a ratio of 48% of 2010 PA expenditure.

In 2011, the budget deficit, including development expenditures and before calculating external budgetary support, amounted to \$1,077.6 million, compared to a deficit of \$1,358.4 million in 2010. External budgetary support (including development financing) came to \$983.3 million in 2011, compared to \$1,277.3 million in 2010.

In light of the current conditions of continued hard-line Israeli practices aimed at curbing Palestinian economic activity and keeping it subordinate to the Israeli economy, the potential for real economic growth or for affecting a substantial correction of the path of this growth during 2012 seems unlikely. The constraints placed on the movement of goods and people in various parts of the Palestinian territories remain in place; in spite of a relative easing of these constraints in the WB; and added to that, the economic blockade which Israel continues to impose on GS.